

HALLIBURTON CO
Form 8-K
October 23, 2007

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549**

FORM 8-K

**Current Report
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report (date of earliest event reported): October 21, 2007

**HALLIBURTON COMPANY
(Exact Name of Registrant as Specified in Its Charter)**

**Delaware
(State or Other Jurisdiction of Incorporation)**

**1-3492
(Commission File Number)**

**No. 75-2677995
(IRS Employer Identification No.)**

**1401 McKinney, Suite 2400, Houston, Texas
(Address of Principal Executive Offices)**

**77010
(Zip Code)**

**(713) 759-2600
(Registrant's Telephone Number, Including Area Code)**

**Not Applicable
(Former Name or Former Address, if Changed Since Last Report)**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

£ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

INFORMATION TO BE INCLUDED IN REPORT

Item 2.02. Results of Operations and Financial Condition

On October 21, 2007, registrant issued a press release entitled “Halliburton Announces Third Quarter Earnings of \$0.79 Per Diluted Share.”

The text of the Press Release is as follows:

**HALLIBURTON ANNOUNCES THIRD QUARTER EARNINGS
OF \$0.79 PER DILUTED SHARE**

HOUSTON, Texas– Halliburton (NYSE:HAL) announced today that net income for the third quarter of 2007 was \$727 million, or \$0.79 per diluted share. This compares to net income of \$611 million, or \$0.58 per diluted share, in the third quarter of 2006. Included in third quarter 2007 results are a \$133 million, or \$0.15 per diluted share, favorable income tax impact from the ability to recognize United States foreign tax credits that were previously assumed would not be fully utilizable and \$21 million, or \$0.02 per diluted share, in after-tax charges for additional reserves related to environmental matters. Income from continuing operations in the third quarter of 2007 was \$726 million, or \$0.79 per diluted share, compared to \$603 million, or \$0.57 per diluted share in the third quarter of 2006.

Halliburton’s consolidated revenue in the third quarter of 2007 was \$3.9 billion, up 16% from the third quarter of 2006. This increase was attributable to increased worldwide activity, particularly in the Eastern Hemisphere.

Consolidated operating income was \$910 million in the third quarter of 2007 compared to \$870 million in the third quarter of 2006. The increase in operating income was generated primarily by increased customer activity and new international contracts. Third quarter of 2007 operating income included \$32 million in charges for additional reserves primarily related to Dresser legacy environmental matters.

“I am pleased with the continuing very strong performance of our Eastern Hemisphere operations this quarter,” said Dave Lesar, chairman, president, and chief executive officer. “Our deployment of capital into these international markets has resulted in Eastern Hemisphere revenue growth of 29% and operating income growth of 40% as compared to the third quarter of 2006. Our sequential Eastern Hemisphere results were also strong with revenue increasing 5% and operating income increasing 16%. Our Eastern Hemisphere operating margins improved to 24%. North America posted record third quarter 2007 quarterly revenue, and we are experiencing strong demand for our services in the United States land market. Our North America revenue grew 6% sequentially despite the loss of two weeks of work in the Gulf of Mexico due to storms and pricing declines for some services in the United States land market.”

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As a result of Halliburton's organizational restructuring during the third quarter of 2007, the company is now reporting two operating segments: the Completion and Production (C&P) segment and the Drilling and Evaluation (D&E) segment. The Completion and Production segment is comprised of completion tools, production enhancement, and cementing. The Drilling and Evaluation segment is comprised of Sperry Drilling Services, wireline and perforating services, Security DBS Drill Bits, Baroid Fluid Services, Landmark, and project management. Additionally, certain amounts were reclassified between the segments/regions and Corporate and Other. All prior periods have been reclassified to conform to the new segment presentation.

2007 Third Quarter Results

Completion and Production operating income in the third quarter of 2007 was \$596 million, an increase of \$32 million or 6% from the third quarter of 2006. Europe/Africa/CIS C&P operating income increased 39% from completion tools deliveries to large offshore projects in West Africa. Cementing results were also favorable, particularly in the North Sea, as a result of better pricing, increased activity, and a more profitable product mix. Production enhancement results improved throughout the region, with increased profitability in offshore activity. Middle East/Asia C&P operating income increased 66% with higher completion tools sales in Asia and increased activity and more favorable job mix for production enhancement. North America C&P operating income decreased 6% due to reduced activity in Canada.

Drilling and Evaluation operating income in the third quarter of 2007 was \$372 million, essentially flat over the prior year third quarter due primarily to \$24 million for environmental charges and decreased activity in Canada and the Gulf of Mexico, partially offset by improved activity and increased horizontal drilling in the United States land market. Europe/Africa/CIS D&E operating income increased 60%, benefiting from increased deepwater application of Sperry Drilling Services Pilot® fleet of tools in the North Sea and expansion of directional drilling in Russia. Also benefiting Europe/Africa/CIS D&E was increased Baroid Fluid Services sales in the North Sea and the introduction of the Security DBS Drill Bits XR™ Reamer hole enlargement tool. Middle East/Asia D&E operating income increased 11% with improved wireline and perforating services and increased demand for Sperry Drilling Services in Asia. Latin America D&E operating income increased 7% on improved activity for wireline and perforating services.

During the third quarter of 2007, under the company's share repurchase program, Halliburton purchased approximately 11 million shares at an average price of \$33.71 for a total cost of approximately \$374 million. Since the inception of the program, Halliburton has purchased 77 million shares for a total cost of approximately \$2.6 billion. There is approximately \$2.4 billion remaining under the program.

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Technology and Significant Achievements

Halliburton made a number of advances in technology and growth.

- Halliburton closed the previously announced acquisition of the entire share capital of PSL Energy Services Limited (PSLES). PSLES is a leading Eastern Hemisphere provider of process, pipeline, and well intervention services, including flange management and bolting, leak testing, pre-commissioning services, hydrotesting, hydraulic workover, coiled tubing, slickline and wireline, and pumping services. PSLES has operational bases in the United Kingdom, Norway, Middle East, Azerbaijan, Algeria, and Asia Pacific.
- Halliburton's Completion and Production segment has been awarded a four-year contract valued at more than \$270 million by Petrobras. Halliburton will be working jointly with Expro to provide exploration and development testing services in high pressure/high temperature deepwater environments.
- Halliburton announced the delivery of three new screen solutions for sand control. These innovative solutions are: the EquiFlow™ Oil Selector™ valve, which is capable of significantly reducing unwanted water or gas production without wellbore intervention; EquiFlow™ inflow control devices, which delay early water or gas coning, thereby increasing recoverable reserves; and PetroGuard™ Advanced Mesh screen, which provides reliable sand control in heavy oil and poorly sorted sand environments.
- Landmark has acquired the intellectual property and substantially all of the assets and existing business of GeoSmith Consulting Group, LLC of Minnetonka, Minnesota. GeoSmith is widely regarded as one of the E&P industry's most innovative developers of software components for 3-D interpretation and geometric modeling applications, including robust topology engines capable of representing subsurface geology.

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Founded in 1919, Halliburton is one of the world's largest providers of products and services to the energy industry.

With nearly 50,000 employees in approximately 70 countries, the company serves the upstream oil and gas industry throughout the lifecycle of the reservoir – from locating hydrocarbons and managing geological data, to drilling and formation evaluation, well construction and completion, and optimizing production through the life of the field. Visit the company's World Wide Web site 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: consequences of audits and investigations by domestic and foreign government agencies and legislative bodies and related publicity; potential adverse proceedings by such agencies; protection of intellectual property rights; compliance with environmental laws; changes in government regulations and regulatory requirements, particularly those related to radioactive sources, explosives, and chemicals; compliance with laws related to income taxes and assumptions regarding the generation of future taxable income; unsettled political conditions, war, and the effects of terrorism, foreign operations, and foreign exchange rates and controls; weather-related issues including the effects of hurricanes and tropical storms; changes in capital spending by customers; changes in the demand for or price of oil and/or natural gas; impairment of oil and gas properties; structural changes in the oil and natural gas industry; increased competition for employees; availability of raw materials; and integration of acquired businesses and operations of joint ventures. Halliburton's Form 10-K for the year ended December 31, 2006, Form 10-Q for the period ended June 30, 2007, recent Current Reports on Form 8-K, and other Securities and Exchange Commission filings discuss some of the important risk factors identified that may affect the business, results of operations, and financial condition. Halliburton undertakes no obligation to revise or update publicly any forward-looking statements for any reason.

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

| | Three Months Ended September 30 | | Three Months Ended June 30 |
|-----------------------------------------------------------------------------|---------------------------------------|-----------------|----------------------------------|
| | 2007 | 2006 | 2007 |
| Revenue: | | | |
| Completion and Production | \$ 2,187 | \$ 1,896 | \$ 2,066 |
| Drilling and Evaluation | 1,741 | 1,496 | 1,669 |
| Total revenue | \$ 3,928 | \$ 3,392 | \$ 3,735 |
| Operating income (loss): | | | |
| Completion and Production | \$ 596 | \$ 564 | \$ 555 |
| Drilling and Evaluation | - 372 | 368 | 348 |
| Corporate and Other | (58) | (62) | (10) |
| Total operating income | 910 | 870 | 893 |
| Interest expense | (39) | (40) | (41) |
| Interest income | 26 | 36 | 36 |
| Other, net | (1) | (3) | (2) |
| Income from continuing operations before income taxes and minority interest | 896 | 863 | 886 |
| Provision for income taxes | (152)(a) | (257) | (284) |
| Minority interest in net income of subsidiaries | (18) | (3) | (7) |
| Income from continuing operations | 726 | 603 | 595 |
| Income from discontinued operations, net | 1 | 8 | 935 |
| Net income | \$ 727 | \$ 611 | \$ 1,530 |
| Basic income per share: | | | |
| Income from continuing operations | \$ 0.83 | \$ 0.60 | \$ 0.66 |
| Income from discontinued operations, net | - | 0.01 | 1.03 |
| Net income | \$ 0.83 | \$ 0.61 | \$ 1.69 |
| Diluted income per share: | | | |
| Income from continuing operations | \$ 0.79 | \$ 0.57 | \$ 0.63 |
| Income from discontinued operations, net | - | -0.01 | 0.99 |
| Net income | \$ 0.79 | \$ 0.58 | \$ 1.62 |
| Basic weighted average common shares outstanding | 880 | 1,011 | 905 |
| Diluted weighted average common shares outstanding | 917 | 1,048 | 942 |

(a) Provision for income taxes in the third quarter of 2007 included a \$133 million, or \$0.15 per diluted share, favorable income tax impact from the ability to recognize the benefit of foreign tax credits previously thought not to be fully utilizable.

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

All periods presented reflect the reclassification of KBR, Inc. to discontinued operations, the change in reportable segments due to an organizational restructuring, and the reclassification of certain amounts between the segments and Corporate and Other.

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

| | Nine Months Ended September 30 | |
|-----------------------------------------------------------------------------|-----------------------------------|-----------------|
| | 2007 | 2006 |
| Revenue: | | |
| Completion and Production | \$ 6,097 | \$ 5,279 |
| Drilling and Evaluation | 4,988 | 4,167 |
| Total revenue | \$ 11,085 | \$ 9,446 |
| Operating income (loss): | | |
| Completion and Production | \$ 1,628 | \$ 1,543 |
| Drilling and Evaluation | 1,082 | 943 |
| Corporate and Other | (119) | (164) |
| Total operating income | 2,591 | 2,322 |
| Interest expense | (118) | (124) |
| Interest income | 100 | 94 |
| Other, net | (6) | (2) |
| Income from continuing operations before income taxes and minority interest | 2,567 | 2,290 |
| Provision for income taxes | (695)(a) | (725) |
| Minority interest in net income of subsidiaries | (22) | (15) |
| Income from continuing operations | 1,850 | 1,550 |
| Income from discontinued operations, net | 959(b) | 140 |
| Net income | \$ 2,809 | \$ 1,690 |
| Basic income per share: | | |
| Income from continuing operations | \$ 2.00 | \$ 1.52 |
| Income from discontinued operations, net | 1.04 | 0.13 |
| Net income | \$ 3.04 | \$ 1.65 |
| Diluted income per share: | | |
| Income from continuing operations | \$ 1.93 | \$ 1.46 |
| Income from discontinued operations, net | 0.99 | 0.13 |
| Net income | \$ 2.92 | \$ 1.59 |
| Basic weighted average common shares outstanding | 925 | 1,021 |
| Diluted weighted average common shares outstanding | 961 | 1,062 |

(a) Provision for income taxes in the third quarter of 2007 included a \$133 million, or \$0.15 per diluted share, favorable income tax impact from the ability to recognize the benefit of foreign tax credits previously thought not to be fully utilizable.

(b) Income from discontinued operations, net, in the second quarter of 2007 included a \$933 million net gain on the separation of KBR, Inc.

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

All periods presented reflect the reclassification of KBR, Inc. to discontinued operations, the change in reportable segments due to an organizational restructuring, and the reclassification of certain amounts between the segments and Corporate and Other.

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

| | September 30, 2007 | December 31, 2006 |
|----------------------------------------------|-----------------------|----------------------|
| Assets | | |
| Current assets: | | |
| Cash and marketable investments | \$ 1,891 | \$ 2,938 |
| Receivables, net | 3,109 | 2,629 |
| Inventories, net | 1,560 | 1,235 |
| Current assets of discontinued operations | — | 3,898 |
| Other current assets | 661 | 490 |
| Total current assets | 7,221 | 11,190 |
| Property, plant, and equipment, net | 3,337 | 2,557 |
| Noncurrent assets of discontinued operations | — | 1,497 |
| Other assets | 1,911 | 1,616 |
| Total assets | \$ 12,469 | \$ 16,860 |

Liabilities and Shareholders' Equity

| | | |
|---------------------------------------------------|------------------|------------------|
| Current liabilities: | | |
| Accounts payable | \$ 798 | \$ 655 |
| Current maturities of long-term debt | 10 | 26 |
| Current liabilities of discontinued operations | — | 2,831 |
| Other current liabilities | 1,383 | 1,222 |
| Total current liabilities | 2,191 | 4,734 |
| Long-term debt | 2,796 | 2,783 |
| Noncurrent liabilities of discontinued operations | — | 981 |
| Other liabilities | 1,195 | 917 |
| Total liabilities | 6,182 | 9,415 |
| Minority interest in consolidated subsidiaries | 90 | 69 |
| Shareholders' equity | 6,197 | 7,376 |
| Total liabilities and shareholders' equity | \$ 12,469 | \$ 16,860 |

All periods presented reflect the reclassification of KBR, Inc. to discontinued operations.

HALLIBURTON COMPANY
Selected Cash Flow Information
(Millions of dollars)
(Unaudited)

| | Three Months Ended September 30 | | Nine Months Ended September 30 | |
|----------------------|------------------------------------|--------|-----------------------------------|--------|
| | 2007 | 2006 | 2007 | 2006 |
| Capital expenditures | \$ 382 | \$ 230 | \$ 1,064 | \$ 569 |

| | | | | | | | | |
|-------------------------------------------|----|------------|----|-----|----|------------|----|-----|
| Depreciation, depletion, and amortization | \$ | 146 | \$ | 122 | \$ | 417 | \$ | 356 |
|-------------------------------------------|----|------------|----|-----|----|------------|----|-----|

All periods presented reflect the reclassification of KBR, Inc. to discontinued operations.

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HALLIBURTON COMPANY
Revenue and Operating Income Comparison
By Segment and Geographic Region
(Millions of dollars)
(Unaudited)

| | Three Months Ended September 30 | | Three Months Ended June 30 |
|-----------------------------------------------|------------------------------------|-----------------|----------------------------------|
| Revenue: | 2007 | 2006 | 2007 |
| Completion and Production | \$ 2,187 | \$ 1,896 | \$ 2,066 |
| Drilling and Evaluation | 1,741 | 1,496 | 1,669 |
| Total revenue | \$ 3,928 | \$ 3,392 | \$ 3,735 |
| Revenue by geographic region: | | | |
| Completion and Production: | | | |
| North America | \$ 1,227 | \$ 1,159 | \$ 1,160 |
| Latin America | 193 | 152 | 192 |
| Europe/Africa/CIS | 439 | 352 | 443 |
| Middle East/Asia | 328 | 233 | 271 |
| Total | 2,187 | 1,896 | 2,066 |
| Drilling and Evaluation: | | | |
| North America | 620 | 579 | 586 |
| Latin America | 263 | 238 | 256 |
| Europe/Africa/CIS | 493 | 369 | 483 |
| Middle East/Asia | 365 | 310 | 344 |
| Total | 1,741 | 1,496 | 1,669 |
| Total revenue by region: | | | |
| North America | 1,847 | 1,738 | 1,746 |
| Latin America | 456 | 390 | 448 |
| Europe/Africa/CIS | 932 | 721 | 926 |
| Middle East/Asia | 693 | 543 | 615 |
| Operating income: | | | |
| Completion and Production | \$ 596 | \$ 564 | \$ 555 |
| Drilling and Evaluation | - 372 | 368 | 348 |
| Corporate and Other | (58) | (62) | (10) |
| Total operating income | \$ 910 | \$ 870 | \$ 893 |
| Operating income by geographic region: | | | |
| Completion and Production: | | | |
| North America | \$ 387 | \$ 411 | \$ 360 |
| Latin America | 34 | 37 | 50 |
| Europe/Africa/CIS | 92 | 66 | 77 |
| Middle East/Asia | 83 | 50 | 68 |
| Total | 596 | 564 | 555 |
| Drilling and Evaluation: | | | |
| North America | 110 | 162 | 113 |
| Latin America | 48 | 45 | 45 |

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| | | | |
|---------------------------------------|--------------|-----|-----|
| Europe/Africa/CIS | 115 | 72 | 104 |
| Middle East/Asia | 99 | 89 | 86 |
| Total | - 372 | 368 | 348 |
| Total operating income by region (a): | | | |
| North America | 497 | 573 | 473 |
| Latin America | 82 | 82 | 95 |
| Europe/Africa/CIS | 207 | 138 | 181 |
| Middle East/Asia | 182 | 139 | 154 |

(a) All amounts exclude Corporate and Other.

See Footnote Table 1 and Footnote Table 2 for a list of significant items included in operating income.

All periods presented reflect the reclassification of certain amounts between the segments/regions and Corporate and Other. Also, the results for Sakhalin have been reclassified from Middle East/Asia to Europe/Africa/CIS.

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HALLIBURTON COMPANY
Revenue and Operating Income Comparison
By Segment and Geographic Region
(Millions of dollars)
(Unaudited)

| | Nine Months Ended September 30 | |
|--------------------------------------------|-----------------------------------|-----------------|
| Revenue: | 2007 | 2006 |
| Completion and Production | \$ 6,097 | \$ 5,279 |
| Drilling and Evaluation | 4,988 | 4,167 |
| Total revenue | \$ 11,085 | \$ 9,446 |
| Revenue by geographic region: | | |
| Completion and Production: | | |
| North America | \$ 3,449 | \$ 3,171 |
| Latin America | 551 | 424 |
| Europe/Africa/CIS | 1,259 | 1,009 |
| Middle East/Asia | 838 | 675 |
| Total | 6,097 | 5,279 |
| Drilling and Evaluation: | | |
| North America | 1,816 | 1,621 |
| Latin America | 757 | 672 |
| Europe/Africa/CIS | 1,382 | 1,013 |
| Middle East/Asia | 1,033 | 861 |
| Total | 4,988 | 4,167 |
| Total revenue by region: | | |
| North America | 5,265 | 4,792 |
| Latin America | 1,308 | 1,096 |
| Europe/Africa/CIS | 2,641 | 2,022 |
| Middle East/Asia | 1,871 | 1,536 |
| Operating income: | | |
| Completion and Production | \$ 1,628 | \$ 1,543 |
| Drilling and Evaluation | 1,082 | 943 |
| Corporate and Other | (119) | (164) |
| Total operating income | \$ 2,591 | \$ 2,322 |
| Operating income by geographic region: | | |
| Completion and Production: | | |
| North America | \$ 1,069 | \$ 1,108 |
| Latin America | 122 | 93 |
| Europe/Africa/CIS | 240 | 187 |
| Middle East/Asia | 197 | 155 |
| Total | 1,628 | 1,543 |
| Drilling and Evaluation: | | |
| North America | 390 | 428 |
| Latin America | 129 | 112 |
| Europe/Africa/CIS | 297 | 186 |

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| | | |
|---------------------------------------|--------------|-------|
| Middle East/Asia | 266 | 217 |
| Total | 1,082 | 943 |
| Total operating income by region (a): | | |
| North America | 1,459 | 1,536 |
| Latin America | 251 | 205 |
| Europe/Africa/CIS | 537 | 373 |
| Middle East/Asia | 463 | 372 |

(a) All amounts exclude Corporate and Other.

See Footnote Table 1 and Footnote Table 2 for a list of significant items included in operating income.

All periods presented reflect the reclassification of certain amounts between the segments/regions and Corporate and Other. Also, the results for Sakhalin have been reclassified from Middle East/Asia to Europe/Africa/CIS.

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HALLIBURTON COMPANY
Revenue and Operating Income Comparison
By Segment and Geographic Region
(Millions of dollars)
(Unaudited)

| | Three Months Ended | | Three Months Ended | | | Year Ended |
|---------------------------|--------------------|-----------------|--------------------|--------------------|-------------------|-------------------|
| | March 31, 2007 | March 31, 2006 | June 30, 2006 | September 30, 2006 | December 31, 2006 | December 31, 2006 |
| Revenue: | | | | | | |
| Completion and Production | \$ 1,844 | \$ 1,639 | \$ 1,744 | \$ 1,896 | \$ 1,942 | \$ 7,221 |
| Drilling and Evaluation | 1,578 | 1,299 | 1,372 | 1,496 | 1,567 | 5,734 |
| Total revenue | \$ 3,422 | \$ 2,938 | \$ 3,116 | \$ 3,392 | \$ 3,509 | \$ 12,955 |

Revenue by geographic region:

Completion and Production:

| | | | | | | |
|-------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| North America | \$ 1,062 | \$ 992 | \$ 1,020 | \$ 1,159 | \$ 1,104 | \$ 4,275 |
| Latin America | 166 | 134 | 138 | 152 | 159 | 583 |
| Europe/Africa/CIS | 377 | 304 | 353 | 352 | 427 | 1,436 |
| Middle East/Asia | 239 | 209 | 233 | 233 | 252 | 927 |
| Total | 1,844 | 1,639 | 1,744 | 1,896 | 1,942 | 7,221 |

Drilling and Evaluation:

| | | | | | | |
|-------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| North America | 610 | 521 | 521 | 579 | 562 | 2,183 |
| Latin America | 238 | 217 | 217 | 238 | 259 | 931 |
| Europe/Africa/CIS | 406 | 303 | 341 | 369 | 411 | 1,424 |
| Middle East/Asia | 324 | 258 | 293 | 310 | 335 | 1,196 |
| Total | 1,578 | 1,299 | 1,372 | 1,496 | 1,567 | 5,734 |

Total revenue by region:

| | | | | | | |
|-------------------|-------|-------|-------|-------|-------|-------|
| North America | 1,672 | 1,513 | 1,541 | 1,738 | 1,666 | 6,458 |
| Latin America | 404 | 351 | 355 | 390 | 418 | 1,514 |
| Europe/Africa/CIS | 783 | 607 | 694 | 721 | 838 | 2,860 |
| Middle East/Asia | 563 | 467 | 526 | 543 | 587 | 2,123 |

Operating income:

| | | | | | | |
|-------------------------------|---------------|---------------|---------------|---------------|---------------|-----------------|
| Completion and Production | \$ 477 | \$ 473 | \$ 506 | \$ 564 | \$ 597 | \$ 2,140 |
| Drilling and Evaluation | 362 | 268 | 307 | 368 | 385 | 1,328 |
| Corporate and Other | (51) | (49) | (53) | (62) | (59) | (223) |
| Total operating income | \$ 788 | \$ 692 | \$ 760 | \$ 870 | \$ 923 | \$ 3,245 |

Operating income by geographic region:

Completion and Production:

| | | | | | | |
|-------------------|------------|------------|------------|------------|------------|--------------|
| North America | \$ 322 | \$ 349 | \$ 348 | \$ 411 | \$ 368 | \$ 1,476 |
| Latin America | 38 | 27 | 29 | 37 | 37 | 130 |
| Europe/Africa/CIS | 71 | 51 | 70 | 66 | 137 | 324 |
| Middle East/Asia | 46 | 46 | 59 | 50 | 55 | 210 |
| Total | 477 | 473 | 506 | 564 | 597 | 2,140 |

Drilling and Evaluation:

| | | | | | | |
|---------------|-----|-----|-----|-----|-----|-----|
| North America | 167 | 134 | 132 | 162 | 167 | 595 |
| Latin America | 36 | 28 | 39 | 45 | 58 | 170 |

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| | | | | | | |
|---------------------------------------|-----|-----|-----|-----|-----|-------|
| Europe/Africa/CIS | 78 | 49 | 65 | 72 | 77 | 263 |
| Middle East/Asia | 81 | 57 | 71 | 89 | 83 | 300 |
| Total | 362 | 268 | 307 | 368 | 385 | 1,328 |
| Total operating income by region (a): | | | | | | |
| North America | 489 | 483 | 480 | 573 | 535 | 2,071 |
| Latin America | 74 | 55 | 68 | 82 | 95 | 300 |
| Europe/Africa/CIS | 149 | 100 | 135 | 138 | 214 | 587 |
| Middle East/Asia | 127 | 103 | 130 | 139 | 138 | 510 |

(a) All amounts exclude Corporate and Other.

See Footnote Table 1 and Footnote Table 2 for a list of significant items included in operating income.

All periods presented reflect the reclassification of certain amounts between the segments/regions and Corporate and Other. Also, the results for Sakhalin have been reclassified from Middle East/Asia to Europe/Africa/CIS.

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HALLIBURTON COMPANY
Revenue and Operating Income Comparison
By Segment and Geographic Region
(Millions of dollars)
(Unaudited)

| | Three Months Ended | | | | Year |
|---------------------------|--------------------|------------------|-----------------------|----------------------|-------------------------------|
| | March 31, 2005 | June 30, 2005 | September 30, 2005 | December 31, 2005 | Ended December 31, 2005 |
| Revenue: | | | | | |
| Completion and Production | \$ 1,174 | \$ 1,339 | \$ 1,413 | \$ 1,569 | \$ 5,495 |
| Drilling and Evaluation | 1,010 | 1,132 | 1,184 | 1,279 | 4,605 |
| Total revenue | \$ 2,184 | \$ 2,471 | \$ 2,597 | \$ 2,848 | \$ 10,100 |

Revenue by geographic region:

Completion and Production:

| | | | | | |
|-------------------|--------------|--------------|--------------|--------------|--------------|
| North America | \$ 665 | \$ 733 | \$ 833 | \$ 887 | \$ 3,118 |
| Latin America | 134 | 137 | 122 | 149 | 542 |
| Europe/Africa/CIS | 228 | 279 | 282 | 334 | 1,123 |
| Middle East/Asia | 147 | 190 | 176 | 199 | 712 |
| Total | 1,174 | 1,339 | 1,413 | 1,569 | 5,495 |

Drilling and Evaluation:

| | | | | | |
|-------------------|--------------|--------------|--------------|--------------|--------------|
| North America | 394 | 403 | 437 | 467 | 1,701 |
| Latin America | 180 | 197 | 201 | 224 | 802 |
| Europe/Africa/CIS | 241 | 291 | 313 | 306 | 1,151 |
| Middle East/Asia | 195 | 241 | 233 | 282 | 951 |
| Total | 1,010 | 1,132 | 1,184 | 1,279 | 4,605 |

Total revenue by region:

| | | | | | |
|-------------------|-------|-------|-------|-------|-------|
| North America | 1,059 | 1,136 | 1,270 | 1,354 | 4,819 |
| Latin America | 314 | 334 | 323 | 373 | 1,344 |
| Europe/Africa/CIS | 469 | 570 | 595 | 640 | 2,274 |
| Middle East/Asia | 342 | 431 | 409 | 481 | 1,663 |

Operating income:

| | | | | | |
|-------------------------------|---------------|---------------|---------------|---------------|-----------------|
| Completion and Production | \$ 393 | \$ 346 | \$ 358 | \$ 427 | \$ 1,524 |
| Drilling and Evaluation | 139 | 198 | 227 | 276 | 840 |
| Corporate and Other | (51) | (59) | (44) | (46) | (200) |
| Total operating income | \$ 481 | \$ 485 | \$ 541 | \$ 657 | \$ 2,164 |

Operating income by geographic region:

Completion and Production:

| | | | | | |
|-------------------|------------|------------|------------|------------|--------------|
| North America | \$ 289 | \$ 223 | \$ 255 | \$ 279 | \$ 1,046 |
| Latin America | 37 | 34 | 19 | 36 | 126 |
| Europe/Africa/CIS | 41 | 47 | 45 | 70 | 203 |
| Middle East/Asia | 26 | 42 | 39 | 42 | 149 |
| Total | 393 | 346 | 358 | 427 | 1,524 |

Drilling and Evaluation:

| | | | | | |
|---------------|----|----|----|-----|-----|
| North America | 72 | 76 | 98 | 119 | 365 |
| Latin America | 11 | 8 | 24 | 34 | 77 |

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| | | | | | |
|---------------------------------------|-----|-----|-----|-----|-------|
| Europe/Africa/CIS | 25 | 63 | 62 | 57 | 207 |
| Middle East/Asia | 31 | 51 | 43 | 66 | 191 |
| Total | 139 | 198 | 227 | 276 | 840 |
| Total operating income by region (a): | | | | | |
| North America | 361 | 299 | 353 | 398 | 1,411 |
| Latin America | 48 | 42 | 43 | 70 | 203 |
| Europe/Africa/CIS | 66 | 110 | 107 | 127 | 410 |
| Middle East/Asia | 57 | 93 | 82 | 108 | 340 |

(a) All amounts exclude Corporate and Other.

See Footnote Table 1 and Footnote Table 2 for a list of significant items included in operating income.

All periods presented reflect the reclassification of certain amounts between the segments/regions and Corporate and Other. Also, the results for Sakhalin have been reclassified from Middle East/Asia to Europe/Africa/CIS.

-more-

FOOTNOTE TABLE 1

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

| | Three Months Ended September 30, 2007 | | Three Months Ended June 30, 2007 | | | |
|---------------------------------------------|------------------------------------------|------------------------|-----------------------------------------|------------------------|--------------------------------------|------------------------|
| | Operating Income | After Tax per Share | Operating Income | After Tax per Share | | |
| Drilling and Evaluation: | | | | | | |
| Charges for environmental matters | \$ (24) | \$ (0.02) | \$ — | \$ — | | |
| Corporate and Other: | | | | | | |
| Charges for environmental matters | (8) | — | — | — | | |
| Gain on sale of Dresser, Ltd. investment | — | — | 49 | 0.03 | | |
| | Three Months Ended December 31, 2006 | | Three Months Ended December 31, 2005 | | Three Months Ended March 31, 2005 | |
| | Operating Income | After Tax per Share | Operating Income | After Tax per Share | Operating Income | After Tax per Share |
| Completion and Production: | | | | | | |
| Gain on sale of lift boats | \$ 48 | \$ 0.03 | \$ — | \$ — | \$ — | \$ — |
| Subsea 7, Inc. gain on sale | — | — | — | — | 110 | 0.08 |
| Drilling and Evaluation: | | | | | | |
| Intellectual property settlement | — | — | 24 | 0.02 | — | — |

FOOTNOTE TABLE 2

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

| | Three Months Ended September 30, 2007 | | Three Months Ended June 30, 2007 | | | |
|---------------------------------------------|------------------------------------------|------------------------|-----------------------------------------|------------------------|--------------------------------------|------------------------|
| | Operating Income | After Tax per Share | Operating Income | After Tax per Share | | |
| North America: | | | | | | |
| Charges for environmental matters | \$ (24) | \$ (0.02) | \$ — | \$ — | | |
| Corporate and Other: | | | | | | |
| Charges for environmental matters | (8) | — | — | — | | |
| Gain on sale of Dresser, Ltd. investment | — | — | 49 | 0.03 | | |
| | Three Months Ended December 31, 2006 | | Three Months Ended December 31, 2005 | | Three Months Ended March 31, 2005 | |
| | Operating Income | After Tax per Share | Operating Income | After Tax per Share | Operating Income | After Tax per Share |

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| | Income | per Share | Income | per Share | Income | per Share |
|----------------------------------|--------|-----------|--------|-----------|--------|-----------|
| North America: | | | | | | |
| Intellectual property settlement | \$ | – | \$ | – | \$ | – |
| Subsea 7, Inc. gain on sale | | – | | – | 107 | 0.08 |
| Latin America: | | | | | | |
| Intellectual property settlement | | – | | – | | – |
| Europe/Africa/CIS: | | | | | | |
| Gain on sale of lift boats | 48 | 0.03 | | – | | – |
| Intellectual property settlement | | – | 6 | 0.01 | | – |
| Subsea 7, Inc. gain on sale | | – | | – | 3 | – |
| Middle East/Asia: | | | | | | |
| Intellectual property settlement | | – | 4 | – | | – |

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

HALLIBURTON COMPANY

Date: October 23, 2007

By: /s/ Bruce A. Metzinger
Bruce A. Metzinger
Assistant Secretary
