

HALLIBURTON

Halliburton Announces Third Quarter Results

November 7, 2002

HOUSTON, Nov. 7 /PRNewswire-FirstCall/ -- Halliburton (NYSE: HAL) announced today that third quarter 2002 net income and income from continuing operations were \$94 million or \$0.22 per diluted share. There were two items impacting continuing operations for the quarter on an after-tax basis: \$18 million loss primarily related to the cumulative translation adjustment (CTA) on the sale of an investment in Bredero-Shaw, and \$7 million related to the previously announced restructuring. Excluding these items, 2002 third quarter net income from continuing operations was \$119 million, or \$0.28 per diluted share. Tables reconciling as reported amounts to pro forma amounts used in this press release are attached. Third quarter 2001 income from continuing operations was \$181 million.

Revenues from continuing operations were \$3 billion in the 2002 third quarter, down 12 percent from a year ago and down eight percent sequentially. Operating income was \$191 million. Pro forma operating income was \$220 million for the quarter, down 38 percent from last year and up 37 percent sequentially. Reduced gas drilling activities in the United States and Canada resulted in lower year-over-year revenues and profit margins. The increase in operating income was primarily due to income on integrated solutions projects during the third quarter 2002 compared to losses on integrated solutions projects in the second quarter 2002.

"I am very pleased with our performance in the face of soft industry conditions and as compared with our peers," said Dave Lesar, chairman, president and chief executive officer, Halliburton. "We bolstered liquidity through the sale of non-core assets and cash flow from operations. Third quarter results also benefited from our corporate reorganization through reduced costs and efficiencies in operations."

Corporate Reorganization

The reorganization announced in the first quarter of 2002 is moving toward completion as expected. The separation of the Energy Services and the Engineering and Construction Groups into two operating subsidiary groups is largely complete and is expected to be concluded by the end of this year. We incurred after-tax restructuring charges of \$7 million this quarter.

2002 Third Quarter Segment Results

The Energy Services Group posted third quarter revenues of \$1.7 billion, representing a five percent decrease in revenues sequentially. The sequential decrease is attributable to our contribution of Halliburton Subsea assets to Subsea 7. These previously consolidated assets and results of operations are now reported on the equity method. Halliburton Energy Services' third quarter revenues were flat sequentially.

Operating income for the third quarter for the Energy Services Group was \$200 million. Energy Services Group pro forma operating income was \$223 million, an increase of 33 percent sequentially. Halliburton Energy Services' pro forma operating income was \$200 million, up 27 percent sequentially. These sequential increases were due to income on integrated solutions projects during the third quarter compared to losses on integrated solutions projects in the second quarter. Surface/Subsea and Landmark also showed incremental improvements in operating income sequentially.

The Engineering and Construction Group's third quarter revenues were \$1.3 billion, down 12 percent sequentially, primarily in offshore and government services operations. Pro forma operating income for the third quarter 2002 was \$14 million, up \$5 million from the previous quarter.

Backlog

Backlog for the Company as of September 30, 2002, was \$10 billion, up from \$9.8 billion at the beginning of the quarter.

General Corporate

General corporate costs of \$21 million in the third quarter 2002 include \$4 million in expenses related to the recent reorganization.

Technology and Significant Achievements

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

- The U.S. Department of Energy's Los Alamos National Laboratory selected the team led by KBR as the new site support services contractor. The contract, which includes a five-year base period, with five, one-year options, has an approximate annual value of \$145 million. KBR, in a joint venture with the Shaw Group, Inc. and Los Alamos Technical Associates, will function as a subcontractor to the Regents of the University of California, which operates the Laboratory.
- Halliburton Energy Services was awarded a \$44 million contract by PEMEX Exploracion y Produccion to supply drill bits and directional drilling, measurement-while-drilling, and logging-while-drilling services for the Cantarell Bloque Sur Field project.
- Halliburton Energy Services advanced its reservoir performance monitoring solutions through two investments in the fiber optic sensing field. Halliburton Energy Services acquired the operations of Pruet Industries, Inc., an industry leader in wellbore permanent monitoring and fiber optic sensor installations. Halliburton Energy Services also acquired an equity position in Prime Photonics LC, a leading company engaged in research and development and commercialization of fiber optic sensors for harsh environments.

- Halliburton Energy Services' Sperry-Sun product service line and Norsk Hydro recently successfully developed and installed the world's first trilateral TAML (Technology Advancement for Multilaterals) level 5 well from a semi-submersible with the ITBS(TM) isolated tie-back system. The project was completed under budget and with a total completion time for both junctions of 6.8 days.
- KBR was awarded a cost reimbursable, design-build contract valued in excess of \$100 million for construction of the new U.S. Embassy compound in Kabul, Afghanistan. In addition, the U.S. Department of State awarded KBR two contracts for security upgrades and general construction work at multiple facilities.
- Halliburton Energy Services' Security DBS product service line was awarded a two-year agreement with Shell International Exploration and Production for the global supply of drill bits and related services.
- Landmark Graphics will continue to use PetroBank for the operation of the largest and most successful national data bank in the oil and gas industry. The Norwegian Petroleum Directorate and the DISKOS consortium of 16 multi-national E&P companies currently store and access over 50 terabytes of data using Landmark's PetroBank technology with its unique network-based, multi-client capabilities.
- Landmark Graphics Corporation was awarded new contracts with Petrobras, Anadarko Petroleum Corporation, Newfield Exploration, and Tullow Oil. Petrobras will be using Landmark's drilling software for planning, executing and analyzing its well construction processes. Landmark's ground breaking data hosting contract with Anadarko will provide an integrated suite of seismic and geological software applications, utilities and subsurface data for a deepwater Gulf of Mexico project.

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.

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 of operations 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 of judgments against the Company's subsidiaries and predecessors in asbestos litigation currently on appeal, the inability of insurers for asbestos exposures to pay claims; future asbestos claims defense and settlement costs, other litigation and proceedings, including shareholder lawsuits, securities laws inquiries, contract disputes, patent infringements and environmental matters, 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, 2001 and Form 10-Q for the quarter ended June 30, 2002 for a more complete discussion of such risk factors.

HALLIBURTON COMPANY

Consolidated Statements of Income

(Unaudited)

	Quarter Ended		Nine Months Ended	
	September 30		September 30	
	2002	2001	2002	2001
	Millions of dollars except per share data			
Revenues				
Energy Services Group	\$1,677	\$2,098	\$5,122	\$5,898
Engineering and Construction				
Group	1,305	1,293	4,102	3,976

Total revenues	\$2,982	\$3,391	\$9,224	\$9,874
Operating income				
Energy Services Group	\$200	\$321	\$439	\$778
Engineering and Construction				
Group	12	36	(496)	84
General corporate	(21)	(15)	(34)	(50)
Total operating income (loss)	191	342	(91)	812
Interest expense	(29)	(34)	(91)	(115)
Interest income	8	8	24	18
Foreign currency gain				
(losses), net	1	(2)	(12)	(6)
Other, net	---	---	2	---
Income (loss) from continuing				
operations before income				
taxes, minority interests, and				
change in accounting method	171	314	(168)	709
(Provision) benefit for				
income taxes	(72)	(126)	(31)	(285)
Minority interest in net				
income of subsidiaries	(5)	(7)	(15)	(14)
Income (loss) from				
continuing operations				
before change in				
accounting method	94	181	(214)	410
Discontinued operations, net				
Income (loss) from				
discontinued operations	---	(2)	(168)	(40)
Gain on disposal of				
discontinued operations	---	---	---	299
Income (loss) from				
discontinued operations	---	(2)	(168)	259

Cumulative effect of change in

accounting method, net	---	---	---	1
Net income (loss)	\$94	\$179	\$(382)	\$670

Basic income per share:

Continuing operations	\$0.22	\$0.42	\$(0.49)	\$0.96
Discontinued operations, net				
Income (loss) from				
discontinued operations	---	---	(0.39)	(0.09)
Gain on disposal of				
discontinued operations	---	---	---	0.70
Income (loss) from				
discontinued operations	---	---	(0.39)	0.61
Net income (loss)	\$0.22	\$0.42	\$(0.88)	\$1.57

Diluted income per share:

Continuing operations	\$0.22	\$0.42	\$(0.49)	\$0.95
Discontinued operations, net				
Income (loss) from				
discontinued operations	---	---	(0.39)	(0.09)
Gain on disposal of				
discontinued operations	---	---	---	0.70
Income from				
discontinued operations	---	---	(0.39)	0.61
Net income (loss)	\$0.22	\$0.42	\$(0.88)	\$1.56

Basic average common

shares outstanding	432	428	432	427
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Diluted average common

shares outstanding	434	429	432	430
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HALLIBURTON COMPANY

Reconciliation of As Reported Results to Pro Forma Results

Three months ended September 30, 2002

(Unaudited)

	Other		Net		
	Income/		Income/(loss)	Earnings/	(loss)
	(Expense) -	(Provision)	from	per Share	from
	(loss), (including	Benefit for	Continuing	Continuing	
	Pretax	interest)	Taxes	Operations *	Operations
Pro forma					
results					
(excluding					
items					
below):	\$220	\$(20)	\$(76)	\$119	\$0.28
Loss on					
equity					
investment	(18)	---	---	(18)	(0.04)
Restructuring					
costs	(11)	---	4	(7)	(0.02)
As reported	\$191	\$(20)	\$(72)	\$94	\$0.22

* As reported and pro forma basis net income from continuing operations includes \$5 million in expense due to minority interest.

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Reconciliation of As Reported Results to Pro Forma Results

Nine months ended September 30, 2002

(Unaudited)

Other Net

	Operating	Income/		Income/(loss)	Earnings/ (loss)
	Income/	(Expense) -	(Provision)	from	per Share from
	(loss),	(including	Benefit for	Continuing	Continuing
	Pretax	interest)	Taxes	Operations *	Operations
Pro forma					
results					
(excluding					
below					
items):	\$557	\$(76)	\$(186)	\$280	\$0.65
Sale of EMC	108	3	(43)	68	0.16
Patent					
lawsuit	(98)	(4)	40	(62)	(0.14)
Highlands					
receivable					
write-off	(80)	---	31	(49)	(0.11)
Demutualization					
of an					
insurance					
company	28	---	(11)	17	0.04
Restructuring					
costs	(78)	---	30	(48)	(0.12)
Brazil					
project					
loss	(119)	---	46	(73)	(0.17)
Asbestos					
charge	(330)	---	62	(268)	(0.62)
Loss on					
equity					
investment	(79)	---	---	(79)	(0.18)
As reported	\$(91)	\$(77)	\$(31)	\$(214)	\$(0.49)

* As reported and pro forma basis net income from continuing operations

includes \$15 million in expense due to minority interest.

HALLIBURTON COMPANY

Reconciliation of As Reported Segment Results to Pro Forma Results

Three months ended September 30, 2002

(Unaudited)

	Energy Services Group	Engineering and Construction Group	Corporate	Operating Income/(loss), Pretax
Pro forma results				
(excluding below				
items):	\$223	\$14	\$(17)	\$220
Loss on equity				
investment	(18)	---	---	(18)
Restructuring costs	(5)	(2)	(4)	(11)
As reported	\$200	\$12	\$(21)	\$191

HALLIBURTON COMPANY

Reconciliation of As Reported Segment Results to Pro Forma Results

Nine months ended September 30, 2002

(Unaudited)

	Energy Services Group	Engineering and Construction Group	Corporate	Operating Income/(loss), Pretax
Pro forma results				
(excluding below				
items):	\$555	\$49	\$(47)	\$557
Sale of EMC	108	---	---	108
Patent lawsuit	(98)	---	---	(98)

Highlands				
receivable				
write-off	---	(80)	---	(80)
Demutualization				
of an				
insurance				
company	---	---	28	28
Restructuring				
costs	(47)	(16)	(15)	(78)
Brazil project				
loss	---	(119)	---	(119)
Asbestos charge	---	(330)	---	(330)
Loss on				
equity				
investment	(79)	---	---	(79)
As reported	\$439	\$(496)	\$(34)	\$(91)

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Reconciliation of As Reported Results to Pro Forma Results

Three months ended June 30, 2002

(Unaudited)

	Other		Net	Earnings/
Operating	Income/		Income/(loss)	(loss) per
Income/	(Expense) -	(Provision)	from	Share from
(loss),	(including	Benefit for	Continuing	Continuing
Pretax	interest)	Taxes	Operations *	Operations
Pro forma				
results				
(excluding				
below items):	\$161	\$(25)	\$(53)	\$78
				\$0.18

Restructuring					
costs	(56)	---	22	(34)	(0.08)
Brazil					
project					
loss	(119)	---	46	(73)	(0.17)
Asbestos					
charge	(330)	---	62	(268)	(0.62)
Impairment					
of equity					
investment	(61)	---	---	(61)	(0.14)
As reported	\$(405)	\$(25)	\$77	\$(358)	\$(0.83)

* As reported and pro forma basis net income from continuing operations includes \$5 million in expense due to minority interest.

HALLIBURTON COMPANY

Reconciliation of As Reported Segment Results to Pro Forma Results

Three months ended June 30, 2002

(Unaudited)

	Energy Services Group	Engineering and Construction Group	Corporate	Operating Income/(loss), Pretax
Pro forma results				
(excluding below				
items):	\$168	\$9	\$(16)	\$161
Restructuring				
costs	(37)	(10)	(9)	(56)
Brazil project				
loss	---	(119)	---	(119)
Asbestos charge	---	(330)	---	(330)
Impairment of				

equity				
investment	(61)	---	---	(61)
As reported	\$70	\$(450)	\$(25)	\$(405)

HALLIBURTON COMPANY

Reconciliation of As Reported Results to Pro Forma Results

Three months ended September 30, 2001

(Unaudited)

	Operating	Other Income/ (Expense)- (Provision) (including Benefit for Continuing Operations Pretax interest)	Taxes	Net Income/(loss) from Continuing Operations *	Earnings/ (loss) per Share from Continuing Operations
Pro forma results					
(excluding					
below items):	\$354	\$(28)	\$(129)	\$190	\$0.44
Asbestos charge	(3)	---	1	(2)	---
Goodwill					
amortization	(9)	---	2	(7)	(0.02)
As reported	\$342	\$(28)	\$(126)	\$181	\$0.42

* As reported and pro forma basis net income from continuing operations includes \$7 million in expense due to minority interest.

HALLIBURTON COMPANY

Reconciliation of As Reported Results to Pro Forma Results

Nine months ended September 30, 2001

(Unaudited)

	Operating	Other Income/ (Expense)-(Provision) (including Benefit for interest)	Taxes	Net Income/(loss) from Continuing Operations *	Earnings/ (loss) per Share from Continuing Operations
Pro forma results					
(excluding					
below items):	\$852	\$(103)	\$(294)	\$441	\$1.02
Asbestos charge	(8)	---	3	(5)	(0.01)
Goodwill					
amortization	(32)	---	6	(26)	(0.06)
As reported	\$812	\$(103)	\$(285)	\$410	\$0.95

* As reported and pro forma basis net income from continuing operations includes \$14 million in expense due to minority interest.

HALLIBURTON COMPANY

Reconciliation of As Reported Segment Results to Pro Forma Results

Three months ended September 30, 2001

(Unaudited)

	Energy Services Group	Engineering and Construction Group	Corporate	Operating Income/ (loss), Pretax
Pro forma results				
(excluding				
below items):	\$328	\$41	\$(15)	\$354
Asbestos charge	---	(3)	---	(3)
Goodwill amortization	(7)	(2)	---	(9)

As reported	\$321	\$36	\$(15)	\$342
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HALLIBURTON COMPANY

Reconciliation of As Reported Segment Results to Pro Forma Results

Nine months ended September 30, 2001

(Unaudited)

	Energy Services Group	Engineering and Construction Group	Corporate	Operating Income/ (loss), Pretax
Pro forma results (excluding below items):	\$797	\$105	\$(50)	\$852
Asbestos charge	---	(8)	---	(8)
Goodwill amortization	(19)	(13)	---	(32)
As reported	\$778	\$84	\$(50)	\$812

Source: Halliburton