

HALLIBURTON

Halliburton 2002 Fourth Quarter Adjustments

March 27, 2003

HOUSTON, March 27 /PRNewswire-FirstCall/ -- Halliburton (NYSE: HAL) announced today that subsequent to the issuance of its 2002 fourth quarter earnings press release on February 20, 2003, the Company recorded an additional \$3 million expense, net of tax, to continuing operations and an \$11 million expense, net of tax, to discontinued operations for an overall decrease in net income for the fourth quarter of 2002 of \$14 million. The \$3 million adjustment to continuing operations relates to the results of a majority owned consolidated foreign joint venture. The \$11 million adjustment to discontinued operations relates to a reduction in estimated insurance recoveries for asbestos and silica claims and was the result of a recent announcement regarding the financial viability of an insurance carrier that was voluntarily placed in rehabilitation.

In estimating the probable insurance recoveries related to asbestos and silica liability claims, the Company with assistance from Peterson Consulting, its third party insurance estimator, assumed that no recovery from insolvent carriers would be received. On March 5, 2003, the New Hampshire Insurance Department announced that The Home Insurance Company had been voluntarily placed in rehabilitation. Based upon this announcement, the Company believes The Home Insurance Company should be treated as an insolvent carrier for purposes of computing insurance recoveries. As a result, the Company has revised the estimate of probable insurance recoveries as of December 31, 2002 to exclude any recoveries from The Home Insurance Company and has recorded an \$11 million expense, net of tax, to discontinued operations in 2002. Although the Company has adopted this accounting treatment, the Company will continue to pursue all of its claims against all insolvent insurance carriers.

In addition, the Company recorded an aggregate \$3 million expense, net of taxes, related to one of its majority owned consolidated foreign joint ventures in the Engineering and Construction segment, which affected depreciation expense, tax expense and minority interest expense.

After the effect of these adjustments, the Company's fourth quarter 2002 net loss from continuing operations remains at \$0.30 per share, unchanged from the earnings per share previously announced for the fourth quarter. In addition, the Company's 2002 fourth quarter net income from continuing operations on a pro forma basis remains unchanged at \$0.24 per share. Reconciliations of the pro forma financial results and the adjusted financial results are included in the attached tables.

Halliburton, founded in 1919, is one of the world's largest providers of products and services to the petroleum and energy industries. The Company serves its customers with a broad range of products and services through its Energy Services Group and Engineering and Construction Group business segments. The Company's World Wide Web site can be accessed at www.halliburton.com.

HALLIBURTON COMPANY
Consolidated Statements of Income
(Unaudited)

	Quarter Ended		Twelve Months Ended	
	December 31		December 31	
	2002	2001	2002	2001
	Millions of dollars		except per share data	
Revenues				
Energy Services Group	\$ 1,714	\$ 1,913	\$ 6,836	\$ 7,811
Engineering and Construction Group	1,634	1,259	5,736	5,235
Total revenues	\$ 3,348	\$ 3,172	\$ 12,572	\$ 13,046
Operating income				
Energy Services Group	\$ 199	\$ 258	\$ 638	\$ 1,036
Engineering and Construction Group	(189)	27	(685)	111
General corporate	(31)	(13)	(65)	(63)
Total operating income (loss)	(21)	272	(112)	1,084
Interest expense	(22)	(32)	(113)	(147)
Interest income	8	9	32	27
Foreign currency gain (losses), net	(13)	(4)	(25)	(10)
Other, net	(12)	---	(10)	---
Income (loss) from continuing operations before income taxes, minority interests, and change in accounting method	(60)	245	(228)	954
(Provision) benefit for income taxes	(49)	(99)	(80)	(384)
Minority interest				

in net income of subsidiaries	(23)	(5)	(38)	(19)
Income (loss) from continuing operations before change in accounting method	(132)	141	(346)	551
Discontinued operations, net				
Income (loss) from discontinued operations	(484)	(2)	(652)	(42)
Gain on disposal of discontinued operations	---	---	---	299
Income (loss) from discontinued operations	(484)	(2)	(652)	257
Cumulative effect of change in accounting method, net	---	---	---	1
Net income (loss)	\$ (616)	\$ 139	\$ (998)	\$ 809
Basic income per share:				
Continuing operations	\$ (0.30)	\$ 0.33	\$ (0.80)	\$ 1.29
Discontinued operations, net				
Income (loss) from discontinued operations	(1.12)	(0.01)	(1.51)	(0.10)
Gain on disposal of discontinued operations	---	---	---	0.70
Income (loss) from discontinued operations	(1.12)	(0.01)	(1.51)	0.60
Net income (loss)	\$ (1.42)	\$ 0.32	\$ (2.31)	\$ 1.89
Diluted income per share:				
Continuing operations	\$ (0.30)	\$ 0.33	\$ (0.80)	\$ 1.28
Discontinued operations, net				
Income (loss) from discontinued operations	(1.12)	(0.01)	(1.51)	(0.10)
Gain on disposal of discontinued operations	---	---	---	0.70
Income from discontinued operations	(1.12)	(0.01)	(1.51)	0.60
Net income (loss)	\$ (1.42)	\$ 0.32	\$ (2.31)	\$ 1.88
Basic average common shares outstanding	433	429	432	428
Diluted average common shares outstanding	433	430	432	430

TABLE 1

HALLIBURTON COMPANY
Reconciliation of As Reported Results to Pro Forma Results
Three months ended December 31, 2002
(Unaudited)

	Operating Income/ (loss), Pretax	Other Income/ (Expense)- (including interest)	(Provision) Benefit for Taxes	Minority Interest	Net Income/ (loss) from Continuing Operations	Earnings/ (loss) per Share from Continuing Operations
Pro forma results (excluding items below):	\$ 239	\$ (33)	\$ (81)	\$ (23)	\$ 102	\$ 0.24
Loss on equity investment	---	(9)	3	---	(6)	(0.02)
Brazil project						

loss	2	---	(1)	---	1	---
Demutualization of an insurance company	1	3	(2)	---	2	---
Asbestos charge	(234)	---	20	---	(214)	(0.49)
Restructuring costs	(29)	---	12	---	(17)	(0.03)
As reported	\$ (21)	\$ (39)	\$ (49)	\$ (23)	\$ (132)	\$ (0.30)

TABLE 2

HALLIBURTON COMPANY
Reconciliation of As Reported Results to Pro Forma Results
Twelve months ended December 31, 2002
(Unaudited)

	Operating Income/ (loss), Pretax	Other Income/ (Expense)- (including interest)	(Provision) Benefit for Taxes	Minority Interest	Net Income/ (loss) from Continuing Operations	Earnings/ (loss) per Share from Continuing Operations
Pro forma results (excluding items below):	\$ 796	\$ (109)	\$ (267)	\$ (38)	\$ 382	\$ 0.88
Sale of EMC Patent lawsuit	108	3	(43)	---	68	0.16
Highlands receivable write-off	(98)	(4)	40	---	(62)	(0.14)
Demutualization of an insurance company	(80)	---	31	---	(49)	(0.11)
Restructuring costs	29	3	(13)	---	19	0.04
Brazil project loss	(107)	---	42	---	(65)	(0.15)
Asbestos charge	(117)	---	45	---	(72)	(0.17)
Loss on equity investment	(564)	---	82	---	(482)	(1.11)
As reported	(79)	(9)	3	---	(85)	(0.20)
As reported	\$ (112)	\$ (116)	\$ (80)	\$ (38)	\$ (346)	\$ (0.80)

TABLE 3

HALLIBURTON COMPANY
Reconciliation of Previously Issued As Reported Results to Adjusted As
Reported Results
Three months ended December 31, 2002
(Unaudited)

	Previously Issued As Reported Results	Insolvency of Insurer	Joint Venture Operations	Adjusted As Reported Results
Operating Income/(loss) Pretax	\$ (27)	\$ ---	\$ 6	\$ (21)
Other Income/(Expense)				

- (including interest)	(39)	---	---	(39)
(Provision) Benefit for Taxes	(50)	---	1	(49)
Minority Interest in Net Income of Subsidiaries	(13)	---	(10)	(23)
Net Income/(loss) from Continuing Operations	(129)	---	(3)	(132)
Income (loss) from Discontinued Operations	(473)	(11)		(484)
Net Income	\$ (602)	\$ (11)	\$ (3)	\$ (616)
Earnings/(loss) per Share from Continuing Operations	\$(0.30)	\$ ---	\$ ---	\$(0.30)

TABLE 4

HALLIBURTON COMPANY
Reconciliation of Previously Issued As Reported Results to Adjusted As
Reported Results
Twelve months ended December 31, 2002
(Unaudited)

	Previously Issued As Reported Results	Insolvency of Insurer	Joint Venture Operations	Adjusted As Reported Results
Operating Income/(loss)				
Pretax	\$ (118)	\$ ---	\$ 6	\$ (112)
Other Income/(Expense)				
- (including interest)	(116)	---	---	(116)
(Provision) Benefit for Taxes	(81)	---	1	(80)
Minority Interest in Net Income of Subsidiaries	(28)	---	(10)	(38)
Net Income/(loss) from Continuing Operations	(343)	---	(3)	(346)
Income (loss) from Discontinued Operations	(641)	(11)		(652)
Net Income	\$ (984)	\$ (11)	\$ (3)	\$ (998)
Earnings/(loss) per Share from Continuing Operations	\$ (0.79)	\$ ---	\$ (0.01)	\$ (0.80)

SOURCE Halliburton