

HALLIBURTON

Halliburton to Sell Non-Core Assets to Hercules Offshore

August 25, 2006

HOUSTON--(BUSINESS WIRE)--Aug. 25, 2006--Two Halliburton (NYSE:HAL) subsidiaries, Halliburton West Africa Limited and Halliburton Energy Services Nigeria Limited, announced today that they have entered into an agreement to sell certain non-core assets to Hercules Offshore, Inc. (NASDAQ:HERO).

The sale will include eight lift boats and will give Hercules the right to operate five additional lift boats under an agreement with the third-party vessel owner. The initial purchase price is approximately \$50 million, with potential additional proceeds to Halliburton from an earn-out arrangement.

"This announcement is in line with Halliburton's decision several years ago to exit the lift boat business," said Cris Gaut, Halliburton's chief financial officer.

The 13 vessels have an average age of about 20 years, with substantial retrofitting over the years. All are based in Nigeria and operate in the coastal waters of West Africa.

The transaction is expected to close in the fourth quarter of 2006 and will result in a pre-tax gain for Halliburton of at least \$40 million.

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 KBR. Visit the company's Web site at www.halliburton.com.

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