HALLIBURTON CO
Form 8-K
July 20, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8 K

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

Date of Report (date of earliest event reported): July 20, 2015

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

Delaware
(State or Other Jurisdiction of Incorporation)

001-03492 (Commission File Number)	No. 75-2677995 (IRS Employer Identification No.)
3000 North Sam Houston Parkway East Houston, Texas (Address of Principal Executive Offices)	77032 (Zip Code)

(281) 871-2699
(Registrant's Telephone Number, Including Area Code)

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

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

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

INFORMATION TO BE INCLUDED IN REPORT

Item 2.02. Results of Operations and Financial Condition

On July 20, 2015, registrant issued a press release entitled “Halliburton Announces Second Quarter Income From Continuing Operations of $0.44 Per Diluted Share, Excluding Special Items."

The text of the Press Release is as follows:

HALLIBURTON ANNOUNCES SECOND QUARTER INCOME FROM CONTINUING OPERATIONS OF $0.44 PER DILUTED SHARE, EXCLUDING SPECIAL ITEMS

- Positive impact of $0.06 due to depreciation cessation for assets held for sale

HOUSTON - July 20, 2015 - Halliburton Company (NYSE:HAL) announced today that income from continuing operations for the second quarter of 2015 was $380 million, or $0.44 per diluted share, excluding special items. This compares to income from continuing operations for the first quarter of 2015 of $418 million, or $0.49 per diluted share, excluding special items. Adjusted operating income was $643 million in the second quarter of 2015, compared to adjusted operating income of $699 million in the first quarter of 2015. Halliburton's total revenue in the second quarter of 2015 was $5.9 billion, compared to $7.1 billion in the first quarter of 2015.

Primarily as a result of the recent downturn in the energy market and its corresponding impact on the company’s business outlook, Halliburton recorded approximately $258 million, after-tax, or $0.30 per diluted share, in the second quarter of 2015, as compared to $823 million, after-tax, or $0.97 per diluted share, in the first quarter of 2015, in company-wide charges related primarily to severance costs and asset write-offs. Halliburton recorded Baker Hughes acquisition-related costs of $67 million, after-tax, or $0.08 per diluted share, in the second quarter of 2015, as compared to $35 million, after-tax, or $0.04 per diluted share, in the first quarter of 2015. Reported income from continuing operations was $55 million, or $0.06 per diluted share, in the second quarter of 2015, as compared to reported loss from continuing operations of $639 million, or $0.75 per diluted share, in the first quarter of 2015. Reported operating income was $254 million for the second quarter of 2015, as compared to reported operating loss of $548 million for the first quarter of 2015.

In April 2015, Halliburton announced a decision to market for sale the Fixed Cutter and Roller Cone Drill Bits, Directional Drilling, and Logging-While-Drilling/Measurement-While-Drilling businesses as part of the regulatory review of the pending Baker Hughes acquisition. These assets were classified as held for sale at that time and, therefore, the corresponding depreciation and amortization expense was ceased during the second quarter of 2015, in accordance with Generally Accepted Accounting Principles. This resulted in a positive impact to reported results of $53 million, after-tax, or $0.06 per diluted share.

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“We are pleased with our second quarter results, considering the headwinds facing the industry,” said Jeff Miller, President.

“Total company revenue of $5.9 billion declined 16% sequentially, outperforming a 26% drop in the worldwide rig count. Operating income declined as a result of lower activity levels for all product lines, exacerbated by pricing declines, primarily in North America.

“In the Eastern Hemisphere, revenues declined modestly compared to the first quarter of 2015, but we saw a meaningful step up in profitability in our Europe/Africa/CIS region, due to activity improvements in Eurasia and Norway, along with higher stimulation activity and completion tools sales in both Algeria and Angola. Projects in the Middle East are moving forward, although Russia and the offshore markets remain challenged.

“In Latin America, we experienced sequential revenue and operating income declines driven by Venezuela, primarily due to the negative currency impact of the new exchange rate, as well as budget cuts throughout the region as customers are focused on cash flows.

“In North America, revenue declined 25% sequentially; significantly outperforming the 40% decline in average rig count. Pricing erosion continued during the quarter, but decremental margins were less severe than previous downturns, demonstrating that our cost reduction initiatives are helping to offset the current market challenges.

“We expect the global markets will remain transitional, and in these times, operational execution is an even more critical source of differentiation. Our financial results reflect our strong execution culture, and we remain focused on delivering reliable, best-in-class service quality for our customers,” said Miller.

“We are pleased with the progress of the proposed Baker Hughes acquisition, as evidenced by our recently announced timing agreement with the U.S. Department of Justice,” added Dave Lesar, Chairman and CEO.

“We recently received the initial round of bids on our previously announced divestitures, and are pleased with the prices and level of interest. Baker Hughes has certified compliance with the U.S. Department of Justice’s second request, and we expect to do so shortly.

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“We are enthusiastic about and fully committed to closing this compelling transaction, and are confident we can achieve cost synergies of nearly $2 billion, regardless of market conditions or any cost reduction actions taken by either company to date. In anticipation of the acquisition, we continue to maintain our superior service delivery platform and other infrastructure costs in excess of current market needs. This cost was between 300-400 basis points for North America margins in the second quarter. We will continue to do this until the transaction closes, which I believe is the best decision for the long run.

“Our strategy remains consistent - we will manage costs through the downturn, while looking beyond the cycle to ensure that we will be positioned for growth when the industry recovers. We continue to invest in technology, build capital equipment, and prepare for our pending combination with Baker Hughes. Our management team has a proven track record in navigating through cycles, and we are confident that Halliburton will be best-positioned to outperform in the recovery,” concluded Lesar.

Completion and Production

Completion and Production (C&P) revenue in the second quarter of 2015 was $3.4 billion, a decrease of $802 million, or 19%, from the first quarter of 2015, primarily driven by a decline in pressure pumping activity and pricing declines for all product service lines in North America, coupled with lower activity levels in Middle East/Asia, reduced activity levels and pricing in Mexico, and the impact of the new exchange rate in Venezuela. This was partially offset by higher stimulation activity, higher completion sales, and seasonal pipelines and process activity in Europe/Africa/CIS.

C&P operating income was $313 million, which decreased $149 million, or 32%, compared to the first quarter of 2015. North America C&P operating income declined $161 million, or 69%, sequentially, primarily due to reduced activity levels and pricing adjustments for stimulation services. Latin America C&P operating income decreased $10 million, or 15%, from the first quarter of 2015, primarily as a result of reduced activity in pressure pumping services in Mexico and Venezuela. Europe/Africa/CIS C&P operating income increased $35 million, or 64%, sequentially, mainly due to increased stimulation activity and completion tools sales in Algeria and Angola, along with increased seasonal pipeline and process services activity and completion tools sales in Norway. Middle East/Asia C&P operating income fell by $13 million, or 12%, compared to the first quarter of 2015, primarily due to a decline in stimulation activity and completion tools sales.

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Drilling and Evaluation

Drilling and Evaluation (D&E) revenue in the second quarter of 2015 was $2.5 billion, a decrease of $329 million, or 12%, from the first quarter of 2015. Decreased drilling activity and fluid services in North America, the impact of the new exchange rate in Venezuela, and a decline in wireline activity across all of our regions, more than offset increased software sales in Latin America and the Eastern Hemisphere.

D&E operating income was $400 million, which increased $94 million, or 31%, compared to the first quarter of 2015. All regions benefitted from the depreciation cessation on assets held for sale. North America D&E operating income increased $12 million, or 27%, sequentially, primarily due to cost reduction initiatives, partially offset by reduced fluid services activity in the United States land market. Latin America D&E operating income was flat, sequentially, as improved profitability for drilling services in Brazil was offset by lower drilling fluid product sales in Venezuela. Europe/Africa/CIS D&E operating income increased $43 million, or 139%, from the first quarter of 2015, driven by increased drilling services product sales in Russia, partially offset by reduced drilling services activity in the United Kingdom. Middle East/Asia D&E operating income increased $39 million, or 23%, sequentially, driven by activity growth for drilling services throughout the region, coupled with increased project management activity in Saudi Arabia.

Corporate and Other

During the second quarter of 2015, Halliburton incurred $67 million, after-tax, for costs related to the pending Baker Hughes acquisition.

Significant Recent Events and Achievements

- Halliburton’s Testing and Subsea product line announced that its RezConnect™ Well Testing System received the Offshore Technology Conference 2015 Spotlight on New Technology Award. RezConnect is the industry’s first solution that offers complete wireless acoustic control of drill-stem test tools. It can provide real-time measurement and analysis during well-testing and downhole sampling operations, allowing operators to make informed decisions faster, which can reduce rig-time cost and increase asset returns.

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- Halliburton’s Completion Tools product line introduced the Illusion® dissolvable frac plug as the latest addition to Halliburton’s Unconventional Completion portfolio. This high-performance frac plug provides zonal isolation for pumpdown applications during wellbore stimulation and combines Halliburton's industry-leading frac plug designs with the most advanced dissolvable metal and rubber materials. This fully dissolvable plug helps eliminate the risk and cost associated with conventional plug removal and, upon complete dissolution, provides an entire wellbore ID for future operations.
- On May 20, 2015, Halliburton announced it had reached an agreement with BP Exploration & Production Inc. to resolve remaining issues between the parties, including indemnities between the parties and dismissal of all claims against each other, relating to the April 20, 2010, Deepwater Horizon well incident in the Gulf of Mexico.
- Halliburton opened its new Indonesian headquarters in Jakarta, which will serve as headquarters for all product lines in Indonesia. This new facility will increase the efficiencies and capabilities of the company’s resources specifically focused on the mature fields, deep water and unconventionals markets in Indonesia. The additional synergies from the facility include enhanced integrated services, equipment maintenance, job preparation and execution, and a high-level of service quality for Halliburton’s customers in Indonesia.

About Halliburton

Founded in 1919, Halliburton is one of the world's largest providers of products and services to the energy industry. With more than 70,000 employees, representing 140 nationalities in approximately 80 countries, the company serves the upstream oil and gas industry throughout the lifecycle of the reservoir - from locating hydrocarbons and managing geological data, to drilling and formation evaluation, well construction and completion, and optimizing production through the life of the field. Visit the company’s website at www.halliburton.com. Connect with Halliburton on Facebook, Twitter, LinkedIn, Oilpro and YouTube.

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NOTE: The statements in this press release that are not historical statements, including statements regarding future financial performance and the pending Baker Hughes transaction, 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 pending merger with Baker Hughes, the timing to consummate the proposed transaction, the terms and timing of any divestitures undertaken in order to obtain required regulatory approvals, the conditions to closing of the proposed transaction may not be satisfied or the closing of the proposed transaction otherwise does not occur or is obtained subject to conditions that are not anticipated, the risk that a regulatory approval that may be required for the proposed transaction is not obtained or is obtained subject to conditions that are not anticipated, and the diversion of management time on transaction-related issues, the combined company’s future financial condition, results of operations, strategy and plans, and expected synergies and other benefits from the proposed transaction and the ability of Halliburton to realize such synergies and other benefits; 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, 2014, Form 10-Q for the quarter ended March 31, 2015, recent Current Reports on Form 8-K, and other Securities and Exchange Commission filings discuss some of the important risk factors identified that may affect Halliburton's business, results of operations, and financial condition. Halliburton undertakes no obligation to revise or update publicly any forward-looking statements for any reason.

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Additional Information

This communication does not constitute an offer to buy or sell or the solicitation of an offer to buy or sell any securities or a solicitation of any vote or approval. This communication relates to a proposed business combination between Halliburton and Baker Hughes. In connection with this proposed business combination, Halliburton has filed with the Securities and Exchange Commission (the "SEC") a registration statement on Form S-4, including Amendments No. 1 and 2 thereto, and a definitive joint proxy statement/prospectus of Halliburton and Baker Hughes and other documents related to the proposed transaction. The registration statement was declared effective by the SEC on February 17, 2015 and the definitive proxy statement/prospectus has been mailed to stockholders of Halliburton and Baker Hughes. INVESTORS AND SECURITY HOLDERS OF HALLIBURTON AND BAKER HUGHES ARE URGED TO READ THE JOINT PROXY STATEMENT/PROSPECTUS, REGISTRATION STATEMENT AND OTHER DOCUMENTS FILED OR THAT MAY BE FILED WITH THE SEC CAREFULLY AND IN THEIR ENTIRETY BECAUSE THEY CONTAIN OR WILL CONTAIN IMPORTANT INFORMATION. Investors and security holders may obtain free copies of these documents and other documents filed with the SEC by Halliburton and/or Baker Hughes through the website maintained by the SEC at http://www.sec.gov. Copies of the documents filed with the SEC by Halliburton are available free of charge on Halliburton's internet website at http://www.halliburton.com or by contacting Halliburton's Investor Relations Department by email at investors@Halliburton.com or by phone at +1-281-871-2688. Copies of the documents filed with the SEC by Baker Hughes are available free of charge on Baker Hughes' internet website at http://www.bakerhughes.com or by contacting Baker Hughes' Investor Relations Department by email at alondra.oteyza@bakerhughes.com or by phone at +1-713-439-8822.

Participants in Solicitation

Halliburton, Baker Hughes, their respective directors and certain of their respective executive officers may be considered participants in the solicitation of proxies in connection with the proposed transaction. Information about the directors and executive officers of Halliburton is set forth in its Annual Report on Form 10-K for the year ended December 31, 2014, which was filed with the SEC on February 24, 2015, its proxy statement for its 2015 annual meeting of stockholders, which was filed with the SEC on April 7, 2015, and its Quarterly Report on Form 10-Q for the quarter ended March 31, 2015, which was filed with the SEC on April 23, 2015. Information about the directors and executive officers of Baker Hughes is set forth in its Annual Report on Form 10-K for the year ended December 31, 2014, which was filed with the SEC on February 26, 2015, its proxy statement for its 2015 annual meeting of stockholders, which was filed with the SEC on March 27, 2015, and its Quarterly Report on Form 10-Q for the quarter ended March 31, 2015, which was filed with the SEC on April 21, 2015. These documents can be obtained free of charge from the sources indicated above. Additional information regarding the participants in the proxy solicitations and a description of their direct and indirect interests, by security holdings or otherwise, are contained in the proxy statement/prospectus and other relevant materials filed with the SEC.

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

	Three Months Ended		
	June 30		March 31
	2015	2014	2015
Revenue:			
Completion and Production	$3,444	$4,942	$4,246
Drilling and Evaluation	2,475	3,109	2,804
Total revenue	$5,919	$8,051	$7,050
Operating income (loss):			
Completion and Production	$313	$887	$462
Drilling and Evaluation	400	414	306
Corporate and other	(70)	(107)	(69)
Impairments and other charges	(306)	—	(1,208)
Baker Hughes acquisition-related costs	(83)	—	(39)
Total operating income (loss)	254	1,194	(548)
Interest expense, net	(106)	(94)	(106)
Other, net (a)	(23)	(24)	(224)
Income (loss) from continuing operations before income taxes	125	1,076	(878)
Income tax benefit (provision)	(71)	(299)	241
Income (loss) from continuing operations	54	777	(637)
Loss from discontinued operations, net	(1)	(2)	(4)
Net income (loss)	$53	$775	$(641)
Net (income) loss attributable to noncontrolling interest	1	(1)	(2)
Net income (loss) attributable to company	$54	$774	$(643)
Amounts attributable to company shareholders:			
Income (loss) from continuing operations	$55	$776	$(639)
Loss from discontinued operations, net	(1)	(2)	(4)
Net income (loss) attributable to company	$54	$774	$(643)
Basic income (loss) per share attributable to company shareholders:			
Income (loss) from continuing operations	$0.06	$0.92	$(0.75)
Loss from discontinued operations, net	—	—	(0.01)
Net income (loss) per share	$0.06	$0.92	$(0.76)
Diluted income (loss) per share attributable to company shareholders:			
Income (loss) from continuing operations	$0.06	$0.91	$(0.75)
Loss from discontinued operations, net	—	—	(0.01)
Net income (loss) per share	$0.06	$0.91	$(0.76)
Basic weighted average common shares outstanding	852	846	850
Diluted weighted average common shares outstanding	854	852	850

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

See Footnote Table 1 for Reconciliation of As Reported Operating Income (Loss) to Adjusted Operating Income.
See Footnote Table 2 for Reconciliation of As Reported Income (Loss) from Continuing Operations to Adjusted Income from Continuing Operations.

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

	Six Months Ended June 30	
	2015	2014
Revenue:		
Completion and Production	$7,690	$9,362
Drilling and Evaluation	5,279	6,037
Total revenue	$12,969	$15,399
Operating income (loss):		
Completion and Production	$775	$1,548
Drilling and Evaluation	706	812
Corporate and other	(139)	(196)
Impairments and other charges	(1,514)	—
Baker Hughes acquisition-related costs	(122)	—
Total operating income (loss)	(294)	2,164
Interest expense, net	(212)	(187)
Other, net (a)	(247)	(55)
Income (loss) from continuing operations before income taxes	(753)	1,922
Income tax benefit (provision)	170	(528)
Income (loss) from continuing operations	(583)	1,394
Loss from discontinued operations, net	(5)	(3)
Net income (loss)	$(588)	$1,391
Net (income) loss attributable to noncontrolling interest	(1)	5
Net income (loss) attributable to company	$(589)	$1,396
Amounts attributable to company shareholders:		
Income (loss) from continuing operations	$(584)	$1,399
Loss from discontinued operations, net	(5)	(3)
Net income (loss) attributable to company	$(589)	$1,396
Basic income (loss) per share attributable to company shareholders:		
Income (loss) from continuing operations	$(0.69)	$1.65
Loss from discontinued operations, net	(0.01)	—
Net income (loss) per share	$(0.70)	$1.65
Diluted income (loss) per share attributable to company shareholders:		
Income (loss) from continuing operations	$(0.69)	$1.64
Loss from discontinued operations, net	(0.01)	—
Net income (loss) per share	$(0.70)	$1.64
Basic weighted average common shares outstanding	851	847
Diluted weighted average common shares outstanding	851	853

(a) Includes a foreign currency loss of $199 million due to a currency devaluation in Venezuela in the six months ended June 30, 2015.

HALLIBURTON COMPANY
Condensed Consolidated Balance Sheets
(Millions of dollars)

	(Unaudited) June 30 2015	December 31 2014
Assets		
Current assets:		
Cash and equivalents	$2,760	$2,291
Receivables, net	5,633	7,564
Inventories	2,831	3,571
Assets held for sale (a)	2,104	—
Other current assets (b)	1,896	1,642
Total current assets	15,224	15,068
Property, plant, and equipment, net	11,153	12,475
Goodwill	1,983	2,330
Other assets (c)	2,246	2,367
Total assets	$30,606	$32,240
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	$2,181	$2,814
Accrued employee compensation and benefits	809	1,033
Loss contingency for Macondo well incident	367	367
Other current liabilities	1,648	1,669
Total current liabilities	5,005	5,883
Long-term debt	7,838	7,840
Employee compensation and benefits	595	691
Loss contingency for Macondo well incident	439	439
Other liabilities	1,014	1,089
Total liabilities	14,891	15,942
Company shareholders' equity	15,685	16,267
Noncontrolling interest in consolidated subsidiaries	30	31
Total shareholders' equity	15,715	16,298
Total liabilities and shareholders' equity	$30,606	$32,240

(a) Assets held for sale primarily includes inventory; property, plant, and equipment; and allocated goodwill.

(b) Includes $58 million of investments in fixed income securities at June 30, 2015, and $56 million of investments in fixed income securities at December 31, 2014.

(c) Includes $35 million of investments in fixed income securities at June 30, 2015, and $47 million of investments in fixed income securities at December 31, 2014.

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

	Six Months Ended June 30	
	2015	2014
Cash flows from operating activities:		
Net income (loss)	$(588)	$1,391
Adjustments to reconcile net income to net cash flows from operating activities:		
Impairments and other charges, net of tax	1,081	—
Depreciation, depletion, and amortization	1,016	1,034
Working capital (a)	866	(457)
Other	(380)	107
Total cash flows from operating activities	1,995	2,075
Cash flows from investing activities:		
Capital expenditures	(1,223)	(1,375)
Other investing activities	(12)	(145)
Total cash flows from investing activities	(1,235)	(1,520)
Cash flows from financing activities:		
Dividends to shareholders	(306)	(254)
Payments to reacquire common stock	—	(500)
Other financing activities	63	230
Total cash flows from financing activities	(243)	(524)
Effect of exchange rate changes on cash	(48)	(27)
Increase (decrease) in cash and equivalents	469	4
Cash and equivalents at beginning of period	2,291	2,356
Cash and equivalents at end of period	$2,760	$2,360

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

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

	Three Months Ended		
	June 30		March 31
Revenue by geographic region:	2015	2014	2015
Completion and Production:			
North America	$2,062	$3,325	$2,777
Latin America	337	395	394
Europe/Africa/CIS	554	634	528
Middle East/Asia	491	588	547
Total	3,444	4,942	4,246
Drilling and Evaluation:			
North America	609	1,019	765
Latin America	430	502	555
Europe/Africa/CIS	541	747	569
Middle East/Asia	895	841	915
Total	2,475	3,109	2,804
Total revenue by region:			
North America	2,671	4,344	3,542
Latin America	767	897	949
Europe/Africa/CIS	1,095	1,381	1,097
Middle East/Asia	1,386	1,429	1,462
Total revenue	$5,919	$8,051	$7,050
Operating income by geographic region:			
Completion and Production:			
North America	73	$630	$234
Latin America	55	48	65
Europe/Africa/CIS	90	96	55
Middle East/Asia	95	113	108
Total	313	887	462
Drilling and Evaluation:			
North America	57	160	45
Latin America	57	13	57
Europe/Africa/CIS	74	90	31
Middle East/Asia	212	151	173
Total	400	414	306
Total operating income by region:			
North America	130	790	279
Latin America	112	61	122
Europe/Africa/CIS	164	186	86
Middle East/Asia	307	264	281
Corporate and other	(70)	(107)	(69)
Impairments and other charges	(306)	—	(1,208)
Baker Hughes acquisition-related costs	(83)	—	(39)
Total operating income (loss)	$254	$1,194	$(548)

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

See "Adjusted Operating Income including Depreciation related to Assets Held for Sale" table for depreciation impact by region related to assets held for sale

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

	Six Months Ended June 30	
Revenue by geographic region:	2015	2014
Completion and Production:		
North America	$4,839	$6,252
Latin America	731	750
Europe/Africa/CIS	1,082	1,241
Middle East/Asia	1,038	1,119
Total	7,690	9,362
Drilling and Evaluation:		
North America	1,374	1,993
Latin America	985	1,006
Europe/Africa/CIS	1,110	1,439
Middle East/Asia	1,810	1,599
Total	5,279	6,037
Total revenue by region:		
North America	6,213	8,245
Latin America	1,716	1,756
Europe/Africa/CIS	2,192	2,680
Middle East/Asia	2,848	2,718
Total revenue	$12,969	$15,399
Operating income by geographic region:		
Completion and Production:		
North America	$307	$1,076
Latin America	120	96
Europe/Africa/CIS	145	174
Middle East/Asia	203	202
Total	775	1,548
Drilling and Evaluation:		
North America	102	316
Latin America	114	65
Europe/Africa/CIS	105	158
Middle East/Asia	385	273
Total	706	812
Total operating income by region:		
North America	409	1,392
Latin America	234	161
Europe/Africa/CIS	250	332
Middle East/Asia	588	475
Corporate and other	(139)	(196)
Impairments and other charges	(1,514)	—
Baker Hughes acquisition-related costs	(122)	—
Total operating income (loss)	$(294)	$2,164

HALLIBURTON COMPANY
Adjusted Operating Income including Depreciation related to Assets Held for Sale
By Segment and Geographic Region
(Millions of dollars)
(Unaudited)

	Three Months Ended		
	June 30		March 31
Operating income by geographic region:	2015	2014	2015
Completion and Production:			
North America	$73	$630	$234
Latin America	55	48	65
Europe/Africa/CIS	90	96	55
Middle East/Asia	95	113	108
Total	313	887	462
Drilling and Evaluation: (a)			
North America	42	160	45
Latin America	41	13	57
Europe/Africa/CIS	55	90	31
Middle East/Asia	190	151	173
Total	328	414	306
Total operating income by region:			
North America	115	790	279
Latin America	96	61	122
Europe/Africa/CIS	145	186	86
Middle East/Asia	285	264	281
Corporate and other	(70)	(107)	(69)
Impairments and other charges	(306)	—	(1,208)
Baker Hughes acquisition-related costs	(83)	—	(39)
Total operating income	182	1,194	(548)

(a) Includes depreciation and amortization expense of $15 million for North America, $16 million for Latin America, $19 million for Europe/Africa/CIS, and $22 million for Middle East/Asia for the three months ended June 30, 2015, which relates to the cessation of depreciation related to assets held for sale during the period.

FOOTNOTE TABLE 1

HALLIBURTON COMPANY
Reconciliation of As Reported Operating Income (Loss) to Adjusted Operating Income
(Millions of dollars)
(Unaudited)

	Three Months Ended		
	June 30, 2015	June 30, 2014	March 31, 2015
As reported operating income (loss)	$254	$1,194	$(548)
Impairments and other charges	306	—	1,208
Baker Hughes acquisition-related costs	83	—	39
Adjusted operating income (a)	$643	$1,194	$699

(a) Management believes that operating income (loss) adjusted for impairments and other charges and Baker Hughes acquisition-related costs for the quarters ended June 30, 2015 and March 31, 2015 is useful to investors to assess and understand operating performance, especially when comparing those results with previous and subsequent periods or forecasting performance for future periods, primarily because management views the excluded items to be outside of the company's normal operating results. Management analyzes operating income without the impact of these items as an indicator of performance, to identify underlying trends in the business, and to establish operational goals. The adjustments remove the effects of these items. Adjusted operating income is calculated as: “As reported operating income (loss)” plus "Impairments and other charges" and "Baker Hughes acquisition-related costs."

FOOTNOTE TABLE 2

HALLIBURTON COMPANY
Reconciliation of As Reported Income (Loss) from Continuing Operations to
Adjusted Income from Continuing Operations
(Millions of dollars and shares except per share data)
(Unaudited)

	Three Months Ended	
	June 30, 2015	March 31, 2015
As reported income (loss) from continuing operations attributable to company	$55	$(639)
Impairments and other charges, net of tax (a)	258	823
Baker Hughes acquisition-related costs, net of tax (a)	67	35
Venezuela currency devaluation loss (a)	—	199
Adjusted income from continuing operations attributable to company (a)	$380	$418
As reported diluted weighted average common shares outstanding (b)	854	850
Adjusted diluted weighted average common shares outstanding (b)	854	852
As reported income (loss) from continuing operations per diluted share (c)	$0.06	$(0.75)
Adjusted income from continuing operations per diluted share (c)	$0.44	$0.49

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

(b) As reported diluted weighted average common shares outstanding for the three months ended March 31, 2015 excludes options to purchase two million shares of common stock as their impact would be antidilutive since our reported income from continuing operations attributable to company was in a loss position during that period. When adjusting income from continuing operations attributable to company for the special items discussed above, these two million shares become dilutive.

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

Conference Call Details
Halliburton will host a conference call on Monday, July 20, 2015, to discuss the second quarter 2015 financial results. The call will begin at 8:00 AM Central Time (9:00 AM Eastern Time).

Please visit the website to listen to the call live via webcast. In addition, you may participate in the call by dialing (866) 804-3547 within North America or (703) 639-1328 outside North America. A passcode is not required. Attendees should log in to the webcast or dial in approximately 15 minutes prior to the call's start time.

A replay of the conference call will be available on Halliburton's website for seven days following the call. Also, a replay may be accessed by telephone at (888) 266-2081 within North America or (703) 925-2533 outside of North America, using the passcode 1656899.

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CONTACTS

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281-871-2688

For Media:
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SIGNATURES

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

HALLIBURTON COMPANY

Date:	July 20, 2015	By:	/s/ Bruce A. Metzinger
			Bruce A. Metzinger
			Assistant Secretary

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Vesting of Stock Options. If there is a change in control of the Company, all the stock options then held by a named executive officer become exercisable in full. Absent a change in control of the Company, the options listed above vest as described in the following footnotes:

(1) This option vests in equal installments on the first five anniversaries of its grant date.

(2) This option vested in a single installment on July 18, 2007.

(3) This option vests in equal installments on the first three anniversaries of its grant date.

(4) This option vested in a single installment on its grant date.

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PERFORMANCE GRAPH.

The following graph compares the percentage change in the Company's cumulative total stockholder return on its common stock for the last five years with the Dow Jones US Index, a broad market index, and the Dow Jones US Heavy Construction Index, a group of companies whose marketing strategy is focused on a limited product line, such as civil construction. Both indices are published in The Wall Street Journal

The returns are calculated assuming that an investment with a value of $100 was made in the Company's common stock and in each index at the end of 2003 and that all dividends were reinvested in additional shares of common stock; however, the Company has paid no dividends during the periods shown. The graph lines merely connect the measuring dates and do not reflect fluctuations between those dates. The stock performance shown on the graph is not intended to be indicative of future stock performance.

	December 2003	December 2004	December 2005	December 2006	December 2007	December 2008
Sterling Construction Company, Inc.	100.00	114.57	371.52	480.35	481.68	409.05
Dow Jones US	100.00	112.01	119.10	137.64	145.91	91.69
Dow Jones US Heavy Construction	100.00	121.26	175.23	218.58	415.21	186.34

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BUSINESS RELATIONSHIPS WITH DIRECTORS AND OFFICERS.
Transactions with Related Persons.

Maarten D. Hemsley. At December 31, 2008, NASCIT held 2.28% of the Company's outstanding common stock. NASCIT is a part of JO Hambro Capital Management Group Limited, or JOHCMG, an investment company and fund manager located in the United Kingdom. From January 2001 until May 2002, Mr. Hemsley was a consultant to JO Hambro Capital Management Limited, or JOHCM, which is part of JOHCMG, and since May 2002 has been an employee of JOHCM. Mr. Hemsley has served since 2001 as Fund Manager of JOHCMG's Leisure & Media Venture Capital Trust, plc, and since February 2005, as Senior Fund Manager of its Trident Private Equity II LLP investment fund. Neither of those funds was or is an investor in the Company or any of the Company's affiliates.

Robert W. Frickel. Mr. Frickel is President of R.W. Frickel Company, P.C., an accounting firm based in Michigan that performs certain accounting and tax services for the Company. In 2008, the Company paid or accrued for payment to R.W. Frickel Company approximately $39,700 in fees. The Company estimates that during 2009, the fees of R.W. Frickel Company will be approximately the same as in 2008.

Joseph P. Harper, Jr. Joseph P. Harper, Jr. is Chief Financial Officer of the Company's wholly-owned subsidiary, Texas Sterling Construction Co., or TSC, and the son of Joseph P. Harper, Sr., who is President, Treasurer & Chief Operating Officer of the Company. For 2008 Mr. Harper Jr. received salary of $200,000 and deferred salary and cash incentive bonus of $140,000.

The Paradigm Companies. Since July 2005, Patrick T. Manning has been the husband of the sole beneficial owner of Paradigm Outdoor Supply, LLC, Paradigm Outsourcing, Inc. and Paradigm Consultants, Inc. The Paradigm companies have provided materials and services to the Company and to other contractors for many years. In 2008, the Company paid a total of approximately $436,262 to the Paradigm companies. The Audit Committee reviews and approves these payments in the manner described below.

Policies and Procedures for the Review, Approval or Ratification of Transactions with Related Persons.

General. The Board of Directors' policy on transactions between the Company and related parties is set forth in the written charter of the Audit Committee. The policy requires that the Audit Committee must review in advance the terms of any transaction by the Company with a director; executive officer; nominee for election as director; stockholder; or any affiliate or any of their immediate family members that involves more than $50,000. If the Audit Committee approves the transaction, it must do so in compliance with Delaware law and report it to the full Board of Directors.

Mr. Hemsley. Mr. Hemsley's relationship with JOHCM has not been the subject of any approval process by the Board or the Audit Committee because, as noted above, neither of the funds he manages were or are an investor in the Company or any of its affiliates.

Mr. Frickel. The Company's Audit Committee reviews and approves the retention of Mr. Frickel's firm and the payment of its fees. A description of this written procedure is found below under the heading Information About Audit Fees And Audit Services — Procedures for Approval of Services.
Joseph P. Harper, Jr. The Compensation Committee reviews Mr. Harper, Jr.'s salary and bonus as well as the salary and bonus of other senior managers of TSC. Neither Mr. Harper, Sr. nor Mr. Harper, Jr. is a member of the Compensation Committee, which is made up entirely of independent directors.

The Paradigm Companies. TSC engages the Paradigm companies primarily for City of Houston projects to comply with requirements that a portion of project contracts be subcontracted to minority and/or women-owned businesses. Both Paradigm companies are woman-owned businesses. Paradigm Outdoor Supply arranges for the purchase of construction materials. Paradigm delivers the materials directly to the project site and bills the Company for them. Paradigm Outdoor Supply and similar companies charge a percentage commission ranging from 2% to 3% of the cost of the materials. Paradigm Outsourcing provides flagmen and other temporary construction personnel to contractors and charges competitive rates for those services. During 2008, the Company paid Paradigm Outdoor Supply a total of approximately $326,520 for the materials it purchased for the Company; and paid Paradigm Outsourcing $109,548 for temporary personnel supplied to the Company.

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The Audit Committee has engaged a separate auditing firm to review on a quarterly basis the purchases of materials and services from Paradigm and to furnish the Audit Committee with a report of the rates charged by the Paradigm companies compared to rates charged by similar firms. The Audit Committee then determines whether to approve the continuation of business with the Paradigm companies for the succeeding quarter.

INFORMATION ABOUT AUDIT FEES AND AUDIT SERVICES

A representative of the Company's independent registered public accounting firm, Grant Thornton LLP, is expected to be available at the Annual Meeting and will have the opportunity to make a statement if he or she wishes and will also be available to respond to appropriate questions from stockholders.

The following table sets forth the aggregate fees that the Company's independent registered public accounting firm, Grant Thornton LLP, billed to the Company for the years ended December 31, 2008 and 2007.

Fee Category	2008	Percentage Approved by the Audit Committee	2007	Percentage Approved by the Audit Committee
Audit Fees:	$529,000	100%	$574,000	100%
Audit-Related Fees:	--	NA	$25,500	100%
Tax Fees:	$3,000	NA	$3,300	100%
All Other Fees:	$20,000	100%	—	NA

Audit Fees.

In 2008 and 2007 audit fees include the fees for Grant Thornton's audit of the consolidated financial statements included in the Company's Annual Report on Form 10-K; reviews of the consolidated financial statements included in the Company's quarterly reports on Form 10-Q; the resolution of issues that arose during the audit process; attestation work required by Section 404 of the Sarbanes-Oxley Act of 2002; and other audit services that are normally provided in connection with statutory and regulatory filings. For 2008, only $349,000 of the expected billings as reflected in the above table had been billed by December 31, 2008. For 2007, the audit fees have been updated since the 2007 Form 10-K filing to reflect a reduction of $29,000 from the estimate at the time of filing as compared to the actual fees incurred.

Audit-Related Fees. In 2007 audit-related fees included fees in connection with the Company's October 2007 acquisition of RHB.

Tax Fees. Our independent registered public accounting firm provides tax consulting services to the Company.

All Other Fees. In 2008, these fees consist of accounting services performed in connection with the preparation and filing of a shelf registration statement and various other consulting fees on accounting issues.

Procedures for Approval of Services.

All requests for services that are to be provided by our independent registered public accounting firm, which must include a detailed description of the services to be rendered and the amount of corresponding estimated fees, are submitted to both the Company's President and the Chairman of the Audit Committee. The Chief Financial Officer authorizes services that have been approved by the Audit Committee within the pre-set limits. If there is any question as to whether a proposed service fits within an approved service, the Chairman of the Audit Committee is consulted for a determination. The Chief Financial Officer submits to the Audit Committee any requests for services that have not already been approved by the Audit Committee. The request must include an affirmation by the Chief Financial Officer and the independent registered public accounting firm that the request is consistent with the SEC's rules on auditor independence.

SUBMISSION OF STOCKHOLDER PROPOSALS

Any proposal that a stockholder intends to present at the 2010 Annual Meeting of Stockholders must be submitted to the Secretary of the Company no later than January 1, 2010 in order to be considered timely received.

By Order of the Board of Directors
Roger M. Barzun, Secretary

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STERLING CONSTRUCTION COMPANY, INC.
20810 Fernbush Lane
Houston, Texas 77073

ANNUAL MEETING OF STOCKHOLDERS

May 6, 2009

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned, having received a Notice of the Annual Meeting of Stockholders of Sterling Construction Company, Inc. (the "Company") to be held on May 6, 2009 at 9:00 a.m., local time, at Hotel Valencia Riverwalk, 150 East Houston Street, San Antonio, Texas 78205 or at any adjournment thereof (the "Annual Meeting") together with the Board of Directors' proxy statement therefor; and revoking all prior proxies, hereby appoint(s) James H. Allen, Jr. and Roger M. Barzun, and each of them (with full power of substitution) as proxies of the undersigned to attend the Annual Meeting and any adjourned sessions thereof and there to vote and act upon the following matters in respect of all shares of common stock of the Company which the undersigned would be entitled to vote or act upon, with all powers the undersigned would possess if personally present.

Attendance of the undersigned at the Annual Meeting or at any adjourned session thereof will not be deemed to revoke this proxy unless the undersigned affirmatively indicates at the Annual Meeting the intention of the undersigned to vote said shares in person. If the undersigned holds any shares in a fiduciary, custodial or joint capacity or capacities, this proxy is signed by the undersigned in every one of those capacities as well as individually.

(Continued and to be signed on the reverse side)

Annual Meeting of Stockholders of

STERLING CONSTRUCTION COMPANY, INC.

May 6, 2009

Please date, sign and mail your proxy card in the envelope provided as soon as possible.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE ELECTION OF DIRECTORS AND FOR PROPOSALS 2 and 3.
Please sign, date and return promptly in the enclosed envelope. Please mark your vote in blue or black ink as shown here. [X]

1. Election of Directors:	Three-Year Term			For
For all nominees	0	John D. Abernathy Class II		Against
Against all nominees				Abstain
For all Except	0	Robert W. Frickel Class II	2.Approval of an Amended and Restated Certificate of Incorporation.	
(See instructions below)				
	0	Milton L. Scott Class II		

Two-Year Term
0 David R. A. Steadman Class I

3.Ratification of the selection of Grant Thornton LLP as the Company's independent registered public accounting firm.

INSTRUCTION:To vote against any individual nominee, mark "FOR ALL EXCEPT" and fill in the circle next to each nominee you wish to vote against, as shown here:

The shares represented by this proxy will be voted as directed by the undersigned. If no direction is given with respect to any election to office or proposal specified above, this proxy will be voted FOR the election to office or proposal. None of the matters to be voted on is conditioned on, or related to, the approval of any other matter. All proposals are made by the Board of Directors.

If you wish to vote in accordance with the recommendations of the Board of Directors, you need only sign and date this proxy. you do not need to mark any boxes.

Please sign exactly as your name or names appear on this Proxy. When shares are held jointly, each holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person.

Signature of Stockholder: ____________________________________ Date: ________________

Signature of Stockholder: ____________________________________ Date: ________________

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Exhibit A

STERLING CONSTRUCTION COMPANY, INC.
(A Delaware corporation)

Amended and Restated Certificate of Incorporation

(Pursuant to Section 242 and Section 245 of the
Delaware General Corporation Law)

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1. The name of the corporation (the "Corporation") is Sterling Construction Company, Inc. The date of filing of the original certificate of incorporation of the Corporation with the Secretary of State of the State of Delaware was April 1, 1991 and it was filed under the name Hallwood Holdings Incorporated. The Corporation's name was subsequently changed to Oakhurst Capital, Inc.; then to Oakhurst Company, Inc.; and finally to its current name.

2. Pursuant to Sections 242 and 245 of the General Corporation Law of the State of Delaware, this Amended and Restated Certificate of Incorporation was duly adopted by the Board of Directors of the Corporation, and on March 13, 2009 and it was approved by the stockholders of the Corporation entitled to vote thereon in accordance with Section 242 of the Delaware General Corporation Law and the provisions of the Certificate of Incorporation then in effect regarding the amendment thereof.

3. The Certificate of Incorporation of the Corporation is hereby amended and restated to read in its entirety as set forth below, which instrument shall be entitled and hereafter referred to as the "Certificate of Incorporation of Sterling Construction Company, Inc."

Certificate of Incorporation

of

Sterling Construction Company, Inc.

Article I

The name of the Corporation is Sterling Construction Company, Inc. (hereinafter sometimes referred to as the "Corporation.")

Article II

The address of the registered office of the Corporation in the State of Delaware is 2751 Centerville Road — Suite 3131, Wilmington, Delaware 19803. The name of the registered agent for service of process of the Corporation is The Corporation Trust Company with an address at 1209 Orange Street, Wilmington, New Castle County, Delaware 19801.

Article III

The purpose for which the Corporation is formed is to engage in any lawful act or activity for which corporations may be organized under the Delaware General Corporation Law.

Article IV

4.1 Capitalization. The Corporation is authorized to issue two classes of stock, one to be designated common stock ("Common Stock") and the other to be designated preferred stock ("Preferred Stock.")

(a) The number of shares of Preferred Stock the Corporation has authority to issue is one million (1,000,000) with a par value of one cent ($0.01) per share.

(b) The number of shares of Common Stock the Corporation has authority to issue is nineteen million (19,000,000) with a par value one cent ($0.01) per share.

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4.2 Series of Preferred Stock. The Board of Directors is authorized, subject to any limitations prescribed by law, to provide for the issuance from time to time of the shares of Preferred Stock in one or more series, and by adopting resolutions to establish from time to time the number of shares to be included in each such series, and to fix the designation, powers, preferences, and rights of the shares of each such series and any qualifications, limitations or restrictions thereof. Upon adopting such resolution or resolutions the Board of Directors shall cause a certificate of designation setting forth such resolution or resolutions and the number of shares of stock of such class or series as to which such resolution or resolutions shall apply to be executed and filed in accordance with applicable Delaware law. The number of authorized shares of Preferred Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the Common Stock, without a vote of the holders of the Preferred Stock, or of any series thereof, unless a vote of any such holders is required pursuant to the certificate or certificates establishing the series of Preferred Stock.

4.3 Common Stock. Each holder of Common Stock shall be entitled to one vote for each share of Common Stock held of record by such holder on all matters on which stockholders generally are entitled to vote; provided, however, that except as otherwise required by law, holders of Common Stock shall not be entitled to vote on any amendment to this Certificate of Incorporation (including any Certificate of Designations relating to any series of Preferred Stock) that relates solely to the terms of one or more outstanding series of Preferred Stock if the holders of that series are entitled, either separately or together with the holders of one or more other series to vote thereon pursuant to this Certificate of Incorporation (including any Certificate of Designations relating to any series of Preferred Stock) or pursuant to the Delaware General Corporation Law.

Article V

The following provisions are inserted for the management of the business and the conduct of the affairs of the Corporation, and for the further definition, limitation and regulation of the powers of the Corporation and its directors and stockholders:

5.1 Powers of Directors. The business and affairs of the Corporation shall be managed by, or under the direction of, the Board of Directors. In addition to the powers and authority expressly conferred upon them by statute or by this Certificate of Incorporation or the Bylaws of the Corporation, the directors are hereby empowered to exercise all such powers and to do all such acts and things as are not by statute or by this Certificate of Incorporation to be exercised or done by the stockholders of the Corporation.

5.2 Written Ballot. The directors of the Corporation need not be elected by written ballot unless the Bylaws so provide.

5.3 Stockholders Must Meet to Act. Any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of stockholders of the Corporation and may not be effected by any written consent by such stockholders.

5.4 Special Meetings of Stockholders. Special meetings of stockholders of the Corporation may be called only by the Board of Directors.

Article VI

6.1 Number of Directors. The number of directors of the Corporation which shall constitute the entire Board of Directors shall be such number as is initially fixed by the Incorporator and thereafter as fixed from time to time exclusively by the Board of Directors.

6.2 Classification of Directors. At the first annual meeting of stockholders of the Corporation, the directors shall be divided into three classes as nearly equal in number as reasonably possible, with the initial term of office of directors of the first class to expire at the second annual meeting of stockholders of the Corporation, the initial term of office of directors of the second class to expire at the third annual meeting of stockholders of the Corporation, and the initial term of office of directors of the third class to expire at the fourth annual meeting of stockholders of the Corporation. At each annual meeting of stockholders following such initial classification and election, directors shall be chosen for a full term of three years to succeed those directors whose terms expire. All directors shall hold office until the expiration of their terms and until their successors are elected and qualified, except in the case of death, resignation or removal of a director.

6.3 Filling Vacancies on the Board. Subject to the rights of the holders of any outstanding series of Preferred Stock, newly created directorships resulting from any increase in the authorized number of directors or any vacancies in the Board of Directors resulting from death, resignation, retirement, removal from office, disqualification or other cause may be filled only by a majority vote of the directors then in office, although less than a quorum. Directors so chosen shall hold office for a term expiring at the next annual meeting of stockholders at which directors are to be elected. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

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6.4 Removal of Directors. Subject to the rights of the holders of any outstanding series of Preferred Stock, any director or the entire Board of Directors may be removed from office at any time, but only for cause and only by the affirmative vote of the holders of a majority of the combined voting power of the then outstanding shares of capital stock of all classes and series of the Corporation entitled to vote generally in the election of directors, voting together as a single class.

Article VII

7.1 Power to Amend Bylaws.

(a) The Board of Directors is expressly empowered to adopt, amend or repeal any or all of the Bylaws of the Corporation. Any adoption, amendment or repeal of the Bylaws of the Corporation by the Board of Directors shall require the approval of a majority of the Whole Board. The term "Whole Board" shall mean the total number of authorized directors whether or not there exists any vacancy in previously authorized directorships.

(b) The stockholders shall also have the power to adopt, amend or repeal the Bylaws of the Corporation. In addition to any vote of the holders of any class or series of stock of the Corporation required by law or by this Certificate of Incorporation, the affirmative vote of the holders of a majority of the combined voting power of the then outstanding shares of capital stock of all classes and series of the Corporation entitled to vote generally in the election of directors, voting together as a single class shall be required to adopt, amend or repeal any provisions of the Bylaws of the Corporation.

Article VIII

8.1 Elimination of Certain Liability of Directors. A director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of his or her fiduciary duty as a director, except for liability —

(a) For any breach of the director's duty of loyalty to the Corporation or its stockholders;

(b) For acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law;

(c) Under Section 174 of the Delaware General Corporation Law; or

(d) For any transaction from which the director derived an improper personal benefit.

If after approval by the stockholders of this Article VIII the Delaware General Corporation Law is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the Delaware General Corporation Law as so amended.

Any repeal or modification of the foregoing provisions of this Article VIII by the stockholders of the Corporation shall not adversely affect any right or protection of a director of the Corporation existing at the time of, or increase the liability of any director of this Corporation with respect to any acts or omissions of such director occurring prior to, such repeal or modification.

8.2 Indemnification.

(a)

Right to Indemnification. Each person who was or is made a party or is threatened to be made a party to, or is involved in, any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding") by reason of the fact that he or she, or a person of whom he or she is the legal representative, is or was a director or officer, of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether the basis of such proceeding is alleged action in an official capacity as a director, officer, employee or agent or in any other capacity while serving as a director, officer, employee or agent, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the Delaware General Corporation Law, as the same exists or may hereafter be amended, but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than said law permitted the Corporation to provide prior to such amendment, against all expense, liability and loss (including attorneys' fees, judgments, fines, excise taxes under the Employee Retirement Income Security Act of 1974 or penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by such person in connection therewith.

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(b) The indemnification provided for herein shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of his or her heirs, executors and administrators; provided, however, that, except as provided in Subsection (d), below, the Corporation shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the Board of Directors of the Corporation.

(c) The right to indemnification conferred in this Section 8.2 shall be a contract right and shall include the right to be paid by the Corporation the expenses incurred in defending any such proceeding in advance of its final disposition. However, if the Delaware General Corporation Law requires the payment of such expenses incurred by a director or officer in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such person while a director or officer, including, without limitation, service to an employee benefit plan) in advance of the final disposition of a proceeding, payment shall be made only upon delivery to the Corporation of an undertaking by or on behalf of such director or officer to repay all amounts so advanced if it shall ultimately be determined that such director or officer is not entitled to be indemnified under this Section 8.2 or otherwise. The Corporation may by action of its Board of Directors provide indemnification to employees and agents of the Corporation with the same scope and effect as the foregoing indemnification of directors and officers

(d) Right of Claimant to Bring Suit.

(i) If a claim under this Section 8.2 is not paid in full by the Corporation within thirty (30) days after a written claim has been received by the Corporation, the claimant may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim, and if successful in whole or in part, the claimant shall be entitled to be paid also the expense of prosecuting such claim.

(ii) It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any is required, has been tendered to the Corporation) that the claimant has not met the standards of conduct which make it permissible under the Delaware General Corporation Law for the Corporation to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the Corporation.

(iii) Neither (1) the failure of the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor (2) an actual determination by the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) that the claimant has not met such applicable standard or conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

(e) Non-Exclusivity of Rights. The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this Section 8.2 shall not be exclusive of any other right that any person may have or hereafter acquire under any statute; any provision of this Certificate of Incorporation; any bylaw; any agreement; any vote of stockholders or disinterested directors; or otherwise.

(f) Insurance. The Corporation may, at its own expense, maintain insurance to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any such expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the Delaware General Corporation Law.

(g) Settlement of Claims. The Corporation shall not be liable to indemnify any indemnitee under this Section 8.2 for any amounts paid in settlement of any action or claim effected without the Corporation's written consent, which consent shall not be unreasonably withheld, conditioned or delayed, or for any judicial award if the Corporation was not given a reasonable and timely opportunity, at its expense, to participate in the defense of such action.

(h) Subrogation. In the event the Corporation makes a payment under this Section 8.2, the Corporation shall be subrogated to the extent of such payment to all of the rights of recovery of the indemnitee, and the indemnitee shall execute all papers required and shall do everything that may be necessary to secure such rights, including the execution of such documents necessary to enable the Corporation effectively to bring suit to enforce such rights.

(i) Procedures for Submission of Claims. The Board of Directors may establish reasonable procedures for the submission of claims for indemnification pursuant to this Section 8.2, for the determination of the entitlement of any person thereto, and for the review of any such determination.

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Article IX

9.1 Amendments.

(a) Amendment of Article VIII. Notwithstanding any other provision of this Certificate of Incorporation or any provision of law which might otherwise permit a lesser vote or no vote, but in addition to any vote of the holders of any class or series of the stock of this Corporation required by law or by this Certificate of Incorporation, the affirmative vote of the holders of at least 75% of the combined voting power of the then outstanding shares of capital stock of all classes and series of the Corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required to amend or repeal Article VIII hereof and this Section 9.1(a).

(b) Amendment of Other Articles. In addition to any vote of the holders of any class or series of stock of this Corporation required by law or by this Certificate of Incorporation, the affirmative vote of the holders of a majority of the combined voting power of the then outstanding shares of capital stock of all classes and series of the Corporation entitled to vote generally in the election of directors, voting together as a single class shall be required to amend or repeal the provisions of this Certificate of Incorporation except as provided above with respect to the amendment of Article VIII and Section 9.1(a) hereof.

In Witness Whereof, the Corporation has caused this Amended and Restated Certificate of Incorporation to be executed by a duly authorized officer of the Corporation this ___ day of ____________, 2009.

Sterling Construction Company, Inc.

By: ____

Roger M. Barzun
Senior Vice President

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