

HALLIBURTON CO
Form 10-Q
October 26, 2007

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934
For the quarterly period ended September 30, 2007

OR

Transition Report Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934
For the transition period from _____ to _____

Commission File Number 1-3492

HALLIBURTON COMPANY

(a Delaware Corporation)
75-2677995

5 Houston Center
1401 McKinney, Suite 2400
Houston, Texas 77010
(Address of Principal Executive Offices)

Telephone Number – Area Code (713) 759-2600

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of “accelerated filer and large accelerated filer” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

As of October 19, 2007, 881,153,038 shares of Halliburton Company common stock, \$2.50 par value per share, were outstanding.

HALLIBURTON COMPANY**Index**

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PART I. FINANCIAL INFORMATION**Item 1. Financial Statements**

HALLIBURTON COMPANY
Condensed Consolidated Statements of Operations
(Unaudited)

<i>Millions of dollars and shares except per share data</i>	Three Months Ended September 30		Nine Months Ended September 30	
	2007	2006	2007	2006
Revenue:				
Services	\$ 2,951	\$ 2,566	\$ 8,217	\$ 7,073
Product sales	977	826	2,868	2,373
Total revenue	3,928	3,392	11,085	9,446
Operating costs and expenses:				
Cost of services	2,111	1,770	5,908	4,957
Cost of sales	845	669	2,423	1,936
General and administrative	63	84	214	243
Gain on sale of business assets, net	(1)	(1)	(51)	(12)
Total operating costs and expenses	3,018	2,522	8,494	7,124
Operating income	910	870	2,591	2,322
Interest expense	(39)	(40)	(118)	(124)
Interest income	26	36	100	94
Other, net	(1)	(3)	(6)	(2)
Income from continuing operations before income taxes and minority interest	896	863	2,567	2,290
Provision for income taxes	(152)	(257)	(695)	(725)
Minority interest in net income of subsidiaries	(18)	(3)	(22)	(15)
Income from continuing operations	726	603	1,850	1,550
Income from discontinued operations, net of income tax provision of \$0, \$61, \$11, and \$123	1	8	959	140
Net income	\$ 727	\$ 611	\$ 2,809	\$ 1,690
Basic income per share:				
Income from continuing operations	\$ 0.83	\$ 0.60	\$ 2.00	\$ 1.52
Income from discontinued operations, net	-	0.01	1.04	0.13
Net income per share	\$ 0.83	\$ 0.61	\$ 3.04	\$ 1.65
Diluted income per share:				
Income from continuing operations	\$ 0.79	\$ 0.57	\$ 1.93	\$ 1.46
Income from discontinued operations, net	-	0.01	0.99	0.13
Net income per share	\$ 0.79	\$ 0.58	\$ 2.92	\$ 1.59
Cash dividends per share	\$ 0.09	\$ 0.075	\$ 0.255	\$ 0.225
Basic weighted average common shares outstanding	880	1,011	925	1,021
Diluted weighted average common shares outstanding	917	1,048	961	1,062

See notes to condensed consolidated financial statements.

HALLIBURTON COMPANY
Condensed Consolidated Balance Sheets
(Unaudited)

<i>Millions of dollars and shares except per share data</i>	September 30, 2007	December 31, 2006
Assets		
Current assets:		
Cash and equivalents	\$ 735	\$ 2,918
Receivables (less allowance for bad debts of \$51 and \$40)	3,109	2,629
Inventories	1,560	1,235
Investments in marketable securities	1,156	20
Current deferred income taxes	275	205
Current assets of discontinued operations	-	3,898
Other current assets	386	285
Total current assets	7,221	11,190
Property, plant, and equipment, net of accumulated depreciation of \$3,991 and \$3,793	3,337	2,557
Goodwill	731	486
Noncurrent deferred income taxes	439	448
Noncurrent assets of discontinued operations	-	1,497
Other assets	741	682
Total assets	\$ 12,469	\$ 16,860
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 798	\$ 655
Accrued employee compensation and benefits	525	496
Income tax payable	216	146
Deferred revenue	188	171
Current maturities of long-term debt	10	26
Current liabilities of discontinued operations	-	2,831
Other current liabilities	454	409
Total current liabilities	2,191	4,734
Long-term debt	2,796	2,783
Employee compensation and benefits	503	474
Noncurrent liabilities of discontinued operations	-	981
Other liabilities	692	443
Total liabilities	6,182	9,415
Minority interest in consolidated subsidiaries	90	69
Shareholders' equity:		
Common shares, par value \$2.50 per share – authorized 2,000 shares, issued 1,062 and 1,060 shares	2,655	2,650
Paid-in capital in excess of par value	1,694	1,689
Accumulated other comprehensive income (loss)	(178)	(437)
Retained earnings	7,591	5,051
	11,762	8,953
Less 181 and 62 shares of treasury stock, at cost	5,565	1,577
Total shareholders' equity	6,197	7,376
Total liabilities and shareholders' equity	\$ 12,469	\$ 16,860

See notes to condensed consolidated financial statements.

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HALLIBURTON COMPANY
Condensed Consolidated Statements of Cash Flows
(Unaudited)

<i>Millions of dollars</i>	Nine Months Ended	
	September 30	
	2007	2006
Cash flows from operating activities:		
Net income	\$ 2,809	\$ 1,690
Adjustments to reconcile net income to net cash from operations:		
Income from discontinued operations	(959)	(140)
Depreciation, depletion, and amortization	417	