

HALLIBURTON

Halliburton Releases Fourth Quarter Results, Energy Services Group Income More Than Doubles Over Prior Year

January 30, 2001

DALLAS, Jan. 30 /PRNewswire/ -- Halliburton Company (NYSE: HAL) reported today that 2000 fourth quarter net income was \$123 million (\$0.28 per diluted share) before charges related to its engineering and construction businesses of \$118 million, net of taxes (\$0.27 per diluted share). The \$123 million is an increase of 62 percent compared to 1999 fourth quarter net income before gain on sale of discontinued operations of \$76 million (\$0.17 per diluted share) and an increase of 19 percent compared to 2000 third quarter net income before gain on sale of vessels of \$103 million (\$0.23 per diluted share). Including the engineering and construction charges, 2000 fourth quarter net income was \$5 million (\$0.01 per diluted share).

Revenues from continuing operations were \$3.2 billion representing an improvement of 6 percent versus both the 2000 third quarter and the fourth quarter of 1999. Operating income for the 2000 fourth quarter was \$200 million before the charges related to the engineering and construction business. This compares to 1999 fourth quarter operating income of \$79 million and 2000 third quarter operating income of \$159 million before the \$88 million gain on sale of vessels. Increased operating income is mostly due to improved results at Halliburton Energy Services.

Dave Lesar, Halliburton's chairman of the board, president and chief executive officer, said, "Halliburton Energy Services and Landmark Graphics, which operate under the Energy Services Group, continue to perform exceptionally well. The outlook for additional increases in earnings for Halliburton Energy Services and Landmark remain very positive as North American activity is expected to remain strong while international activity should accelerate. As previously announced, we have begun taking action to realign our engineering and construction businesses under a single management team. This new team is committed to building a profitable engineering and construction business that can operate in today's global environment."

2000 Fourth Quarter Segment Results

The Energy Services Group segment posted 2000 fourth quarter revenues of \$2.3 billion representing an increase of 22 percent compared to the 1999 fourth quarter and an increase of 13 percent sequentially. Operating income for the Energy Services Group segment was \$183 million before \$59 million of charges related to Brown & Root Energy Services. Energy Services Group revenues in the United States increased by 37 percent from the year earlier quarter, while international revenues increased by 15 percent.

Operating income improvements for the Energy Services Group segment were mostly attributable to Halliburton Energy Services where income increased approximately 260 percent compared to the fourth quarter of 1999, and increased 30 percent sequentially. This resulted in Halliburton Energy Services incremental margins of 31 percent year-over-year and 24 percent sequentially. The operating income improvement at Halliburton Energy Services was realized in all geographic regions, especially in North America, due to higher activity levels and improved pricing for products and services. In addition, operating income at Landmark Graphics more than doubled compared to 2000 third quarter reflecting higher software sales.

The Engineering and Construction Group segment's fourth quarter 2000 revenues were \$918 million, just short of the \$1.0 billion achieved in the third quarter of this year and the \$1.2 billion from the prior year quarter reflecting the continuing difficult operating environment in the downstream petroleum industry business. The segment posted an operating profit of \$35 million for 2000 fourth quarter before the \$134 million charge mentioned below. This compares to the third quarter profits of \$41 million.

The 2000 fourth quarter pre-tax charge related to the engineering and construction businesses was \$193 million, with \$36 million related to severance and restructuring and \$157 million for project losses. The charge affected both Brown & Root Energy Services in the Energy Services Group segment and the Engineering and Construction Group segment by \$59 million and \$134 million, respectively. As a result of these charges, continuing operations posted a net loss of \$21 million (\$0.05 per diluted share).

Discontinued Operations

Efforts on selling the Dresser Equipment Group are proceeding well. Negotiations are in process with a purchaser. Sale of this group is expected to be announced in the near future.

Income from discontinued operations in the fourth quarter of 2000 was \$26 million (\$0.06 cents per diluted share) compared to \$27 million (\$0.06 per diluted share) in the third quarter.

Share Repurchase Program

The company believed that the current stock price did not reflect the long-term potential of the company and aggressively purchased common stock under the previously announced stock repurchase program during the quarter. From September through the end of the year, over 20.4 million shares had been purchased at a cost of almost \$760 million, which were paid for through short-term borrowings.

Technology and Business Successes

During the fourth quarter, Halliburton recognized several successes -- in technology, business and safety.

- Landmark Graphics Corporation announced a definitive agreement to acquire PGS Data Management (PGSDM), a division of Petroleum Geo- Services ASA. The agreement has been approved by the Halliburton board of directors and is subject to various regulatory and other approvals, as well as the finalization of certain ancillary agreements. The acquisition will expand the Landmark Graphics' portfolio of market-leading technology management solutions and services by adding PGSDM's PetroBank solutions. PetroBank solutions are the industry leader for cost effective internet enabled storage, browsing and retrieval of large volumes of quality controlled exploration and production (E&P) data and information.

- Enventure Global Technology a joint venture between Halliburton Energy Services and Shell Exploration & Production Company installed a second solid expandable tubular (SET) system in Shell's ultra-deepwater well in Alaminos Canyon 557, making it the world's first well to have multiple openhole SET installations, thus enabling Shell to explore the deeper objectives of this ultra-deepwater well.
- Landmark Graphics Corporation has developed a new Web-enabled, risk- based decision support solution. DecisionSpace(TM) represents a new paradigm for the industry by integrating technical and business tools in a virtual desktop. DecisionSpace(TM) is browser-based, ASP- (application service provider) ready and designed to fully support and enable the industry's rapid utilization of the emerging e-business environment.
- Landmark Graphics Corporation's industry-leading Web-based service, MyLandmark(TM), is now available exclusively to Landmark customers. My Landmark, which was developed with customer input, dramatically enhances the way customers interact with the company by delivering real-time information and knowledge resources to the end user based on the individual's perspective, needs and self-generated user profile. This new Web-based service allows Landmark's customers to access a patent-pending set of decision tools and process guides that assist customers in making more effective and rapid decisions in the exploration and development of oil and gas assets.
- Halliburton Energy Services announced commercialization of MRIL(R) PrimeTime(TM) as yet another example of Halliburton delivering on its commitment to real time reservoir solutions and reservoir description reports for its clients.
- Fasttrax, a consortium led by Brown & Root Services has been selected by the United Kingdom Ministry of Defense as the preferred bidder for a contract for the provision of Heavy Equipment Transportation Services to the British Army.
- M.W. Kellogg Ltd, Kellogg Brown & Root's affiliate company in London, has been awarded a contract to provide front-end engineering design services for Union Fenosa's proposed Egyptian liquefied natural gas (LNG) project in the port of Damietta in northern Egypt. The project, estimated at approximately \$1 billion, calls for the development of a single-train LNG complex with an estimated capacity of 3.5 to 4 million tons per annum.
- Halliburton Company and Shaw Industries Ltd's joint venture entity, Bredero-Shaw, will invest \$30 million in an integrated pipecoating and fabricating facility near Mobile, Alabama. The facility will serve the offshore deepwater markets and is scheduled to open in early 2001.
- Halliburton Subsea has been awarded a services contract by BP and its co-ventures for West of Shetland developments potentially valued at \$24 million. The scope of the contract includes provision of subsea tie-back construction services and inspection, repair and maintenance services plus vessel provision as required for the period November 2000 to December 2001, with the possibility of additional work in 2002 and 2003.
- Halliburton Worldwide Limited Oman has worked more than 600,000 hours without a lost time incident and reached the driving milestone of two million safe miles. Both milestones were reached on October 1.
- Halliburton Energy Services was recently recognized for achieving 500 days without a lost-time accident on the Terra Nova project. Halliburton Energy Services is a core member of the Terra Nova Alliance, providing well construction project management and drilling and completions services to deliver the six pre-production wells.
- The Occupational Safety & Health Administration (OSHA) has officially recognized Halliburton Energy Services' Jet Research Center in Alvarado, Texas, as a Star site under its Voluntary Protection Program (VPP) for having an exemplary safety and health program. Jet Research Center is the first explosives manufacturing site ever to enter such a program or achieve this type of recognition from OSHA.
- M.W. Kellogg Ltd., Kellogg Brown & Root's affiliate company in London, has completed the final handover of the Karsto Upgrading Project gas processing plant, 60 kilometers north of Stavanger, in Rogaland, Norway. The fast-track project was completed in less that 38 months with an exemplary health, safety and environment (HSE) record.
- Halliburton Energy Services announced a capital program aimed at solidifying our market leader position. The Reservoir Monitor Tool Elite (RMT Elite(TM)), a slim-hole pulsed neutron logging system for use in the location and management of hydrocarbon reserves production. The new system provides operators with a timely answer for remedial work-over decisions. This allows oil and gas operators the opportunity to accurately evaluate the time-lapse performance of their hydrocarbon producing reservoirs, without removing the tubing from wells, consequently they are seeing tremendous benefits and cost savings when using the system.

Halliburton Company, founded in 1919, is the world's largest provider 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.

NOTE: In accordance with the Safe Harbor provisions of the Private

Securities Litigation Reform Act of 1995, Halliburton Company cautions that statements in this press release which are forward looking and which provide other than historical information, involve risks and uncertainties that may impact the company's actual results of operations. Please see Halliburton's Form 10-Q for the quarter ended September 30, 2000 for a more complete discussion of such risk factors.

	Fourth Quarter Ended		Twelve Months Ended	
	December 31		December 31	
	2000	1999	2000	1999
Millions of dollars except per share data				
Revenues				
Energy Services Group	\$2,275	\$1,865	\$7,916	\$6,999
Engineering and Construction Group	918	1,161	4,028	5,314
Total revenues	\$3,193	\$3,026	\$11,944	\$12,313
Operating income				
Energy Services Group	\$124	\$60	\$526	\$222
Engineering and Construction Group	(99)	40	14	203
General corporate	(18)	(21)	(78)	(71)
Special charges and credits	---	---	---	47
Total operating income	7	79	462	401
Interest expense	(42)	(35)	(146)	(141)
Interest income	9	6	25	74
Foreign currency gains (losses), net	(2)	(6)	(5)	(8)
Other nonoperating, net	---	6	(1)	(19)
Income from continuing operations before income taxes, minority interests, and change in accounting method	(28)	50	335	307
(Provision)/benefit for income taxes	11	(18)	(129)	(116)
Minority interest in net income of subsidiaries	(4)	(4)	(18)	(17)
Income/(loss) from continuing operations before change in accounting method	(21)	28	188	174
Discontinued operations:				
Income from discontinued operations	26	48	98	124
Gain on disposal of discontinued operations	---	159	215	159
Total discontinued operations	26	207	313	283
Cumulative effect of change in accounting method, net	---	---	---	(19)
Net income	\$5	\$235	\$501	\$438
Basic income/(loss) per share:				
Continuing operations before change in accounting method	\$(0.05)	\$0.06	\$0.42	\$0.40
Income from discontinued operations	0.06	0.11	0.22	0.28
Gain on disposal of discontinued operations	0.01	0.17	0.64	0.68
Change in accounting method	---	---	---	(0.04)
Net income	\$0.01	\$0.53	\$1.13	\$1.00
Diluted income/(loss) per share:				
Continuing operations before change in accounting method	\$(0.05)	\$0.06	\$0.42	\$0.39
Income from discontinued operations	0.06	0.11	0.22	0.28
	0.01	0.17	0.64	0.67

Gain on disposal of discontinued operations	---	0.36	0.48	0.36
Change in accounting method	---	---	---	(0.04)
Net income	\$0.01	\$0.53	\$1.12	\$0.99
Basic average common shares outstanding	435	441	442	440
Diluted average common shares outstanding	435	443	446	443

HALLIBURTON COMPANY
Pro Forma Statements of Income
(Unaudited)

	Fourth Quarter Ended		Twelve Months Ended	
	December 31		December 31	
	2000	1999	2000	1999
Millions of dollars except per share data				
Revenues				
Energy Services Group	\$2,275	\$1,865	\$7,916	\$6,999
Engineering and Construction Group	918	1,161	4,028	5,314
Dresser Equipment Group	363	745	1,400	2,585
Total revenues	\$3,556	\$3,771	\$13,344	\$14,898
Operating income				
Energy Services Group	\$124	\$60	\$526	\$222
Engineering and Construction Group	(99)	40	14	203
Dresser Equipment Group	43	109	158	249
General corporate	(18)	(21)	(78)	(71)
Special charges and credits	---	---	---	47
Total operating income	50	188	620	650
Interest expense	(42)	(36)	(149)	(144)
Interest income	7	6	26	76
Foreign currency gains (losses), net	(1)	(7)	(3)	(8)
Other nonoperating, net	---	6	(1)	(19)
Pro forma income before income taxes, minority interests, and change in accounting method	14	157	493	555
Provision for income taxes	(5)	(61)	(189)	(214)
Minority interest in net income of subsidiaries	(4)	(20)	(18)	(43)
Pro forma income before change in accounting method	5	76	286	298
Cumulative effect of change in accounting method, net	---	---	---	(19)
Pro forma net income	\$5	\$76	\$286	\$279
Basic pro forma income per share:				
Before change in accounting method	\$0.01	\$0.17	\$0.65	\$0.68
Change in accounting method	---	---	---	(0.04)
Pro forma net income	\$0.01	\$0.17	\$0.65	\$0.64
Diluted pro forma income per share:				
Before change in accounting				

method	\$0.01	\$0.17	\$0.64	\$0.67
Change in accounting method	---	---	---	(0.04)
Pro forma net income	\$0.01	\$0.17	\$0.64	\$0.63
Basic average common shares outstanding	435	441	442	440
Diluted average common shares outstanding	435	443	446	443

NOTE: The above pro forma financial information is for comparative purposes and presented on a basis other than generally accepted accounting principles. This pro forma income statement excludes the gain on the sale of IDP and the Dresser-Rand joint venture, and treats Dresser Equipment Group as continuing operations.

HALLIBURTON COMPANY
Comparisons on Depreciation, Depletion & Amortization, Capex
And Research & Development
(Unaudited)
(\$ in millions)

	4th Qtr 2000	4th Qtr 1999	Incr/ (Decr)	3rd Qtr 2000	Incr/ (Decr)
Depreciation, Depletion & Amortization					
Depreciation, Depletion, Amortization of Intangibles	101	100	1	100	1
Amortization of Goodwill	9	12	(3)	12	(3)
Energy Services Group Total	110	112	(2)	112	(2)
Depreciation, Depletion, Amortization of Intangibles	7	8	(1)	7	0
Amortization of Goodwill	2	2	0	2	0
Engineering & Construction Group Total	9	10	(1)	9	0
Depreciation, Depletion, Amortization of Intangibles	20	9	11	18	2
Amortization of Goodwill	0	0	0	0	0
Corporate Total	20	9	11	18	2
Total Depreciation, Depletion, Amortization of Intangibles	128	117	11	125	3
Total Amortization of Goodwill	11	14	(3)	14	(3)
Total Expense for Continuing Operations	\$139	\$131	\$8	\$139	\$0
Depreciation, Depletion, Amortization of Intangibles	9	17	(8)	9	0
Amortization of Goodwill	5	3	2	3	2
Dresser Equipment Group Total (Discontinued Ops)	\$14	\$20	(\$6)	\$12	\$2
Total Depreciation, Depletion, Amortization Expense	\$153	\$151	\$2	\$151	\$2
Capital Expenditures					
Energy Services Group	165	106	59	163	2

Engineering & Construction Group	28	10	18	1	27
Corporate and Other	18	19	(1)	14	4
Total for Continuing Operations	\$211	\$135	\$76	\$178	\$33
Dresser Equipment Group (Discontinued Ops)	7	25	(18)	6	1
Total Capital Expenditures	\$218	\$160	\$58	\$184	\$34

Research and Development

Energy Services Group	60	54	6	60	0
Engineering & Construction Group	2	1	1	2	0
Dresser Equipment Group	6	10	(4)	6	0
Total Research and Development	\$68	\$65	\$3	\$68	\$0

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Analysis of Proforma Earnings
(Unaudited)
Millions of dollars except per share data

4th Qtr 3rd Qtr. 4th Qtr 2000 2000 1999 Net Income as Reported \$5 \$157 \$235 Gain on Sale of Vessels (54) Gain on Sale of Discontinued Operations (159) Engineering and Construction Charges 118 Proforma Net Income \$123 \$103 \$76 Earnings per Share as Reported \$0.01 \$0.35 \$0.53 Gain on Sale of Vessels (0.12) Gain on Sale of Discontinued Operations (0.36) Engineering and Construction Charges 0.27 Proforma Earnings per Share \$0.28 \$0.23 \$0.17

Note: The above pro forma financial information is for comparative purposes and presented on a basis other than generally accepted accounting principles.

SOURCE Halliburton Company

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