HALLIBURTON

Halliburton Announces Third Quarter Results

October 29, 2003

$0.21 Per Diluted Share Income From Continuing Operations, Including $0.11 Charge for the Anglo-Dutch Litigation

HOUSTON, Oct. 29 /PRNewswire-FirstCall/ -- Halliburton (NYSE: HAL) announced today that third quarter 2003 income from continuing operations was $92 million or $0.21 per diluted share. Net income was $58 million or $0.13 per diluted share, which includes a net loss from discontinued operations of $0.08 per diluted share.

Revenues were $4.1 billion in the third quarter of 2003, up 39% from the third quarter of 2002. This increase is largely attributable to additional activity in Engineering and Construction Group (known as KBR) government services projects, including work in the Middle East.

Operating income was $204 million in the third quarter of 2003 compared to $191 million in the third quarter of 2002. Impacting third quarter 2003 operating income was a $77 million charge related to the Anglo-Dutch litigation described below. Third quarter 2002 results included an $18 million loss related to the sale of Bredero-Shaw and $11 million in restructuring charges.

"Both KBR and the Energy Services Group ("ESG") posted solid year-over- year operating results for the 2003 third quarter," said Dave Lesar, chairman, president and chief executive officer of Halliburton. "While overall oilfield activity has gradually increased over the past year, there was significant improvement in international markets such as Mexico, Brazil, the Middle East, Norway and China. My expectations for the fourth quarter are for little change in the level of oilfield activity. I believe our fourth quarter 2003 earnings from continuing operations will be at least $0.30 per share, excluding any impact from the proposed asbestos settlement."

Anglo-Dutch Litigation

On October 24, 2003, a Harris County, Texas civil court jury returned a verdict against a Halliburton subsidiary company for breaching confidentiality agreements entered into in 1996 and 1997. The jury verdict against Halliburton plus attorneys fees amount to $77 million. The plaintiffs in the case, Anglo-Dutch Petroleum International, Inc. and Anglo-Dutch (Tenge), L.L.C., alleged that Ramco Energy Plc and Halliburton were liable for damages sustained when entities unrelated to Halliburton succeeded in acquiring certain interests in the Tenge oil and gas field in Kazakhstan. Halliburton intends to file post-trial motions to seek a reduction or elimination of the award. If the verdict becomes a judgment, Halliburton intends to appeal the case. A charge of $77 million related to this case was accrued in the third quarter of 2003.

2003 Third Quarter Segment Results

Energy Services Group

ESG posted third quarter 2003 revenues of $1.8 billion, a $128 million increase over the third quarter of 2002, and operating income of $170 million, down $30 million after the $77 million Anglo-Dutch charge for the same period.

Drilling and Formation Evaluation revenue for the third quarter of 2003 was $433 million, a 6% increase over the third quarter of 2002. Operating income for the segment of $45 million represented a 29% increase over the third quarter of 2002. The sale of Mono Pumps in the first quarter of 2003 negatively impacted third quarter 2003 revenue and operating income comparisons by $19 million and $2 million, respectively. Logging revenues and higher rig counts in all geographic regions except Europe / Africa accounted for the operating income improvement, despite expenses incurred for consolidation of drill bit facilities in the quarter.

Fluids revenue for the third quarter of 2003 was $510 million, a 14% increase over the third quarter of 2002. The Fluids segment revenue increase was driven by a 17% increase in cementing revenue. Cementing revenue increased 15% in the United States due to the higher land rig count and 75% in Mexico due to increased drilling activity.

Fluids operating income for the third quarter of 2003 was $55 million, a 2% increase from the third quarter of 2002. Cementing operating income increased 35% over the 2002 third quarter, offset by a decrease in drilling fluids operating income due to softer pricing in the deep water Gulf of Mexico and Europe and a $3 million inventory adjustment in Nigeria.

Production Optimization revenue for the third quarter 2003 was $730 million, an 11% increase over the third quarter of 2002. Onshore North America revenue improvement was partially offset by lower revenue in the Gulf of Mexico. Internationally, revenues were up 19% as compared to the third quarter 2002 with increases from all regions. The sale of Halliburton Measurement Systems ("HMS") in the second quarter of 2003 had a $9 million negative impact on the third quarter of 2003 revenues as compared to the third quarter of 2002.

Production Optimization operating income for the third quarter of 2003 was $122 million, an 18% increase over the third quarter of 2002. International activity drove the majority of the operating income improvement, primarily from improved margins in Mexico, Brazil and Angola. In North America, incremental margins on increased revenues in Canada were partially offset by pricing weakness in the United States.

Landmark and Other Energy Services revenue for the third quarter of 2003 was $132 million, a decrease of $33 million from the third quarter of 2002. The reduction of revenue was attributable to the sale of Wellstream in the first quarter of 2003 and a winding down of a North Sea project.

Landmark and Other Energy Services third quarter 2003 operating loss was $52 million, compared to an $8 million profit in the third quarter of 2002. Segment results included the Anglo-Dutch litigation expense in the third quarter of 2003, and the third quarter 2002 results included $5 million in restructuring charges and an $18 million loss on the sale of Bredero-Shaw. Landmark Graphics revenues were down 4%, but operating income was up 22% as compared to the third quarter of 2002.

KBR

KBR revenue for the third quarter of 2003 was $2.3 billion, an 80% increase over the third quarter of 2002. The improvement was primarily due to increases in government services activity and, to a lesser extent, progress on liquefied natural gas (LNG) and gas projects in Nigeria and Algeria, and hydrocarbon plants in North America and Europe. The increase in revenue was partially offset by lower revenues on projects in western Africa, Brazil and Asia Pacific, maintenance contracts in the United States and the United Kingdom, and the United States Government contract in the Balkans.

KBR operating income for the third quarter of 2003 was $49 million, a $37 million increase over the third quarter of 2002 due to increases from government services activity in the Middle East and the DML shipyard in the United Kingdom. Additionally, LNG and gas projects in Nigeria and Algeria boosted third quarter 2003 segment operating income due to improved project efficiency and progress. Partially offsetting the increased operating income were project losses in Europe, the Middle East and offshore Asia Pacific, and lower income on oil projects in western Africa nearing completion.

Total company revenue and operating income from Iraq-related work in the third quarter were $900 million and $34 million, respectively. Iraq-related work contributed $0.05 per diluted share of earnings after tax.

General corporate expense of $15 million in the third quarter of 2003 improved $6 million over the third quarter of 2002 in part due to restructuring charges in the third quarter 2002.

Backlog

KBR backlog at September 30, 2003 was $9.8 billion, down $127 million from June 30, 2003. Approximately 31% of the backlog is for fixed fee contracts, compared to 37% at June 30, 2003. Of the fixed fee contract backlog, 40% of the total relates to onshore contracts, 26% relates to government services and 20% relates to offshore. Firm orders were $8.5 billion at the end of the quarter. The remainder of the backlog primarily relates to government awards not yet funded, with the Los Alamos National Laboratory and Balkans contract representing the majority of the balance.

Discontinued Operations

The third quarter net loss from discontinued operations was $34 million after tax, or $0.08 per diluted share, reflecting a reserve for uncollectible insurance receivables purchased from Harbison-Walker for potential insolvency of insurance carriers, professional fees associated with the due diligence, printing and distribution cost of the disclosure statement, and other aspects of the proposed settlement for asbestos and silica liabilities.

Technology and Significant Achievements

Halliburton had a number of advances in technology and new contract awards including:

- Sperry-Sun announced the global commercialization of its GeoTap(TM) LWD formation pressure tester. The LWD sensor provides operators with wireline-quality, reservoir pore pressure data for drilling and formation evaluation applications to help operators maximize reservoir deliverability.

- KBR is one of eight companies that have been formed into an innovative partnership to improve Scotland's fresh water and waste water infrastructure under Scottish Water's $3 billion capital investment program. The partnership will deliver Scottish Water's capital investment program through 2006 upgrading Scotland's networks and facilities to improve the quality of drinking water and the aquatic environment.

- KBR was selected by the United Kingdom Ministry of Defence for CONLOG, a seven year enabling contract under which KBR will deliver logistic support services to British forces worldwide.

- Landmark announced a Portable Real-time Operations Center(SM) (RTOC) solution. The Portable RTOC is a cost effective IT solution that can be deployed and redeployed in multiple facilities to meet the broad and changing needs of E&P operating companies of any size.

- KBR was awarded a four year plus two 24-month extension options contract with an ExxonMobil subsidiary for operations and maintenance of offshore production facilities in the North Sea.

- ESG was awarded a contract for a well stimulation vessel to provide sand control, fracturing, acidizing, and pumping services and products for the Campos Basin development offshore Brazil.

- Baroid and National Oilwell signed a global distribution agreement allowing both companies to increase participation in the expanding solids control and drilling waste management market. The addition of National Oilwell equipment to the Baroid product line allows Baroid to offer a complete range of services to meet our customer needs.

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 and Engineering and Construction Groups. The Company's World Wide Web site can be accessed at www.halliburton.com.

NOTE: The statements in this press release that are not historical statements, including statements regarding future financial performance, are forward-looking statements within the meaning of the federal securities laws. These statements are subject to numerous risks and uncertainties, many of which are beyond the company's control, which could cause actual results to differ materially from the results expressed or implied by the statements. These risks and uncertainties include, but are not limited to: legal risks, including the risks associated with the consummation or non-consummation of the proposed settlement, the risks of judgments against the company's subsidiaries and predecessors in asbestos litigation pending and currently on appeal, the inability of insurers for asbestos exposures to pay claims or a delay in the payment of such claims, future asbestos claims defense and settlement costs, the risks of judgments against the company and its subsidiaries in other litigation and proceedings, including shareholder lawsuits, securities laws inquiries, contract disputes, patent infringements and environmental matters, legislation, changes in government regulations and adverse reaction to scrutiny involving the company; political risks, including the risks of unsettled political conditions, war and the effects of terrorism, foreign operations and foreign exchange rates and controls; liquidity risks, including the risks of potential reductions in debt ratings, access to credit, availability and costs of financing and ability to raise capital; weather-related risks; customer risks, including the risks of changes in capital spending and claims negotiations; industry risks, including the risks of changes that affect the demand for or price of oil and/or gas, structural changes in the industries in which the company operates, risks of fixed-fee projects and risks of complex business arrangements; systems risks, including the risks of successful development and installation of financial systems; and personnel and merger/reorganization/disposition risks, including the risks of increased competition for employees, successful integration of acquired businesses, effective restructuring efforts and successful completion of planned dispositions. Please see Halliburton's Form 10-K for the year ended December 31, 2002 and Form 10-Q for the quarter ended June 30, 2003 for a more complete discussion of such risk factors.

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

	Three Months Ended September 30 2003	Three Months Ended September 30 2002	Three Months Ended June 30 2003
Revenues			
Energy Services Group	$1,805	$1,677	$1,780
Engineering and Construction Group	2,343	1,305	1,819
Total revenues	$4,148	$2,982	$3,599
Operating income (loss)			
Energy Services Group	$170	$200	$235
Engineering and Construction Group	49	12	(148)
General corporate	(15)	(21)	(16)
Total operating income	$204	$191	$71
Interest expense	(33)	(29)	(25)
Interest income	7	8	7
Foreign currency, net	(17)	1	19
Other nonoperating, net	---	---	2
Income from continuing operations before income taxes and minority interest	161	171	74
Provision for income taxes	(63)	(72)	(29)
Minority interest in net income of subsidiaries	(6)	(5)	(3)
Income from continuing operations	92	94	42
Loss from discontinued operations, net	(34)	---	(16)
Net income	$58	$94	$26
Basic income (loss) per share:			
Income from continuing operations	$0.21	$0.22	$0.09
Loss from discontinued operations	(0.08)	---	(0.03)
Net income	$0.13	$0.22	$0.06
Diluted income (loss) per share:			
Income from continuing			

operations	$0.21	$0.22	$0.09
Loss from discontinued operations	(0.08)	---	(0.03)
Net income	$0.13	$0.22	$0.06
Basic weighted average common shares outstanding	435	432	434
Diluted weighted average common shares outstanding	437	434	436

See Footnote Table 1 for a list of significant items included in operating income.

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

	Nine Months Ended September 30	
	2003	2002
Revenues		
Energy Services Group	$5,196	$5,122
Engineering and Construction Group	5,611	4,102
Total revenues	$10,807	$9,224
Operating income (loss)		
Energy Services Group	$585	$439
Engineering and Construction Group	(118)	(496)
General corporate	(50)	(34)
Total operating income (loss)	$417	$(91)
Interest expense	(85)	(91)
Interest income	22	24
Foreign currency, net	(4)	(12)
Other nonoperating, net	2	2
Income (loss) from continuing operations before income taxes, minority interest and change in accounting principle	352	(168)
Provision for income taxes	(142)	(31)
Minority interest in net income of subsidiaries	(17)	(15)
Income (loss) from continuing operations before change in accounting principle	193	(214)
Loss from discontinued operations, net	(58)	(168)
Cumulative effect of change in accounting principle, net	(8)	---
Net income (loss)	$127	$(382)
Basic income (loss) per share:		
Income from continuing operations before change in accounting principle	$0.44	$(0.49)
Loss from discontinued operations	(0.13)	(0.39)
	0.31	(0.88)
Change in accounting principle	(0.02)	---
Net income (loss)	$0.29	$(0.88)
Diluted income (loss) per share:		
Income from continuing operations before change in accounting principle	$0.44	$(0.49)
Loss from discontinued operations	(0.13)	(0.39)
	0.31	(0.88)
Change in accounting principle	(0.02)	---
Net income (loss)	$0.29	$(0.88)
Basic weighted average common shares outstanding	434	432
Diluted weighted average common shares outstanding	436	432

See Footnote Table 1 for a list of significant items included in operating income.

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

	September 30 2003	December 31 2002	June 30 2003
Assets			
Current assets:			
Cash and equivalents	$1,222	$1,107	$1,859
Total receivables, net	4,000	3,257	3,666
Inventories	731	734	747
Other current assets	559	462	503
Total current assets	6,512	5,560	6,775
Property, plant and equipment, net	2,504	2,629	2,498
Insurance for asbestos and silica related liabilities	2,061	2,059	2,059
Other assets	2,699	2,596	2,690
Total assets	$13,776	$12,844	$14,022
Liabilities and Shareholders' Equity			
Current liabilities:			
Short-term notes payable	$23	$49	$16
Current maturities of long-term debt	21	295	166
Accounts payable	979	1,077	1,056
Other current liabilities	2,048	1,851	2,079
Total current liabilities	3,071	3,272	3,317
Long-term debt	2,368	1,181	2,374
Asbestos and silica related liabilities	3,387	3,425	3,396
Other liabilities	1,283	1,337	1,293
Minority interest in consolidated subsidiaries	90	71	83
Total liabilities	10,199	9,286	10,463
Total shareholders' equity	3,577	3,558	3,559
Total liabilities and shareholders' equity	$13,776	$12,844	$14,022

TABLE 1

HALLIBURTON COMPANY
Revenue and Operating Income Comparison By Operating Segments
(Millions of dollars)
(Unaudited)

	Three Months Ended September 30		Three Months Ended June 30
	2003	2002	2003
Revenues			
Drilling and Formation Evaluation	$433	$408	$414
Fluids	510	449	518
Production Optimization	730	655	693
Landmark and Other Energy Services	132	165	155

Total Energy Services Group	1,805	1,677	1,780
Engineering and Construction Group	2,343	1,305	1,819
Total revenues	$4,148	$2,982	$3,599
Operating Income (loss)			
Drilling and Formation Evaluation	$45	$35	$49
Fluids	55	54	68
Production Optimization	122	103	113
Landmark and Other Energy Services	(52)	8	5
Total Energy Services Group	170	200	235
Engineering and Construction Group	49	12	(148)
General corporate	(15)	(21)	(16)
Total operating income	$204	$191	$71

	Nine Months Ended September 30	
	2003	2002
Revenues		
Drilling and Formation Evaluation	$1,226	$1,220
Fluids	1,508	1,352
Production Optimization	2,052	1,901
Landmark and Other Energy Services	410	649
Total Energy Services Group	5,196	5,122
Engineering and Construction Group	5,611	4,102
Total revenues	$10,807	$9,224
Operating Income (loss)		
Drilling and Formation Evaluation	$160	$115
Fluids	178	154
Production Optimization	305	292
Landmark and Other Energy Services	(58)	(122)
Total Energy Services Group	585	439
Engineering and Construction Group	(118)	(496)
General corporate	(50)	(34)
Total operating income (loss)	$417	$(91)

See Footnote Table 1 for a list of significant items included in operating income.

TABLE 2

HALLIBURTON COMPANY
Revenue and Operating Income Comparison
By Geographic Region - Energy Services Group Only
(Millions of dollars)
(Unaudited)

	Three Months Ended September 30		Three Months Ended June 30
	2003	2002	2003
Revenues			
North America	$791	$771	$762
Latin America	244	209	226
Europe / Africa	356	350	394
Middle East / Asia	414	347	398
Total revenues	$1,805	$1,677	$1,780
Operating Income			

North America	$31	$133	$91
Latin America	51	28	43
Europe / Africa	28	9	51
Middle East / Asia	60	30	50
Total operating income	$170	$200	$235

	Nine Months Ended September 30 2003	Nine Months Ended September 30 2002
Revenues		
North America	$2,298	$2,299
Latin America	652	628
Europe / Africa	1,092	1,197
Middle East / Asia	1,154	998
Total revenues	$5,196	$5,122
Operating Income		
North America	$206	$124
Latin America	117	84
Europe / Africa	111	139
Middle East / Asia	151	92
Total operating income	$585	$439

See Footnote Table 2 for a list of significant items included in operating income.

FOOTNOTE TABLE 1

HALLIBURTON COMPANY
Items Included in Operating Income by Operating Segment
(Millions of dollars except per share data)
(Unaudited)

	Three Months Ended September 30 2003		Three Months Ended September 30 2002		Three Months Ended June 30 2003	
	Operating Income	After Tax per Share	Operating Income	After Tax per Share	Operating Income	After Tax per Share
Production Optimization:						
HMS gain on sale	$---	$---	$---	$---	$24	$0.03
Landmark and Other Energy Services:						
Anglo-Dutch lawsuit	(77)	(0.11)	---	---	---	---
Restructuring charge	---	---	(5)	(0.01)	---	---
Bredero-Shaw loss on sale	---	---	(18)	(0.04)	---	---
Engineering and Construction Group:						
Asbestos and silica liability	(1)	---	---	---	---	---
Restructuring charge	---	---	(2)	---	---	---
Barracuda-Caratinga project loss	---	---	---	---	(173)	(0.24)

General corporate:						
Restructuring charge	---	---	(4)	(0.01)	---	---

	Nine Months Ended September 30 2003		Nine Months Ended September 30 2002	
	Operating Income	After Tax per Share	Operating Income	After Tax per Share
Drilling and Formation Evaluation:				
Mono Pumps gain on sale	$36	$0.05	$---	$---
Production Optimization:				
HMS gain on sale	24	0.03	---	---
Landmark and Other Energy Services:				
Anglo-Dutch lawsuit	(77)	(0.11)	---	---
Wellstream loss on sale	(15)	(0.03)	---	---
EMC gain on sale	---	---	108	0.15
Patent infringement lawsuit accrual	---	---	(98)	(0.14)
Restructuring charge	---	---	(47)	(0.07)
Bredero-Shaw impairment	---	---	(61)	(0.14)
Bredero-Shaw loss on sale	---	---	(18)	(0.04)
Engineering and Construction Group:				
Asbestos and silica liability	(3)	---	(330)	(0.62)
Barracuda-Caratinga project loss	(228)	(0.32)	(119)	(0.17)
Highlands receivable write-off	---	---	(80)	(0.11)
Restructuring charge	---	---	(16)	(0.02)
General corporate:				
Insurance company demutualization	---	---	28	0.04
Restructuring charge	---	---	(15)	(0.02)

FOOTNOTE TABLE 2

HALLIBURTON COMPANY
Items Included in Operating Income
By Geographic Region - Energy Services Group Only
(Millions of dollars except per share data)
(Unaudited)

	Three Months Ended September 30 2003		Three Months Ended September 30 2002		Three Months Ended June 30 2003	
	Operating Income	After Tax per Share	Operating Income	After Tax per Share	Operating Income	After Tax per Share
North America:						
Anglo-Dutch lawsuit	$(77)	$(0.11)	$---	$---	$---	$---
HMS gain on sale	---	---	---	---	24	0.03
Restructuring charge	---	---	(4)	(0.01)	---	---
Bredero-Shaw loss on sale	---	---	(18)	(0.04)	---	---

Europe / Africa:						
Restructuring charge	---	---	(1)	---	---	---

	Nine Months Ended September 30 2003		Nine Months Ended September 30 2002	
	Operating Income	After Tax per Share	Operating Income	After Tax per Share
North America:				
Anglo-Dutch lawsuit	$(77)	$(0.11)	$---	$---
Mono Pumps gain on sale	24	0.03	---	---
Wellstream loss on sale	(11)	(0.02)	---	---
HMS gain on sale	24	0.03	---	---
Patent infringement lawsuit accrual	---	---	(98)	(0.14)
Restructuring charge	---	---	(38)	(0.05)
Bredero-Shaw impairment	---	---	(61)	(0.14)
Bredero-Shaw loss on sale	---	---	(18)	(0.04)
Latin America:				
Restructuring charge	---	---	(3)	---
Europe / Africa:				
Mono Pumps gain on sale	12	0.02	---	---
Wellstream loss on sale	(4)	(0.01)	---	---
EMC gain on sale	---	---	108	0.15
Restructuring charge	---	---	(3)	---
Middle East / Asia:				
Restructuring charge	---	---	(3)	---

SOURCE Halliburton