

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

(Mark One)

Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 (Fee required) For the fiscal year ended December 31, 1996

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 (No fee required) For the transition period from to

Commission File Number 1-3492

HALLIBURTON COMPANY
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation of organization)

75-2677995
(I.R.S. Employer
Identification No.)

3600 Lincoln Plaza, 500 N. Akard St., Dallas, Texas 75201
(Address of principal executive offices)
Telephone Number - Area code (214) 978-2600

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each Exchange on which registered
Common Stock par value \$2.50 per share	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

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 X No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

The aggregate market value of Common Stock held by nonaffiliates on March 5, 1997, determined using the per share closing price on the New York Stock Exchange Composite tape of \$66.88 on that date was approximately \$8,429,100,000.

As of March 5, 1997, there were 126,359,189 shares of Halliburton Company Common Stock \$2.50 par value per share outstanding.

Portions of the Halliburton Company Proxy Statement dated March 25, 1997, are incorporated by reference into Part III of this report.

PART I

Item 1. Business.

General Development of Business. Halliburton Company's predecessor was established in 1919, incorporated under the laws of the state of Delaware in 1924 and reorganized under the laws of the State of Delaware in 1996. Halliburton Company (the Company) provides energy services and engineering and construction services. Information related to acquisitions and dispositions is set forth in Note 15 to the financial statements of this Annual Report.

Financial Information About Business Segments. The Company is comprised of two business segments. See Note 9 to the financial statements of this Annual Report for financial information about these two business segments.

Description of Services and Products. The following is a summary which briefly describes the Company's services and products for each business segment.

The Energy Group business segment provides a wide range of services and products to provide integrated solutions to customers in the exploration, development and production of oil and natural gas. The Energy Group operates worldwide, serving major oil companies, independent operators and national oil companies. The segment includes Halliburton Energy Services, which offers drilling systems and services, pressure pumping equipment and services, logging and perforating products and services, specialized completion and production equipment and services and well control products and services; Brown & Root Energy Services, which provides upstream oil and gas engineering, construction, project management and maintenance activities, subsea construction, fabrication and installation of subsea pipelines, offshore platforms, and production platforms, marine engineering and other marine related projects; Landmark Graphics Corporation, which provides integrated exploration and production information systems and professional services; and Halliburton Energy Development, which has been formed to create business opportunities for the development, production and operation of customers' oil and gas fields.

The Engineering and Construction Group provides conceptual design, process design, detailed engineering, procurement, project and construction management,

construction of chemical and petrochemical plants, refineries, pulp and paper mills, metal processing plants, highways and bridges, technical and economic feasibility studies, site evaluation, contract maintenance and operations and maintenance services for both industry and government, engineering and environmental consulting and waste management services for industry, utilities and government, and remedial engineering and construction services for hazardous waste sites.

Markets and Competition. The Company is one of the world's largest diversified energy services and engineering and construction services companies. The Company's services and products are sold in highly competitive markets throughout the world. Competition in both services and products is based upon a combination of price, service (including the ability to deliver services and products on an "as needed, where needed" basis), product quality, warranty and technical proficiency. Some customers have indicated a preference for integrated services and solutions. These integrated solutions, in the case of the Energy Group, relate to all phases of exploration and production of oil and gas, and, in the case of the Engineering and Construction group, relate to all phases of design, procurement, construction, project management and maintenance of a facility. Demand for these types of integrated solutions is based primarily upon quality of service, technical proficiency and overall price.

The Company conducts business worldwide in over 100 countries. Since the market for the Company's services and products is so large and crosses many geographic lines, a meaningful estimate of the number of competitors cannot be made. The markets are, however, highly competitive with many substantial companies operating in each market. Generally, the Company's services and products are marketed through its own servicing and sales organizations. A small percentage of sales of the Energy Group's products is made by supply stores and third-party representatives.

Operations in some countries may be affected by unsettled political conditions, expropriation or other governmental actions, and exchange control and currency problems. The Company believes the geographic diversification of its business activities reduces the risk that loss of its operations in any one country would be material to the conduct of its operations taken as a whole. Information regarding the Company's exposures to foreign currency fluctuations, risk concentration and financial instruments used to minimize risk is included in Note 11 to the financial statements of this Annual Report.

Customers and Backlog. In 1996, 1995 and 1994, respectively, 73%, 78% and 78% of the Company's revenues were derived from the sale of products and services to, including construction for, the energy industry. The following schedule summarizes the backlog of projects at December 31, 1996 and 1995:

	1996	1995
----- (In millions) -----		
Firm orders	\$ 4,555	\$ 3,961
Government orders firm but not yet funded	262	634
Letters of intent and contracts awarded but not signed	23	6
	-----	-----
Total	\$ 4,840	\$ 4,601

It is estimated that nearly 65% of the backlog existing at December 31, 1996 will be completed during 1997. The Company's backlog excludes contracts for recurring hardware and software maintenance and support services. The Company does not believe that backlog should necessarily be relied on as an indication of future operating results since such backlog figures are subject to substantial fluctuations. Arrangements included in backlog are in many instances extremely complex, nonrepetitive in nature and may fluctuate in contract value. Many contracts do not provide for a fixed amount and are subject to modification or termination by the customer. Due to the size of certain contracts, the termination or modification of any one or more contracts or the addition of other contracts may have a substantial and immediate effect on backlog.

Raw Materials. Raw materials essential to the Company's business are normally readily available. Where the Company is dependent on a single supplier for any materials essential to its business, the Company is confident that it could make satisfactory alternative arrangements in the event of interruption in the supply of such materials.

Research, Development and Patents. The Company maintains an active research and development program to assist in the improvement of existing products and processes, the development of new products and processes and the improvement of engineering standards and practices that serve the changing needs of its customers. Information relating to expenditures for research and development is included in Note 1 to the financial statements of this Annual Report.

The Company owns a large number of patents and has pending a substantial number of patent applications covering various products and processes. The Company is also licensed under patents owned by others. The Company does not consider a particular patent or group of patents to be material to the Company's business.

Seasonality. Weather and natural phenomena can temporarily affect the performance of the Company's services. Winter months in the Northern Hemisphere tend to affect operations negatively, but the widespread geographical locations of the Company's services serve to mitigate the seasonal nature of the Company's business.

Employees. At December 31, 1996 the Company employed approximately 60,000 people of which 23,500 were located outside the United States.

Regulation. The Company is subject to various environmental laws and regulations. Compliance with such requirements has neither substantially increased capital expenditures or adversely affected the Company's competitive position, nor materially affected the Company's earnings. The Company does not anticipate any such material adverse effects in the foreseeable future as a result of such existing laws and regulations. Note 10 to the financial statements of this Annual Report discusses the Company's involvement as a potentially responsible party in remedial activities to clean up various "Superfund" sites.

Item 2. Properties.

Information relating to lease payments is included in Note 10 to the financial statements of this Annual Report. The Company's owned and leased facilities, as described below, are suitable and adequate for their intended use.

The Energy Group owns manufacturing facilities covering approximately 3,300,000 square feet. Principal locations of these manufacturing facilities are Davis and Duncan, Oklahoma; Alvarado, Amarillo, Carrollton, Fort Worth, Garland and Houston, Texas; Arbroath, Scotland; and Reynosa, Mexico. The manufacturing facilities at Davis, Amarillo, and one of four locations in Houston were idle at the end of 1996. The manufacturing facility in Mansfield, Texas was sold in 1996 and the manufacturing facility in Garland, Texas will be leased to another company in 1997. The Energy Group also leases manufacturing facilities covering approximately 118,000 square feet. Principal locations of these facilities are Houston, Texas; Jurong, Singapore; Basingstoke, England; and Kilwinning, Scotland. The facility in Basingstoke, England was idle at the end of 1996. Research, development and engineering activities are carried out in owned facilities covering approximately 469,000 square feet in Duncan, Oklahoma; and Houston, Austin and Carrollton, Texas; and in leased facilities covering approximately 84,000 square feet in Englewood and Denver, Colorado; and

Leiderdorp, Holland. One of two facilities in Houston was idle at the end of 1996. The Energy Group also owns marine fabrication facilities covering approximately 523 acres in Belle Chasse, Louisiana; Greens Bayou, Texas; and Nigg and Wick, Scotland. The Belle Chasse, Louisiana facility consisting of approximately 165 acres is idle. The facility in Nigg, Scotland is leased to another company. The Group sold its 35% owned marine fabrication facility in Sundra Strait, Indonesia during 1996. In addition, service centers, sales offices and field warehouses are operated at approximately 200 locations in the United States, almost all of which are owned, and at approximately 270 locations outside the United States in both the Eastern and Western Hemispheres.

The Engineering and Construction Group owns fabricating facilities covering approximately 441,000 square feet in Houston, Texas, and Edmonton, Canada of which 388,000 square feet in Houston is leased to another Company. Engineering and design, project management and procurement services activities are carried out in owned facilities covering approximately 3,600,000 square feet in Houston, Texas; Edmonton, Canada; Leatherhead, England; and Aberdeen, Scotland. These activities are also carried out at leased facilities covering approximately 1,100,000 square feet in Mobile, Alabama; Alhambra, California; Gaithersburg, Maryland; Pittsburg, Pennsylvania; Aiken, South Carolina; Eastleigh and London, England; Kuala Lumpur, Malaysia; Stavanger, Norway; Singapore; Aberdeen, Scotland; Al Khobar, Saudi Arabia; and Bahrain. In addition, project offices, field camps, laboratories, service centers, and sales offices are operated at approximately 60 locations in the United States, almost all of which are leased by the Company, and at approximately 30 foreign locations in both the Eastern and Western Hemispheres.

General Corporate operates from leased facilities in Dallas, Texas covering approximately 55,000 square feet. The Company also leases approximately 5,500 square feet of space in Washington, D.C. and owns an 85,000 square foot mainframe data processing center in Arlington, Texas which is leased to another company.

Item 3. Legal Proceedings.

Information relating to various commitments and contingencies is described in Note 10 to the financial statements of this Annual Report.

Item 4. Submission of Matters to a Vote of Security Holders.

There were no matters submitted to a vote of security holders during the fourth quarter of 1996.

Item 4(A). Executive Officers of the Registrant.

The following table indicates the names and ages of the executive officers of the registrant along with a listing of all offices held by each during the past five years:

Name and Age	Offices Held and Term of Office
* Richard B. Cheney (Age 56)	Director of Registrant, since October 1995. Chairman of the Board, since January 1996 President and Chief Executive Officer, since October 1995 Senior Fellow, American Enterprise Institute, 1993 to October 1995 Secretary, U.S. Department of Defense, 1989 to 1992
Jerry H. Blurton (Age 52)	Vice President and Treasurer, since July 1996 Vice President-Finance & Administration of Halliburton Energy Services, August 1995 to July 1996 Vice President-Finance, 1991 to August 1995
Lester L. Coleman (Age 54)	Executive Vice President and General Counsel, since May 1993 President of Energy Services Group, September 1991 to May 1993 Executive Vice President of Finance and Corporate Development, January 1988 to September 1991
* Dale P. Jones (Age 60)	Director of Registrant, since December 1988 Vice Chairman, since October 1995 President, June 1989 to October 1995
* David J. Lesar (Age 43)	Executive Vice President and Chief Financial Officer, since August 1995 President and Chief Executive Officer of Brown & Root, Inc., since September 1996 Executive Vice President of Finance and Administration of Halliburton Energy Services, November 1993 to August 1995 Partner, Arthur Andersen LLP, 1988 to November 1993
* Kenneth R. LeSuer (Age 61)	President and Chief Executive Officer of the Halliburton Energy Group, since September 1996 President and Chief Executive Officer of Halliburton Energy Services, March 1994 to September 1996 President and Chief Operating Officer of Halliburton Energy Services, May 1993 to March 1994 President and Chief Executive Officer of Halliburton Services, December 1989 to May 1993
Gary V. Morris (Age 44)	Senior Vice President - Finance, since February 1997 Senior Vice President, May 1996 to February 1997 Vice President - Finance of Brown & Root, Inc., June 1995 to May 1996 Vice President - Finance of Halliburton Energy Services, December 1993 to June 1995 Controller, December 1991 to December 1993
R. Charles Muchmore (Age 43)	Vice President and Controller, since August 1996 Finance & Administration Director - Europe/Africa of Halliburton Energy Services, September 1995 to August 1996 Regional Finance & Administration Manager - Europe/ Africa of Halliburton Energy Services, December 1989 to September 1995
Lewis W. Powers (Age 50)	Senior Vice President, since May 1996 Vice President - Europe/Africa of Halliburton Energy Services, April 1993 to May 1996 Senior Vice President of Operations of Otis Engineering, June 1989 to April 1993

* Members of the Executive Committee of the registrant.

There are no family relationships between the executive officers of the registrant.

PART II

Item 5. Market for the Registrant's Common Stock and Related Stockholder Matters.

The Company's common stock is traded on the New York Stock Exchange and the Swiss Stock Exchanges at Zurich, Geneva, Basel and Lausanne. Information relating to market prices of common stock and quarterly dividend payments is included under the caption "Quarterly Data and Market Price Information" on page 36 of this Annual Report. At December 31, 1996, there were approximately 14,900 shareholders of record. In calculating the number of shareholders, the Company considers clearing agencies and security position listings as one shareholder for each agency or listing.

Item 6. Selected Financial Data.

Information relating to selected financial data is included on page 33 and 34 of this Annual Report.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Information relating to management's discussion and analysis of financial condition and results of operations is included on pages 7 to 10 of this Annual Report.

Item 8. Financial Statements and Supplementary Data.

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The related financial statement schedules are included under Part IV, Item 14 of this Annual Report.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

BUSINESS ENVIRONMENT AND OUTLOOK

The Company operates in over 100 countries around the world to provide a variety of energy services and engineering and construction services to energy, industrial and governmental customers. Operations in some countries may be affected by unsettled political conditions, expropriation or other governmental actions, and exchange control and currency devaluations. The Company believes the geographic diversification of its business activities reduces the risk that loss of its operations in any one country would be material to its consolidated results of operations. However, United States law imposes a variety of trade sanctions restricting the ability of the Company, and in some cases its foreign subsidiaries, to conduct business in some countries where there are markets for the Company's goods and services. In the future, certain of these trade sanctions may adversely affect the ability of the Company to conduct business with foreign customers having activities in certain countries such as Cuba, Iran or Libya which are targeted by the United States, including restrictions on the Company's ability to do business with such customers in unrelated countries. Currently, discussions are ongoing in the United States Congress and Administration concerning imposition of further trade sanctions affecting countries such as Algeria, Nigeria, Colombia and Myanmar. Many of these countries are important markets for the Company and new trade restrictions which impair the ability of the Company and/or its customers to conduct business in these countries could adversely affect the results of the Company's operations in some future period.

Energy Group. In 1996, the energy industry experienced a year of strong growth, as customers worldwide expanded their petroleum exploration, development and production activities. Customer activities increased in response to a combination of factors including higher crude oil and natural gas prices, improvement in the long-term demand growth outlook for the petroleum industry and available investment opportunities with desirable economic potential. Customer economics are also being enhanced by increased utilization of integrated solutions, partnering and alliance arrangements designed to reduce the per barrel cost of finding, developing and producing hydrocarbons. Although customers have given early indications they plan to increase their spending in 1997, recent crude oil and natural gas price declines may constrain their anticipated cash flow which may, in turn, reduce or defer some planned activities.

Engineering and Construction Group. Opportunities are good; however, those opportunities are increasingly complex and competition remains intense. The key drivers of improved margins will be partnering on larger jobs, accepting more risk through gain sharing or fixed price contract arrangements, broadening the service base in core competencies, acquiring proprietary knowledge and managing costs.

Landmark acquisition. On October 4, 1996, the Company completed its acquisition of all of the outstanding common stock of Landmark Graphics Corporation in exchange for approximately 10.2 million shares of Halliburton Company Common Stock. See Note 13 to the financial statements.

Realignment of product and service lines. During 1996, prior to the fourth quarter, the Company operated through two business segments, Energy Services and Engineering and Construction Services. Beginning with the fourth quarter of 1996, the Company realigned the business units making up these two segments in order to better meet the needs of its customers and capitalize on the synergy between business units. The Company's two business segments are now called the Energy Group and the Engineering and Construction Group. The Energy Group business segment consists of Halliburton Energy Services, which offers drilling systems and services, pressure pumping equipment and services, logging and perforating products and services, specialized completion and production equipment and services and well control products; Brown & Root Energy Services, which includes upstream oil and gas engineering, construction, project management and maintenance activities; Landmark Graphics Corporation, which includes integrated exploration and production information systems and professional services; and Halliburton Energy Development, which has been formed to create business opportunities for the development, production and operation of customers' oil and gas fields.

The Engineering and Construction Group consists of two business units offering engineering, construction, project management, facilities operation and maintenance and environmental services. To more closely align with its customers, one business unit will focus on delivering engineering and construction services to commercial customers and the other will focus on servicing government customers at all levels. The cost of implementing this program, along with the combination of various administrative support functions into combined shared services for the Company, is reflected in the 1996 third quarter \$65.3 million pre-tax charge. See Note 16 to the financial statements.

RESULTS OF OPERATIONS

Revenues for 1996 were \$7,385.1 million, an increase of 26% over 1995 revenues of \$5,882.9 million and an increase of 30% over 1994 revenues of \$5,661.1 million. Approximately 55% of the Company's consolidated revenues were derived from international activities in 1996 compared with 51% in 1995 and 45% in 1994.

Energy Group 1996 revenues were \$4,286.3 million, an increase of 19% over 1995 revenues of \$3,604.0 and an increase of 27% over 1994 revenues of \$3,364.0 million. The Energy Group's increase in revenues compares to an 8% increase in the worldwide rotary rig count for 1996 compared to 1995 and a 3% increase in the worldwide rotary rig count for 1996 compared to 1994. Approximately 67%, 67% and 63% of the Energy Group's revenues were derived from international activities for 1996, 1995 and 1994, respectively.

Engineering and Construction Group revenues were \$3,098.8 million for 1996, an increase of 36% over 1995 revenues of \$2,278.9 million and an increase of 35% over 1994 revenues of \$2,297.1 million. The increase in revenues is due primarily to higher levels of activity in the Group's pulp and paper and chemical operations as well as a service contract with the U.S. Department of Defense to provide technical and logistical support for military peacekeeping operations in Bosnia.

Operating income was \$417.9 million for 1996 compared to \$400.9 million for 1995 and \$239.8 million for 1994. Excluding special charges of \$85.8 million, \$8.4 million and \$16.6 million during 1996, 1995 and 1994, respectively, operating income for 1996 increased by 23% over 1995 and by 96% over 1994 as shown in the following table. See Note 16 to the financial statements.

Millions of dollars	1996	1995	1994
Operating income before special charges	\$ 503.7	\$ 409.3	\$ 256.4
Landmark write off of acquired in process research and development	(11.3)	(3.7)	-
Merger costs associated with Landmark acquisition	(12.4)	-	-
Realignment of products and service lines and support services	(61.2)	-	-
Landmark restructuring and merger costs	(0.9)	(4.7)	(16.6)
Operating income	\$ 417.9	\$ 400.9	\$ 239.8

Approximately 66% of the Company's consolidated operating income was derived from international activities in 1996 compared to 65% for 1995 and 40% for 1994. Consolidated international operating margins were 8%, 9% and 4% for 1996, 1995 and 1994, respectively.

Energy Group operating income in 1996 was \$484.4 million in 1996, an increase of 22% over 1995 operating income of \$398.2 million and 83% over 1994 operating income of \$264.1 million. Operating margins were 11% in 1996 compared with 11% for 1995 and 8% for 1994. Approximately 62%, 66% and 41% of the Energy Group's operating income was derived from international activities for 1996, 1995 and 1994, respectively. Operating income growth for Halliburton Energy Services in 1996 is due primarily to substantially increased services provided in North America and Europe and, to a lesser degree, increases in Latin America and the Middle East. Margin increases were strongest in the pressure pumping business. Lower operating margins in 1994 were due to decreased activity levels in the North Sea, Middle East, and Asia, market disturbances in Nigeria and Yemen, unsettled political and business conditions in the Commonwealth of Independent States, and pricing pressures in the United States. Energy Group results for 1996 include \$35 million of gain sharing revenue on the Brown & Root Energy Services' portion of the cost savings realized on the BP Andrew alliance. The alliance completed the project seven months ahead of the scheduled production of oil and achieved a \$125 million savings compared with the targeted cost. The effect of the gain sharing was offset by a \$20.7 million reduction in operating income due to lower activity levels by its 50% owned joint venture, European Marine Contractors, Limited.

Engineering and Construction Group operating income for 1996 increased 20% over 1995 and 253% over 1994 to \$53.7 million. Operating margins were 2%, 2% and 1% for 1996, 1995 and 1994, respectively. During 1996, operating income increases in petroleum and chemical services as well as income from technical and logistical support services for military peacekeeping operations in Bosnia were partially offset by a \$17.1 million charge for the impairment of Brown & Root's investment in the Dulles Greenway toll road extension project. The Group's contract to provide services in Bosnia ends in 1997.

Consolidated general and administrative expenses for 1996 were \$236.6 million compared to \$221.7 million and \$232.1 million for 1995 and 1994, respectively.

The Company sold its natural gas compression business, geophysical products and services business and workover platform business in 1994.

Interest expense decreased to \$24.1 million for 1996 from \$47.1 million in 1995 and \$48.1 million in 1994 due to the redemption of the Company's zero coupon convertible subordinated debentures in September 1995 and the redemption of its \$42.0 million term loan in December 1995.

Interest income decreased to \$14.2 million for 1996 from \$32.0 million in 1995 and \$19.8 million in 1994 due to lower amounts of invested cash resulting from the debt redeemed in 1995.

Foreign currency gains (losses) netted to a loss of \$3.9 million in 1996 compared to a \$1.4 million gain in 1995 and a \$16.3 million loss in 1994. Current year losses are due primarily to the devaluation of the Venezuelan bolivar. The loss in 1994 related primarily to devaluations in Brazil and Venezuela.

Provision for income taxes was lower in 1996 than in 1995 and 1994. The effective income tax rate was 26% in 1996, compared with 36% in 1995 and 41% in 1994. The lower effective income tax rate and provision for 1996 are due to credits of \$43.7 million recorded during the third quarter to recognize certain net operating loss carryforwards and the settlement of various issues with the Internal Revenue Service. Excluding the tax benefits recorded in 1996, the effective income tax rate was 36%. See Note 16 to the financial statements.

Income from continuing operations for 1996, 1995 and 1994 of \$300.4 million, \$249.2 million and \$175.4 million, respectively, resulted in income per share from continuing operations of \$2.38, \$2.00 and \$1.41, respectively.

Discontinued operations in 1995 and 1994 consists of the Company's Insurance Services Group. The Company declared a dividend on December 26, 1995 and subsequently distributed its property and casualty insurance subsidiary, Highlands Insurance Group, Inc. (HIGI) to its shareholders in a tax-free spin-off on January 23, 1996. The operations of the Insurance Services Group have been classified as discontinued operations. During 1995, HIGI increased its reserves for claim losses and related expenses and provisions for certain legal matters which together with certain other provisions associated with the Company's complete exit from the insurance industry resulted in a \$67.2 million charge against net earnings. See Note 14 to the financial statements.

LIQUIDITY AND CAPITAL RESOURCES

The Company ended 1996 with cash and equivalents of \$213.6 million compared with \$239.6 million in 1995 and \$441.3 million in 1994. The decrease in cash and equivalents from 1994 is due to the redemption of debt during 1995 of \$432.7 million, partially offset by increased cash flows from operations.

Cash flows from operating activities were \$452.0 million for 1996 compared to \$667.4 million and \$439.0 million for 1995 and 1994, respectively. The primary use of cash by operating activities was to fund increased working capital requirements related to increased revenues.

Cash flows used in investing activities were \$409.4 million for 1996 compared to \$267.3 million used in 1995 and \$183.4 million provided in 1994. The increase in cash used for investing activities during 1996 is due primarily to an increase in capital expenditures of 30% over 1995 and \$41.3 million related to the Company's share of the purchase price of a subsidiary acquired by the Company's 36% owned affiliate, M-I Drilling Fluids Company, L.L.C. In 1994, the Company sold substantially all of the assets of its geophysical services and products business for \$190.0 million and its natural gas compression business for \$205.0 million.

Cash flows used in financing activities were \$65.8 million for 1996 compared to \$599.0 million and \$254.7 million for 1995 and 1994, respectively. Cash used for financing activities during 1996 consisted primarily of dividend payments of \$117.5 million offset by net short term borrowings of \$38.3 million and proceeds from the exercise of stock options of \$25.6 million. In 1995, the increased amount of cash used by financing activities is due primarily to the redemption of the Company's \$390.7 million zero coupon convertible debentures and \$42.0 million term loan. In 1994, the Company redeemed the remaining \$23.8 million of its 10.2% debentures and made \$48.8 million in installments on the \$73.8 million note issued by the Company to the buyer of its geophysical business. Total debt was 10%, 10% and 25% of total capitalization at the end of 1996, 1995 and 1994, respectively.

During January 1997, the Company announced that it had offered to purchase all of the outstanding shares of OGC International plc for approximately \$117.9 million. See Note 15 to the financial statements.

On February 6, 1997, the Company issued \$125.0 million principal amount of 6.75% notes due February 1, 2027; however, each holder of the notes has the right to require the Company to repay such holder's notes, in whole or in part, on February 1, 2007. The additional funds will be used for general corporate purposes which may include repayment of debt, acquisitions, and loans and advances to and/or investments in subsidiaries of the Company for working capital, repayment of debt and capital expenditures. The Company has the ability to borrow additional short-term and long-term funds if necessary. See Note 6 to the financial statements regarding the Company's various short-term lines of credit, notes payable and long-term debt.

ENVIRONMENTAL MATTERS

The Company is involved as a potentially responsible party in remedial activities to clean up various "Superfund" sites under applicable Federal law which imposes joint and several liability, if the harm is indivisible, on certain persons without regard to fault, the legality of the original disposal, or ownership of the site. Although it is very difficult to quantify the potential impact of compliance with environmental protection laws, management of the Company believes that any liability of the Company with respect to all but one of such sites will not have a material adverse effect on the results of operations of the Company. See Note 10 to the financial statements.

FORWARD LOOKING INFORMATION

In accordance with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, the Company notes that the statements in this annual report and elsewhere, 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. The Company continues to face many risks and uncertainties including: unsettled political conditions, war, civil unrest, currency controls and governmental actions in countries of operation; trade restrictions and economic embargoes; environmental laws, including those that require emission performance standards for new and existing facilities; the magnitude of governmental spending for military and logistical support of the type provided by the Company; operations in high risk countries; technological and structural changes in the industries served by the Company; changes in the price of oil and natural gas; changes in capital spending by customers in the hydrocarbon industry for exploration, development, production, processing, refining and pipeline delivery networks; changes in capital spending by customers in the wood pulp and paper industries for plants and equipment; and changes in capital spending by governments for infrastructure. In addition, future trends for revenues and profitability remain difficult to predict in the industries served by the Company.

RESPONSIBILITY FOR FINANCIAL REPORTING

Halliburton Company is responsible for the preparation and integrity of its published financial statements. The financial statements have been prepared in accordance with accounting principles generally accepted in the United States and, as such, include amounts based on judgments and estimates made by management. The Company also prepared the other information included in the annual report and is responsible for its accuracy and consistency with the financial statements.

The financial statements have been audited by the independent accounting firm, Arthur Andersen LLP, which was given unrestricted access to all financial records and related data, including minutes of all meetings of stockholders, the Board of Directors and committees of the Board.

The Company maintains a system of internal control over financial reporting, which is intended to provide reasonable assurance to the Company's management and Board of Directors regarding the preparation of financial statements. The system includes a documented organizational structure and division of responsibility, established policies and procedures including codes of conduct to foster a strong ethical climate, which are communicated throughout the Company, and the careful selection, training and development of our people. Internal auditors monitor the operation of the internal control system and report findings and recommendations to management and the Board of Directors, and corrective actions are taken to address control deficiencies and other opportunities for improving the system as they are identified. The Board, operating through its audit committee, which is composed entirely of Directors who are not current or former officers or employees of the Company, provides oversight to the financial reporting process.

There are inherent limitations in the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls. Accordingly, even an effective internal control system can provide only reasonable assurance with respect to financial statement preparation. Furthermore, the effectiveness of an internal control system may change over time.

The Company assessed its internal control system in relation to criteria for effective internal control over financial reporting described in "Internal Control-Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based upon that assessment, the Company believes that, as of December 31, 1996, its system of internal control over financial reporting met those criteria.

HALLIBURTON COMPANY

by /s/ Dick Cheney

Dick Cheney

Chairman of the Board, President
and Chief Executive Officer

by /s/ David J. Lesar

David J. Lesar

Executive Vice President
and Chief Financial Officer

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS To the Shareholders and Board of Directors, Halliburton Company:

We have audited the accompanying consolidated balance sheets of Halliburton Company (a Delaware corporation) and subsidiary companies as of December 31, 1996 and 1995, and the related consolidated statements of income, cash flows and shareholders' equity for each of the three years in the period ended December 31, 1996. These financial statements are the responsibility of Halliburton Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Halliburton Company and subsidiary companies as of December 31, 1996 and 1995, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1996, in conformity with generally accepted accounting principles.

ARTHUR ANDERSEN LLP
Dallas, Texas,
January 22, 1997

Consolidated Statements of Income

Years ended December 31

Millions of dollars and shares except per share data

	1996	1995	1994
<hr/>			
Revenues			
Energy Group	\$ 4,286.3	\$ 3,604.0	\$ 3,364.0
Engineering and Construction Group	3,098.8	2,278.9	2,297.1
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Total revenues	7,385.1	5,882.9	5,661.1
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Operating costs and expenses			
Cost of revenues	6,644.8	5,251.9	5,172.6
General and administrative	236.6	221.7	232.1
Special charges	85.8	8.4	16.6
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Total operating costs and expenses	6,967.2	5,482.0	5,421.3
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Operating income	417.9	400.9	239.8
Interest expense	(24.1)	(47.1)	(48.1)
Interest income	14.2	32.0	19.8
Foreign currency gains (losses)	(3.9)	1.4	(16.3)
Gain on sale of compression services	-	-	102.0
Other nonoperating income, net	0.1	0.6	0.6
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Income from continuing operations before income taxes and minority interests	404.2	387.8	297.8
Provision for income taxes	(103.3)	(137.7)	(122.2)
Minority interest in net income of consolidated subsidiaries	(0.5)	(0.9)	(0.2)
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Income from continuing operations	300.4	249.2	175.4
Income (loss) from discontinued operations	-	(65.5)	5.5
<hr/>			
Net income	\$ 300.4	\$ 183.7	\$ 180.9
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Income (loss) per share			
Continuing operations	\$ 2.38	\$ 2.00	\$ 1.41
Discontinued operations	-	(0.53)	0.04
	<hr/>	<hr/>	<hr/>
Net income	2.38	1.47	1.45
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Average common shares outstanding	126.1	124.7	124.2

See notes to financial statements.

Consolidated Balance Sheets

December 31

Millions of dollars and shares except per share data

	1996	1995

Assets		
Current assets:		
Cash and equivalents	\$ 213.6	\$ 239.6
Receivables:		
Notes and accounts receivable (less allowance for bad debts of \$43.6 and \$38.1)	1,413.4	1,215.4
Unbilled work on uncompleted contracts	288.9	233.7
	-----	-----
Total receivables	1,702.3	1,449.1
Inventories	292.2	256.3
Deferred income taxes, current	108.7	141.4
Other current assets	81.2	99.6
	-----	-----
Total current assets	2,398.0	2,186.0
Property, plant and equipment:		
At cost	3,560.8	3,422.3
Less accumulated depreciation	2,269.2	2,264.4
	-----	-----
Net property, plant and equipment	1,291.6	1,157.9
Equity in and advances to related companies	234.9	115.4
Excess of cost over net assets acquired (net of accumulated amortization of \$42.7 and \$34.0)	233.9	225.6
Deferred income taxes, noncurrent	98.6	3.0
Other assets	179.6	174.1
	-----	-----
Total assets	\$ 4,436.6	\$ 3,862.0

Liabilities and Shareholders' Equity		
Current liabilities:		
Short-term notes payable	\$ 46.3	\$ 4.8
Current maturities of long-term debt	0.1	5.2
Accounts payable	452.1	373.0
Accrued employee compensation and benefits	193.7	155.2
Advance billings on uncompleted contracts	336.3	301.8
Income taxes payable	135.8	97.3
Deferred maintenance fees	18.9	12.1
Other current liabilities	321.5	248.7
	-----	-----
Total current liabilities	1,504.7	1,198.1
Long-term debt	200.0	200.0
Employee compensation and benefits	281.1	263.2
Other liabilities	291.6	280.5
	-----	-----
Total liabilities	2,277.4	1,941.8
Shareholders' equity:		
Common stock, par value \$2.50 per share - authorized 200.0 shares, issued 129.3 and 129.1 shares	323.3	322.7
Paid-in capital in excess of par value	322.2	302.9
Cumulative translation adjustment	(12.4)	(28.0)
Retained earnings	1,656.3	1,473.4
	-----	-----
Less 4.0 and 4.6 shares treasury stock, at cost	2,289.4	2,071.0
	130.2	150.8
	-----	-----
Total shareholders' equity	2,159.2	1,920.2
	-----	-----
Total liabilities and shareholders' equity	\$ 4,436.6	\$ 3,862.0

See notes to financial statements.

Consolidated Statements of Cash Flows
Years ended December 31
Millions of dollars

	1996	1995	1994
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Cash flows from operating activities:			
Net income	\$ 300.4	\$ 183.7	\$ 180.9
Adjustments to reconcile net income to net cash from operating activities:			
Depreciation and amortization	267.9	259.8	271.3
Provision (benefit) for deferred income taxes	(23.8)	46.0	86.0
Distributions from (advances to) related companies, net of equity in (earnings) or losses	(65.9)	(20.5)	(0.6)
Appreciation of zero coupon bonds	-	15.0	21.6
Gain on sale of compression services	-	-	(102.0)
Net (income) loss from discontinued operations	-	65.5	(5.5)
Other non-cash items	8.9	(8.2)	(8.5)
Other changes, net of non-cash items:			
Receivables	(218.2)	(91.6)	100.4
Inventories	(46.0)	17.6	90.0
Accounts payable	63.7	76.5	(54.3)
Other working capital, net	251.5	192.1	(78.6)
Other, net	(86.5)	(68.5)	(61.7)
Total cash flows from operating activities	452.0	667.4	439.0
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Cash flows from investing activities:			
Capital expenditures	(395.7)	(303.3)	(245.0)
Sales of property, plant and equipment	49.8	36.0	65.6
Acquisitions of businesses, net of cash acquired	(31.6)	(10.3)	(23.5)
Dispositions of businesses, net of cash disposed	21.6	25.9	400.2
Other investing activities	(53.5)	(15.6)	(13.9)
Total cash flows from investing activities	(409.4)	(267.3)	183.4
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Cash flows from financing activities:			
Net payments on long-term borrowings	(5.1)	(465.4)	(74.4)
Net borrowings (payments) of short-term debt	38.3	(27.0)	(65.3)
Payments of dividends to shareholders	(117.5)	(114.3)	(117.8)
Proceeds from exercises of stock options	25.6	9.7	3.1
Payments to reacquire common stock	(7.1)	(2.2)	(1.3)
Other financing activities	-	0.2	1.0
Total cash flows from financing activities	(65.8)	(599.0)	(254.7)
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Effect of exchange rate changes on cash	(2.8)	(2.8)	(5.8)
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Increase (decrease) in cash and equivalents	(26.0)	(201.7)	361.9
Cash and equivalents at beginning of year	239.6	441.3	79.4
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Cash and equivalents at end of year	\$ 213.6	\$ 239.6	\$ 441.3
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Supplemental disclosure of cash flow information: Cash payments (refunds) during the period for:			
Interest	\$ 24.9	\$ 26.2	\$ 29.9
Income taxes	35.5	29.9	(15.4)
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Non-cash investing and financing activities:			
Liabilities assumed in acquisitions of businesses	\$ 24.8	\$ 4.1	\$ -
Liabilities disposed of in dispositions of businesses	9.8	14.6	69.9

See notes to financial statements.

Consolidated Statements of Shareholders' Equity
Years ended December 31

Millions of dollars except share data	1996	1995	1994
Common stock (number of shares in thousands):			
Balance at beginning of year	129,064	128,846	128,586
Shares issued (forfeited) under restricted stock plans, net	382	175	28
Cancellation of treasury stock	(130)	-	-
Common stock issued in connection with acquisition	-	43	-
Conversion of performance units	-	-	232
Balance at end of year	129,316	129,064	128,846
Common stock (dollars):			
Balance at beginning of year	\$ 322.7	\$ 322.1	\$ 321.5
Shares issued (forfeited) under restricted stock plans, net	0.9	0.5	0.1
Cancellation of treasury stock	(0.3)	-	-
Common stock issued in connection with acquisition	-	0.1	-
Conversion of performance units	-	-	0.5
Balance at end of year	\$ 323.3	\$ 322.7	\$ 322.1
Paid-in capital in excess of par value:			
Balance at beginning of year	\$ 302.9	\$ 298.4	\$ 283.6
Shares issued (forfeited) under restricted stock plans, net	22.9	4.5	5.9
Cancellation of treasury stock	(3.6)	-	-
Conversion of performance units	-	-	8.0
Contribution of undistributed S Corporation earnings	-	-	0.9
Balance at end of year	\$ 322.2	\$ 302.9	\$ 298.4
Cumulative translation adjustment:			
Balance at beginning of year	\$ (28.0)	\$ (23.1)	\$ (24.8)
Other changes net of tax of \$3.7 in 1996, \$(0.5) in 1995 and \$1.1 in 1994	15.6	(4.9)	3.8
Sale of geophysical business	-	-	(2.1)
Balance at end of year	\$ (12.4)	\$ (28.0)	\$ (23.1)
Retained earnings:			
Balance at beginning of year	\$ 1,473.4	\$ 1,656.6	\$ 1,611.3
Net income	300.4	183.7	180.9
Cash dividends paid (\$1.00 per share) (includes S Corporation distributions by pooled entity of \$(3.8) in 1994)	(117.5)	(114.3)	(117.8)
Spin-off of Highlands Insurance Group, Inc.	-	(268.6)	-
Net change in unrealized gains (losses) on investments held by discontinued operation	-	16.3	(16.9)
Common stock issued in connection with acquisition	-	(0.3)	-
Contribution of undistributed S Corporation earnings	-	-	(0.9)
Balance at end of year	\$ 1,656.3	\$ 1,473.4	\$ 1,656.6
Treasury stock (number of shares in thousands):			
Balance at beginning of year	4,582	4,990	5,119
Shares issued under restricted stock plans, net	(670)	(469)	(171)
Purchase of common stock	172	61	42
Cancellation of treasury stock	(130)	-	-
Balance at end of year	3,954	4,582	4,990
Treasury stock (dollars):			
Balance at beginning of year	\$ 150.8	\$ 163.8	\$ 168.1
Shares issued under restricted stock plans, net	(23.8)	(15.2)	(5.6)
Purchase of common stock	7.1	2.2	1.3
Cancellation of treasury stock	(3.9)	-	-
Balance at end of year	\$ 130.2	\$ 150.8	\$ 163.8

See notes to financial statements.

Note 1. Significant Accounting Policies

The Company employs accounting policies that are in accordance with generally accepted accounting principles in the United States. The preparation of financial statements in conformity with generally accepted accounting principles requires Company management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Ultimate results could differ from those estimates.

Principles of Consolidation. The consolidated financial statements include the accounts of the Company and all majority-owned subsidiaries. All material intercompany accounts and transactions are eliminated. Investments in other affiliated companies in which the Company has at least 20% ownership and does not have management control are accounted for on the equity method. As discussed in Note 13, the Company completed the acquisition of Landmark Graphics Corporation (Landmark) on October 4, 1996. The Company's financial statements for 1996 and prior periods have been restated to reflect the combined results of the two companies under the pooling of interests method. Prior to the acquisition, Landmark had a fiscal year end of June 30, which has subsequently been changed to conform to the Company's fiscal year end. In addition, the financial statements have been restated to reflect the realignment of Brown & Root's energy services operations into the Energy Group (see Note 9). In connection with the discontinuance of the Company's insurance segment, as described in Note 14, the Company has adopted a classified balance sheet format. Certain prior year amounts have been reclassified to conform with current year presentation.

Revenues and Income Recognition. The Company recognizes revenues as services are rendered or products are shipped. The distinction between services and product sales is based upon the overall business intent of the particular business operation. Revenues from construction contracts are reported on the percentage of completion method of accounting using measurements of progress toward completion appropriate for the work performed. All known or anticipated losses on any contracts are provided for currently. Claims for additional compensation are recognized during the period such claims are resolved. Post-contract customer support agreements are recorded as deferred maintenance fees and recognized as revenue ratably over the contract period. Training and consulting service revenue is recognized as the services are performed.

Research and Development. Research and development expenses are charged to income as incurred. Such charges were \$133.3 million in 1996, \$113.1 million in 1995, and \$127.8 million in 1994.

Software Development Costs. Costs of developing software for sale are charged to expense when incurred as research and development until technological feasibility has been established for the product. Thereafter, software development costs are capitalized until the software is ready for general release to customers. The Company capitalized software development costs of \$12.9 million in 1996, \$8.8 million in 1995, and \$9.7 million in 1994. Amortization expense related to these costs was \$12.5 million, \$10.3 million and \$10.5 million for 1996, 1995 and 1994, respectively. Once the software is ready for release, amortization of the software development costs begins. Capitalized software development costs are not amortized over periods which exceed three years.

Income Per Share. Income per share is based on the weighted average number of common shares and common share equivalents outstanding during each year. Common share equivalents included in the computation represent shares issuable upon assumed exercise of stock options which have a dilutive effect.

Cash Equivalents. The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Receivables. The Company's receivables are generally not collateralized. Notes and accounts receivable at December 31, 1996 include \$24.9 million (\$17.8 million at December 31, 1995) due from customers in accordance with applicable retainage provisions of engineering and construction contracts, which will become billable upon future deliveries or completion of such contracts. This amount is expected to be collected during 1997. Additionally, other noncurrent assets include \$6.7 million (\$4.5 million at December 31, 1995) of such retainage which is expected to be collected in years subsequent to 1997. Unbilled work on uncompleted contracts generally represents work currently billable and such work is usually billed during normal billing processes in the next month.

Inventories. Inventories are stated at cost which is not in excess of market. Cost represents invoice or production cost for new items and original cost less allowance for condition for used material returned to stock. Production cost includes material, labor and manufacturing overhead. About forty percent of all sales items are valued on a last-in, first-out (LIFO) basis.

Inventories of sales items owned by foreign subsidiaries and inventories of operating supplies and parts are generally valued at average cost.

Depreciation, Amortization and Maintenance. Depreciation and amortization, including amortization of the excess of cost over the fair value of net assets acquired, for financial reporting purposes is calculated primarily on the straight-line method over the estimated useful lives of the assets not exceeding 40 years. Expenditures for maintenance and repairs are expensed; expenditures for renewals and improvements are generally capitalized. Upon sale or retirement of an asset, the related cost and accumulated depreciation or amortization are removed from the accounts and any gain or loss is recognized. In the event that facts and circumstances indicate that assets may be impaired, an evaluation of recoverability would be performed. If an evaluation is required, the estimated future undiscounted cash flows associated with the asset would be compared to the asset's carrying amount to determine if a write-down to market value or discounted cash flow value is required.

Income Taxes. A valuation allowance is provided for deferred tax assets if it is more likely than not these items will either expire before the Company is able to realize their benefit, or that future deductibility is prohibited or uncertain. Deferred tax assets and liabilities are recognized for the expected future tax consequences of events that have been realized in the financial statements or tax returns.

Derivative Instruments. The Company enters into derivative financial transactions to hedge existing or projected exposures to changing foreign exchange rates, interest rates, security prices, or commodity prices. The Company does not enter into derivative transactions for speculative or trading purposes. Derivative financial transactions are generally carried at fair value with the resulting gains and losses reflected in the results of operations.

Foreign Currency Translation. Foreign entities whose functional currency is the U.S. dollar translate monetary assets and liabilities at year-end exchange rates and non-monetary items are translated at historical rates. Income and expense accounts are translated at the average rates in effect during the year, except for depreciation and cost of product sales which are translated at historical rates. Gains or losses from changes in exchange rates are recognized in consolidated income in the year of occurrence. Foreign entities whose functional currency is the local currency translate net assets at year-end rates and income and expense accounts at average exchange rates. Adjustments resulting from these translations are reflected in the Shareholders' Equity section titled "Cumulative translation adjustment".

Note 2. Inventories

Inventories at December 31, 1996 and 1995 are comprised of the following:

Millions of dollars	1996	1995

Sales items	\$ 104.3	\$ 90.1
Supplies and parts	136.3	121.5
Work in process	30.4	27.2
Raw materials	21.2	17.5
	-----	-----
Total	\$ 292.2	\$ 256.3

If the average cost method had been in use for inventories on the LIFO basis, total inventories would have been about \$13.0 million and \$18.3 million higher than reported at December 31, 1996 and 1995, respectively.

Note 3. Property, Plant and Equipment

Millions of dollars	1996	1995

Land	\$ 63.9	\$ 63.7
Buildings and property improvements	568.2	555.7
Machinery and equipment	2,653.8	2,560.3
Other	274.9	242.6
	-----	-----
Total	\$ 3,560.8	\$ 3,422.3

Note 4. Related Companies

The Company conducts some of its operations through various joint ventures, which are in partnership, corporate and other business forms, which are principally accounted for using the equity method. Included in the Company's revenues for 1996, 1995 and 1994 are equity in income of related companies of \$105.5 million, \$88.4 million and \$93.0 million, respectively. When the Company sells or transfers assets to an affiliated company that is accounted for using the equity method and the affiliated company records the assets at fair value, the excess of the fair value of the assets over the Company's net book value is deferred and amortized over the expected lives of the assets. Such deferred gains included in the Company's other liabilities were \$3.7 million and \$10.1 million at December 31, 1996 and 1995, respectively. Summarized financial statements for European Marine Contractors, Limited, a 50% owned company which specializes in engineering, procurement and construction of marine pipelines, and for the remaining combined jointly owned operations which are not consolidated are as follows:

COMBINED OPERATING RESULTS

Millions of dollars	1996	1995	1994
European Marine Contractors			
Revenues	\$ 246.5	\$ 361.8	\$ 439.3
Operating income	\$ 65.5	\$ 106.9	\$ 142.4
Net income	\$ 43.7	\$ 72.6	\$ 94.4
Other Affiliates			
Revenues	\$ 2,276.4	\$ 1,767.2	\$ 1,542.2
Operating income	\$ 197.7	\$ 92.9	\$ 81.3
Net income	\$ 158.8	\$ 63.0	\$ 66.2

COMBINED FINANCIAL POSITION

Millions of dollars	1996	1995
European Marine Contractors		
Current assets	\$ 263.1	\$ 238.4
Noncurrent assets	25.6	40.6
Total	\$ 288.7	\$ 279.0
Current liabilities	\$ 226.4	\$ 182.1
Noncurrent liabilities	3.8	18.1
Shareholders' equity	58.5	78.8
Total	\$ 288.7	\$ 279.0
Other Affiliates		
Current assets	\$ 871.3	\$ 752.5
Noncurrent assets	615.2	476.1
Total	\$ 1,486.5	\$ 1,228.6
Current liabilities	\$ 572.9	\$ 418.4
Noncurrent liabilities	284.0	403.7
Shareholders' equity	629.6	406.5
Total	\$ 1,486.5	\$ 1,228.6

Note 5. Income Taxes

The components of the (provision) benefit for income taxes are:

Millions of dollars	1996	1995	1994

Current income taxes			
Federal	\$ (21.5)	\$ (6.4)	\$ 9.2
Foreign	(102.7)	(79.9)	(43.5)
State	(2.9)	(5.4)	(1.9)

Total	(127.1)	(91.7)	(36.2)

Deferred income taxes			
Federal	58.2	(11.2)	(55.3)
Foreign and state	(34.4)	(34.8)	(30.7)

Total	23.8	(46.0)	(86.0)

Total	\$ (103.3)	\$ (137.7)	\$ (122.2)

Included in income taxes are foreign tax credits of \$63.7 million in 1996 and \$35.2 million in 1995. The U.S. and foreign components of income from continuing operations before income taxes and minority interests are as follows:

Millions of dollars	1996	1995	1994

U.S.	\$ 217.2	\$ 234.6	\$ 200.9
Foreign	187.0	153.2	96.9

Total	\$ 404.2	\$ 387.8	\$ 297.8

The primary components of the Company's deferred tax assets and liabilities and the related valuation allowances are as follows:

Millions of dollars	1996	1995

Gross deferred tax assets		
Employee benefit plans	\$ 95.2	\$ 86.0
Accrued liabilities	71.9	55.3
Net operating loss carryforwards	62.8	89.2
Construction contract accounting methods	38.6	88.9
Intercompany profit	34.2	26.8
Insurance accruals	30.0	20.9
Foreign tax credits	29.8	13.1
Alternative minimum tax carryforward	19.3	15.0
All other	82.2	61.5

Total	464.0	456.7

Gross deferred tax liabilities		
Depreciation and amortization	56.7	75.4
Unrepatriated foreign earnings	34.1	34.0
Safe harbor leases	12.0	13.0
All other	83.6	117.0

Total	186.4	239.4

Valuation allowances		
Net operating loss carryforwards	36.3	53.2
All other	34.0	19.7

Total	70.3	72.9

Net deferred income tax asset	\$ 207.3	\$ 144.4

The Company has foreign tax credits which expire in 1999 of \$1.0 million and in 2000 of \$28.8 million. The Company has net operating loss carryforwards which expire as follows: 1997, \$8.9 million; 1998, \$18.0 million; 1999, \$20.7 million; 2000 through 2010, \$41.3 million; and indefinite, \$87.4 million. Reconciliations between the actual benefit (provision) for income taxes and that computed by applying the U.S. statutory rate to income or loss from continuing operations before income taxes and minority interests are as follows:

Millions of dollars	1996	1995	1994
Benefit (provision) computed at statutory rate	\$ (141.5)	\$ (135.7)	\$ (104.3)
Reductions (increases) in taxes resulting from:			
Tax differentials on foreign earnings	3.7	(35.4)	(18.4)
State income taxes, net of Federal income tax benefit	(2.9)	(5.1)	(1.9)
Net operating losses	23.0	48.6	0.4
Federal income tax settlement	16.1	-	-
Other items, net	(1.7)	(10.1)	2.0
Total	\$ (103.3)	\$ (137.7)	\$ (122.2)

The Company has received statutory notices of deficiency for the 1990 and 1991 tax years from the Internal Revenue Service (IRS) of \$92.9 million and \$16.8 million, respectively, excluding any penalties or interest. The Company believes it has meritorious defenses and does not expect that any liability resulting from the 1990 or 1991 tax years will result in a material adverse effect on its results of operations or financial position. In 1996, the Company reached settlements with the IRS for certain matters including the 1989 taxable year. As a result of the settlement for the 1989 taxable year, the Company recognized tax benefits and net income was increased by \$16.1 million in 1996 (see Note 16).

Note 6. Lines of Credit, Notes Payable, and Long-Term Debt

At December 31, 1996, the Company had committed short-term lines of credit totaling \$185.0 million available and unused, and other short-term lines of credit totaling \$275.0 million, under which \$25.0 million in borrowings were outstanding with several U.S. banks. The interest rate on these borrowings was 5.65%. In addition, the Company had \$21.3 million of other short-term debt outstanding at December 31, 1996, primarily consisting of commercial paper with an interest rate of 5.85%. The \$100.0 million revolving credit agreement maintained by Landmark prior to the merger (see Note 13) was terminated on October 7, 1996.

Long-term debt at December 31, 1996 and 1995 consists of the following:

Millions of dollars	1996	1995
8.75% debentures due February 15, 2021	\$ 200.0	\$ 200.0
Other notes with varying interest rates	0.1	5.2
	200.1	205.2
Less current portion	(0.1)	5.2
Total	\$ 200.0	\$ 200.0

The Company's 8.75% debentures due February 15, 2021 do not have sinking fund requirements and are not redeemable prior to maturity. In September 1995, the Company redeemed all of its zero coupon convertible subordinated debentures due March 13, 2006 for \$390.7 million in cash, which represented the original issue price plus accrued original issue discount to the redemption date. In addition, in December 1995, the Company redeemed all of its \$42.0 million term loan at LIBOR plus 0.45%. Long-term debt of \$0.1 million matures during 1997 and there are no other maturities due for the succeeding four years.

On February 6, 1997, the Company issued \$125.0 million principal amount 6.75% notes due February 1, 2027 under the Company's medium-term note program. The notes were priced at 99.78%, to yield 6.78% to maturity. The notes are not redeemable prior to maturity and have no sinking fund requirements. Each holder of the notes has the right to require the Company to repay such holder's notes, in whole or in part, on February 1, 2007. The Company intends to use the net proceeds from the sale of the notes for general corporate purposes which may include repayment of debt, acquisitions, and loans and advances to and/or investments in subsidiaries of the Company for working capital, repayment of debt and capital expenditures.

Note 7. Common Stock

The Company's 1993 Stock and Long-Term Incentive Plan (1993 Plan) provides for the grant of any or all of the following types of awards: (1) stock options, including incentive stock options and non-qualified stock options; (2) stock appreciation rights, in tandem with stock options or freestanding; (3) restricted stock; (4) performance share awards; and (5) stock value equivalent awards. Under the terms of the 1993 Plan, 5.5 million shares of the Company's Common Stock were reserved for issuance to key employees. At December 31, 1996, 0.3 million shares were available for future grants under the 1993 Plan. In connection with the acquisition of Landmark, the stock option plans maintained by Landmark were assumed by the Company. Stock option transactions summarized below include amounts for the 1993 Plan and the Landmark plans using the acquisition exchange rate of .574 shares for each Landmark share.

	Number of Shares	Exercise Price per Share	Weighted Average Exercise Price Per Share
Outstanding at December 31, 1993	2,016,941	1.05 - 44.86	29.27
Granted	1,373,358	29.62 - 59.45	33.42
Exercised	(145,926)	1.05 - 41.38	23.37
Forfeited	(129,552)	17.42 - 49.65	29.21
Outstanding at December 31, 1994	3,114,821	1.05 - 59.45	31.38
Granted	1,983,357	31.36 - 50.63	41.06
Exercised	(350,774)	1.05 - 41.81	27.61
Forfeited	(132,597)	17.42 - 57.53	34.54
Outstanding at December 31, 1995	4,614,807	5.80 - 59.45	35.74
Granted	1,799,670	28.96 - 59.13	55.40
Exercised	(997,287)	5.80 - 47.04	31.15
Forfeited	(222,830)	17.42 - 56.18	37.62
Outstanding at December 31, 1996	5,194,360	6.97 - 59.45	43.34

Options outstanding at December 31, 1996 is composed of the following:

Range of Exercise Prices	Outstanding			Exercisable	
	Number of Shares at December 31, 1996	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number of Shares at December 31, 1996	Weighted Average Exercise Price
6.97 - 17.86	101,266	5.42	17.68	101,266	17.68
18.29 - 28.75	201,932	4.65	24.33	195,117	24.32
28.96 - 44.86	2,438,743	6.61	35.55	1,631,513	35.40
45.19 - 59.45	2,452,419	9.10	53.73	301,664	45.87
6.97 - 59.45	5,194,360	7.69	43.34	2,229,560	35.04

All stock options under the 1993 Plan are granted at the fair market value of the Common Stock at the grant date. Landmark, prior to its acquisition by the Company, had provisions in its plans that allowed Landmark to set option exercise prices at a defined percentage below fair market value. The weighted average fair value of the stock options granted during 1996 was \$20.48. The fair value of each stock option grant is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions used for grants in 1996: risk-free interest rate of 5.9%; expected dividend yield of 1.6%; expected life of five years; and expected volatility of 39.72%. The weighted average fair value of the stock options granted during 1995 was \$14.32. The following weighted average assumptions were used for grants in 1995: risk-free interest rate of 6.2%; expected dividend yield of 1.6%; expected life of five years; and expected volatility of 38.36%. Stock options generally expire ten years from the grant date. Stock options vest over a three-year period, with one-third of the shares becoming exercisable on each of the first, second and third anniversaries of the grant date.

The Company accounts for the 1993 Plan in accordance with Accounting Principles Board Opinion No. 25, under which no compensation cost has been recognized for stock option awards. Had compensation cost for the 1993 Plan been determined consistent with Statement of Financial Accounting Standards No. 123, "Accounting for Stock - Based Compensation" (SFAS 123), the Company's pro forma net income for 1996 and 1995 would have been \$292.4 million and \$181.6 million, respectively, resulting in earnings per share of \$2.32 and \$1.45, respectively. Because the SFAS 123 method of accounting has not been applied to options granted prior to January 1, 1995, the resulting pro forma compensation cost may not be representative of that to be expected in future years.

Restricted shares awarded under the 1993 Plan for 1996, 1995 and 1994 were 90,450, 206,350 and 80,600, respectively. The shares awarded are net of forfeitures of 11,750, 4,900 and 5,000 shares in 1996, 1995 and 1994, respectively. The weighted average fair market value per share at the date of grant of shares granted in 1996 and 1995 was \$54.73 and \$40.88, respectively.

The Company's Restricted Stock Plan for Non-Employee Directors (Restricted Stock Plan) allows for each non-employee director to receive an annual award of 200 restricted shares of Common Stock as a part of compensation. The Company reserved 50,000 shares of Common Stock for issuance to non-employee directors. The Company issued 1,800, 1,600 and 1,800 restricted shares in 1996, 1995 and 1994, respectively under this plan. The weighted average fair market value per share at the date of grant of shares granted in 1996 and 1995 was \$53.13 and \$40.75, respectively.

The Company's Employees' Restricted Stock Plan was established for employees who are not officers, for which 100,000 shares of Common Stock have been reserved. The Company awarded 1,750 and 96,750 restricted shares in 1995 and 1994, respectively, and 4,200 and 900 restricted shares were forfeited in 1996 and 1995, respectively. No awards were made in 1996 and no further grants are being made under this plan. The weighted average fair market value per share at the date of grant for shares granted in 1995 was \$35.00.

Under the terms of the Company's Career Executive Incentive Stock Plan, 7.5 million shares of the Company's Common Stock were reserved for issuance to officers and key employees at a purchase price not to exceed par value of \$2.50 per share. At December 31, 1996, 5.9 million shares (net of 1.0 million shares forfeited) have been issued under the plan. No further grants will be made under the Career Executive Incentive Stock Plan.

Restricted shares issued under the 1993 Plan, Restricted Stock Plan, Employees' Restricted Stock Plan and the Career Executive Incentive Stock Plan are limited as to sale or disposition with such restrictions lapsing periodically over an extended period of time. The fair market value of the stock, on the date of issuance, is being amortized and charged to income (with similar credits to paid-in capital in excess of par value) generally over the average period during which the restrictions lapse. Compensation costs recognized in income for 1996, 1995 and 1994 were \$6.9 million, \$7.0 million and \$7.1 million, respectively. At December 31, 1996, the unamortized amount is \$22.9 million.

Note 8. Series A Junior Participating Preferred Stock

The Company has previously declared a dividend of one preferred stock purchase right (a Right) on each outstanding share of Common Stock. Each Right entitles the holder thereof to buy one one-hundredth of a share of the Company's Series A Junior Participating Preferred Stock, without par value, at an exercise price of \$150, subject to certain antidilution adjustments, upon the terms and subject to the conditions set forth in the Rights Agreement entered into with ChaseMellon Shareholder Services, L.L.C. as Rights Agent. The Rights do not have any voting rights and are not entitled to dividends.

The Rights become exercisable in certain limited circumstances involving a potential business combination. Following certain other events after the Rights become exercisable, each Right will entitle its holder to an amount of Common

Stock of the Company, or, in certain circumstances, securities of the acquiror, having a then-current market value of two times the exercise price of the Right. The Rights are redeemable at the Company's option at any time before they become exercisable. The Rights expire on December 15, 2005. No event during 1996 made the Rights exercisable.

Note 9. Business Segment Information

In the fourth quarter of 1996, the Company realigned its two business segments in order to better meet the growing customer needs for complete arrays of integrated energy services. Under the new structure, the upstream oil and gas services business unit of the former Engineering and Construction Services segment and Landmark, a leading supplier of integrated exploration and production information systems and professional services to the petroleum industry, are included in the Energy Group. The Energy Group also includes the product and service lines of the former Energy Services segment, including drilling systems and services, pressure pumping equipment and services, logging and perforating, specialized completion and production equipment and services, and well control. The Engineering and Construction Group provides engineering, construction, project management, facilities operation and maintenance, and environmental services for industrial and governmental customers. Amounts for prior years have been restated to conform to the new organization structure.

The Company's equity in income or losses of related companies is included in revenues and operating income of each applicable segment. Intersegment revenues included in the revenues of the other business segments are immaterial. Sales between geographic areas and export sales are also immaterial. General corporate assets are primarily comprised of cash and equivalents and certain other investments.

OPERATIONS BY BUSINESS SEGMENT

Years ended December 31

Millions of dollars

	1996	1995	1994
<hr/>			
Operating income:			
Energy Group	\$ 484.4	\$ 398.2	\$ 264.1
Engineering and Construction Group	53.7	44.6	15.2
General corporate and special charges	(120.2)	(41.9)	(39.5)
Total	\$ 417.9	\$ 400.9	\$ 239.8
<hr/>			
Capital expenditures:			
Energy Group	\$ 313.8	\$ 248.1	\$ 207.1
Engineering and Construction Group	70.5	55.1	37.5
General corporate	11.4	0.1	0.4
Total	\$ 395.7	\$ 303.3	\$ 245.0
<hr/>			
Depreciation and amortization:			
Energy Group	\$ 228.4	\$ 220.2	\$ 224.9
Engineering and Construction Group	38.2	38.3	43.8
General corporate	1.3	1.3	2.6
Total	\$ 267.9	\$ 259.8	\$ 271.3
<hr/>			
Identifiable assets:			
Energy Group	\$ 2,899.8	\$ 2,445.1	\$ 2,524.8
Engineering and Construction Group	986.3	873.6	750.0
General corporate	550.5	543.3	636.0
Net assets of discontinued operations	-	-	286.6
Total	\$ 4,436.6	\$ 3,862.0	\$ 4,197.4
<hr/>			

OPERATIONS BY GEOGRAPHIC AREA

Years ended December 31

Millions of dollars

	1996	1995	1994
Revenues:			
United States	\$ 3,953.2	\$ 3,255.6	\$ 3,327.7
Europe	1,711.1	1,117.7	963.9
Latin America	557.4	529.9	405.1
Other areas	1,163.4	979.7	964.4
Total	\$ 7,385.1	\$ 5,882.9	\$ 5,661.1
Operating income (loss):			
United States	\$ 397.5	\$ 231.4	\$ 166.3
Europe	62.3	3.3	(12.1)
Latin America	24.7	64.9	35.8
Other areas	53.6	134.8	72.7
General corporate and special charges	(120.2)	(33.5)	(22.9)
Total	\$ 417.9	\$ 400.9	\$ 239.8
Identifiable assets:			
United States	\$ 1,994.7	\$ 1,872.0	\$ 1,742.3
Europe	695.0	528.0	576.5
Latin America	347.3	279.7	272.3
Other areas	849.1	639.0	683.7
General corporate	550.5	543.3	636.0
Net assets of discontinued operations	-	-	286.6
Total	\$ 4,436.6	\$ 3,862.0	\$ 4,197.4

Note 10. Commitments and Contingencies

Leases. At December 31, 1996, the Company was obligated under noncancelable operating leases, expiring on various dates to 2020, principally for the use of land, offices, equipment and field facilities. Aggregate rentals charged to operations for such leases totaled \$70.8 million in 1996, \$73.7 million in 1995 and \$108.2 million in 1994. Future aggregate rentals on noncancelable operating leases are as follows: 1997, \$55.7 million; 1998, \$41.2 million; 1999, \$30.0 million; 2000, \$16.4 million; 2001, \$11.3 million; and thereafter, \$72.5 million.

Environmental. The Company is involved as a potentially responsible party (PRP) in remedial activities to clean up various "Superfund" sites under applicable Federal law which imposes joint and several liability, if the harm is indivisible, on certain persons without regard to fault, the legality of the original disposal, or ownership of the site. Although it is very difficult to quantify the potential impact of compliance with environmental protection laws, management of the Company believes that any liability of the Company with respect to all but one of such sites will not have a material adverse effect on the results of operations of the Company. With respect to a site in Jasper County, Missouri (Jasper County Superfund Site), sufficient information has not been developed to permit management to make such a determination and management believes the process of determining the nature and extent of remediation at this site and the total costs thereof will be lengthy. Brown & Root, Inc. (Brown & Root), a subsidiary of the Company, has been named as a PRP with respect to the Jasper County Superfund Site by the Environmental Protection Agency (EPA). The Jasper County Superfund Site includes areas of mining activity that occurred from the 1800's through the mid 1950's in the southwestern portion of Missouri. The site contains lead and zinc mine tailings produced from mining activity. Brown & Root is one of nine participating PRPs which have agreed to perform a Remedial Investigation/Feasibility Study (RI/FS), which, due to various delays, is not expected to be completed until the fourth quarter of 1997. Although the entire Jasper County Superfund Site comprises 237 square miles as listed on the National Priorities List, in the RI/FS scope of work, the EPA has only identified seven areas, or subsites, within this area that need to be studied and then possibly remediated by the PRPs. Additionally, the Administrative Order

on Consent for the RI/FS only requires Brown & Root to perform RI/FS work at one of the subsites within the site, the Neck/Alba subsite, which only comprises 3.95 square miles. Brown & Root's share of the cost of such a study is not expected to be material. At the present time Brown & Root cannot determine the extent of its liability, if any, for remediation costs on any reasonably practica basis.

Other. The Company and its subsidiaries are parties to various other legal proceedings. Although the ultimate dispositions of such proceedings are not presently determinable, in the opinion of the Company any liability that may ensue will not be material in relation to the consolidated financial position and results of operations of the Company.

Note 11. Financial Instruments and Risk Management

Foreign Exchange Risk. Techniques in managing foreign exchange risk include, but are not limited to, foreign currency borrowing and investing and the use of currency derivative instruments. The Company hedges significant exposures to potential foreign exchange losses considering current market conditions, future operating activities and the cost of hedging the exposure in relation to the perceived risk of loss. The purpose of the Company's foreign currency hedging activities is to protect the Company from the risk that the eventual dollar cash flows resulting from the sale and purchase of products in foreign currencies will be adversely affected by changes in exchange rates. The Company does not hold or issue derivative financial instruments for trading or speculative purposes.

The Company hedges its currency exposure through the use of currency derivative instruments. Such contracts generally have an expiration date of one year or less. Forward exchange contracts (commitments to buy or sell a specified amount of a foreign currency at a specified price and time) are generally used to hedge identifia foreign currency commitments. Gains or losses on such contracts are deferred and recognized when the offsetting gains and losses are recognized on the related hedged items. Forward exchange contracts and foreign exchange option contracts (which convey the right, but not the obligation, to sell or buy a specified amount of foreign currency at a specified price) are generally used to hedge foreign currency commitments with an indeterminable maturity date. These contracts are marked to market monthly with the resulting gains or losses included in current period foreign exchange gains (losses). None of the forward or option contracts are exchange traded.

While hedging instruments are subject to fluctuations in value, such fluctuations are generally offset by the value of the underlying exposures being hedged. The use of some contracts may limit the Company's ability to benefit from favora fluctuations in foreign exchange rates. The notional amounts of open forward contracts and options were \$161.1 million and \$111.5 million at December 31, 1996 and 1995, respectively. The notional amounts of the Company's foreign exchange contracts do not generally represent amounts exchanged by the parties, and thus, are not a measure of the exposure of the Company or of the cash requirements relating to these contracts. The amounts exchanged are calculated by reference to the notional amounts and by other terms of the derivatives, such as exchange rates. The Company actively monitors its foreign currency exposure (net position) and adjusts the amounts hedged as appropriate.

Exposures to certain currencies are generally not hedged due primarily to the lack of availa markets or cost considerations (non-traded currencies). The Company attempts to manage its working capital position to minimize foreign currency commitments in non-traded currencies and recognizes that pricing for the services and products offered in such countries should cover the cost of exchange rate devaluations. The Company has historically incurred transaction losses in non-traded currencies. The risk of loss is primarily due to the magnitude of currency devaluations experienced in those currencies rather than the size of the foreign currency exposures.

Credit Risk. Financial instruments which potentially subject the Company to concentrations of credit risk are primarily cash equivalents, investments and trade receive s. It is the Company's practice to place its cash equivalents and investments in high quality securities with various investment institutions. The Company derives the majority of its revenues from sales and services to, including engineering and construction for, the energy industry. Within the energy industry, trade receive s are generated from a broad and diverse group of customers. There are concentrations of receive s in the United States and the United Kingdom. The Company maintains an allowance for losses based upon the expected collectibility of all trade accounts receive . There are no significant concentrations of credit risk with any individual counterparty or groups of counterparties related to the Company's derivative contracts. Counterparties are selected by the Company based on creditworthiness, which the Company continually monitors, and on the counterparties' ability to perform their obligations under the terms of the transactions. The Company does not expect any counterparties to fail to meet their obligations under these contracts given their high credit ratings and, as such, considers the credit risk associated with its derivative contracts to be minimal.

Fair Value of Financial Instruments. The estimated fair value of long-term debt at December 31, 1996 and 1995 was \$229.6 and \$247.9 million, respectively, as compared to the carrying amount of \$200.0 million at December 31, 1996 and 1995. The fair value of long-term debt is based on quoted market prices for those or similar instruments. The carrying amount of short-term financial instruments (cash and equivalents, receivables and certain liabilities) as reflected in the consolidated balance sheets approximates fair value due to the short maturities of these instruments. The fair value of currency derivative instruments, which generally approximates the carrying amount, was less than \$2.5 million at December 31, 1996 and 1995, based upon third party quotes.

Note 12. Retirement Plans

Retirement Plans. The Company has various retirement plans which cover a significant number of its employees. The major pension plans are defined contribution plans, which provide pension benefits in return for services rendered, provide an individual account for each participant, and have terms that specify how contributions to the participant's account are to be determined rather than the amount of pension benefits the participant is to receive. Contributions to these plans are based on pre-tax income and/or discretionary amounts determined on an annual basis. The Company's expense for the defined contribution plans totaled \$114.2 million, \$95.1 million and \$98.7 million in 1996, 1995 and 1994, respectively. Other pension plans include defined benefit plans, which define an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation. As a result of size reductions in the number of employees, curtailment gains of \$1.3 million and \$8.9 million are reflected in the net amortization and deferral component of net periodic pension cost for 1995 and 1994, respectively. These plans are funded to operate on an actuarially sound basis. Plan assets are primarily invested in equity and fixed income securities of entities domiciled in the country of the Plan's operation. Assumed long-term rates of return on plan assets, discount rates for estimating benefit obligations and rates of compensation increases vary for the different plans according to the local economic conditions. The rates used are as follows:

Percentages	1996	1995	1994
Return on plan assets:			
United States plans	8% to 8.5%	8.5%	8.5%
International plans	9%	6.5% to 9%	7% to 9%
Discount rate:			
United States plans	7% to 7.75%	7% to 7.25%	8.5%
International plans	7% to 8.5%	4% to 8.5%	4% to 8.5%
Compensation increase:			
United States plans	4.5%	4%	5%
International plans	4.3% to 6%	1% to 6%	1% to 6%

The net periodic pension cost for defined benefit plans is as follows:

Millions of dollars	1996	1995	1994
Service cost - benefits earned during period	\$ 15.8	\$ 9.6	\$ 9.5
Interest cost on projected benefit obligation	29.9	27.5	26.6
Actual return on plan assets	(61.0)	(46.8)	(8.5)
Net amortization and deferral	13.7	12.7	(26.7)
Net periodic pension cost (benefit)	\$ (1.6)	\$ 3.0	\$ 0.9

The reconciliation of the funded status for defined benefit plans where assets exceed accumulated benefits is as follows:

Millions of dollars	1996	1995
Actuarial present value of benefit obligations:		
Vested	\$ (351.9)	\$ (300.3)
Accumulated benefit obligation	\$ (358.4)	\$ (309.0)
Projected benefit obligation	\$ (388.6)	\$ (345.6)
Plan assets at fair value	522.0	423.7
Funded status	133.4	78.1
Unrecognized prior service cost	2.7	5.5
Unrecognized net gain	(109.3)	(81.3)
Unrecognized net transition asset	(3.9)	(4.5)
Net pension liability	\$ 22.9	\$ (2.2)

The reconciliation of the funded status for defined benefit plans where accumulated benefits exceed assets is as follows:

Millions of dollars	1996	1995
Actuarial present value of benefit obligations:		
Vested	\$ (2.5)	\$ (3.4)
Accumulated benefit obligation	\$ (6.3)	\$ (8.1)
Projected benefit obligation	\$ (6.9)	\$ (9.1)
Plan assets at fair value	-	2.2
Funded status	(6.9)	(6.9)
Unrecognized net gain	(6.0)	(1.8)
Unrecognized net transition asset	-	(1.0)
Adjustment required to recognize minimum liability	-	(3.4)
Net pension liability	\$ (12.9)	\$ (13.1)

Postretirement Medical Plan. The Company offers a postretirement medical plan to certain employees that qualify for retirement and, on the last day of active employment, are enrolled as participants in the Company's active employee medical plan. The Company's liability is limited to a fixed contribution amount for each participant or dependent. The plan participants share the total cost for all benefits provided above the fixed Company contribution and participants' contributions are adjusted as required to cover benefit payments. The Company has made no commitment to adjust the amount of its contributions; therefore, the computed accumulated postretirement benefit obligation amount is not affected by the expected future healthcare cost inflation rate. The weighted average discount rate used in determining the accumulated postretirement benefit obligation was 7.75% in 1996, 7% in 1995 and 8% in 1994.

Net periodic postretirement benefit cost included the following components:

Millions of dollars	1996	1995	1994
Service cost - benefits attributed to service during the period	\$ 0.5	\$ 0.5	\$ 0.8
Interest cost on accumulated postretirement benefit obligation	1.6	2.1	2.3
Net amortization and deferral	(1.2)	(1.0)	(0.9)
Net periodic postretirement cost	\$ 0.9	\$ 1.6	\$ 2.2

Postretirement medical benefits are funded by the Company when incurred. The Company's postretirement medical plan's funded status reconciled with the amounts included in the Company's Consolidated Balance Sheets at December 31, 1996 and 1995 is as follows:

Millions of dollars	1996	1995
Accumulated postretirement benefit obligation:		
Retirees and related beneficiaries	\$ 12.7	\$ 15.6
Fully eligible active plan participants	2.4	2.4
Other active plan participants not fully eligible	6.4	6.7
Accumulated postretirement benefit obligation	21.5	24.7
Unrecognized prior service cost	7.4	8.3
Unrecognized gain	9.1	7.0
Net postretirement liability	\$ 38.0	\$ 40.0

Note 13. Landmark Acquisition

On October 4, 1996, the Company completed the acquisition of Landmark Graphics Corporation (Landmark) through the merger of Landmark with and into a subsidiary of the Company, the conversion of the outstanding Landmark common stock into an aggregate of approximately 10.2 million shares of Common Stock of the Company and the assumption by the Company of the outstanding Landmark stock options (for the exercise of which the Company has reserved an aggregate of approximately 1.5 million shares of Common Stock of the Company). The merger qualified as a tax free exchange and was accounted for using the "pooling of interests" method of accounting for business combinations. Accordingly, the Company's financial statements have been restated to include the results of Landmark for all periods presented.

Prior to the merger, Landmark had a fiscal year-end of June 30. Landmark results have been restated to conform with Halliburton's calendar year-end. Combined and separate results of Halliburton and Landmark during periods preceding the merger were as follows:

Millions of dollars	Nine Months Ended		Years Ended December 31	
	September 30	1996	1995	1994
Revenues:				
Halliburton	\$ 5,251.5	\$ 5,698.7	\$ 5,510.2	
Landmark	143.9	184.2	150.9	
Combined	\$ 5,395.4	\$ 5,882.9	\$ 5,661.1	
Net Income:				
Halliburton	\$ 201.2	\$ 168.3	\$ 177.8	
Landmark	(8.4)	15.4	3.1	
Combined	\$ 192.8	\$ 183.7	\$ 180.9	

Landmark, together with its subsidiaries, designs, markets and supports sophisticated computer-aided exploration and computer-aided reservoir management software and systems. Geologists, geophysicists, petrophysicists and engineers in more than 70 countries use Landmark products in exploration for and production of oil and gas.

Landmark offers an extensive line of integrated software applications for seismic processing, three dimensional and two dimensional seismic interpretation, geologic and petrophysical interpretation, mapping and modeling, well log and production analysis, drilling and production engineering and data management. Through its service consulting business, Landmark provides software training, on-site support and assistance in designing computer networks and integrating applications and data. In addition to providing software products, Landmark is a value-added reseller of workstations and other hardware and

provides a range of services, including software and systems support and training, systems configuration and network design and data loading and management.

Note 14. Discontinued Operations

On January 23, 1996, the Company spun-off its property and casualty insurance subsidiary, Highlands Insurance Group, Inc. (HIGI), in a tax-free distribution to holders of Halliburton Company Common Stock. Each common shareholder of the Company received one share of common stock of HIGI for every ten shares of Halliburton Company Common Stock. Approximately 11.4 million common shares of HIGI were issued in conjunction with the spin-off.

The following summarizes the results of operations of the discontinued operations:

Millions of dollars	1995	1994
Revenues	\$ 252.6	\$ 290.3
Loss before income taxes	\$ (126.3)	\$ (0.6)
Benefit for income taxes	67.5	6.1
Loss on disposition	(7.6)	-
Benefit for income taxes	0.9	-
Net income (loss) from discontinued operations	\$ (65.5)	\$ 5.5

In the third quarter of 1995, HIGI conducted an extensive review of its loss and loss adjustment expense reserves to assess HIGI's reserve position. The review process consisted of gathering new information and refining prior estimates and primarily focused on assumed reinsurance and overall environmental and asbestos exposure. As a result of such review, HIGI increased its reserves for loss and loss adjustment expenses and certain legal matters and the Company also recognized the estimated expenses related to the spin-off transaction and additional compensation costs and other regulatory and legal provisions directly associated with discontinuing the insurance services business segment as follows:

Millions of dollars	Income (loss) before income taxes	Net income (loss)
Additional claim loss reserves for environmental and asbestos exposure and other exposures	\$ (117.0)	\$ (76.4)
Realization of deferred income tax valuation allowance	-	25.9
Provisions for legal matters	(8.0)	(5.2)
Expenses related to the spin-off transaction	(7.6)	(6.7)
Other insurance services expenses	(7.4)	(4.8)
Total charges	\$ (140.0)	\$ (67.2)

The review of the insurance policies and reinsurance agreements was based upon an actuarial study and HIGI management's best estimates using facts and trends currently known, taking into consideration the current legislative and legal environment. Developed case law and adequate claim history do not exist for such claims. Estimates of the liability were reviewed and updated continually. Due to the significant uncertainties related to these types of claims, past claim experience may not be representative of future claim experience.

The Company also realized a valuation allowance for deferred tax assets primarily related to HIGI's insurance claim loss reserves. The Company had provided a valuation allowance for all temporary differences related to HIGI based upon its intent announced in 1992 that it was pursuing the sale of HIGI. A taxable transaction would have made it more likely than not that the related benefit or future deductibility would not be realized. The spin-off transaction was tax-free and allows HIGI to retain its tax basis and the value of its deferred tax asset.

Note 15. Acquisitions and Dispositions

See Note 13 regarding the acquisition of Landmark.

See Note 14 regarding the disposition of the Company's insurance segment.

In the second quarter of 1996, M-I Drilling Fluids Company, L.L.C., a 36% owned joint venture, purchased Anchor Drilling Fluids. The Company's share of the purchase price was \$41.3 million and is included in cash flows from other investing activities.

In 1995, Landmark acquired two software companies for a total of \$5.8 million and 0.6 million shares of its common stock, equivalent to 0.3 million shares of Halliburton Company Common Stock. In 1994, Landmark acquired two software companies for a total of \$13.3 million and 0.4 million shares of its common stock, equivalent to 0.2 million shares of Halliburton Company Common

Stock.

The Company sold its natural gas compression business unit in November 1994 for \$205.0 million in cash. The sale resulted in a pretax gain of \$102.0 million, or 52 cents per share after tax. The business unit sold, owned and operated a large natural gas compressor rental fleet in the United States and Canada. The compressors were used to assist in the production, transportation and storage of natural gas.

On March 25, 1994, Landmark issued 2.6 million shares of its common stock, equivalent to 1.5 million shares of Halliburton Company Common Stock, in exchange for all of the outstanding common shares of Advance Geophysical Corporation (Advance). Advance provides software which allows seismic processors and interpreters to manipulate raw seismic data and to condense it into a form that is ready for interpretation. The acquisition of Advance was accounted for as a pooling of interests, and the financial statements for periods prior to the Advance merger have been restated to reflect the financial position and results of operations of the combined companies.

In January 1994, the Company sold substantially all of the assets of its geophysical services and products business to Western Atlas International, Inc. (Western Atlas) for \$190.0 million in cash and notes subject to certain adjustments. The notes of \$90.0 million were sold for cash in the first quarter of 1994. In addition, the Company issued \$73.8 million in notes to Western Atlas to cover some of the costs of discontinuing certain geophysical operations, including the cost of personnel reductions, leases of geophysical marine vessels and the closing of duplicate facilities. The final payment on these notes was made in February 1996.

In January 1997, the Company announced that it has offered to purchase all of the outstanding shares of OGC International plc (OGC) for approximately \$117.9 million. OGC is engaged in providing a variety of engineering, operations and maintenance services, primarily to the North Sea oil and gas production industry. As of February 28, 1997, approximately 93% of such shares were tendered to the Company and it is expected that the acquisition of all of such shares will be completed in the second quarter of 1997.

In February 1997, the Company announced that Devonport Management Limited (DML), which was 30% owned by the Company at December 31, 1996, has agreed to purchase Devonport Royal Dockyard Limited, which owns and operates the Devonport Royal Dockyard in Plymouth, England, from the government of the United Kingdom for approximately \$66.1 million. Concurrent with the purchase, the Company increased its ownership of DML to 51%. The dockyard principally provides repair and refitting services for the British Royal Navy's fleet of submarines and surface ships.

Note 16. Special Charges

In September 1996, the Company recognized special charges to operating income of \$65.3 million (\$42.7 million after tax) related to the reorganization of the Engineering and Construction Group, severance costs for combining general support functions throughout the Company, and certain other business structure costs, including \$4.1 million (\$3.5 million after tax) for costs associated with the acquisition of Landmark.

The Company recognized severance costs of \$41.0 million to provide for the termination of approximately one thousand employees related to reorganization efforts at the Engineering and Construction Group and plans to combine various administrative support functions into combined shared services for the Company. The terminations impact mostly middle and senior management levels within business unit operations, business unit support, and general and administrative areas. Approximately \$3.5 million was charged against the reorganization liability for the termination of approximately 200 employees during the fourth quarter of 1996. The remaining terminations are to occur primarily during 1997. The Company also recognized \$20.2 million of costs associated with restructuring certain Engineering and Construction Group businesses, providing for excess lease space and other items.

The above charges to net income were offset by tax credits during the third quarter of \$43.7 million due to the recognition of net operating loss carryforwards and the settlement during the quarter of various issues with the Internal Revenue Service (IRS). The Company reached agreement with the IRS and recognized net operating loss carryforwards of \$62.5 million (\$22.5 million in tax benefits) from the 1989 tax year. The net operating loss carryforwards are

expected to be utilized in the 1996 and 1997 tax years. In addition, the Company also reached agreement with the IRS on issues related to intercompany pricing of goods and services for the tax years 1989 through 1992 and entered into an advanced pricing agreement for the tax years 1993 through 1998. As a result of these agreements with the IRS, the Company recognized tax benefits of \$16.1 million. The Company also recognized net operating loss carryforwards of \$14.0 million (\$5.1 million in tax benefits) in certain foreign areas due to improving profitability and restructuring of foreign operations.

In September 1996, Landmark also recorded special charges related to the merger with and into a subsidiary of the Company of \$8.3 million (\$7.6 million after tax). In March 1996, Landmark recorded special charges of \$12.2 million (\$8.7 million after tax) for the write-off of in-process research and development activities acquired in connection with the purchase by Landmark of certain assets and the assumption of certain liabilities of Western Atlas International, Inc. and the write-off of redundant assets and activities.

In 1995 and 1994, Landmark recorded special charges of \$8.4 million and \$16.6 million, respectively. These amounts were primarily for the write-off of research and development activities of acquired companies, merger costs and restructuring charges.

Halliburton Company
Selected Financial Data (a)
Millions of dollars and shares except per share and employee data

	Years ended December 31			
	1996	1995	1994	1993
Operating results				
Net revenues				
Energy Group	\$ 4,286.3	\$ 3,604.0	\$ 3,364.0	\$ 3,765.1
Engineering and Construction Group	3,098.8	2,278.9	2,297.1	2,459.6
Total revenues	\$ 7,385.1	\$ 5,882.9	\$ 5,661.1	\$ 6,224.7
Operating income (loss)				
Energy Group	\$ 484.4	\$ 398.2	\$ 264.1	\$ 253.1
Engineering and Construction Group	53.7	44.6	15.2	13.3
Special charges (b)	(85.8)	(8.4)	(16.6)	(321.8)
General corporate	(34.4)	(33.5)	(22.9)	(22.0)
Total operating income (loss) (b)	417.9	400.9	239.8	(77.4)
Nonoperating income (expense), net	(13.7)	(13.1)	58.0	(55.0)
Income (loss) from continuing operations				
before income taxes and minority interest	404.2	387.8	297.8	(132.4)
Benefit (provision) for income taxes (c)	(103.3)	(137.7)	(122.2)	3.0
Minority interest in net (income) loss of consolidated subsidiaries	(0.5)	(0.9)	(0.2)	1.5
Income (loss) from continuing operations	\$ 300.4	\$ 249.2	\$ 175.4	\$ (127.9)
Income (loss) per share				
Continuing operations	\$ 2.38	\$ 2.00	\$ 1.41	\$ (1.06)
Net income (loss)	2.38	1.47	1.45	(1.23)
Cash dividends per share	1.00	1.00	1.00	1.00
Return on shareholders' equity	13.9 %	9.6 %	8.7 %	(7.3) %
Financial position				
Net working capital	\$ 893.3	\$ 987.9	\$ 1,366.5	\$ 1,217.7
Total assets	4,436.6	3,862.0	4,197.4	4,318.6
Property, plant and equipment	1,291.6	1,157.9	1,117.4	1,189.3
Long-term debt	200.1	205.2	655.7	637.4
Shareholders' equity	2,159.2	1,920.2	2,090.2	2,023.5
Total capitalization	2,405.6	2,130.2	2,776.6	2,752.9
Shareholders' equity per share	17.23	15.42	16.87	16.38
Average common shares outstanding	126.1	124.7	124.2	121.0
Other financial data				
Cash flow from operating activities	\$ 452.0	\$ 667.4	\$ 439.0	\$ 293.0
Capital expenditures	395.7	303.3	245.0	270.5
Long-term borrowings (repayments)	(5.1)	(465.4)	(74.4)	(44.7)
Depreciation and amortization expense	267.9	259.8	271.3	459.8
Payroll and employee benefits	3,112.7	2,775.0	2,878.8	3,141.9
Number of employees (d)	60,000	58,400	57,300	64,600

Halliburton Company
Selected Financial Data (a)
Millions of dollars and shares except per share and employee data

	Years ended December 31		
	1992	1991	1990
<hr/>			
Operating results			
Net revenues			
Energy Group	\$ 3,536.9	\$ 3,652.4	\$ 3,551.0
Engineering and Construction Group	2,848.1	3,124.6	3,105.4
Total revenues	\$ 6,385.0	\$ 6,777.0	\$ 6,656.4
<hr/>			
Operating income (loss)			
Energy Group	\$ 205.1	\$ 233.9	\$ 327.6
Engineering and Construction Group	(19.3)	9.7	33.8
Special charges (b)	(272.9)	(118.5)	-
General corporate	(21.0)	(21.8)	(19.9)
Total operating income (loss) (b)	(108.1)	103.3	341.5
Nonoperating income (expense), net	(37.2)	(0.7)	17.1
<hr/>			
Income (loss) from continuing operations			
before income taxes and minority interest	(145.3)	102.6	358.6
Benefit (provision) for income taxes	1.1	(76.5)	(167.0)
Minority interest in net (income) loss of consolidated subsidiaries	1.7	(2.6)	(2.6)
Income (loss) from continuing operations	\$ (142.5)	\$ 23.5	\$ 189.0
<hr/>			
Income (loss) per share			
Continuing operations	\$ (1.24)	\$ 0.21	\$ 1.66
Net income (loss)	(1.27)	0.35	1.79
Cash dividends per share	1.00	1.00	1.00
Return on shareholders' equity	(7.4) %	1.8 %	8.8 %
<hr/>			
Financial position			
Net working capital	\$ 1,150.0	\$ 1,304.6	\$ 1,154.0
Total assets	4,185.3	4,480.6	3,971.7
Property, plant and equipment	1,214.6	1,204.6	1,028.2
Long-term debt	657.8	654.9	192.0
Shareholders' equity	1,982.8	2,248.6	2,316.7
Total capitalization	2,641.3	2,914.3	2,514.6
Shareholders' equity per share	17.24	19.6	20.25
Average common shares outstanding	115.0	114.6	114.3
<hr/>			
Other financial data			
Cash flow from operating activities	\$ 449.9	\$ 294.7	\$ 127.0
Capital expenditures	322.8	430.1	342.9
Long-term borrowings (repayments)	(16.3)	440.6	(9.0)
Depreciation and amortization expense	366.9	300.2	254.4
Payroll and employee benefits	3,373.3	3,286.8	3,043.4
Number of employees (d)	69,000	72,700	76,600

- (a) Prior years' information has been restated to include the effect of the acquisition of Landmark Graphics Corporation (Landmark) on October 4, 1996, which was accounted for as a pooling of interests.
- (b) Operating income (loss) includes the following special charges: in 1996 and 1995, \$85.8 million and \$8.4 million, respectively, related to merger and restructuring costs, including severance costs, and the write-off of acquired in-process research and development activities; in 1994, \$16.6 million related to merger and restructuring costs; in 1993, \$321.8 million related to loss on sale of geophysical business and employee severance costs; in 1992, \$272.9 million related to restructuring/reorganization costs and consolidation of certain support functions; in 1991, \$118.5 million related to restructuring costs.
- (c) Benefit (provision) for income taxes in 1996 includes tax benefits of \$43.7 million due to the recognition of net operating loss carryforwards and the settlement of various issues with the Internal Revenue Service.
- (d) Does not include employees of 50% or less owned affiliated companies.

Quarterly Data and Market Price Information

Millions of dollars except per share data
(unaudited)

	First	Second	Third	Fourth	Year
((unaudited))					

1996 (1)					
Revenues	\$ 1,704.7	\$ 1,830.8	\$ 1,859.9	\$ 1,989.7	\$ 7,385.1
Operating income	71.6	115.7	57.3	173.3	417.9
Net income					
Continuing operations	45.5	71.8	75.5	107.6	300.4
Net income	45.5	71.8	75.5	107.6	300.4
Earnings per share					
Continuing operations	0.36	0.57	0.60	0.85	2.38
Net income	0.36	0.57	0.60	0.85	2.38
Cash dividends paid per share	0.25	0.25	0.25	0.25	1.00
Quarterly common stock prices (2)					
High	58.38	58.75	57.25	62.88	62.88
Low	45.75	50.00	50.75	51.88	45.75
1995 (1)					
Revenues	\$ 1,318.9	\$ 1,446.8	\$ 1,529.6	\$ 1,587.6	\$ 5,882.9
Operating income	65.1	103.8	110.5	121.5	400.9
Net income (loss)					
Continuing operations	41.5	60.3	69.1	78.3	249.2
Discontinued operations	0.8	1.4	(67.7)	-	(65.5)
Net income	42.3	61.7	1.4	78.3	183.7
Earnings (loss) per share					
Continuing operations	0.34	0.48	0.55	0.63	2.00
Discontinued operations	-	0.01	(0.54)	-	(0.53)
Net income	0.34	0.49	0.01	0.63	1.47
Cash dividends paid per share	0.25	0.25	0.25	0.25	1.00
Quarterly common stock prices (2)					
High	38.88	39.50	45.25	50.63	50.63
Low	33.50	35.50	35.13	39.75	33.50

(1) The first three quarters of 1996 and the quarters of and total year 1995 have been restated to reflect the acquisition of Landmark Graphics Corporation accounted for using the pooling of interests method of accounting for combinations.

(2) New York Stock Exchange - composite transactions high and low closing stock prices.

PART III

Item 10. Directors and Executive Officers of Registrant.

The information required for the directors of the Registrant is incorporated by reference to the Halliburton Company Proxy Statement dated March 25, 1997, under the caption "Election of Directors." The information required for the executive officers of the Registrant is included under Part I, Item 4(A), page 5 of this Annual Report.

Item 11. Executive Compensation.

This information is incorporated by reference to the Halliburton Company Proxy Statement dated March 25, 1997, under the captions "Compensation Committee Report on Executive Compensation," "Comparison of Five-Year Cumulative Total Return," "Summary Compensation Table," "Option Grants in Last Fiscal Year," "Aggregated Option Exercises in Last Fiscal Year and Fiscal Year-End Option Values," "Retirement Plan," "Employment Contracts and Termination of Employment and Change-in-Control Arrangements" and "Directors' Compensation, Restricted Stock Plan and Retirement Plan."

Item 12(a). Security Ownership of Certain Beneficial Owners.

This information is incorporated by reference to the Halliburton Company Proxy Statement dated March 25, 1997, under the caption "Stock Ownership of Certain Beneficial Owners and Management."

Item 12(b). Security Ownership of Management.

This information is incorporated by reference to the Halliburton Company Proxy Statement dated March 25, 1997, under the caption "Stock Ownership of Certain Beneficial Owners and Management."

Item 12(c). Changes in Control.

Not applicable.

Item 13. Certain Relationships and Related Transactions.

Not applicable.

PART IV

Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K.

(a) 1. Financial Statements:

The report of Arthur Andersen LLP, Independent Public Accountants, and the financial statements of the Company as required by Part II, Item 8, are included on pages 12 through 32 of this Annual Report. See index on page 6.

2. Financial Statement Schedules:

Note: All schedules not filed herein for which provision is made under rules of Regulation S-X have been omitted as not applicable or not required or the information required therein has been included in the notes to financial statements.

3. Exhibits:

Exhibit Number	Exhibits
2	Agreement and Plan of Reorganization dated as of December 11, 1996 among Halliburton Company, now known as Halliburton Energy Services, Inc. (the "Predecessor"), Halliburton Hold Co., now known as Halliburton Company (the "Company"), and Halliburton Merge Co. (incorporated by reference to Exhibit 1.1 of the Company's Registration Statement on Form 8-B dated December 12, 1996, File No. 1-03492).
3(a)	Certificate of Incorporation of the Company, as amended (incorporated by reference to Exhibit 3.1 of the Company's Registration Statement on Form 8-B dated December 12, 1996, File No. 1-03492).
3(b)	By-laws of the Company, as amended (incorporated by reference to Exhibit 3.2 of the Company's Registration Statement on Form 8-B dated December 12, 1996, File No. 1-03492).
4(a)	Subordinated Indenture dated as of January 2, 1991 between the Predecessor and Texas Commerce Bank National Association, as Trustee (incorporated by reference to Exhibit 4(c) to the Predecessor's Registration Statement on Form S-3 (File No. 33-38394) originally filed with the Securities and Exchange Commission on December 21, 1990), as supplemented and amended by the First Supplemental Indenture dated as of December 12, 1996 among the Predecessor, the Company and the Trustee (incorporated by reference to Exhibit 4.3 of the Company's Registration Statement on Form 8-B dated December 12, 1996, File No. 1-03492).
4(b)	Form of debt security of 8.75% Debentures due February 12, 2021 (incorporated by reference to Exhibit 4(a) to the Predecessor's Form 8-K dated as of February 20, 1991).
4(c)	Senior Indenture dated as of January 2, 1991 between the Predecessor and Texas Commerce Bank National Association, as Trustee (incorporated by reference to Exhibit 4(b) to the Predecessor's Registration Statement on Form S-3 (File No. 33-38394) originally filed with the Securities and Exchange Commission on December 21, 1990), as supplemented and amended by the First Supplemental Indenture dated as of December 12, 1996 among the Predecessor, the Company and the Trustee (incorporated by reference to Exhibit 4.1 of the Company's Registration Statement on Form 8-B dated December 12, 1996, File No. 1-03492).
4(d)	Resolutions of the Predecessor's Board of Directors adopted at a meeting held on February 11, 1991 and of the special pricing committee of the Board of Directors of the Predecessor adopted at a meeting held on February 11, 1991 and the special pricing committee's consent in lieu of meeting dated February 12, 1991 (incorporated by reference to Exhibit 4(c) to the Predecessor's Form 8-K dated as of February 20, 1991).

3. Exhibits:

Exhibit Number	Exhibits
4(e)	Form of debt security of 6-3/4% Notes due February 1, 2027 (incorporated by reference to Exhibit 4.1 to the Company's Form 8-K dated as of February 11, 1997).
4(f)	Second Senior Indenture dated as of December 1, 1996 between the Predecessor and Texas Commerce Bank National Association, as Trustee (incorporated by reference to Exhibit 4.4 to the Predecessor's Registration Statement on Form S-3 (File No. 33-65772) originally filed with the Securities and Exchange Commission on July 9, 1993 and as post effectively amended on December 5, 1996), as supplemented and amended by the First Supplemental Indenture dated as of December 5, 1996 between the Predecessor and the Trustee and the Second Supplemental Indenture dated as of December 12, 1996 among the Predecessor, the Company and the Trustee (incorporated by reference to Exhibit 4.2 of the Company's Registration Statement on Form 8-B dated December 12, 1996, File No. 1-03492).
4(g)*	Resolutions of the Company's Board of Directors adopted by unanimous consent dated December 5, 1996.
4(h)*	Certificate of Designation, Rights and Preferences related to the authorization of the Company's Junior Participating Preferred Stock, Series A, filed December 11, 1996 with the Secretary of State of Delaware.
4(i)	Rights Agreement dated as of December 1, 1996 between the Company and ChaseMellon Shareholder Services, L.L.C. (incorporated by reference to Exhibit 4.4 of the Company's Registration Statement on Form 8-B dated December 12, 1996, File No. 1-03492).
4(j)	Copies of instruments which define the rights of holders of miscellaneous long-term notes of the Registrant and its subsidiaries, totaling \$0.1 million in the aggregate at December 31, 1996, have not been filed with the Commission. The Registrant agrees herewith to furnish copies of such instruments upon request.
10(a)	Halliburton Company Career Executive Incentive Stock Plan as amended November 15, 1990 (incorporated by reference to Exhibit 10(a) to the Predecessor's Annual Report on Form 10-K for the year ended December 31, 1992).
10(b)	Retirement Plan for the Directors of Halliburton Company adopted and effective January 1, 1990 (incorporated by reference to Exhibit 10(c) to the Predecessor's Annual Report on Form 10-K for the year ended December 31, 1992).
10(c)*	Halliburton Company Directors' Deferred Compensation Plan as amended and restated effective May 1, 1994.
10(d)	Summary Plan Description of the Executive Split-Dollar Life Insurance Plan (incorporated by reference to Exhibit 10(g) to the Predecessor's Annual Report on Form 10-K for the year ended December 31, 1992).
10(e)*	Halliburton Company 1993 Stock and Long-Term Incentive Plan, as amended and restated May 21, 1996.

3. Exhibits:

Exhibit Number	Exhibits
10(f)	Agreement and Plan of Merger between the Predecessor, Halliburton Acq. Company and Landmark Graphics Corporation, dated as of June 30, 1996 (incorporated by reference to Appendix A of the Predecessor's Registration Statement on Form S-4, filed on August 30, 1996).
10(g)	Halliburton Company Restricted Stock Plan for Non-Employee Directors (incorporated by reference to Appendix B of the Predecessor's proxy statement dated March 23, 1993).
10(h)*	Halliburton Elective Deferral Plan, as amended and restated effective January 1, 1997.
10(i)	Employment agreement (incorporated by reference to Exhibit 10 to the Predecessor's Form 10-Q for the quarterly period ended September 30, 1995).
10(j)*	Halliburton Company Senior Executives' Deferred Compensation Plan, as amended and restated effective January 1, 1996.
10(k)*	Halliburton Company Annual Performance Plan, as amended and restated effective January 1, 1997.
10(l)	Employment agreement (incorporated by reference to Exhibit 10 (n) to the Predecessor's Form 10-K for the year ended December 31, 1995).
10(m)*	Early retirement agreement.
10(n)	The financial statements of European Marine Contractors incorporated by reference from item 14 of the Company's Annual Report on Form 10-K for the year ended December 31, 1995.
11*	Computation of Earnings per share.
21*	Subsidiaries of the Registrant.
23(a)*	Consent of Arthur Andersen LLP.
23(b)*	Consent of Ernst & Young chartered accountants.
24*	Powers of attorney signed in February 1997, for the following directors: Anne L. Armstrong Richard B. Cheney Lord Clitheroe Robert L. Crandall W. R. Howell Dale P. Jones Delano E. Lewis C. J. Silas Roger T. Staubach Richard J. Stegemeier E. L. Williamson
27*	Financial data schedules for the Registrant (filed electronically).

* Filed with this Annual Report

(b) Reports on Form 8-K:

A Current Report was filed on Form 8-K dated October 8, 1996, reporting on Item 5. Other Events, regarding a press release dated October 4, 1996 announcing the completion of the acquisition of Landmark Graphics Corporation.

A Current Report was filed on Form 8-K dated October 24, 1996, reporting on Item 5. Other Events, regarding a press release dated October 22, 1996 announcing third quarter results.

A Current Report was filed on Form 8-K dated November 18, 1996, reporting on Item 5. Other Events, regarding a press release dated November 15, 1997 announcing the fourth quarter dividend.

A Current Report was filed on Form 8-K dated December 11, 1996, reporting on Item 5. Other Events, regarding a press release dated December 9, 1997 announcing the Company's intent to reorganize its legal structure.

A Current Report was filed on Form 8-K dated December 12, 1996, reporting on Item 5. Other Events, regarding a press release dated December 12, 1996 announcing the completion of the reorganization of the Company's legal structure.

A Current Report was filed on Form 8-K dated December 20, 1996, reporting on Item 5. Other Events, regarding a press release dated December 19, 1996 announcing the award of Terra Nova Contract to the Grand Banks Alliance.

A Current Report was filed on Form 8-K dated December 24, 1996, reporting on Item 5. Other Events, regarding a press release dated December 24, 1996 reporting supplemental selected financial data restated for the acquisition of Landmark Graphics Corporation.

A Current Report was filed on Form 8-K dated December 27, 1996, reporting on Item 5. Other Events, regarding a press release dated December 23, 1996 announcing the potential acquisition of OGC International plc.

During the first quarter of 1997 to the date hereof:

A Current Report was filed on Form 8-K dated January 14, 1997, reporting on Item 5. Other Events, regarding press releases dated January 11, 1997 announcing the Sangu agreement and plan approval.

A Current Report was filed on Form 8-K dated January 23, 1997, reporting on Item 5. Other Events, regarding a press release dated January 22, 1997 announcing fourth quarter earnings.

A Current Report was filed on Form 8-K dated January 31, 1997, reporting on Item 5. Other Events, regarding a press release dated January 29, 1997 announcing an offer to acquire OGC International plc.

A Current Report was filed on Form 8-K dated February 10, 1997, reporting on Item 5. Other Events, regarding a press release dated February 6, 1997 announcing \$125 million notes offering.

A Current Report was filed on Form 8-K dated February 12, 1997, reporting on Item 5. Other Events, regarding a press release dated February 11, 1997 announcing purchase of Davenport Royal Dockyard.

A Current Report was filed on Form 8-K dated February 14, 1997, reporting on Item 7. Financial Statements and Exhibits, regarding filing of Distribution Agreement, Terms Agreement, and Form of Note.

A Current Report was filed on Form 8-K dated February 21, 1997, reporting on Item 5. Other Events, regarding a press release dated February 20, 1997 announcing annual meeting and quarterly dividend.

A Current Report was filed on Form 8-K dated March 4, 1997, reporting on Item 5. Other Events, regarding a press release dated March 3, 1997 announcing unconditional tender offer to purchase outstanding shares of OGC International plc.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on this 11th day of March, 1997.

HALLIBURTON COMPANY

By /s/ *Richard B. Cheney

Richard B. Cheney
Chairman of the Board, President
and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons in the capacities indicated on this 11th day of March, 1997.

Signature	Title
/s/ Richard B. Cheney ----- Richard B. Cheney	Chairman of the Board, President and Chief Executive Officer and Director
/s/ David J. Lesar ----- David J. Lesar	Executive Vice President and Chief Financial Officer
/s/ R. Charles Muchmore ----- R. Charles Muchmore	Vice President and Controller and Principal Accounting Officer

Signature	Title
*ANNE L. ARMSTRONG Anne L. Armstrong	Director
*LORD CLITHEROE Lord Clitheroe	Director
*ROBERT L. CRANDALL Robert L. Crandall	Director
*W. R. HOWELL W. R. Howell	Director
*DALE P. JONES Dale P. Jones	Vice Chairman and Director
*C. J. SILAS C. J. Silas	Director
*ROGER T. STAUBACH Roger T. Staubach	Director
*RICHARD J. STEGEMEIER Richard J. Stegemeier	Director
*E. L. WILLIAMSON E. L. Williamson	Director
* SUSAN S. KEITH Susan S. Keith, Attorney-in-fact	

RESOLUTIONS OF THE BOARD OF DIRECTORS
OF HALLIBURTON COMPANY
EFFECTIVE DECEMBER 5, 1996

Issuance Of Medium-Term Notes, Series A

WHEREAS, on July 9, 1993 Halliburton Company ("Halliburton") filed with the Securities and Exchange Commission ("Commission") a Registration Statement on Form S-3 (Registration No. 33-65772, herein the "Registration Statement") for the offering and sale from time to time pursuant to Rule 415 under the Securities Act of 1933, as amended, of unsecured debt securities of the Company ("Debt Securities") with an aggregate initial offering price of not more than \$500,000,000 and such Registration Statement was declared effective at 10:00 a.m. August 3, 1993 by order of the Commission and such Registration Statement was subsequently amended by Post Effective Amendment No. 1 dated December 4, 1996 (herein "Registration Statement").

WHEREAS, the Registration Statement relates to Debt Securities issuable under the Second Senior Indenture dated December 1, 1996 between Halliburton and Texas Commerce Bank National Association, as Trustee (the "Trustee"), as supplemented by that certain First Supplemental Indenture dated December 5, 1996 between Halliburton and the Trustee (such Indenture, as supplemented, being herein called the "Second Indenture"), which Debt Securities include a series of Medium Term Notes Due Nine Months or More From Date of Issue, Series A (the "Notes");

WHEREAS, no Debt Securities or Notes have heretofore been issued or sold by Halliburton;

WHEREAS, this Board of Directors has heretofore authorized the proper officers of Hold Co. to execute and deliver, for, in the name and on behalf of Hold Co., a Second Supplemental Indenture supplementing and amending the Second Indenture and providing for the assumption by Hold Co. of Halliburton's liabilities and obligations under the Second Indenture;

WHEREAS, Hold Co., by virtue of certain interpretations of its rules and regulations by the Commission, is deemed to be the successor to Halliburton as the issuer of the Debt Securities, including the Notes, under the Registration Statement;

WHEREAS, this Board of Directors has heretofore authorized the proper officers of Hold Co. to prepare, to cause to be executed and to file with the Commission for, in the name and on behalf of Hold Co. a post-effective amendment to the Registration Statement (the "Hold Co. Post Effective Amendment") in order to recognize Hold Co. as the successor issuer thereunder, for the purpose of continuing the offering of Debt Securities, including the Notes thereunder;

WHEREAS, this Board of Directors deems it advisable for Hold Co., as the issuer thereof, to continue the offering of Debt Securities, including the Notes, pursuant to the Registration Statement and the Second Indenture, as supplemented by the Second Supplemental Indenture (the "Second Senior Indenture");

WHEREAS, the Second Senior Indenture provides that, with respect to each tranche or issue of Notes, certain terms and provisions applicable only to that tranche or issue will be established by an Officer's Certificate or Note Terms Certificate, as therein defined; and

WHEREAS, capitalized terms used but not defined herein are defined in the Second Senior Indenture and are used herein with the same meanings as ascribed to them therein.

NOW, THEREFORE, BE IT:

RESOLVED, that this Board of Directors does hereby authorize, approve and ratify:

1. the execution by the proper officers of Hold Co., for and on behalf of Hold Co., and the filing with the Commission of the Hold Co. Post Effective Amendment to the Registration Statement pursuant to which Hold Co. will, as the issuer of the Debt Securities, including the Notes, continue the offering of Debt Securities thereunder;
2. the execution by the proper officers of Hold Co., for and on behalf of Hold Co., of the Second Supplemental Indenture providing for the assumption of Halliburton's liabilities and obligations under the Second Indenture;
3. the establishment of the Notes as a series of Debt Securities as provided in the Second Indenture;

4. the continuation of the offering by Hold Co., as the issuer thereof, of the Debt Securities, including the Notes; and
5. the establishment from time to time of the specific terms of particular tranches or issues of Notes, and the sale and issuance from time to time of particular tranches or issues of Notes, in accordance with the provisions of the Second Senior Indenture.

FURTHER RESOLVED, that the Chairman of the Board, President and Chief Executive Officer, the Vice Chairman, any Executive Vice President and the Vice President and Treasurer of Hold Co. (each, an "Authorized Officer") be and are and each of them is authorized for and on behalf of Hold Co. to enter into a distribution agreement for the Notes (the "Distribution Agreement") with an investment banking firm or broker-dealer as the distributor (the "Distributor"), which may provide for, among other things, (i) the Distributor to use its reasonable efforts to solicit purchases of the Notes, (ii) the purchase of the Notes by the Distributor acting as principal or (iii) a firm underwriting of the sale of the Notes, or any or all of such duties and obligations on the part of the Distributor; and

FURTHER RESOLVED, that any Authorized Officer is authorized to select one or more broker-dealers ("Additional Distributors") in addition to the Distributor to perform any or all of the duties and obligations specified in the preceding resolution, upon written agreement in such form as may be approved by an Authorized Officer, with such Authorized Officer's approval to be conclusively evidenced by his execution and delivery thereof; and

FURTHER RESOLVED, that notwithstanding the provisions of the preceding resolutions relating to the execution of a Distribution Agreement and the appointment of a Distributor and Additional Distributors, Hold Co. reserves the right:

- (i) on its own behalf, to sell the Notes directly from time to time, in which event no commissions will be owed or paid in connection therewith;
- (ii) to sell the Notes through any member or members of a group comprised of the Distributor and the named Additional Distributors ("Distributor Group") to the exclusion of any other members of the Distributor Group ("Excluded Distributors") and in such event no commission or other

remuneration shall be owed to any Excluded Distributor; and

- (iii) to accept or to reject offers to purchase Notes, in whole or in part; and

FURTHER RESOLVED, that, prior to sale of the Notes, from time to time and subject to the terms of the preceding resolutions, any duly Authorized Officer shall on behalf of Hold Co. have the authority to determine, and to establish by an Officer's Certificate or Note Terms Certificate prepared, executed and delivered as provided in the Second Senior Indenture:

- (i) the aggregate principal amount and maturities of the Notes to be offered and the initial offering price of the Notes;
- (ii) whether such Notes are to be Fixed Rate Notes, Floating Rate Notes or OID Notes (including zero coupon obligations) and, if interest bearing, appropriate Interest Record Dates and Interest Payment Dates and, if OID Notes, appropriate discount rates with respect thereto;
- (iii) whether the Notes are to be Indexed Notes;
- (iv) whether the Notes are to be subject to redemption at the option of Hold Co. and the terms thereof, if subject to redemption;
- (v) whether the Notes will be subject to repayment by Hold Co. at the option of the Holders thereof prior to the stated maturity of the Notes, and the terms thereof, including, without limitation, designating Optional Repayment Dates;
- (vi) the amount of any discounts, allowances or commissions to be given or paid to the Distributor and to any Additional Distributors; and
- (vii) any other terms of the Notes and of the offering and sale thereof which are not inconsistent with this and the preceding resolutions;

and thereafter to cause appropriate Prospectus Supplements and Pricing Prospectuses to be prepared and delivered and one or more Authentication Requests to be delivered to the Trustee for action in keeping therewith; and

FURTHER RESOLVED, that, if in the opinion of counsel to Hold Co. such actions are necessary or appropriate, the proper officers of Hold Co. be and are and each of them is authorized to: (a) cause to be filed with the Securities and Exchange Commission (i) one or more post effective amendments to the Registration Statement, and (ii) one or more prospectus supplements and pricing supplements; (b) enter into with the Trustee one or more additional amendments of and supplements to the Second Senior Indenture, (c) take such actions as may be necessary for compliance by Hold Co. with federal and state securities laws and (d) take such other actions as may be deemed necessary or appropriate in furtherance of the preceding resolutions, including without limitation, entering into additional agreements which are in furtherance of the offering and sale from time to time of the Notes.

CERTIFICATE OF DESIGNATION,

RIGHTS AND PREFERENCES

OF

SERIES A JUNIOR PARTICIPATING PREFERRED
STOCK, WITHOUT PAR VALUE

of

HALLIBURTON HOLD CO.

Halliburton Hold Co., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware, DOES HEREBY CERTIFY:

That at a meeting of the Board of Directors of Halliburton Hold Co. ("Hold Co.") the following resolution, creating a series of two (2) million shares of Preferred Stock, designated as Series A Junior Participating Preferred Stock was duly adopted pursuant to the authority granted to and vested in the Board of Directors of this corporation in accordance with the provisions of its Certificate of Incorporation:

RESOLVED, that, pursuant to the authority granted to and vested in the Board of Directors of Hold Co. in accordance with the provisions of the Certificate of Incorporation of Hold Co., a series of 2,000,000 shares of Series A Junior Participating Preferred Stock, without par value, of Hold Co. (the "Preferred Shares") be, and hereby is, created, and that the designation and amount thereof and the relative rights, preferences and limitations thereof (in addition to the provisions set forth in the Certificate of Incorporation of Hold Co. which are applicable to the Preferred Stock of all series) are as follows:

I. Designation and Amount. The shares of such series shall be designated as the "Series A Junior Participating Preferred Stock" (the "Junior Preferred Stock") and the number of shares constituting such series shall be two (2) million. Such number of shares may be increased or decreased by resolution of the Board of Directors; provided, that no decrease shall reduce the number of shares of Junior Preferred Stock to a number less than that of the shares then outstanding plus the number of shares issuable upon exercise of outstanding rights, options or warrants or upon conversion of outstanding securities issued by the corporation.

II. Dividends and Distributions.

(A) Subject to the prior and superior rights of the holders of any shares of any series of Preferred Stock ranking prior and superior to the shares of Junior Preferred Stock with respect to dividends, the holders of shares of Junior Preferred Stock, in preference to the holders of common stock, \$2.50 par value, of the corporation (the "Common Stock") and of any other stock ranking junior (as to dividends) to Junior Preferred Stock, shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available for the purpose, cumulative quarterly dividends payable in cash or in kind, as hereinafter provided, on the last day of March, June, September and December in each year (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of Junior Preferred Stock, in an amount per share (rounded to the nearest cent) equal to the greater of (a) \$1.00 (payable in cash) or (b) subject to the provision for adjustment hereinafter set forth, 100 times the aggregate per share amount (payable in cash) of all cash dividends, and 100 times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions, other than a dividend payable in shares of Common Stock (by reclassification or otherwise), declared on the Common Stock since the immediately preceding Quarterly Dividend Payment Date or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Junior Preferred Stock. If the corporation shall at any time declare or pay any dividend on Common Stock payable in shares of Common Stock or effect a subdivision or combination of the outstanding shares of Common Stock (by reclassification or otherwise), into a greater or lesser number of shares of Common Stock, then in each such case the amount to which holders of shares of Junior Preferred Stock were entitled immediately prior to such event under clause (b) of the preceding sentence shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that was outstanding immediately prior to such event.

(B) The corporation shall declare a dividend or

distribution on the Junior Preferred Stock as provided in paragraph (A) of this Section immediately after it declares a dividend or distribution on the Common Stock (other than a dividend payable in shares of Common Stock); provided that, if no dividend or distribution shall have been declared on the Common Stock during the period between any Quarterly Dividend Payment Date and the next subsequent Quarterly Dividend Payment Date, a dividend of \$1.00 per share on the Junior Preferred Stock shall nevertheless accrue and be cumulative on the outstanding shares of Junior Preferred Stock as provided in paragraph (C) of this Section.

(C) Dividends shall begin to accrue and be cumulative on outstanding shares of Junior Preferred Stock from the Quarterly Dividend Payment Date next preceding the date of issue of such shares of Junior Preferred Stock, unless the date of issue of such shares is prior to the record date for the first Quarterly Dividend Payment Date, in which case dividends on such shares shall begin to accrue from the date of issue of such shares, or unless the date of issue is a Quarterly Dividend Payment Date or is a date after the record date for the determination of holders of shares of Junior Preferred Stock entitled to receive a quarterly dividend and before such Quarterly Dividend Payment Date, in either of which events such dividends shall begin to accrue and be cumulative from such Quarterly Dividend Payment Date. Accrued but unpaid dividends shall not bear interest. Dividends paid on the shares of Junior Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share by share basis among all such shares at the time outstanding. The Board of Directors may fix a record date for the determination of holders of shares of Junior Preferred Stock entitled to receive payment of a dividend or distribution declared thereon, which record date shall be not more than 60 days prior to the date fixed for the payment thereof.

III. Voting Rights. The holders of shares of Junior Preferred Stock shall have the following voting rights:

(A) Subject to the provision for adjustment hereinafter set forth, each share of Junior Preferred Stock shall entitle the holder thereof to 100 votes on all matters submitted to a vote of the shareholders of the corporation. If the corporation shall at any time declare or pay any dividend on Common Stock payable in shares of Common Stock, or effect a subdivision or combination of the outstanding shares of Common Stock (by reclassification or otherwise) into a greater or lesser number of shares of Common Stock, then in each such case the number of votes per share to which holders of shares of Junior Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) Except as otherwise provided in the Certificate of Incorporation or by law, the holders of shares of Junior Preferred Stock and the holders of shares of Common Stock shall vote together as one class on all matters submitted to a vote of shareholders of the corporation.

IV. Certain Restrictions.

(A) Whenever quarterly dividends or other dividends or distributions payable on the Junior Preferred Stock as provided in Section II are in arrears, thereafter and until

all accrued and unpaid dividends and distributions, whether or not declared, on shares of Junior Preferred Stock outstanding shall have been paid in full, the corporation shall not:

- (i) declare or pay dividends on, make any other distributions on, or redeem or purchase or otherwise acquire for consideration any shares of stock ranking junior (as to dividends) to the Junior Preferred Stock;
- (ii) declare or pay dividends on or make any other distributions on any shares of stock ranking on a parity (as to dividends) with the Junior Preferred Stock, except dividends paid ratably on the Junior Preferred Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled; or
- (iii) purchase or otherwise acquire for consideration any shares of Junior Preferred Stock, or any shares of stock ranking on a parity (as to dividends) with the Junior Preferred Stock, except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of such shares upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(B) The corporation shall not permit any subsidiary of the corporation to purchase or otherwise acquire for consideration any shares of stock of the corporation unless the corporation could, under paragraph (A) of this Section IV, purchase or otherwise acquire such shares at such time and in such manner.

V. Reacquired Shares. Any shares of Junior Preferred Stock purchased or otherwise acquired by the corporation in any manner whatsoever shall be retired and cancelled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued shares of Preferred Stock and may be reissued as part of a series of Preferred Stock to be created by resolution or resolutions of the Board of Directors, subject to the conditions and restrictions on issuance set forth herein.

VI. Liquidation, Dissolution or Winding Up. Upon any liquidation, dissolution or winding up of the corporation, no distribution shall be made (1) to the holders of shares of stock ranking junior (as to amounts payable upon liquidation, dissolution or winding up) to the Junior Preferred Stock unless, prior thereto, the holders of Junior Preferred Stock shall have received an

amount per share (rounded to the nearest cent) equal to the greater of (a) \$100.00 per share, or (b) an amount per share, subject to the provision for adjustment hereinafter set forth, equal to 100 times the aggregate amount to be distributed per share to holders of Common Stock, plus, in either case, an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment, or (2) to the holders of stock ranking on a parity (as to amounts payable or upon liquidation, dissolution or winding up) with the Junior Preferred Stock, except distributions made ratably on the Junior Preferred Stock and all other such parity stock in proportion to the total amounts to which the holders of all such shares are entitled upon such liquidation, dissolution or winding up. If the corporation shall at any time declare or pay any dividend on Common Stock payable in shares of Common Stock, or effect a subdivision or combination of the outstanding shares of Common Stock (by reclassification or otherwise) into a greater or lesser number of shares of Common Stock, then in each such case the aggregate amount to which holders of shares of Junior Preferred Stock were entitled immediately prior to such event under the provision in clause (1) (b) of the preceding sentence shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

VII. Consolidation, Merger, etc. If the corporation shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash or any other property, or any combination thereof, then in any such case the shares of Junior Preferred Stock shall at the same time be similarly exchanged or changed in an amount per share (subject to the provision for adjustment hereinafter set forth) equal to 100 times the aggregate amount of stock, securities, cash or any other property, or any combination thereof, into which or for which each share of Common Stock is changed or exchanged. If the corporation shall at any time declare or pay any dividend on Common Stock payable in shares of Common Stock, or effect a subdivision or combination of the outstanding shares of Common Stock (by reclassification or otherwise) into a greater or lesser number of shares of Common Stock, then in each such case the amount set forth in the preceding sentence with respect to the exchange or change of shares of Junior Preferred Stock shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

VIII. No Redemption. The shares of Junior Preferred Stock shall not be redeemable. So long as any shares of Junior Preferred Stock remain outstanding, the corporation shall not purchase or otherwise acquire for consideration any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Junior Preferred Stock unless the corporation shall substantially concurrently also purchase or acquire for consideration a proportionate number of shares of Junior Preferred Stock.

IX. Rank. Except as otherwise provided in its Certificate of Incorporation, the corporation may authorize or create any series of Preferred Stock ranking prior to or on a parity with the Junior Preferred Stock as to

dividends or as to distribution of assets upon liquidation, dissolution or winding up.

X. Amendment. The Certificate of Incorporation of the corporation shall not be amended in any manner which would materially alter or change the powers, preferences or special rights of the Junior Preferred Stock so as to affect them adversely without the affirmative vote of the holders of a majority of the outstanding shares of Junior Preferred Stock, voting together as a single class.

The foregoing resolution was adopted by the Board of Directors of the corporation, pursuant to the authority vested in it by the Certificate of Incorporation of the corporation, at a meeting of the Board of Directors duly held on the 5th day of December, 1996.

IN WITNESS WHEREOF, this Certificate has been executed on behalf of the Corporation by its Vice President this 9th day of December, 1996.

HALLIBURTON HOLD CO.

By: /s/ Robert M. Kennedy

Robert M. Kennedy
Vice President

HALLIBURTON COMPANY
DIRECTORS' DEFERRED COMPENSATION PLAN
AS AMENDED AND RESTATED
EFFECTIVE as of May 1, 1994

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HALLIBURTON COMPANY
DIRECTORS' DEFERRED COMPENSATION PLAN
AS AMENDED AND RESTATED
EFFECTIVE as of May 1, 1994

The Board of Directors of Halliburton Company having heretofore established the Directors' Deferred Compensation Plan, pursuant to the provisions of Article VII of said Plan, hereby amends and supplements said Plan to be effective in accordance with the provisions of ARTICLE XI hereof.

ARTICLE I
PURPOSE OF PLAN

The purpose of the Plan is to assist the Directors of the Company in planning for their retirement.

ARTICLE II
DEFINITIONS

Where the following words and phrases appear herein, they shall have the respective meanings set forth in this ARTICLE II, unless the context clearly indicates to the contrary.

Section 2.01. "Administrator" shall mean any administrator appointed by the Committee pursuant to Section 3.01 herein or, in the absence of any such appointment, the Committee.

Section 2.02. "Board of Directors" shall mean the Board of Directors of the Company.

Section 2.03. "Committee" shall mean the committee of those individuals (each of whom shall be a Director) appointed by the Board of Directors pursuant to Article III hereof.

Section 2.04. "Company" shall mean Halliburton Company.

Section 2.05. "Compensation" shall mean a Participant's compensation for services as a Director.

Section 2.06. "Deferral Termination Date" shall mean the date a Participant ceases to be a Director of the Company.

Section 2.07. "Deferred Compensation" shall mean Compensation deferred pursuant to the provisions of this Plan.

Section 2.08. "Deferred Compensation Account" shall mean the Participant's Deferred Compensation Account established pursuant to Section 4.03 herein.

Section 2.09. "Director" shall mean a member of the Board of Directors of the Company.

Section 2.10. "Earned" or any variant thereof, when used herein with respect to Compensation or Deferred Compensation or interest accrued pursuant to Section 5.02, shall refer to the end of a Fiscal Quarter and, when used with respect to a dividend or distribution on the Company's common stock referenced in Section 6.02, shall refer to the date of payment of such dividend or distribution by the Company.

Section 2.11. "Fiscal Quarter" shall mean the quarters of the Fiscal Year ended July 31, October 31, January 31 and April 30.

Section 2.12. "Fiscal Year" shall mean the twelve-consecutive-month period commencing May 1 of each year.

Section 2.13. "Market Price" of the common stock of the Company on any date shall mean the closing sales price per share for the common stock (or, if no closing sales price is reported, the average of the bid and ask prices per share on such date) on the New York Stock Exchange or, if the common stock is not then listed on such Exchange, such other national or regional securities exchange upon which the common stock is so listed, as reported in the composite transactions for the principal United States securities exchange on which the common stock is then listed or, if the common stock is not then listed on any such exchange, as reported in The NASDAQ Stock Market.

Section 2.14. "Participant" shall mean any Director of the Company who has elected to have all or a part of his Compensation deferred pursuant to the Plan.

Section 2.15. "Plan" shall mean the Halliburton Company Directors' Deferred Compensation Plan, as amended and restated effective as of May 1, 1994, and as the same may thereafter be amended from time to time.

Section 2.16. "Plan Earnings" shall mean amounts of interest to which reference is made in Section 5.01 herein and of dividends and distributions to which reference is made in Section 6.02 herein.

Section 2.17. "Stock Equivalents Account" shall mean the Participant's Stock Equivalents Account established pursuant to Section 4.03 herein.

ARTICLE III
ADMINISTRATION OF THE PLAN

Section 3.01. Committee. The Board of Directors shall appoint a Committee to administer, construe and interpret the Plan. Such Committee, or such successor Committee as may be duly appointed by the Board of Directors, shall serve at the pleasure of the Board of Directors. Decisions of the Committee with respect to any matter involving the Plan shall be final and binding on the Company and all Participants. The Committee may designate an Administrator to aid the Committee in its administration of the Plan. Such Administrator shall maintain complete and adequate records pertaining to the Plan, including but not limited to Participants' Deferred Compensation Accounts and Stock Equivalent Accounts, and shall serve at the pleasure of the Committee.

Section 3.02. Indemnity.

(a) Indemnification. The Company (the "Indemnifying Party") hereby agrees to indemnify and hold harmless the members of the Committee and any Administrator designated by the Committee (the "Indemnified Parties") against any losses, claims, damages or liabilities to which any of the Indemnified Parties may become subject to the extent that such losses, claims, damages or liabilities or actions in respect thereof arise out of or are based upon any act or omission of such Indemnified Party in connection with the administration of this Plan (including any act or omission constituting negligence on the part of such Indemnified Party, but excluding any act or omission constituting gross negligence or willful misconduct on the part of such Indemnified Party), and will reimburse the Indemnified Party for any legal or other expenses reasonably incurred by him or her in connection with investigating or defending against any such loss, claim, damage, liability or action.

(b) Actions. Promptly after receipt by the Indemnified Party under Section 3.02(a) herein of notice of the commencement of any action or proceeding with respect to any loss, claim, damage or liability against which the Indemnified Party believes he or she is indemnified under Section 3.02(a), the Indemnified Party shall, if a claim with respect thereto is to be made against the Indemnifying Party under such Section, notify the Indemnifying Party in writing of the commencement thereof; provided, however, that the omission so to notify the Indemnifying Party shall not relieve it from any liability which it may have to the Indemnified Party to the extent the Indemnifying Party is not prejudiced by such omission. If any such action or proceeding shall be brought against the Indemnified Party and it shall notify the Indemnifying Party of the commencement thereof, the Indemnifying Party shall be entitled to participate therein, and, to the extent that it shall wish, to assume the defense thereof, with counsel reasonably satisfactory to the Indemnified Party, and, after notice from the Indemnifying Party to the Indemnified Party of its election to assume

the defense thereof, the Indemnifying Party shall not be liable to such Indemnified Party under Section 3.02(a) for any legal or other expenses subsequently incurred by the Indemnified Party in connection with the defense thereof other than reasonable costs of investigation or reasonable expenses of actions taken at the written request of the Indemnifying Party. The Indemnifying Party shall not be liable for any compromise or settlement of any such action or proceeding effected without its consent, which consent will not be unreasonably withheld.

ARTICLE IV
DEFERRED COMPENSATION

Section 4.01. Initial Elections by Participants. Any Director of the Company may at any time elect to participate in the Plan and to have all, or such percentage as he may specify, of the Compensation otherwise payable to him as a Director deferred and paid to him after his Deferral Termination Date at the time and in the manner prescribed in Section 5.02 or Section 6.05. Such election shall be made by notice in writing delivered to the Administrator and shall be applicable only with respect to Compensation earned after the end of the Fiscal Quarter in which such election is made and prior to the earlier of the effective date of a further election pursuant to Section 4.02 herein or such Participant's Deferral Termination Date. At the time of making such initial election hereunder, a Director shall specify the portion, if any, of such Deferred Compensation which will be (i) held subject to the interest payment provisions of ARTICLE V hereof or (ii) translated into stock equivalents in accordance with ARTICLE VI hereof.

Section 4.02. Subsequent Elections by Participants. Subsequent to the initial election by a Participant provided for in Section 4.01, a Participant may at any time make a subsequent election in like manner to increase or decrease the percentage of his Compensation to be deferred pursuant to the Plan and to elect the portion of such Deferred Compensation and any Plan Earnings to be (i) held subject to the interest payment provisions of ARTICLE V hereof or (ii) translated into stock equivalents in accordance with ARTICLE VI hereof. Any such election shall be effective as of the end of the Fiscal Quarter in which such election shall be made with respect to any amounts of Deferred Compensation or Plan Earnings, or both, earned by the Participant during such Fiscal Quarter. Notwithstanding anything to the contrary herein, no such subsequent election shall effect a transfer of any amount credited, as of the beginning of such Fiscal Quarter, to either the Deferred Compensation Account or the Stock Equivalents Account from such account to the other account.

Section 4.03. Establishment of Deferred Compensation Accounts and Stock Equivalents Accounts. There shall be established for each Participant an account to be designated as such Participant's Deferred Compensation Account and, where appropriate, an account to be designated as such Participant's Stock Equivalents Account.

Section 4.04. Allocations to Accounts. Any Deferred Compensation and any Plan Earnings earned by a Participant during a Fiscal Quarter shall be credited to the Deferred Compensation Account of such Participant on the date any such amount is earned. As of the end of such Fiscal Quarter, there shall be deducted from such Participant's Deferred Compensation Account an amount necessary to satisfy such Participant's specification, if any, pursuant to Section 4.01 or 4.02 herein, of the portion of such Deferred Compensation and Plan Earnings to be allocated to such Participant's Stock Equivalents Account in accordance with Section 6.01 herein.

ARTICLE V
DEFERRED COMPENSATION SUBJECT TO INTEREST

Section 5.01. Interest on Deferred Compensation Accounts. A Participant's Deferred Compensation Account shall be credited as of the end of each Fiscal Quarter with an amount equivalent to interest for the number of days in such quarter (based on a fiscal year of 365 days) at Citibank, N.A.'s prime rate for major corporate borrowers in effect on the first day of such Fiscal Quarter applied to the balance of such account at the beginning of such Fiscal Quarter. (No amount credited to a Participant's Deferred Compensation Account subsequent to the beginning of a Fiscal Quarter shall bear interest during that Fiscal Quarter.) Interest credited to a Participant's Deferred Compensation Account shall be held in such account subject to the provisions of Section 4.04 herein. Notwithstanding the foregoing, no interest shall be credited to a Participant's Deferred Compensation Account with respect to any amount credited to that account pursuant to Section 6.02 herein subsequent to the close of the Fiscal Quarter in which the Participant's Deferral Termination Date shall occur.

Section 5.02. Distribution of Deferred Compensation Accounts Subject to Interest. When a Participant's Deferral Termination Date shall occur, the balance standing in such Participant's Deferred Compensation Account at the end of the Fiscal Quarter in which such date occurs (after crediting interest thereto in accordance with Section 5.01 herein) shall be distributed to such Participant in one of the following alternative forms, as determined by the Committee in its sole discretion:

- (a) a single lump-sum payment;
- (b) five equal annual installments; or
- (c) ten equal annual installments.

Until payment is made, interest shall continue to accrue in the manner provided in Section 5.01. All Plan Earnings accrued to the date of payment of any lump-sum or annual installment shall be paid in conjunction with such payment; provided, however, that any amount credited to a Participant's Deferred Compensation Account, pursuant to Section 6.02, (i) after the date of the final payment made to a Participant pursuant to the first sentence of this Section or (ii), if no such payment is required hereunder, after the Participant's Deferral Termination Date shall be paid to such Participant in conjunction with the next payment made to such Participant pursuant to Section 6.05. The lump-sum payment or the initial annual installment shall be distributed on the last business day of January next following the close of the calendar year in which the Participant's Deferral Termination Date occurs. The remaining installments, if any, shall be distributed at annual intervals thereafter.

If a Participant's Deferral Termination Date shall occur by reason of his death or if he shall die after his Deferral Termination Date, but prior to

receipt of all distributions provided for in this Section, all cash distributable hereunder shall be distributed in a lump sum to such Participant's estate or personal representative as soon as administratively feasible following such Participant's death.

ARTICLE VI
STOCK EQUIVALENTS

Section 6.01. Stock Equivalents Accounts. The number of stock equivalents to be credited to a Participant's Stock Equivalents Account in accordance with Section 4.04 shall be determined by dividing the amount of Deferred Compensation to be allocated to such account pursuant to the Participant's specifications given in accordance with Article IV by the Market Price of the Company's common stock on the last trading day of the Fiscal Quarter specified in Section 4.04. The number of stock equivalents, so determined, shall be credited to the Stock Equivalents Account established for the Participant.

Section 6.02. Cash and Property Dividend Credits. Additional credits shall be made to a Participant's Deferred Compensation Account throughout the period of such Participant's participation in the Plan, and thereafter until all distributions to which the Participant is entitled under Section 6.05 or ARTICLE VIII shall have been made, in amounts equal to the Plan Earnings consisting of the cash or fair market value of any dividends or distributions declared and made with respect to the Company's common stock payable in cash, securities issued by the Company (other than the Company's common stock but including any such securities convertible into the Company's common stock) or other property which the Participant would have received from time to time had he been the owner on the record dates for the payment of such dividends of the number of shares of the Company's common stock equal to the number of stock equivalents in his Stock Equivalents Account on such dates. Each such credit shall be effected as of the payment date for such dividend or distribution. Each and every amount so credited to a Participant's Deferred Compensation Account shall be held in such account subject to the provisions of Section 4.04 herein; provided, however, that no amount credited to the Participant's Deferred Compensation Account pursuant to this Section 6.02 subsequent to the close of the Fiscal Quarter in which the Participant's Deferral Termination Date occurs shall be converted into stock equivalents. Any such amount shall be distributed in cash as provided in Section 5.02.

Section 6.03. Stock Dividend Credits. Additional credits shall be made to a Participant's Stock Equivalents Account throughout the period of his participation in the Plan, and thereafter until all distributions to which the Participant is entitled under Section 6.05 or ARTICLE VIII shall have been made, of a number of stock equivalents equal to the number of shares (including fractional shares) of the Company's common stock to which the Participant would have been entitled from time to time as common stock dividends had such Participant been the owner on the record dates for the payments of such stock dividends of the number of shares of the Company's common stock equal to the number of stock equivalents credited to his Stock Equivalents Account on such dates. Such additional credits shall be effected as of the end of the Fiscal Quarter in which payment of such stock dividend is made.

Section 6.04. Recapitalization. If, as a result of a split or combination of the Company's outstanding common stock or other recapitalization or reorganization, the number of shares of the Company's outstanding common stock is increased or decreased or all or a portion of the Company's outstanding

common stock is exchanged for or converted into other securities issued by the Company (including without limitation securities convertible into the Company's common stock) or other property, the number of stock equivalents credited to a Participant's Stock Equivalents Account shall, to the extent reasonably practicable, be equitably adjusted to give effect to such recapitalization or reorganization (taking into account the fair market value of any securities or other property for which the Company's common stock was exchanged or into which it was converted) as if the Participant had owned of record on the effective date of such recapitalization or reorganization a number of shares of the Company's common stock equal to the number of stock equivalents credited to his Stock Equivalents Account immediately prior thereto. To the extent that any such adjustment is not reasonably practicable, the Board of Directors shall give consideration to amending the Plan pursuant to ARTICLE IX in order to give effect to the purpose of the Plan and, if no such amendments can be effected or are considered desirable, to terminating the Plan pursuant to ARTICLE VIII.

Section 6.05. Distribution of Cash After Participant's Deferral Termination Date. When a Participant's Deferral Termination Date shall occur, the Company shall become obligated to make the distributions prescribed in paragraphs (a) and (b) below.

(a) An amount in cash equal to the Market Price of the Company's common stock on the trading day next preceding the dates of distributions provided for herein multiplied by the number of stock equivalents with respect to which a distribution is to be made, all as hereinafter set forth. Distribution shall be made in one of the following alternative forms, as determined by the Committee in its sole discretion:

- (i) a single lump-sum payment;
- (ii) five equal annual installments; or
- (iii) ten equal annual installments.

If payment is made in installments, the total number of stock equivalents accumulated in the Participant's Stock Equivalents Account as of the Participant's Deferral Termination Date shall be divided by five or ten, as applicable. The number of stock equivalents thus obtained or the total number of stock equivalents if payment is to be made in a lump sum shall at the time of each distribution be multiplied by the Market Price of the Company's common stock on the trading day next preceding the date of such distribution (the result being hereinafter in this section referred to as an "installment" if payment is to be made in installments) and an amount in cash equal thereto shall be distributed to the Participant. The lump-sum payment or the initial annual installment shall be distributed on the last business day of January next following the close of the calendar year in which the Participant's Deferral Termination Date occurs. The remaining installments, if any, shall be distributed at annual intervals thereafter.

(b) If a Participant's Deferral Termination Date shall occur by reason of his death or if he shall die after his Deferral Termination Date but prior to

receipt of all distributions provided for in this Section, all stock equivalents and cash distributable hereunder, or the undistributed balance thereof, shall be distributed to such Participant's estate or personal representative as soon as administratively feasible following such Participant's death. The total number of stock equivalents remaining in a Participant's Stock Equivalents Account on the date of death shall be multiplied by the Market Price of the common stock of the Company on the date of death, or, if such day is not a trading day, then on the trading day next following such date, and an amount in cash equal to the product thus obtained, together with any additional cash distributable hereunder, shall be distributed in a lump sum to the estate or personal representative of the Participant as aforesaid.

ARTICLE VII
NATURE OF PLAN

The adoption of this Plan and any setting aside of amounts by the Company with which to discharge its obligations hereunder shall not be deemed to create a trust. Legal and equitable title to any funds so set aside shall remain in the Company, and any recipient of benefits hereunder shall have no security or other interest in such funds. Any and all funds so set aside shall remain subject to the claims of the general creditors of the Company, present and future. This provision shall not require the Company to set aside any funds, but the Company may set aside such funds if it chooses to do so.

ARTICLE VIII
TERMINATION OF THE PLAN

The Board of Directors may terminate the Plan at any time. Upon termination of the Plan, distributions in respect of credits to Participants' Deferred Compensation Accounts and Stock Equivalents Accounts as of the date of termination shall be made in the manner and at the time prescribed in Section 5.02 or 6.05; provided, however, that the Board of Directors shall have the right, by amendment of the Plan made in conjunction with such termination, to cause distributions in respect of credits to Participants' Deferred Compensation Accounts and Stock Equivalents Accounts as of the effective date of such termination of the Plan to be made at such time and in such manner as it may determine, including, but not limited to, distributions in equal annual installments of five or ten years or in a lump sum; and further provided that the value of the accounts on distribution shall be determined in a manner consistent with the provisions of Section 5.02 and 6.05, as applicable.

ARTICLE IX
AMENDMENT OF THE PLAN

The Board of Directors may, without the consent of Participants or their beneficiaries, amend the Plan at any time and from time to time; provided, however, that no amendment may deprive a Participant of the amounts allocated to his or her Deferred Compensation Account or Stock Equivalents Account or be retroactive in effect to the prejudice of any Participant.

ARTICLE X
GENERAL PROVISIONS

Section 10.01. No Preference. No Participant shall have any preference over the general creditors of the Company in the event of the Company's insolvency.

Section 10.02. Authorized Payments.

(a) If the Committee receives evidence satisfactory to it that any person entitled to receive a periodic payment hereunder is, at the time the benefit is payable, physically, mentally or legally incompetent to receive such payment and to give a valid receipt therefor, and that an individual or institution is then maintaining or has custody of such person and that no guardian, committee or other representative of the estate of such person has been duly appointed, the Committee may direct that such periodic payment or portion thereof be paid to such individual or institution maintaining or having custody of such person, and the receipt of such individual or institution shall be valid and a complete discharge for the payment of such benefit.

(b) Payments to be made hereunder may, at the written request of the Participant, be made to a bank account designated by such Participant, provided that deposits to the credit of such Participant in any bank or trust company shall be deemed payment into his hands.

(c) Notwithstanding any other provisions of the Plan, if any amounts payable under the Plan are found in a "determination" (within the meaning of Section 1313(a) of the Internal Revenue Code of 1986) to have been includible in gross income of a Participant prior to payment of such amounts hereunder, such amounts shall be paid to such Participant as soon as practicable after the Committee is advised of such determination. For purposes of this paragraph, the Committee shall be entitled to rely on an affidavit by a Participant and a copy of the determination to the effect that a determination described in the preceding sentence has occurred.

Section 10.03. Gender Words. Wherever any words are used herein in the masculine, feminine or neuter gender, they shall be construed as though they were also used in another gender in all cases where they would so apply, and whenever any words are used herein in the singular or plural form, they shall be construed as though they were also used in the other form in all cases where they would so apply.

Section 10.04. Assignment of Benefits. Benefits provided under the Plan may not be assigned or alienated, either voluntarily or involuntarily, other than by will or the applicable laws of descent and distribution.

Section 10.05. Conflicts of Laws. THE LAWS OF THE STATE OF TEXAS SHALL CONTROL THE INTERPRETATION AND PERFORMANCE OF THE TERMS OF THE PLAN. THE PLAN IS NOT INTENDED TO QUALIFY UNDER SECTION 401(a) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, OR TO COMPLY WITH THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED.

ARTICLE XI
EFFECTIVE DATE

This amendment and restatement of the Plan shall be effective as of May 1, 1994, and shall continue in force during subsequent years unless amended or revoked by action of the Board of Directors.

HALLIBURTON COMPANY

By /s/ Thomas H. Cruikshank

Thomas H. Cruikshank
Chairman of the Board and
Chief Executive officer

1993 STOCK AND LONG-TERM INCENTIVE PLAN

As Amended and Restated May 21, 1996

I. PURPOSE

The purpose of the Halliburton Company 1993 Stock and Long-Term Incentive Plan (the "Plan") is to provide a means whereby Halliburton Company, a Delaware corporation (the "Company"), and its Subsidiaries may attract able persons to enter the employ of the Company and to provide a means whereby those key employees upon whom the responsibilities of the successful administration and management of the Company rest, and whose present and potential contributions to the welfare of the Company are of importance, can acquire and maintain stock ownership, thereby strengthening their concern for the long-term welfare of the Company and their desire to remain in its employ. A further purpose of the Plan is to provide such key employees with additional incentive and reward opportunities designed to enhance the profitable growth of the Company over the long term. Accordingly, the Plan provides for granting Incentive Stock Options, options which do not constitute Incentive Stock Options, Stock Appreciation Rights, Restricted Stock Awards, Performance Share Awards, Stock Value Equivalent Awards, or any combination of the foregoing, as is best suited to the circumstances of the particular employee as provided herein.

II. DEFINITIONS

The following definitions shall be applicable throughout the Plan unless specifically modified by any paragraph:

(a) "Award" means, individually or collectively, any Option, Stock Appreciation Right, Restricted Stock Award, Performance Share Award or Stock Value Equivalent Award.

(b) "Board" means the Board of Directors of Halliburton Company.

(c) "Change of Control Value" means, for the purposes of Clause (B) of Paragraph (e) of Article XII and Clause (B) of Paragraph (f) of Article XII, the amount determined in Clause (i), (ii) or (iii), whichever is applicable, as follows: (i) the per share price offered to stockholders of the Company in any merger, consolidation, sale of assets or dissolution transaction, (ii) the price per share offered to stockholders of the Company in any tender offer or exchange offer whereby a Corporate Change takes place or (iii) if a Corporate Change occurs other than as described in Clause (i) or Clause (ii), the fair market value per share determined by the Committee as of the date determined by the Committee to be the date of cancellation and surrender of an Option or Stock Appreciation Right. If the consideration offered to stockholders of the Company in any transaction described in this Paragraph or Paragraphs (d) and (e) of Article XII consists of anything other than cash, the Committee shall determine the fair cash equivalent of the portion of the consideration offered which is other than cash.

(d) "Code" means the Internal Revenue Code of 1986, as amended. Reference in the Plan to any section of the Code shall be deemed to include any amendments or successor provisions to such section and any regulations under such section.

(e) "Committee" means the committee selected by the Board to administer the Plan in accordance with Paragraph (a) of Article IV of the Plan.

(f) "Common Stock" means the common stock, par value \$2.50 per share, of Halliburton Company.

(g) "Company" means Halliburton Company.

(h) "Corporate Change" means one of the following events: (i) the merger, consolidation or other reorganization of the Company in which the outstanding Common Stock is converted into or exchanged for a different class of securities of the Company, a class of securities of any other issuer (except a direct or indirect wholly owned subsidiary of the Company), cash or other property; (ii) the sale, lease or exchange of all or substantially all of the assets of the Company to any other corporation or entity (except a direct or indirect wholly owned subsidiary of the Company); (iii) the adoption by the stockholders of the Company of a plan of liquidation and dissolution; (iv) the acquisition (other than any acquisition pursuant to any other clause of this definition) by any person or entity, including without limitation a "group" as contemplated by Section 13(d)(3) of the Exchange Act, of beneficial ownership, as contemplated by such Section, of more than twenty percent (based on voting power) of the Company's outstanding capital stock; or (v) as a result of or in connection with a contested election of directors, the persons who were directors of the Company before such election shall cease to constitute a majority of the Board.

(i) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(j) "Fair Market Value" means, as of any specified date, the closing price of the Common Stock on the New York Stock Exchange (or, if the Common Stock is not then listed on such exchange, such other national securities

exchange on which the Common Stock is then listed) on that date, or if no prices are reported on that date, on the last preceding date on which such prices of the Common Stock are so reported. If the Common Stock is not then listed on any national securities exchange but is traded over the counter at the time a determination of its Fair Market Value is required to be made hereunder, its Fair Market Value shall be deemed to be equal to the average between the reported high and low sales prices of Common Stock on the most recent date on which Common Stock was publicly traded. If the Common Stock is not publicly traded at the time a determination of its value is required to be made hereunder, the determination of its Fair Market Value shall be made by the Committee in such manner as it deems appropriate.

(k) "Holder" means an employee of the Company who has been granted an Award.

(l) "Incentive Stock Option" means an Option within the meaning of section 422 of the Code.

(m) "Option" means an Award granted under Article VII of the Plan and includes both Incentive Stock Options to purchase Common Stock and Options which do not constitute Incentive Stock Options to purchase Common Stock.

(n) "Option Agreement" means a written agreement between the Company and an employee with respect to an Option.

(o) "Optionee" means an employee who has been granted an Option.

(p) "Parent Corporation" shall have the meaning set forth in section 424(e) of the Code.

(q) "Performance Share Award" means an Award granted under Article X of the Plan.

(r) "Plan" means the Halliburton Company 1993 Stock and Long-Term Incentive Plan.

(s) "Restricted Stock Award" means an Award granted under Article IX of the Plan.

(t) "Rule 16b-3" means Rule 16b-3 of the general Rules and Regulation of the Securities and Exchange Commission under the Exchange Act, as such rule is currently in effect or as hereafter modified or amended.

(u) "Spread" means, in the case of a Stock Appreciation Right, an amount equal to the excess, if any, of the Fair Market Value of a share of Common Stock on the date such right is exercised over the exercise price of such Stock Appreciation Right.

(v) "Stock Appreciation Right" means an Award granted under Article VIII of the Plan.

(w) "Stock Appreciation Rights Agreement" means a written agreement between the Company and an employee with respect to an Award of Stock Appreciation Rights.

(x) "Stock Value Equivalent Award" means an Award granted under Article XI of the Plan.

(y) "Subsidiary" means a company (whether a corporation, partnership, joint venture or other form of entity) in which the Company, or a corporation in which the Company owns a majority of the shares of capital stock, directly or indirectly, owns a greater than twenty percent equity interest, except that with respect to the issuance of Incentive Stock Options the term "Subsidiary" shall have the same meaning as the term "subsidiary corporation" as defined in section 424(f) of the Code.

III. EFFECTIVE DATE AND DURATION OF THE PLAN

The Plan shall be effective upon the date of its adoption by the Board, provided the Plan is approved by the stockholders of the Company within twelve months thereafter and on or prior to the date of the first annual meeting of stockholders of the Company held subsequent to the acquisition of an equity security by a Holder hereunder for which exemption is claimed under Rule 16b-3. Notwithstanding any provision of the Plan or in any Option Agreement or Stock Appreciation Rights Agreement, no Option or Stock Appreciation Right shall be exercisable prior to such stockholder approval. No further Awards may be granted under the Plan after ten years from the date the Plan is adopted by the Board. Subject to the provisions of Article XIII, the Plan shall remain in effect until all Options and Stock Appreciation Rights granted under the Plan have been exercised or expired by reason of lapse of time, all restrictions imposed upon Restricted Stock Awards have lapsed and all Performance Share Awards and Stock Value Equivalent Awards have been satisfied.

IV. ADMINISTRATION

(a) Composition of Committee. The Plan shall be administered by a committee which shall be (i) appointed by the Board and (ii) constituted so as to permit the Plan to comply with Rule 16b-3.

(b) Powers. The Committee shall have sole authority, in its discretion, to determine which employees of the Company and its Subsidiaries shall receive an Award, the time or times when such Award shall be made, whether an Incentive Stock Option, nonqualified Option or Stock Appreciation Right shall be granted, the number of shares of Common Stock which may be issued under each Option, Stock Appreciation Right and Restricted Stock Award, and the value of each Performance Share Award and Stock Value Equivalent Award. In making such determinations the Committee may take into account the nature of the services rendered by the respective employees, their present and potential contribution to the Company's success and such other factors as the Committee in its discretion shall deem relevant.

(c) Additional Powers. The Committee shall have such additional powers as are delegated to it by the other provisions of the Plan. Subject to the express provisions of the Plan, the Committee is authorized to construe the Plan and the respective agreements executed thereunder, to prescribe such rules and

regulations relating to the Plan as it may deem advisable to carry out the Plan, and to determine the terms, restrictions and provisions of each Award, including such terms, restrictions and provisions as shall be requisite in the judgment of the Committee to determine designated Options to qualify as Incentive Stock Options, and to make all other determinations necessary or advisable for administering the Plan. The Committee may correct any defect or supply any omission or reconcile any inconsistency in any agreement relating to an Award in the manner and to the extent it shall deem expedient to carry it into effect. The determinations of the Committee on the matters referred to in this Article IV shall be conclusive.

V. GRANT OF OPTIONS, STOCK APPRECIATION RIGHTS, RESTRICTED STOCK AWARDS, PERFORMANCE SHARE AWARDS AND STOCK VALUE EQUIVALENT AWARDS; SHARES SUBJECT TO THE PLAN

(a) Award Limits. The Committee may from time to time grant Awards to one or more employees determined by it to be eligible for participation in the Plan in accordance with the provisions of Article VI. The aggregate number of shares of Common Stock that may be issued under the Plan shall not exceed 5,500,000 shares and no more than 1,600,000 of such shares may be issued in the form of Restricted Stock Awards. Notwithstanding anything contained herein to the contrary, the number of Option shares or Stock Appreciation Rights, singly or in combination, granted to any employee in any one calendar year shall not in the aggregate exceed 500,000. Any of such shares which remain unissued and which are not subject to outstanding Options or Awards at the termination of the Plan shall cease to be subject to the Plan, but, until termination of the Plan, the Company shall at all times reserve a sufficient number of shares to meet the requirements of the Plan. Shares shall be deemed to have been issued under the Plan only to the extent actually issued and delivered pursuant to an Award. To the extent that an Award lapses or the rights of its Holder terminate or the Award is paid in cash, any shares of Common Stock subject to such Award shall again be available for the grant of an Award. The aggregate number of shares which may be issued under the Plan shall be subject to adjustment in the same manner as provided in Article XII with respect to shares of Common Stock subject to Options then outstanding. Separate stock certificates shall be issued by the Company for those shares acquired pursuant to the exercise of an Incentive Stock Option and for those shares acquired pursuant to the exercise of any Option which does not constitute an Incentive Stock Option.

(b) Stock Offered. The stock to be offered pursuant to the grant of an Award may be authorized but unissued Common Stock or Common Stock previously issued and outstanding and reacquired by the Company.

VI. ELIGIBILITY

Awards made pursuant to the Plan may be granted only to individuals who, at the time of grant, are key employees of the Company or any Parent Corporation or Subsidiary of the Company. Awards may not be granted to any director of the Company who is not an employee of the Company or to any member of the Committee. An Award made pursuant to the Plan may be granted on more than one occasion to the same person, and such Award may include an Incentive Stock Option, an Option which is not an Incentive Stock Option, an Award of Stock Appreciation Rights, a Restricted Stock Award, a Performance Share Award, a Stock Value Equivalent Award or any combination thereof. Each Award shall be evidenced by a written instrument duly executed by or on behalf of the Company.

VII. STOCK OPTIONS

(a) Stock Option Agreement. Each Option shall be evidenced by an Option Agreement between the Company and the Optionee which shall contain such terms and conditions as may be approved by the Committee. The terms and conditions of the respective Option Agreements need not be identical. Specifically, an Option Agreement may provide for the payment of the option price, in whole or in part, by the delivery of a number of shares of Common Stock (plus cash if necessary)

having a Fair Market Value equal to such option price. Each Option Agreement shall provide that the Option may not be exercised earlier than six months from the date of grant and shall specify the effect of termination of employment on the exercisability of the Option.

(b) Option Period. The term of each Option shall be as specified by the Committee at the date of grant.

(c) Limitations on Exercise of Option. An Option shall be exercisable in whole or in such installments and at such times as determined by the Committee.

(d) Special Limitations on Incentive Stock Options. To the extent that the aggregate Fair Market Value (determined at the time the respective Incentive Stock Option is granted) of Common Stock with respect to which Incentive Stock Options are exercisable for the first time by an individual during any calendar year under all incentive stock option plans of the Company and its Parent Corporation and Subsidiaries exceeds \$100,000, such excess Incentive Stock Options shall be treated as Options which do not constitute Incentive Stock Options. The Committee shall determine, in accordance with applicable provisions of the Code, Treasury Regulations and other administrative pronouncements, which of an Optionee's Incentive Stock Option will not constitute Incentive Stock Options because of such limitation and shall notify the Optionee of such determination as soon as practicable after such determination. No Incentive Stock Option shall be granted to an individual if, at the time the Option is granted, such individual owns stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or of its Parent Corporation or a Subsidiary, within the meaning of section 422(b)(6) of the Code, unless (i) at the time such Option is granted the option price is at least 110% of the Fair Market Value of the Common Stock subject to the Option and (ii) such Option by its terms is not exercisable after the expiration of five years from the date of grant.

(e) Option Price. The purchase price of Common Stock issued under each Option shall be determined by the Committee, but such purchase price shall not be less than the Fair Market Value of Common Stock subject to the Option on the date the Option is granted.

(f) Options and Rights in Substitution for Stock Options Granted by Other Corporations. Options and Stock Appreciation Rights may be granted under the Plan from time to time in substitution for stock options held by employees of corporations who become, or who became prior to the effective date of the Plan, key employees of the Company or of any Subsidiary as a result of a merger or consolidation of the employing corporation with the Company or such Subsidiary, or the acquisition by the Company or a Subsidiary of all or a portion of the assets of the employing corporation, or the acquisition by the Company or a Subsidiary of stock of the employing corporation with the result that such employing corporation becomes a Subsidiary.

VIII. STOCK APPRECIATION RIGHTS

(a) Stock Appreciation Rights. A Stock Appreciation Right is the right to receive an amount equal to the Spread with respect to a share of Common Stock upon the exercise of such Stock Appreciation Right. Stock Appreciation Rights may be granted in connection with the grant of an Option, in which case the Option Agreement will provide that exercise of Stock Appreciation Rights will result in the surrender of the right to purchase the shares under the Option as to which the Stock Appreciation Rights were exercised. Alternatively, Stock Appreciation Rights may be granted independently of Options in which case each Award of Stock Appreciation Rights shall be evidenced by a Stock Appreciation Rights Agreement between the Company and the Holder which shall contain such terms and conditions as may be approved by the Committee. The terms and conditions of the respective Stock Appreciation Rights Agreements need not be identical. The Spread with respect to a Stock Appreciation Right may be payable either in cash, shares of Common Stock with a Fair Market Value equal to the Spread or in a combination of cash and shares of Common Stock. With respect to Stock Appreciation Rights that are subject to Section 16 of the Exchange Act, however, the Committee shall, except as provided in Paragraphs (e) and (f) of Article XII, retain sole discretion (i) to determine the form in which payment

of the Stock Appreciation Right will be made (i.e., cash, securities or any combination thereof) or (ii) to approve an election by a Holder to receive cash in full or partial settlement of Stock Appreciation Rights. Upon the exercise of any Stock Appreciation Rights granted hereunder, the number of shares reserved for issuance under the Plan shall be reduced only to the extent that shares of Common Stock are actually issued in connection with the exercise of such Right. Each Stock Appreciation Rights Agreement shall provide that the Stock Appreciation Rights may not be exercised earlier than six months from the date of grant and shall specify the effect of termination of employment on the exercisability of the Stock Appreciation Rights.

(b) Exercise Price. The exercise price of each Stock Appreciation Right shall be determined by the Committee, but such exercise price shall not be less than the Fair Market Value of a share of Common Stock on the date the Stock Appreciation Right is granted.

(c) Exercise Period. The term of each Stock Appreciation Right shall be as specified by the Committee at the date of grant.

(d) Limitations on Exercise of Stock Appreciation Right. A Stock Appreciation Right shall be exercisable in whole or in such installments and at such times as determined by the Committee.

IX. RESTRICTED STOCK AWARDS

(a) Restricted Period To Be Established by the Committee. At the time a Restricted Stock Award is made, the Committee shall establish a period of time (the "Restriction Period") applicable to such Award; provided, however, that, except as set forth below and as permitted by Paragraph (b) of this Article IX, such Restriction Period shall not be less than three (3) years from the date of grant (the "Minimum Criteria"). An award which provides for the lapse of restrictions on shares applicable to such Award in equal annual installments over a period of at least three (3) years from the date of grant shall be deemed to meet the Minimum Criteria. The foregoing notwithstanding, with respect to Restricted Stock Awards of up to an aggregate 275,000 shares (subject to adjustment as set forth in Article XII), the Minimum Criteria shall not apply and the Committee may establish such lesser Restriction Periods applicable to such Awards as it shall determine in its discretion. Subject to the foregoing, each Restricted Stock Award may have a different Restriction Period, in the discretion of the Committee. The Restriction Period applicable to a particular Restricted Stock Award shall not be changed except as permitted by Paragraph (b) of this Article or by Article XII.

(b) Other Terms and Conditions. Common Stock awarded pursuant to a Restricted Stock Award shall be represented by a stock certificate registered in the name of the Holder of such Restricted Stock Award or, at the option of the Company, in the name of a nominee of the Company. The Holder shall have the right to receive dividends during the Restriction Period, to vote the Common Stock subject thereto and to enjoy all other stockholder rights, except that (i) the Holder shall not be entitled to possession of the stock certificate until the Restriction Period shall have expired, (ii) the Company shall retain custody of the stock during the Restriction Period, (iii) the Holder may not sell, transfer, pledge, exchange, hypothecate or otherwise dispose of the stock during the Restriction Period and (iv) a breach of the terms and conditions established by the Committee pursuant to the Restricted Stock Award shall cause a forfeiture of the Restricted Stock Award. At the time of such Award, the Committee may, in its sole discretion, prescribe additional terms, conditions or restrictions relating to Restricted Stock Awards, including, but not limited to, rules pertaining to the termination of employment (by retirement, disability, death or otherwise) of a Holder prior to expiration of the Restriction Period.

(c) Payment for Restricted Stock. A Holder shall not be required to make any payment for Common Stock received pursuant to a Restricted Stock Award, except to the extent otherwise required by law and except that the Committee may, in its discretion, charge the Holder an amount in cash not in excess of the par value of the shares of Common Stock issued under the Plan to the Holder.

(d) Miscellaneous. Nothing in this Article shall prohibit the exchange of shares issued under the Plan (whether or not then subject to a Restricted Stock Award) pursuant to a plan of reorganization for stock or securities in the Company or another corporation a party to the reorganization, but the stock or securities so received for shares then subject to the restrictions of a Restricted Stock Award shall become subject to the restrictions of such Restricted Stock Award. Any shares of stock received as a result of a stock split or stock dividend with respect to shares then subject to a Restricted Stock Award shall also become subject to the restrictions of the Restricted Stock Award.

X. PERFORMANCE SHARE AWARDS

(a) Performance Period. The Committee shall establish, with respect to and at the time of each Performance Share Award, a performance period over which the performance applicable to the Performance Share Award of the Holder shall be measured.

(b) Performance Share Awards. Each Performance Share Award may have a maximum value established by the Committee at the time of such Award.

(c) Performance Measures. A Performance Share Award may be awarded to an employee contingent upon future performance of the employee, the Company or any Subsidiary, division or department thereof by or in which he is employed during the performance period, the Fair Market Value of Common Stock or the increase thereof during the performance period, combinations thereof, or such other provisions as the Committee may determine to be appropriate. The Committee shall establish the performance measures applicable to such performance prior to the beginning of the performance period but subject to such later revisions as the Committee shall deem appropriate to reflect significant, unforeseen events or changes.

(d) Awards Criteria. In determining the value of Performance Share Awards, the Committee may take into account an employee's responsibility level, performance, potential, other Awards and such other considerations as it deems appropriate.

(e) Payment. Following the end of the performance period, the Holder of a Performance Share Award shall be entitled to receive payment of an amount, not exceeding the maximum value of the Performance Share Award, if any, based on the achievement of the performance measures for such performance period, as determined by the Committee in its sole discretion. Payment of a Performance Share Award (i) may be made in cash, Common Stock or a combination thereof, as determined by the Committee in its sole discretion, (ii) shall be made in a lump sum or in installments as prescribed by the Committee in its sole discretion and (iii) to the extent applicable, shall be based on the Fair Market Value of the Common Stock on the payment date. If a payment of cash is to be made on a deferred basis, the Committee shall establish whether interest shall be credited, the rate thereof and any other terms and conditions applicable thereto.

(f) Termination of Employment. The Committee shall determine the effect of termination of employment during the performance period on an employee's Performance Share Award.

XI. STOCK VALUE EQUIVALENT AWARDS

(a) Stock Value Equivalent Awards. Stock Value Equivalent Awards are rights to receive an amount equal to the Fair Market Value of shares of Common Stock or rights to receive an amount equal to any appreciation or increase in the Fair Market Value of Common Stock over a specified period of time, which vest over a period of time as established by the Committee, without payment of any amounts by the Holder thereof (except to the extent otherwise required by law) or satisfaction of any performance criteria or objectives. Each Stock Value Equivalent Award may have a maximum value established by the Committee at the time of such Award.

(b) Award Period. The Committee shall establish, with respect to and at the time of each Stock Value Equivalent Award, a period over which the Award shall vest with respect to the Holder.

(c) Awards Criteria. In determining the value of Stock Value Equivalent Awards, the Committee may take into account an employee's responsibility level, performance, potential, other Awards and such other considerations as it deems appropriate.

(d) Payment. Following the end of the determined period for a Stock Value Equivalent Award, the Holder of a Stock Value Equivalent Award shall be entitled to receive payment of an amount, not exceeding the maximum value of the Stock Value Equivalent Award, if any, based on the then vested value of the Award. Payment of a Stock Value Equivalent Award (i) shall be made in cash, (ii) shall be made in a lump sum or in installments as prescribed by the Committee in its sole discretion and (iii) shall be based on the Fair Market Value of the Common Stock on the payment date. Cash dividend equivalents may be paid during, or may be accumulated and paid at the end of, the determined period with respect to a Stock Value Equivalent Award, as determined by the Committee. If payment of cash is to be made on a deferred basis, the Committee shall establish whether interest shall be credited, the rate thereof and any other terms and conditions applicable thereto.

(e) Termination of Employment. The Committee shall determine the effect of

termination of employment during the applicable vesting period on an employee's Stock Value Equivalent Award.

XII. RECAPITALIZATION OR REORGANIZATION

(a) Except as hereinafter otherwise provided, in the event of any recapitalization, reorganization, merger, consolidation, combination, exchange, stock dividend, stock split, extraordinary dividend or divestiture (including a spin-off) or any other change in the corporate structure or shares of Common Stock occurring after the date of the grant of an Award, the Committee may, in its discretion, make such adjustment as to the number and price of shares of Common Stock or other consideration subject to such Awards as the Committee shall deem appropriate in order to prevent dilution or enlargement of rights of the Holders.

(b) The existence of the Plan and the Awards granted hereunder shall not affect in any way the right or power of the Board or the stockholders of the Company to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, any merger or consolidation of the Company, any issue of debt or equity securities having any priority or preference with respect to or affecting Common Stock or the rights thereof, the dissolution or liquidation of the Company or any sale, lease, exchange or other disposition of all or any part of its assets or business or any other corporate act or proceeding.

(c) The shares with respect to which Options may be granted are shares of Common Stock as presently constituted, but if, and whenever, prior to the expiration of an Option theretofore granted, the Company shall effect a subdivision or consolidation of shares of Common Stock or the payment of a stock dividend on Common Stock without receipt of consideration by the Company, the number of shares of Common Stock with respect to which such Option may thereafter be exercised (i) in the event of an increase in the number of outstanding shares shall be proportionately increased, and the purchase price per share shall be proportionately reduced, and (ii) in the event of a reduction in the number of outstanding shares shall be proportionately reduced, and the purchase price per share shall be proportionately increased.

(d) If the Company recapitalizes or otherwise changes its capital structure, thereafter upon any exercise of an Option theretofore granted the Optionee shall be entitled to purchase under such Option, in lieu of the number of shares of Common Stock as to which such Option shall then be exercisable, the number and class of shares of stock and securities and the cash and other property to which the Optionee would have been entitled pursuant to the terms of the recapitalization if, immediately prior to such recapitalization, the Optionee had been the holder of record of the number of shares of Common Stock then covered by such Option.

(e) In the event of a Corporate Change, then no later than (i) two business days prior to any Corporate Change referenced in Clause (i), (ii), (iii) or (v) of the definition thereof or (ii) ten business days after any Corporate Change referenced in Clause (iv) of the definition thereof, the Committee, acting in its sole discretion without the consent or approval of any Optionee, shall act to effect one or more of the following alternatives with respect to outstanding Options which acts may vary among individual Optionees, may vary among Options held by individual Optionees and, with respect to acts taken pursuant to Clause (i) above, may be contingent upon effectuation of the Corporate Change: (A) accelerate the time at which Options then outstanding may be exercised so that such Options may be exercised in full for a limited period of time on or before a specified date (before or after such Corporate Change) fixed by the Committee, after which specified date all unexercised Options and all rights of Optionees thereunder shall terminate, (B) require the mandatory surrender to the Company by selected Optionees of some or all of the outstanding Options held by such Optionees (irrespective of whether such Options are then exercisable under the provisions of the Plan) as of a date (before or after such Corporate Change) specified by the Committee, in which event the Committee shall thereupon cancel such Options and pay to each Optionee an amount of cash per share equal to the excess, if any, of the Change of Control Value of the shares subject to such Option over the exercise price(s) under such Options for such shares, (C) make such adjustments to Options then outstanding as the Committee deems appropriate to reflect such Corporate Change (provided, however, that the Committee may determine in its sole discretion that no adjustment is necessary to Options then outstanding) or (D) provide that thereafter upon any exercise of an Option theretofore granted the Optionee shall be entitled to purchase under such Option, in lieu of the number of shares of Common Stock as to which such Option shall then be exercisable, the number and class of shares of stock or other securities or property (including, without limitation, cash) to which the Optionee would have been entitled pursuant to the terms of the agreement of merger, consolidation or sale of assets or plan of liquidation and dissolution if, immediately prior to such merger, consolidation or sale of assets or any distribution in liquidation and dissolution of the Company, the Optionee had been the holder of record of the number of shares of Common Stock then covered by such Option.

(f) In the event of a Corporate Change, then no later than (i) two business days prior to any Corporate Change referenced in Clause (i), (ii), (iii) or (v) of the definition thereof or (ii) ten business days after any Corporate Change referenced in Clause (iv) of the definition thereof, the Committee, acting in its sole discretion without the consent or approval of any Holder of a Stock Appreciation Right, shall act to effect one or more of the following alternatives with respect to outstanding Stock Appreciation Rights which acts may vary among individual Holders, may vary among Stock Appreciation Rights held by individual Holders and, with respect to acts taken pursuant to Clause (ii) above, may be contingent upon effectuation of the Corporate Change: (A) accelerate the time at which Stock Appreciation Rights then outstanding may be exercised so that such Stock Appreciation Rights may be exercised in full for a limited period of time on or before a specified date (before or after such Corporate Change) fixed by the Committee, after which specified date all unexercised Stock Appreciation Rights and all rights of Holders thereunder shall terminate, (B) require the mandatory surrender to the Company by selected Holders of Stock Appreciation Rights of some or all of the outstanding Stock Appreciation Rights held by such Holders (irrespective of whether such Stock Appreciation Rights are then exercisable under the provisions of the Plan) as of a date (before or after such Corporate Change) specified by the Committee, in which event the Committee shall thereupon cancel such Stock Appreciation Rights and pay to each Holder an amount of cash equal to the Spread with respect to such Stock Appreciation Rights with the Fair Market Value of the Common Stock at such time to be deemed to be the Change of Control Value or (C) make such adjustments to Stock Appreciation Rights then outstanding as the Committee deems appropriate to reflect such Corporate Change (provided, however, that the Committee may determine in its sole discretion that no adjustment is necessary to Stock Appreciation Rights then outstanding).

(g) Except as hereinbefore expressly provided, the issuance by the Company of shares of stock of any class or securities convertible into shares of stock of any class, for cash, property, labor or services, upon direct sale, upon the exercise of rights or warrants to subscribe therefor, or upon conversion of shares or obligations of the Company convertible into such shares or other securities, and in any case whether or not for fair value, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number of shares of Common Stock subject to Options or Stock Appreciation Rights

theretofore granted, the purchase price per share of Common Stock subject to Options or the calculation of the Spread with respect to Stock Appreciation Rights.

(h) Plan provisions to the contrary notwithstanding, with respect to any Stock Value Equivalent Awards which have been approved but which are unpaid at the time a Corporate Change occurs, the Committee may, in its discretion, provide (i) for full vesting of such Awards as of the date of such Corporate Change and (ii) for payment of the then value of such Awards as soon as administratively feasible following the Corporate Change with the value of such Awards to be based on the Change of Control Value of the Common Stock.

(i) Plan provisions to the contrary notwithstanding, with respect to any Performance Share Awards which have been approved but which are unpaid at the time a Corporate Change occurs, the Committee may, in its discretion, provide (i) for full vesting of such Awards as of the date of such Corporate Change, (ii) for payment of the then value of such Awards as soon as administratively feasible following the Corporate Change, with the value of such Awards to be based, to the extent applicable, on the Change of Control Value of the Common Stock, (iii) that any provisions in Awards regarding forfeiture of unpaid Awards shall not be applicable from and after a Corporate Change with respect to Awards made prior to such Corporate Change and (iv) that all performance measures applicable to unpaid Awards at the time of a Corporate Change shall be deemed to have been satisfied in full during the performance period upon the occurrence of such Corporate Change.

(j) Plan provisions to the contrary notwithstanding, with respect to any Restricted Stock Awards outstanding at the time a Corporate Change occurs, the Committee may, in its discretion, provide (i) for full vesting of all Common Stock awarded to the Holders pursuant to such Restricted Stock Awards as of the date of such Corporate Change and (ii) that all restrictions applicable to such Restricted Stock Award shall terminate as of such date.

XIII. AMENDMENT OR TERMINATION OF THE PLAN

The Board in its discretion may terminate the Plan or alter or amend the Plan or any part thereof from time to time; provided that no change in any Award theretofore granted may be made which would impair the rights of the Holder without the consent of the Holder, and provided, further, that the Board may not, without approval of the stockholders, amend the Plan:

- (a) to increase the aggregate number of shares which may be issued pursuant to the provisions of the Plan on exercise or surrender of Options or Stock Appreciation Rights or pursuant to Restricted Stock Awards or Performance Share Awards, except as provided in Article XII;
- (b) to change the minimum Option price;
- (c) to change the class of employees eligible to receive Awards or increase materially the benefits accruing to employees under the Plan;
- (d) to extend the maximum period during which Awards may be granted under the Plan;
- (e) to modify materially the requirements as to eligibility for participation in the Plan; or
- (f) to decrease any authority granted to the Committee hereunder in contravention of Rule 16b-3.

XIV. OTHER

(a) No Right To An Award. Neither the adoption of the Plan nor any action of the Board or of the Committee shall be deemed to give an employee any right to be granted an Option to purchase Common Stock, a Stock Appreciation Right, a

right to a Restricted Stock Award or a right to a Performance Share Award or Stock Value Equivalent Award or any other rights hereunder except as may be evidenced by an Award or by an Option Agreement duly executed on behalf of the Company, and then only to the extent of and on the terms and conditions expressly set forth therein. The Plan shall be unfunded. The Company shall not be required to establish any special or separate fund or to make any other segregation of funds or assets to assure the payment of any Award.

(b) No Employment Rights Conferred. Nothing contained in the Plan or in any Award made hereunder shall (i) confer upon any employee any right with respect to continuation of employment with the Company or any Subsidiary or (ii) interfere in any way with the right of the Company or any Subsidiary to terminate his or her employment at any time.

(c) Other Laws; Withholding. The Company shall not be obligated to issue any Common Stock pursuant to any Award granted under the Plan at any time when the offering of the shares covered by such Award has not been registered under the Securities Act of 1933 and such other state and federal laws, rules or regulations as the Company or the Committee deems applicable and, in the opinion of legal counsel for the Company, there is no exemption from the registration requirements of such laws, rules or regulations available for the issuance and sale of such shares. No fractional shares of Common Stock shall be delivered, nor shall any cash in lieu of fractional shares be paid. The Company shall have the right to deduct in connection with all Awards any taxes required by law to be withheld and to require any payments necessary to enable it to satisfy its withholding obligations. The Committee may permit the Holder of an Award to elect to surrender, or authorize the Company to withhold, shares of Common Stock (valued at their Fair Market Value on the date of surrender or withholding of such shares) in satisfaction of the Company's withholding obligation, subject to such restrictions as the Committee deems necessary to satisfy the requirements of Rule 16b-3.

(d) No Restriction on Corporate Action. Nothing contained in the Plan shall be construed to prevent the Company or any Subsidiary from taking any corporate action which is deemed by the Company or such Subsidiary to be appropriate or in its best interest, whether or not such action would have an adverse effect on the Plan or any Award made under the Plan. No employee, beneficiary or other person shall have any claim against the Company or any Subsidiary as a result of any such action.

(e) Restrictions on Transfer. An Award shall not be transferable otherwise than by will or the laws of descent and distribution and shall be exercisable during the lifetime of the Holder only by such Holder or the Holder's guardian or legal representative. The Option Agreement, Stock Appreciation Rights Agreement or other written instrument evidencing an Award shall specify the effect of the death of the Holder on the Award.

(f) Rule 16b-3. It is intended that the Plan and any grant of an Award made to a person subject to Section 16 of the Exchange Act meet all of the requirements of Rule 16b-3. If any provision of the Plan or any such Award would disqualify the Plan or such Award under, or would otherwise not comply with, Rule 16b-3, such provision or Award shall be construed or deemed amended to conform to Rule 16b-3.

(g) Governing Law. This Plan shall be construed in accordance with the laws of the State of Texas, except to the extent that it implicates matters which are the subject of the General Corporation Law of the State of Delaware which matters shall be governed by the latter law.

HALLIBURTON ELECTIVE DEFERRAL PLAN
AS AMENDED AND RESTATED EFFECTIVE
JANUARY 1, 1997

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HALLIBURTON ELECTIVE DEFERRAL PLAN

HALLIBURTON COMPANY, having heretofore established the Halliburton Elective Deferral Plan, pursuant to Section 10.4 of said Plan, hereby amends and restates said Plan effective as of January 1, 1997.

(ii)

I.

Definitions and Construction

1.1 Definitions. Where the following words and phrases appear in the Plan, they shall have the respective meanings set forth below, unless their context clearly indicates to the contrary.

- (1) Account: A memorandum bookkeeping account established on the records of the Employer for a Participant that is credited with amounts determined in accordance with Article III of the Plan. As of any determination date, a Participant's benefit under the Plan shall be equal to the amount credited to his Account as of such date. A Participant shall have a 100% nonforfeitable interest in his Account at all times.
- (1A) Act: The Employee Retirement Income Security Act of 1974, as amended.
- (2) Base Salary: The base rate of cash compensation paid by the Employer to or for the benefit of a Participant for services rendered or labor performed while a Participant, including base pay a Participant could have received in cash in lieu of (A) deferrals pursuant to Section 3.1 and (B) contributions made on his behalf to any qualified plan maintained by the Employer or to any cafeteria plan under section 125 of the Code maintained by the Employer.
- (3) Bonus Compensation: With respect to any Participant for a Plan Year, the amount awarded under a bonus plan maintained by the Employer.
- (4) Code: The Internal Revenue Code of 1986, as amended.
- (5) Compensation Committee: The Compensation Committee of the Directors.
- (6) Committee: The administrative committee appointed by the Compensation Committee to administer the Plan.
- (7) Company: Halliburton Company.
- (8) Company Stock: The common stock of Halliburton Company.
- (9) Directors: The Board of Directors of the Company.

- (10) Employer: The Company and each eligible organization designated as an Employer in accordance with the provisions of Article IX of the Plan.
- (11) Participant: Each individual who has been selected for participation in the Plan and who has become a Participant pursuant to Article II.
- (12) Plan: The Halliburton Elective Deferral Plan, as amended from time to time.
- (13) Plan Year: The twelve-consecutive month period commencing January 1 of each year.
- (14) Retirement: The date the Participant retires in accordance with the terms of his Employer's retirement policy as in effect at that time.
- (15) Stock Equivalent Unit: A measure of value equal to one share of Company Stock. A Stock Equivalent Unit shall exist only for purposes of the Plan and matters related thereto, and in no event shall any holder of a Stock Equivalent Unit have any right to receive any actual share of Company Stock by reason thereof except as specifically provided in the Plan or have any right as a shareholder of the Company.
- (16) Trust: The trust, if any, established under the Trust Agreement.
- (17) Trust Agreement: The agreement, if any, entered into between the Employer and the Trustee pursuant to Article VIII.
- (18) Trust Fund: The funds and properties, if any, held pursuant to the provisions of the Trust Agreement, together with all income, profits and increments thereto.
- (19) Trustee: The trustee or trustees appointed by the Committee who are qualified and acting under the Trust Agreement at any time.
- (20) Unforeseeable Emergency: A severe financial hardship to the Participant resulting from a sudden and unexpected illness or accident of the Participant or of a dependent (as defined in section 152(a) of the Code) of the Participant, loss of the Participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant.

1.2 Number and Gender. Wherever appropriate herein, words used in the singular shall be considered to include the plural and words used in the plural shall be considered to include the singular. The masculine gender, where appearing in the Plan, shall be deemed to include the feminine gender.

1.3 Headings. The headings of Articles and Sections herein are included solely for convenience, and if there is any conflict between such headings and the text of the Plan, the text shall control.

II.

Participation

2.1 Participation. Participants in the Plan are those employees of the Employer (a) who are subject to the income tax laws of United States, (b) who are officers or members of a select group of highly compensated employees of the Employer, and (c) who are selected by the Committee, in its sole discretion, as Participants. The Committee shall notify each Participant of his selection as a Participant. Subject to the provisions of Section 2.2, a Participant shall remain eligible to defer Base Salary and/or Bonus Compensation hereunder for each Plan Year following his initial year of participation in the Plan.

2.2 Cessation of Active Participation. Notwithstanding any provision herein to the contrary, an individual who has become a Participant in the Plan shall cease to be entitled to defer Base Salary and/or Bonus Compensation hereunder effective as of any date designated by the Committee. Any such Committee action shall be communicated to the affected individual prior to the effective date of such action.

III.

Account Credits

3.1 Base Salary Deferrals.

(a) Any Participant may elect to defer receipt of an integral percentage of from 5% to 50% of his Base Salary, in 5% increments, for any Plan Year; provided, however, that a Participant may elect to defer receipt of an integral percentage of from 5% to 90% of his Base Salary, in 5% increments, for the Plan Year in which he is first eligible to participate in the Plan. A Participant's election to defer receipt of a percentage of his Base Salary for any Plan Year shall be made on or before the last day of the preceding Plan Year. Notwithstanding the foregoing, if an individual initially becomes a Participant other than on the first day of a Plan Year, such Participant's election to defer receipt of a percentage of his Base Salary for such Plan Year may be made no later than 30 days after he becomes a Participant, but such election shall be prospective only. The reduction in a Participant's Base Salary pursuant to his election shall be effected by Base Salary reductions as of each payroll period within the election period. Base Salary for a Plan Year not deferred by a Participant pursuant to this Paragraph shall be received by such Participant in cash, except as provided by any other plan maintained by the Employer. Deferrals of Base Salary under this Plan shall be made before elective deferrals or contributions of Base Salary under any other plan maintained by the Employer. Base Salary deferrals made by a Participant shall be credited to such Participant's Account as of the date the Base Salary deferred would have been received by such Participant in cash had no deferral been made pursuant to this Section. Except as provided in Paragraph (b), deferral elections for a Plan Year pursuant to this Section shall be irrevocable.

(b) A Participant shall be permitted to revoke his election to defer receipt of his Base Salary for any Plan Year in the event of an Unforeseeable Emergency, as determined by the Committee in its sole discretion. For purposes of the Plan, the decision of the Committee regarding the existence or nonexistence of an Unforeseeable Emergency of a Participant shall be final and binding. Further, the Committee shall have the authority to require a Participant to provide such proof as it deems necessary to establish the existence and significant nature of the Participant's Unforeseeable Emergency. A Participant who is permitted to revoke his Base Salary deferral election during a Plan Year shall not be permitted to resume Base Salary deferrals under the Plan until the next following Plan Year.

3.2 Bonus Compensation Deferrals. Any Participant may elect to defer receipt of an integral percentage of from 5% to 90% of his Bonus Compensation, in 5% increments, for any Plan Year. A Participant's election to defer receipt of a percentage of his Bonus Compensation for any Plan Year shall be made on or before the last day of the preceding Plan Year. Notwithstanding the foregoing, if any individual initially becomes a Participant other than on the

first day of a Plan Year, such Participant's election to defer receipt of a percentage of his Bonus Compensation for such Plan Year may be made no later than 30 days after he becomes a Participant, but such election shall apply only to a pro rata portion of his Bonus Compensation for such Plan Year based upon the number of complete months remaining in such Plan Year divided by twelve. A Participant shall make a separate election under this Section with respect to Bonus Compensation payable in cash and Bonus Compensation payable in Company Stock. If Bonus Compensation for a Plan Year is payable in more than one future Plan Year under the applicable bonus plan, a Participant shall also make a separate election under this Section with respect to such Bonus Compensation for each Plan Year in which such Bonus Compensation is payable. Bonus Compensation for a Plan Year not deferred by a Participant pursuant to this Section shall be received by such Participant in cash or in Company Stock, as applicable, except as provided by any other plan maintained by the Employer. Deferrals of Bonus Compensation under this Plan shall be made before elective deferrals or contributions of Bonus Compensation under any other plan maintained by the Employer. Bonus Compensation deferrals made by a Participant shall be credited to such Participant's Account as of the date the Bonus Compensation deferred would have been received by such Participant had no deferral been made pursuant to this Section 3.2. Deferrals of Bonus Compensation payable in Company Stock shall be rounded to the nearest whole shares of Company Stock and credited to the Participant's Account as a number of Stock Equivalent Units equal to the number of shares of Company Stock deferred. Deferral elections for a Plan Year pursuant to this Section shall be irrevocable.

3.3 Earnings Credits. For each Plan Year, a Participant's Account shall be credited semi-annually on June 30 and December 31 with an amount of earnings based on the weighted average balance of such Account (excluding Stock Equivalent Units) during the preceding six months and the Moody's corporate bond average annual yield for long-term investment grade bonds during the six-month period ended seven months prior to each semi-annual earnings credit date, plus 2%. (For example, the rate earned for the six months ended December 31, 1995 would be based on the average Moody's rate for the six months ended May 31, 1995, plus 2%.) So long as there is any balance in any Account, such Account shall continue to receive earnings credits pursuant to this Section. If a Participant's Account is credited with shares of Stock Equivalent Units pursuant to Section 3.2, such Participant shall be paid an amount equal to the dividends that would have been payable if such Stock Equivalent Units were actual shares of Company Stock at the same time such dividends are payable to actual shareholders of the Company.

3.4 Adjustments to Stock Equivalent Units. In the event of any change in the outstanding Company Stock by reason of any stock dividend, stock split, reverse stock split, combination of shares, or similar event, the number of credited Stock Equivalent Units shall be appropriately adjusted by the Committee, whose determination shall be conclusive.

IV.

Withdrawals

Participants shall be permitted to make withdrawals from the Plan only in the event of an Unforeseeable Emergency, as determined by the Committee in its sole discretion. No withdrawal shall be allowed to the extent that such Unforeseeable Emergency is or may be relieved (a) through reimbursement or compensation by insurance or otherwise, (b) by liquidation of the Participant's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship or (c) by cessation of Base Salary deferrals under the Plan pursuant to Section 3.1(b). Further, the Committee shall permit a Participant to withdraw only the amount it determines, in its sole discretion, to be reasonably needed to satisfy the Unforeseeable Emergency.

V.

Payment of Benefits

5.1 Payment Election Generally. In conjunction with each deferral election made by a Participant pursuant to Article III for a Plan Year, such Participant shall elect, subject to Sections 5.4, 5.5, 5.7 and 5.8, the time and the form of payment with respect to such deferral and the earnings credited thereto. Except as provided in Section 5.3, any such election regarding the time and form of payment of a deferral and the earnings credited thereto shall be irrevocable once made.

5.2 Time of Benefit Payment. With respect to each deferral election made by a Participant pursuant to Article III, such Participant shall elect to commence payment of such deferral and the earnings credited thereto on one of the following dates:

(a) Retirement; or

(b) A specific future month and year, but not earlier than five years from the date of the deferral if the Participant has not attained age fifty-five at the time of the deferral or one year from the date of the deferral if the Participant has attained age fifty-five at the time of the deferral, and not later than the first day of the year in which the Participant attains age seventy.

5.3 Form of Benefit Payment. With respect to each deferral election made by a Participant pursuant to Article III, such Participant shall elect the form of payment with respect to such deferral and the earnings credited thereto from one of the following forms:

(a) A lump sum; or

(b) Installment payments for a period not to exceed ten years.

Installment payments shall be paid annually on the first business day of January of each Plan Year; provided however, that not later than sixty days prior to the date payment is to commence, a Participant may elect to have his installment payments paid quarterly on the first business day of each calendar quarter. Each installment payment shall be determined by multiplying the deferral and the earnings credited thereto at the time of the payment by a fraction, the numerator of which is one and the denominator of which is the number of remaining installment payments to be made to Participant. In the event the total amount credited to a Participant's Account (including the fair market value of Stock Equivalent Units) does not exceed \$50,000, the Committee may, in its sole discretion, pay such amounts in a lump sum.

5.4 Total and Permanent Disability. If a Participant becomes totally and permanently disabled while employed by the Employer, payment of the amounts credited to such Participant's Account shall commence on the first business day of the second calendar quarter following the date the Committee makes a determination that the Participant is totally and permanently disabled, in the

form of payment determined in accordance with Section 5.3. The above notwithstanding, if such Participant is already receiving payments pursuant to Section 5.2(b) and Section 5.3(b), such payments shall continue. For purposes of the Plan, a Participant shall be considered totally and permanently disabled if the Committee determines, based on a written medical opinion (unless waived by the Committee as unnecessary), that such Participant is permanently incapable of performing his job for physical or mental reasons.

5.5 Death. In the event of a Participant's death at a time when amounts are credited to such Participant's Account, such amounts shall be paid to such Participant's designated beneficiary or beneficiaries in five annual installments commencing as soon as administratively feasible after such Participant's date of death. However, the Participant's designated beneficiary or beneficiaries may request a lump sum payment based upon hardship, and the Committee, in its sole discretion, may approve such request.

5.6 Designation of Beneficiaries.

(a) Each Participant shall have the right to designate the beneficiary or beneficiaries to receive payment of his benefit in the event of his death. Each such designation shall be made by executing the beneficiary designation form prescribed by the Committee and filing same with the Committee. Any such designation may be changed at any time by execution of a new designation in accordance with this Section.

(b) If no such designation is on file with the Committee at the time of the death of the Participant or such designation is not effective for any reason as determined by the Committee, then the designated beneficiary or beneficiaries to receive such benefit shall be as follows:

(1) If a Participant leaves a surviving spouse, his benefit shall be paid to such surviving spouse;

(2) If a Participant leaves no surviving spouse, his benefit shall be paid to such Participant's executor or administrator, or to his heirs at law if there is no administration of such Participant's estate.

5.7 Other Termination of Employment. If a Participant terminates his employment with the Employer before Retirement for a reason other than total and permanent disability or death, the amounts credited to such Participant's Account shall be paid to the Participant in a lump sum no less than thirty days and no more than one year after the Participant's date of termination of employment.

5.8 Change in the Company's Credit Rating. If the Standard & Poor's rating for the Company's senior indebtedness falls below BBB, the amounts credited to Participants' Accounts shall be paid to the Participants in a lump sum within forty-five days after the date of change of such credit rating.

5.9 Payment of Stock Equivalent Units. When the payment of a Participant's Account commences pursuant to this Article, Stock Equivalent Units credited to such Participant's Account shall be paid to the Participant, pursuant to the form of payment provided in this Article, either in shares of Company Stock (based upon one share of Company Stock for each Stock Equivalent Unit) or in cash based upon the fair market value of the shares of Company Stock represented by such Stock Equivalent Units on the thirtieth day prior to the date of payment. The determination as to whether payment shall be made in shares of Company Stock or in cash shall be made by the Committee in its sole discretion, except that payment shall not be in the form of shares of Company Stock if, at the time of payment, the Participant is subject to section 16 of the Securities Exchange Act of 1934, as amended. For purposes of determining the fair market value of a share of Company Stock on a particular date, if the Company Stock is traded on a national stock exchange, the fair market value of a share of Company Stock on a particular date shall be equal to the average of the reported high and low sales prices of the Company Stock on such exchange on that date, or if no prices are reported on that date, on the last preceding date on which such prices of the Company Stock are so reported. If the Company Stock is publicly traded, but is not traded on a national stock exchange, at the time a determination of its fair market value is required to be made hereunder, its fair market value shall be deemed to be equal to the average between the closing bid and asked price of the Company Stock on the date the value is to be determined, or if the Company Stock was not traded on such date, on the last preceding date the Company Stock was publicly traded. If the Company Stock is not publicly traded at the time a determination of its value is required to be made hereunder, the determination of its fair market value shall be made by the Committee in such manner as it deems appropriate.

5.10 Payment of Benefits. To the extent the Trust Fund, if any, has sufficient assets, the Trustee shall pay benefits to Participants or their beneficiaries, except to the extent the Employer pays the benefits directly and provides adequate evidence of such payment to the Trustee. To the extent the Trustee does not or cannot pay benefits out of the Trust Fund, the benefits shall be paid by the Employer. Any benefit payments made to a Participant or for his benefit pursuant to any provision of the Plan shall be debited to such Participant's Account. Except as provided in Section 5.9, all benefit payments shall be made in cash to the fullest extent practicable.

5.11 Unclaimed Benefits. In the case of a benefit payable on behalf of a Participant, if the Committee is unable to locate the Participant or beneficiary to whom such benefit is payable, upon the Committee's determination thereof, such benefit shall be forfeited to the Employer. Notwithstanding the foregoing, if subsequent to any such forfeiture the Participant or beneficiary to whom such benefit is payable makes a valid claim for such benefit, such forfeited benefit shall be paid by the Employer or restored to the Plan by the Employer.

5.12 No Acceleration of Bonus Compensation. The time of payment of any Bonus Compensation that the Participant has elected to defer but that has not yet been credited to the Participant's Account because it is not yet payable without regard to the deferral shall not be accelerated as a result of the provisions of this Article. If, pursuant to the provisions of this Article, payment of such Bonus Compensation would no longer be deferred at the time it becomes payable, such Bonus Compensation shall be paid to the Participant within 90 days of the date it would have been payable had the Participant not made a deferral election.

VI.

Administration of the Plan

6.1 Committee Powers and Duties. The general administration of the Plan shall be vested in the Committee. The Committee shall supervise the administration and enforcement of the Plan according to the terms and provisions hereof and shall have all powers necessary to accomplish these purposes, including, but not by way of limitation, the right, power, authority, and duty:

(a) To make rules, regulations, and bylaws for the administration of the Plan that are not inconsistent with the terms and provisions hereof, and to enforce the terms of the Plan and the rules and regulations promulgated thereunder by the Committee;

(b) To construe in its discretion all terms, provisions, conditions, and limitations of the Plan;

(c) To correct any defect or to supply any omission or to reconcile any inconsistency that may appear in the Plan in such manner and to such extent as it shall deem in its discretion expedient to effectuate the purposes of the Plan;

(d) To employ and compensate such accountants, attorneys, investment advisors, and other agents, employees, and independent contractors as the Committee may deem necessary or advisable for the proper and efficient administration of the Plan;

(e) To determine in its discretion all questions relating to eligibility;

(f) To determine whether and when there has been a termination of a Participant's employment with the Employer, and the reason for such termination;

(g) To make a determination in its discretion as to the right of any person to a benefit under the Plan and to prescribe procedures to be followed by distributees in obtaining benefits hereunder; and

(h) To receive and review reports from the Trustee as to the financial condition of the Trust Fund, if any, including its receipts and disbursements.

6.2 Self-Interest of Participants. No member of the Committee shall have any right to vote or decide upon any matter relating solely to himself under the Plan (including, without limitation, Committee decisions under Article II) or to vote in any case in which his individual right to claim any benefit under the Plan is particularly involved. In any case in which a Committee member is so disqualified to act and the remaining members cannot agree, the Compensation Committee shall appoint a temporary substitute member to exercise all the powers of the disqualified member concerning the matter in which he is disqualified.

6.3 Claims Review. In any case in which a claim for Plan benefits of a Participant or beneficiary is denied or modified, the Committee shall furnish written notice to the claimant within ninety days (or within 180 days if additional information requested by the Committee necessitates an extension of the ninety-day period), which notice shall:

- (a) State the specific reason or reasons for the denial or modification;
- (b) Provide specific reference to pertinent Plan provisions on which the denial or modification is based;
- (c) Provide a description of any additional material or information necessary for the Participant, his beneficiary, or representative to perfect the claim and an explanation of why such material or information is necessary; and
- (d) Explain the Plan's claim review procedure as contained herein.

In the event a claim for Plan benefits is denied or modified, if the Participant, his beneficiary, or a representative of such Participant or beneficiary desires to have such denial or modification reviewed, he must, within sixty days following receipt of the notice of such denial or modification, submit a written request for review by the Committee of its initial decision. In connection with such request, the Participant, his beneficiary, or the representative of such Participant or beneficiary may review any pertinent documents upon which such denial or modification was based and may submit issues and comments in writing. Within sixty days following such request for review the Committee shall, after providing a full and fair review, render its final decision in writing to the Participant, his beneficiary or the representative of such Participant or beneficiary stating specific reasons for such decision and making specific references to pertinent Plan provisions upon which the decision is based. If special circumstances require an extension of such sixty-day period, the Committee's decision shall be rendered as soon as possible, but not later than 120 days after receipt of the request for review. If an extension of time for review is required, written notice of the extension shall be furnished to the Participant, beneficiary, or the representative of such Participant or beneficiary prior to the commencement of the extension period.

6.4 Employer to Supply Information. The Employer shall supply full and timely information to the Committee, including, but not limited to, information relating to each Participant's compensation, age, retirement, death, or other cause of termination of employment and such other pertinent facts as the Committee may require. The Employer shall advise the Trustee, if any, of such of the foregoing facts as are deemed necessary for the Trustee to carry out the Trustee's duties under the Plan and the Trust Agreement. When making a determination in connection with the Plan, the Committee shall be entitled to rely upon the aforesaid information furnished by the Employer.

6.5 Indemnity. The Company shall indemnify and hold harmless each member of the Committee against any and all expenses and liabilities arising out of his administrative functions or fiduciary responsibilities, including any expenses and liabilities that are caused by or result from an act or omission constituting the negligence of such member in the performance of such functions or responsibilities, but excluding expenses and liabilities that are caused by or result from such member's own gross negligence or willful misconduct. Expenses against which such member shall be indemnified hereunder shall include, without limitation, the amounts of any settlement or judgment, costs, counsel fees, and related charges reasonably incurred in connection with a claim asserted or a proceeding brought or settlement thereof.

VII.

Administration of Funds

7.1 Payment of Expenses. All expenses incident to the administration of the Plan and Trust, including but not limited to, legal, accounting, Trustee fees, and expenses of the Committee, may be paid by the Employer and, if not paid by the Employer, shall be paid by the Trustee from the Trust Fund, if any.

7.2 Trust Fund Property. All income, profits, recoveries, contributions, forfeitures and any and all moneys, securities and properties of any kind at any time received or held by the Trustee, if any, shall be held for investment purposes as a commingled Trust Fund pursuant to the terms of the Trust Agreement. The Committee shall maintain one or more Accounts in the name of each Participant, but the maintenance of an Account designated as the Account of a Participant shall not mean that such Participant shall have a greater or lesser interest than that due him by operation of the Plan and shall not be considered as segregating any funds or property from any other funds or property contained in the commingled fund. No Participant shall have any title to any specific asset in the Trust Fund, if any.

VIII.

Nature of the Plan

The Employer intends and desires by the adoption of the Plan to recognize the value to the Employer of the past and present services of employees covered by the Plan and to encourage and assure their continued service with the Employer by making more adequate provision for their future retirement security. The Plan is intended to constitute an unfunded, unsecured plan of deferred compensation for a select group of management or highly compensated employees of the Employer. Plan benefits herein provided are to be paid out of the Employer's general assets. The Plan constitutes a mere promise by the Employers to make benefit payments in the future and Participants have the status of general unsecured creditors of the Employers. Nevertheless, subject to the terms hereof and of the Trust Agreement, if any, the Employers, or the Company on behalf of the Employers, may transfer money or other property to the Trustee and the Trustee shall pay Plan benefits to Participants and their beneficiaries out of the Trust Fund.

The Committee, in its sole discretion, may establish the Trust and direct the Employers to enter into the Trust Agreement and adopt the Trust for purposes of the Plan. In such event, the Employers shall remain the owner of all assets in the Trust Fund and the assets shall be subject to the claims of each Employer's creditors if such Employer ever becomes insolvent. For purposes hereof, an Employer shall be considered "insolvent" if (a) the Employer is unable to pay its debts as they become due, or (b) the Employer is subject to a pending proceeding as a debtor under the United States Bankruptcy Code (or any successor federal statute). The chief executive officer of the Employer and its board of directors shall have the duty to inform the Trustee in writing if the Employer becomes insolvent. Such notice given under the preceding sentence by any party shall satisfy all of the parties' duty to give notice. When so informed, the Trustee shall suspend payments to the Participants and hold the assets for the benefit of the Employer's general creditors. If the Trustee receives a written allegation that the Employer is insolvent, the Trustee shall suspend payments to the Participants and hold the Trust Fund for the benefit of the Employer's general creditors, and shall determine within the period specified in the Trust Agreement whether the Employer is insolvent. If the Trustee determines that the Employer is not insolvent, the Trustee shall resume payments to the Participants. No Participant or beneficiary shall have any preferred claim to, or any beneficial ownership interest in, any assets of the Trust Fund.

IX.

Participating Employers

The Committee may designate any entity or organization eligible by law to participate in this Plan as an Employer by written instrument delivered to the Secretary of the Company and the designated Employer. Such written instrument shall specify the effective date of such designated participation, may incorporate specific provisions relating to the operation of the Plan which apply to the designated Employer only and shall become, as to such designated Employer and its employees, a part of the Plan. Each designated Employer shall be conclusively presumed to have consented to its designation and to have agreed to be bound by the terms of the Plan and any and all amendments thereto upon its submission of information to the Committee required by the terms of or with respect to the Plan; provided, however, that the terms of the Plan may be modified so as to increase the obligations of an Employer only with the consent of such Employer, which consent shall be conclusively presumed to have been given by such Employer upon its submission of any information to the Committee required by the terms of or with respect to the Plan. Except as modified by the Committee in its written instrument, the provisions of this Plan shall be applicable with respect to each Employer separately, and amounts payable hereunder shall be paid by the Employer which employs the particular Participant, if not paid from the Trust Fund.

X.

Miscellaneous

10.1 Not Contract of Employment. The adoption and maintenance of the Plan shall not be deemed to be a contract between the Employer and any person or to be consideration for the employment of any person. Nothing herein contained shall be deemed to give any person the right to be retained in the employ of the Employer or to restrict the right of the Employer to discharge any person at any time nor shall the Plan be deemed to give the Employer the right to require any person to remain in the employ of the Employer or to restrict any person's right to terminate his employment at any time.

10.2 Alienation of Interest Forbidden. Except as hereinafter provided, the interest of a Participant or his beneficiary or beneficiaries hereunder may not be sold, transferred, assigned, or encumbered in any manner, either voluntarily or involuntarily, and any attempt so to anticipate, alienate, sell, transfer, assign, pledge, encumber, or charge the same shall be null and void; neither shall the benefits hereunder be liable for or subject to the debts, contracts, liabilities, engagements or torts of any person to whom such benefits or funds are payable, nor shall they be an asset in bankruptcy or subject to garnishment, attachment or other legal or equitable proceedings. Plan provisions to the contrary notwithstanding, the Committee shall comply with the terms and provisions of an order that satisfies the requirements for a "qualified domestic relations order" as such term is defined in section 206(d)(3)(B) of the Act, including an order that requires distributions to an alternate payee prior to a Participant's "earliest retirement age" as such term is defined in section 206(d)(3)(E)(ii) of the Act.

10.3 Withholding. All deferrals and payments provided for hereunder shall be subject to applicable withholding and other deductions as shall be required of the Employer under any applicable local, state or federal law.

10.4 Amendment and Termination. The Compensation Committee may from time to time, in its discretion, amend, in whole or in part, any or all of the provisions of the Plan; provided, however, that no amendment may be made that would impair the rights of a Participant with respect to amounts already allocated to his Account. The Compensation Committee may terminate the Plan at any time. In the event that the Plan is terminated, the balance in a Participant's Account shall be paid to such Participant or his designated beneficiary in a single lump sum payment of cash (or shares of Company Stock, if applicable, pursuant to the provisions of Section 5.9) in full satisfaction of all of such Participant's or beneficiary's benefits hereunder. Any such amendment to or termination of the Plan shall be in writing and signed by any member of the Compensation Committee.

10.5 Severability. If any provision of this Plan shall be held illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining provisions hereof; instead, each provision shall be fully severable and the Plan shall be construed and enforced as if said illegal or invalid provision had never been included herein.

10.6 Governing Laws. All provisions of the Plan shall be construed in accordance with the laws of Texas except to the extent preempted by federal law.

HALLIBURTON COMPANY
SENIOR EXECUTIVES'
DEFERRED COMPENSATION PLAN
AS AMENDED AND RESTATED
EFFECTIVE JANUARY 1, 1996

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HALLIBURTON COMPANY
SENIOR EXECUTIVES'
DEFERRED COMPENSATION PLAN

Halliburton Company, having heretofore established the Halliburton Company Senior Executives' Deferred Compensation Plan, pursuant to the provisions of Article X of said Plan, hereby amends and restates said Plan to be effective in accordance with the provisions of Article XII hereof.

(ii)

ARTICLE I

Purpose of the Plan

The purpose of the Halliburton Company Senior Executives' Deferred Compensation Plan is to promote growth of the Company, provide an additional means of attracting and holding qualified, competent executives and provide supplemental retirement benefits for the Participants.

ARTICLE II

Definitions

(A) "Account(s)" shall mean a Participant's Deferred Compensation Account, ERISA Restoration Account, and/or Mandatory Deferral Account, including amounts credited thereto.

(B) "Administrative Committee" shall mean the administrative committee appointed by the Compensation Committee to administer the Plan.

(C) "Allocation Year" shall mean the calendar year for which an allocation is made to a Participant's Account pursuant to Article IV.

(D) "Board of Directors" shall mean the Board of Directors of the Company.

(E) "Code" shall mean the Internal Revenue Code of 1986, as amended.

(F) "Compensation Committee" shall mean the Compensation Committee of the Board of Directors.

(G) "Company" shall mean Halliburton Company.

(H) "Deferred Compensation Account" shall mean an individual account for each Participant on the books of such Participant's Employer to which is credited amounts allocated for the benefit of such Participant pursuant to the provisions of Article IV, Paragraph (E).

(I) "Employee" shall mean any senior executive, including an officer of an Employer (whether or not he is also a director thereof), who is employed by an Employer on a full-time basis, who is compensated for such employment by a regular salary, and who, in the opinion of the Compensation Committee, is one of the key personnel of an Employer in a position to contribute materially to its continued growth and development and to its future financial success, or who in the past has contributed materially to its growth, development and financial success. The term does not include independent contractors or persons who are retained by an Employer as consultants only.

(J) "Employer" shall mean the Company and any Subsidiary designated as an Employer in accordance with the provisions of Article III of the Plan.

(J1) "ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended.

(K) "ERISA Restoration Account" shall mean an individual account for each Participant on the books of such Participant's Employer to which is credited amounts allocated for the benefit of such Participant pursuant to the provisions of Article IV, Paragraph (G). Such Account shall include amounts

allocated to a Participant's "Excess Benefit Account" prior to January 1, 1995.

(L) "Excess Remuneration Account" shall mean an individual account for each Participant on the books of such Participant's Employer to which is credited amounts allocated for the benefit of such Participant pursuant to the provisions of Article IV, Paragraph (H).

(M) "Participant" shall mean an Employee who is allocated deferred compensation hereunder.

(N) "Plan" shall mean the Halliburton Company Senior Executives' Deferred Compensation Plan, as amended and restated January 1, 1996, and as the same may thereafter be amended from time to time.

(O) "Subsidiary" shall mean at any given time, any other corporation of which an aggregate of 80% or more of the outstanding voting stock is owned of record or beneficially, directly or indirectly, by the Company or any other of its Subsidiaries or both.

(P) "Termination of Service" shall mean severance from employment with an Employer for any reason other than a transfer between Employers.

(Q) "Trust" shall mean any trust created pursuant to the provisions of Article IX.

(R) "Trust Agreement" shall mean the agreement establishing the Trust.

(S) "Trustee" shall mean the trustee of the Trust.

(T) "Trust Fund" shall mean assets under the Trust as may exist from time to time.

ARTICLE III

Administration of the Plan

(A) The Compensation Committee shall appoint an Administrative Committee to administer, construe and interpret the Plan. Such Administrative Committee, or such successor Administrative Committee as may be duly appointed by the Compensation Committee, shall serve at the pleasure of the Compensation Committee. Decisions of the Administrative Committee with respect to any matter involving the Plan shall be final and binding on the Company, its shareholders, each Employer and all officers and other executives of the Employers. For purposes of the Employee Retirement Income Security Act of 1974, the Administrative Committee shall be the Plan "administrator" and shall be the "named fiduciary" with respect to the general administration of the Plan.

(B) The Administrative Committee shall maintain complete and adequate records pertaining to the Plan, including but not limited to Participants' Accounts, amounts transferred to the Trust, reports from the Trustee and all other records which shall be necessary or desirable in the proper administration of the Plan. The Administrative Committee shall furnish the Trustee such information as is required to be furnished by the Administrative Committee or the Company pursuant to the Trust Agreement.

(C) The Company (the "Indemnifying Party") hereby agrees to indemnify and hold harmless the members of the Administrative Committee (the "Indemnified Parties") against any losses, claims, damages or liabilities to which any of the Indemnified Parties may become subject to the extent that such losses, claims, damages or liabilities or actions in respect thereof arise out of or are based upon any act or omission of the Indemnified Party in connection with the administration of this Plan (including any act or omission of such Indemnified Party constituting negligence, but excluding any act or omission of such Indemnified Party constituting gross negligence or wilful misconduct), and will reimburse the Indemnified Party for any legal or other expenses reasonably incurred by him or her in connection with investigating or defending against any such loss, claim, damage, liability or action.

(D) Promptly after receipt by the Indemnified Party under the preceding paragraph of notice of the commencement of any action or proceeding with respect to any loss, claim, damage or liability against which the Indemnified Party believes he or she is indemnified under the preceding paragraph, the Indemnified Party shall, if a claim with respect thereto is to be made against the Indemnifying Party under such paragraph, notify the Indemnifying Party in writing of the commencement thereof; provided, however, that the omission so to notify the Indemnifying Party shall not relieve it from any liability which it may have to the Indemnified Party to the extent the Indemnifying Party is not prejudiced by such omission. If any such action or proceeding shall be brought against the Indemnified Party, and it shall notify the Indemnifying Party of the commencement thereof, the Indemnifying Party shall be entitled to participate therein, and, to the extent that it shall wish, to assume the defense thereof, with counsel reasonably satisfactory to the Indemnified Party, and, after notice from the Indemnifying Party to the Indemnified Party of its election to assume the defense thereof, the Indemnifying Party shall not be liable to such

Indemnified Party under the preceding paragraph for any legal or other expenses subsequently incurred by the Indemnified Party in connection with the defense thereof other than reasonable costs of investigation or reasonable expenses of actions taken at the written request of the Indemnifying Party. The Indemnifying Party shall not be liable for any compromise or settlement of any such action or proceeding effected without its consent, which consent will not be unreasonably withheld.

(E) The Administrative Committee may designate any Subsidiary as an Employer by written instrument delivered to the Secretary of the Company and the designated Employer. Such written instrument shall specify the effective date of such designated participation, may incorporate specific provisions relating to the operation of the Plan which apply to the designated Employer only and shall become, as to such designated Employer and its employees, a part of the Plan. Each designated Employer shall be conclusively presumed to have consented to its designation and to have agreed to be bound by the terms of the Plan and any and all amendments thereto upon its submission of information to the Administrative Committee required by the terms of or with respect to the Plan; provided, however, that the terms of the Plan may be modified so as to increase the obligations of an Employer only with the consent of such Employer, which consent shall be conclusively presumed to have been given by such Employer upon its submission of any information to the Administrative Committee required by the terms of or with respect to the Plan. Except as modified by the Administrative Committee in its written instrument, the provisions of this Plan shall be applicable with respect to each Employer separately, and amounts payable hereunder shall be paid by the Employer which employs the particular Participant, if not paid from the Trust Fund.

(F) No member of the Administrative Committee shall have any right to vote or decide upon any matter relating solely to himself under the Plan or to vote in any case in which his individual right to claim any benefit under the Plan is particularly involved. In any case in which an Administrative Committee member is so disqualified to act and the remaining members cannot agree, the Compensation Committee shall appoint a temporary substitute member to exercise all the powers of the disqualified member concerning the matter in which he is disqualified.

ARTICLE IV

Allocations Under the Plan,
Participation in the Plan and Selection for Awards

(A) Only Employees shall be eligible to be Participants in the Plan. The Compensation Committee shall be the sole judge of who shall be eligible to be a Participant for any Allocation Year. The selection of an Employee to be a Participant for a particular Allocation Year shall not constitute him a Participant for another Allocation Year unless he is selected to be a Participant for such other Allocation Year by the Compensation Committee.

(B) Each Allocation Year the Compensation Committee shall, in its sole discretion, determine what amounts shall be available for allocation to the Accounts of the Participants pursuant to Paragraph (E) below.

(C) No award shall be made to any person while he is a voting member of the Compensation Committee.

(D) The Compensation Committee from time to time may adopt, amend or revoke such regulations and rules as it may deem advisable for its own purposes to guide in determining which of the Employees it shall deem to be Participants for a particular Allocation Year and the method and manner of payment thereof to the Participants.

(E) The Compensation Committee, during the Allocation Year involved or during the next succeeding Allocation Year, shall determine which eligible Employees it shall designate as Participants for such Allocation Year and the amounts allocated to each Participant for such Allocation Year. In making its determination, the Compensation Committee shall consider such factors as the Compensation Committee may in its sole discretion deem material. The Compensation Committee, in its sole discretion, may notify an Employee at any time during a particular Allocation Year or in the Allocation Year following the Allocation Year for which the award is made that he has been selected as a Participant for all or part of such Allocation Year, and may determine and notify him of the amount which shall be allocated to him for such Allocation Year. The decision of the Compensation Committee in selecting an Employee to be a Participant or in making any allocation to him shall be final and conclusive, and nothing herein shall be deemed to give any Employee or his legal representatives or assigns any right to be a Participant for such Allocation Year or to be allocated any amount except to the extent of the amount, if any, allocated to a Participant for a particular Allocation Year, but at all times subject to the provisions of the Plan.

(F) An Employee whose Service is Terminated during the Allocation Year and who, on the date of Termination of Service, was eligible to be a Participant may be selected as a Participant for such part of the Allocation Year prior to his Termination and be granted such award with respect to his services during such part of the Allocation Year as the Compensation Committee, in its sole discretion and under any rules it may promulgate, may determine.

(G) The Administrative Committee shall determine for each Allocation Year which Participants' allocations of Employer contributions and forfeitures under qualified defined contribution plans sponsored by the Employers have been reduced for such Allocation Year by reason of the application of Section 401(a)(17) or Section 415 of the Code, or any combination of such Sections, or by reason of elective deferrals under the Halliburton Elective Deferral Plan, and shall allocate to the credit of each such Participant under the Plan an amount equal to the amount of such reductions applicable to such Participant.

(H) The Compensation Committee may, in its discretion, allocate to the credit of a Participant an amount equal to the amount of any remuneration payable by the Employer to such Participant which would otherwise be treated as excessive employee remuneration under Section 162(m) of the Code for any Allocation Year, rather than paying any such excessive remuneration to such Participant.

(I) Allocations to Participants under the Plan shall be made by crediting their respective Accounts on the books of their Employers as of the last day of the Allocation Year. Allocations under Paragraph (E) above shall be credited to the Participants' Deferred Compensation Accounts, allocations under Paragraph (G) above shall be credited to the Participants' ERISA Restoration Accounts and allocations under Paragraph (H) above shall be credited to Participants' Mandatory Deferral Account. Accounts of Participants shall also be credited with interest as of the last day of each Allocation Year, at the rate set forth in Paragraph (J) below, on the average monthly credit balance of the Account being calculated by using the balance of each Account on the first day of each month. Prior to Termination of Service, the annual interest shall accumulate as a part of the Account balance. After Termination of Service, the annual interest for such Allocation Year may be paid as more particularly set forth hereinafter.

(J) Interest shall be credited on amounts allocated to Participants' Deferred Compensation Accounts at the rate of 5% per annum for periods prior to Termination of Service. Interest shall be credited on amounts allocated to Participants' ERISA Restoration Accounts and Mandatory Deferral Accounts, and on amounts allocated to Participants' Deferred Compensation Accounts for periods subsequent to Termination of Service, at the rate of 10% per annum.

ARTICLE V

Non-Assignability of Awards

No Participant shall have any right to commute, encumber, pledge, transfer or otherwise dispose of or alienate any present or future right or expectancy which he or she may have at any time to receive payments of any allocations made to such Participant, all such allocations being expressly hereby made non-assignable and non-transferable; provided, however, that nothing in this Article shall prevent transfer (A) by will, (B) by the applicable laws of descent and distribution or (C) pursuant to an order that satisfies the requirements for a "qualified domestic relations order" as such term is defined in section 206(d)(3)(B) of the ERISA and section 414(p)(1)(A) of the Code, including an order that requires distributions to an alternate payee prior to a Participant's "earliest retirement age" as such term is defined in section 206(d)(3)(E)(ii) of the ERISA and section 414(p)(4)(B) of the Code. Attempts to transfer or assign by a Participant (other than in accordance with the preceding sentence) shall, in the sole discretion of the Compensation Committee after consideration of such facts as it deems pertinent, be grounds for terminating any rights of such Participant to any awards allocated to but not previously paid over to such Participant.

ARTICLE VI

Vesting

All amounts credited to a Participant's Accounts shall be fully vested and not subject to forfeiture for any reason except as provided in Article V.

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ARTICLE VII

Distribution of Awards

(A) Upon Termination of Service of a Participant, the Administrative Committee (i) shall certify to the Trustee or the treasurer of the Employer, as applicable, the amount credited to each of the Participant's Accounts on the books of each Employer for which the Participant was employed at a time when he earned an award hereunder, (ii) shall determine whether the payment of the amount credited to each of the Participant's Accounts under the Plan is to be paid directly by the applicable Employer, from the Trust Fund, if any, or by a combination of such sources (except to the extent the provisions of the Trust Agreement, if any, specify payment from the Trust Fund) and (iii) shall determine and certify to the Trustee or the treasurer of the Employer, as applicable, the method of payment of the amount credited to each of a Participant's Accounts, selected by the Administrative Committee from among the following alternatives:

(1) A single lump sum payment upon Termination of Service;

(2) A payment of one-half of the Participant's balance upon Termination of Service, with payment of the additional one-half to be made on or before the last day of a period of one year following Termination; or

(3) Payment in monthly installments over a period not to exceed ten years with such payments to commence upon Termination of Service.

The above notwithstanding, if the total amount credited to the Participant's Accounts upon Termination of Service is less than \$50,000, such amount shall always be paid in a single lump sum payment upon Termination of Service.

(B) The Trustee or the treasurer of the Employer, as applicable, shall thereafter make payments of awards in the manner and at the times so designated, subject, however, to all of the other terms and conditions of this Plan and the Trust Agreement, if any. This Plan shall be deemed to authorize the payment of all or any portion of a Participant's award from the Trust Fund to the extent such payment is required by the provisions of the Trust Agreement, if any.

(C) Interest on the second half of a payment under Paragraph (A)(2) above shall be paid with the final payment, while interest on payments under Paragraph (A)(3) above may be paid at each year end or may be paid as a part of a level monthly payment computed by the Administrative Committee through the use of such tables as the Administrative Committee shall select from time to time for such purpose.

(D) If a Participant shall die while in the service of an Employer, or after Termination of Service and prior to the time when all amounts payable to him under the Plan have been paid to him, any remaining amounts payable to the Participant hereunder shall be payable to the estate of the Participant. The Administrative Committee shall cause the Trustee or the treasurer of the Employer, as applicable, to pay to the estate of the Participant all of the awards then standing

to his credit in a lump sum or in such other form of payment consistent with the alternative methods of payment set forth above as the Administrative Committee shall determine after considering such facts and circumstances relating to the Participant and his estate as it deems pertinent.

(E) If the Plan is terminated pursuant to the provisions of Article X, the Compensation Committee may, at its election and in its sole discretion, cause the Trustee or the treasurer of the Employer, as applicable, to pay to all Participants all of the awards then standing to their credit in the form of lump sum payments.

ARTICLE VIII

Nature of Plan

This Plan constitutes a mere promise by the Employers to make benefit payments in the future and Participants have the status of general unsecured creditors of the Employers. Further, the adoption of this Plan and any setting aside of amounts by the Employers with which to discharge their obligations hereunder shall not be deemed to create a trust; legal and equitable title to any funds so set aside shall remain in the Employers, and any recipient of benefits hereunder shall have no security or other interest in such funds. Any and all funds so set aside shall remain subject to the claims of the general creditors of the Employers, present and future. This provision shall not require the Employers to set aside any funds, but the Employers may set aside such funds if they choose to do so.

ARTICLE IX

Funding of Obligation

Article VIII above to the contrary notwithstanding, the Employers may fund all or part of their obligations hereunder by transferring assets to a trust if the provisions of the trust agreement creating the Trust require the use of the Trust's assets to satisfy claims of an Employer's general unsecured creditors in the event of such Employer's insolvency and provide that no Participant shall at any time have a prior claim to such assets. Any transfers of assets to a trust may be made by each Employer individually or by the Company on behalf of all Employers. The assets of the Trust shall not be deemed to be assets of this Plan.

ARTICLE X

Amendment or Termination of Plan

The Compensation Committee shall have the power and right from time to time to modify, amend, supplement, suspend or terminate the Plan as it applies to each Employer, provided that no such change in the Plan may deprive a Participant of the amounts allocated to his or her Accounts or be retroactive in effect to the prejudice of any Participant and the interest rate applicable to amounts credited to Participants' Accounts for periods subsequent to Termination of Service shall not be reduced below 6% per annum. Any such modification, amendment, supplement, suspension or termination shall be in writing and signed by a member of the Compensation Committee.

ARTICLE XI

General Provisions

(A) No Participant shall have any preference over the general creditors of an Employer in the event of such Employer's insolvency.

(B) Nothing contained herein shall be construed to give any person the right to be retained in the employ of an Employer or to interfere with the right of an Employer to terminate the employment of any person at any time.

(C) If the Administrative Committee receives evidence satisfactory to it that any person entitled to receive a payment hereunder is, at the time the benefit is payable, physically, mentally or legally incompetent to receive such payment and to give a valid receipt therefor, and that an individual or institution is then maintaining or has custody of such person and that no guardian, committee or other representative of the estate of such person has been duly appointed, the Administrative Committee may direct that such payment thereof be paid to such individual or institution maintaining or having custody of such person, and the receipt of such individual or institution shall be valid and a complete discharge for the payment of such benefit.

(D) Payments to be made hereunder may, at the written request of the Participant, be made to a bank account designated by such Participant, provided that deposits to the credit of such Participant in any bank or trust company shall be deemed payment into his hands.

(E) Wherever any words are used herein in the masculine, feminine or neuter gender, they shall be construed as though they were also used in another gender in all cases where they would so apply, and whenever any words are used herein in the singular or plural form, they shall be construed as though they were also used in the other form in all cases where they would so apply.

(F) THIS PLAN SHALL BE CONSTRUED AND ENFORCED UNDER THE LAWS OF THE STATE OF TEXAS EXCEPT TO THE EXTENT PREEMPTED BY FEDERAL LAW.

ARTICLE XII

Effective Date

This amendment and restatement of the Plan shall be effective from and after January 1, 1996 and shall continue in force during subsequent years unless amended or revoked by action of the Compensation Committee.

HALLIBURTON COMPANY

By /s/ Dale P. Jones

Dale P. Jones
Vice Chairman

HALLIBURTON ANNUAL PERFORMANCE PAY PLAN
AS AMENDED AND RESTATED EFFECTIVE JANUARY 1, 1997

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HALLIBURTON
ANNUAL PERFORMANCE PAY PLAN

The Compensation Committee of Directors of Halliburton Company, having heretofore established the Halliburton Annual Performance Pay Plan (formerly known as the Annual Reward Plan), pursuant to the provisions of Article X of said Plan, hereby amends and restates said Plan to be effective in accordance with the provisions of Section 11.4 hereof.

ARTICLE I

PURPOSE

The purpose of the Halliburton Annual Performance Pay Plan (the "Plan") is to reward management and other key employees of the Company and its Affiliates for improving financial results which drive the creation of value for shareholders of the Company and thereby, serve to attract, motivate, reward and retain high caliber employees required for the success of the Company. The Plan provides a means to link total and individual cash compensation to Company performance, as measured by Cash Value Added ("CVA") and, where appropriate, other CVA-related performance measures on the basis of Participant sharing in CVA improvement, a demonstrated driver of shareholder value. In addition, to further relate compensation earned under the Plan to shareholder value creation and to provide incentives for Participants to focus on a time frame longer than one year, the Plan provides that one-half of incentive compensation earned for a Plan Year will be paid in cash following the end of the Plan Year and the remaining one-half will be converted into Common Stock Equivalents and paid in cash installments in the second and third years after the Plan Year, each installment based on the value at the time of payment of one-half of such Common Stock Equivalents.

ARTICLE II

DEFINITIONS

2.1 Definitions. Where the following words and phrases appear in the Plan, they shall have the respective meanings set forth below, unless their context clearly indicates to the contrary.

"Affiliate" shall mean a Subsidiary of the Company or a division or designated group of the Company or a Subsidiary.

"Base Salary" shall mean the regular cash compensation actually paid during a Plan Year to a Participant for services rendered or labor performed while participating in the Plan, including base pay a Participant could have received in cash in lieu of (i) contributions made on such Participant's behalf to a qualified Plan maintained by the Company or to any cafeteria plan under Section 125 of the Code maintained by the Company and (ii) deferrals of compensation made at the Participant's election pursuant to a plan or arrangement of the Company or an Affiliate, but excluding any Rewards under this Plan and any other bonuses, incentive pay or special awards.

"Beneficiary" shall mean the person, persons, trust or trusts entitled by Will or the laws of descent and distribution to receive the benefits specified under the Plan in the event of the Participant's death prior to full payment of a Reward.

"Board of Directors" shall mean the Board of Directors of the Company.

"Business Unit CVA" shall mean the respective CVA of designated business units, each calculated on an aggregate basis for their respective operations.

"Cause" shall mean (i) the conviction of the Participant of a felony under Federal law or the law of the state in which such action occurred, (ii) dishonesty in course of fulfilling the Participant's employment duties or (iii) the disclosure by the Participant to any unauthorized person or competitor of any confidential information or confidential knowledge as to the business or affairs of the Company and its Affiliates.

"CEO" shall mean the Chief Executive Officer of the Company.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Committee" shall mean the Compensation Committee of Directors of the Company, appointed by the Board of Directors from among its members, no member of which shall be an employee of the Company or a Subsidiary.

"Common Stock" shall mean the common stock, par value \$2.50 per share, of the Company.

"Common Stock Equivalent" shall mean a unit entitling a Participant to receive at a designated time or times in the future a cash payment equal to the Fair Market Value at such time or times of one share of Common Stock.

"Company" shall mean Halliburton Company and its successors.

"Company CVA" shall mean CVA calculated on a consolidated basis.

"Corporate Change" shall have the meaning ascribed in Article II, Paragraph (h) of the Company's 1993 Stock and Long-Term Incentive Plan, as amended.

"CVA" shall mean the difference between operating cash flow and a capital charge, calculated in accordance with the criteria and guidelines set forth in the Corporate Policy entitled "Cash Value Added (CVA)," as in effect at the time any such calculation is made.

"CVA Drivers" shall mean such other measurements of operating performance as may be approved by the CEO which are applicable to Participants within particular Participant Categories.

"Deferred Payment Date" shall mean, with respect to a particular Plan Year, the last business day of February of the second and third years following the end of such Plan Year.

"Dispute Resolution Program" shall mean the Halliburton Dispute Resolution Plan.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended.

"Executive Committee" shall mean the Executive Committee of the Company.

"Fair Market Value" shall mean the average closing price per share of the Common Stock on the New York Stock Exchange (or, if the Common Stock is not then listed on such exchange, such other national securities exchange on which the Common Stock is then listed) for the ten (10) trading days immediately preceding a Payment Date, a Deferred Payment Date or such other date on which the Common Stock Equivalents are to be valued pursuant to the Plan provisions. If the Common Stock is not publicly traded on a national securities exchange at the time a determination of its value is required to be made hereunder, the determination of its Fair Market Value shall be made by the Committee in such manner as it deems appropriate.

"Group CVA" shall mean the respective CVA of the Halliburton Energy Group and the Engineering and Construction Services Group, each calculated on an aggregate basis for their respective operations.

"Key Employees" shall mean regular, full-time employees of the Company or an Affiliate below the Officer level.

"Officer" shall mean a full officer of the Company or an Affiliate.

"Participant" shall mean any active employee of the Company or an Affiliate who participates in the Plan pursuant to the provisions of Article III hereof. An employee shall not be eligible to participate in the Plan while on a leave of absence.

"Participant Category" shall mean a grouping of Participants determined in accordance with the applicable provisions of Article III.

"Payment Date" shall mean, with respect to a particular Plan Year, the last business day of February of the year next following the end of such Plan Year.

"Performance Goals" shall mean, for a particular Plan Year, established levels of applicable Performance Measures.

"Performance Measures" shall mean the criteria used in determining Performance Goals for particular Participant Categories, which may include one or more of the following: Company CVA, Group CVA, Business Unit CVA and CVA Drivers.

"Plan" shall mean the Halliburton Annual Performance Pay Plan (formerly known as the Halliburton Company Annual Reward Plan) as amended and restated effective January 1, 1997, and as the same may thereafter be amended from time to time.

"Plan Year" shall mean the calendar year ending December 31, 1995 and each subsequent calendar year thereafter.

"Reward" shall mean the dollar amount of incentive compensation payable to a Participant under the Plan for a Plan Year determined in accordance with Section 5.3.

"Reward Opportunity" shall mean, with respect to each Participant Category, incentive reward payment amounts, expressed as a percentage of Base Salary, which corresponds to various levels of pre-established Performance Goals, determined pursuant to the Reward Schedule.

"Reward Schedule" shall mean the schedule which aligns the level of achievement of applicable Performance Goals with Reward Opportunities for a particular Plan Year, such that the level of achievement of the pre-established Performance Goals at the end of such Plan Year will determine the actual Reward.

"Section 16 Officer" shall mean an officer who is subject to Section 16 of the Securities Exchange Act of 1934, as amended, and the rules promulgated thereunder.

"Subsidiary" shall mean any corporation 50 percent or more of whose voting power is owned, directly or indirectly, by the Company.

2.2 Number. Wherever appropriate herein, words used in the singular shall be considered to include the plural and words used in the plural shall be considered to include the singular.

2.3 Headings. The headings of Articles and Sections herein are included solely for convenience, and if there is any conflict between headings and the text of the Plan, the text shall control.

ARTICLE III

PARTICIPATION

3.1 Participants. Active employees who are members of the Executive Committee and Section 16 Officers as of the beginning of each Plan Year shall be Participants for such Plan Year. In addition, such other Officers and Key Employees as may be designated annually as Participants by the CEO prior to the last day of February each Plan Year shall be Participants for such Plan Year.

3.2 Partial Plan Year Participation. If, after the beginning of a Plan Year, an employee who was not previously a Participant for such Plan Year (i) is newly appointed or elected as a member of the Executive Committee or a Section 16 Officer or (ii) returns to active employment as a member of the Executive Committee or as a Section 16 Officer following a leave of absence, such employee shall become a Participant effective with such appointment or election or return to active service, as the case may be, for the balance of the

Plan Year, on a prorated basis, unless the Committee shall determine, in its sole discretion, that the participation shall be delayed until the beginning of the next Plan Year. If, after the beginning of the Plan Year, (i) a person is newly elected or appointed as an Officer (other than a Section 16 Officer) or is newly hired, promoted or transferred into a position in which he or she is a Key Employee, or (ii) an employee who was not previously a Participant for such Plan Year returns to active employment as an Officer (other than a Section 16 Officer) or a Key Employee following a leave of absence, the CEO, or his delegate, may designate in writing such person as a Participant for the pro rata portion of such Plan Year beginning on the first day of the month following such designation.

If an employee who has previously been designated as a Participant for a particular Plan Year takes a leave of absence during such Plan Year, all of such Participant's rights to a Reward for such Plan Year shall be forfeited, unless the Committee (with respect to a Participant who is a member of the Executive Committee or a Section 16 Officer) or the CEO (with respect to any other Participant) shall determine that such Participant's Reward for such Plan Year shall be prorated based upon that portion of the Plan Year during which he or she was an active Participant, in which case the prorated portion of the Reward shall be paid in accordance with the applicable provisions of Article VI.

Each Participant shall be assigned to a Participant Category at the time he or she becomes a Participant for a particular Plan Year. If a Participant thereafter incurs a change in status due to promotion, demotion, reassignment or transfer, (i) the Committee, in the case of the CEO or other Section 16 Officer or (ii) the CEO, or his delegate, in the case of any other Participant, may approve in writing such adjustment in such Participant's Reward

Opportunity as deemed appropriate under the circumstances (including termination of participation in the Plan for the remainder of the Plan Year), such adjustment to be made on a pro rata basis for the balance of the Plan Year effective with the first day of the month following such approval, unless some other effective date is specified.

3.3 No Right to Participate. Except as provided in Sections 3.1 and 3.2, no Participant or other employee of the Company shall, at any time, have a right to participate in the Plan for any Plan Year, notwithstanding having previously participated in the Plan.

3.4 Plan Exclusive. No employee shall simultaneously participate in this Plan and in any other short-term incentive plan of the Company or an Affiliate unless such employee's participation in such other plan is approved by the CEO, or his delegate.

3.5 Consent to Dispute Resolution. Participation in the Plan constitutes consent by the Participant to be bound by the terms and conditions of the Dispute Resolution Program which in substance requires that all disputes arising out of or in any way related to employment with the Company or its Affiliates, including any disputes concerning the Plan, be resolved exclusively through such program, which includes binding arbitration as the last step.

ARTICLE IV

ADMINISTRATION

Each Plan Year, the Committee shall establish the basis for payments under the Plan in relation to given Performance Goals, as more fully described in Article V hereof, and, following the end of each Plan Year, determine the actual Reward payable for each Participant Category. The Committee is authorized to construe and interpret the Plan, to prescribe, amend and rescind rules, regulations and procedures relating to its administration and to make all other

determinations necessary or advisable for administration of the Plan. The CEO shall have such authority as is expressly provided in the Plan. In addition, as permitted by law, the Committee and the CEO may delegate such of their respective authority granted under the Plan as deemed appropriate; provided, however, that (i) the Committee may not delegate its authority with respect to matters relating to the CEO and other Section 16 Officers and (ii) the Committee and the CEO may not delegate their respective authority under Article V hereof. Decisions of the Committee and the CEO, or their respective delegaterring accordance with the authority granted hereby or delegated pursuant hereto shall be conclusive and binding. Subject only to compliance with the express provisions hereof, the Committee, the CEO and their respective delegater may act in their sole and absolute discretion with respect to matters within their authority under the Plan.

ARTICLE V

REWARD DETERMINATIONS

5.1 Performance Measures. CVA shall be the primary Performance Measure in determining Performance Goals for any Plan Year. In addition, appropriate CVA Drivers applicable to particular Participants within certain Participant Categorier may also be used as Performance Measures.

5.2 Performance Requirements. Prior to the last day of February of each Plan Year, (i) the Committee shall approve the Company CVA, applicable Group CVA and applicable Business Unit CVA Performance Goals for certain Participant Categorier and the CEO shall approve appropriate CVA Drivers applicable to certain Participants and (ii) the Committee shall establish a Reward Schedule which aligns the level of achievement of applicable Performance

Goals with Reward Opportunitier, such that the level of achievement of the pre-established Performance Goals at the end of the Plan Year will determine the actual Reward.

5.3 Reward Determinations. After the end of each Plan Year, (i) the Committee shall determine the extent to which the Performance Goals (other than CVA Drivers) have been achieved (ii) and the CEO shall determine the extent to which the applicable CVA Drivers have been achieved, and the amount of the Reward shall be computed for each Participant in accordance with the Reward Schedule.

5.4 Reward Opportunitier. The established Reward Opportunitier may vary in relation to the Participant Categorier and within the Participant Categorier. In the event a Participant changes Participant Categorier during a Plan Year, the Participant's Reward Opportunitier shall be adjusted in accordance with the applicable provisions of Section 3.2.

5.5 Discretionary Adjustments. Once established, Performance Goals will not be changed during the Plan Year. However, if the Committee, in its sole and absolute discretion, determines that there has been (i) a change in the business, operations, corporate or capital structure, (ii) a change in the manner in which business is conducted or (iii) any other material change or event which will impact one or more Performance Goals in a manner the Committee did not intend, then the Committee may, reasonably contemporaneously with such change or event, make such adjustments as it shall deem appropriate and equitable in the manner of computing the relevant Performance Measures applicable to such Performance Goal or Goals for the Plan Year; provided, however, that the CEO shall be authorized, subject to the review and oversight of the Committee, to make adjustments in the manner of computing one or more CVA

Drivers if, when evaluated in accordance with the standards set forth in the preceding sentence, he shall deem such adjustments to be appropriate and equitable.

5.6 Discretionary Bonuses. Notwithstanding any other provision contained herein to the contrary, the Committee may, in its sole discretion, make such other or additional bonus payments to a Participant as it shall deem appropriate.

ARTICLE VI

DISTRIBUTION OF REWARDS

6.1 Form and Timing of Payment. Except as otherwise provided below, one-half of the amount of each Reward shall be paid in cash on the Payment Date, or as soon thereafter as practicable. Payment of the remaining amount of the Reward shall be deferred and paid in accordance with the provisions set forth below.

The remaining one-half of the Reward shall be converted into Common Stock Equivalents, the number of which shall be determined by using the Fair Market Value per share of the Common Stock as of the Payment Date, rounded to the next even-numbered whole share. A cash payment equal to the Fair Market Value of one-half of the Common Stock Equivalents as of the first Deferred Payment Date shall be made on such date, or as soon thereafter as practicable; and a cash payment equal to the Fair Market Value of the remaining Common Stock Equivalents as of the second Deferred Payment Date shall be made on such date, or as soon thereafter as practicable.

6.2 Excess Remuneration. Notwithstanding the provisions of Section 6.1, the Committee may, in its discretion, with respect to a Participant who is a "covered employee" for purposes of Section 162(m) of the Code, determine that payment of that portion of a Reward which would otherwise cause such

Participant's compensation to exceed the limitation on the amount of compensation deductible by the Company in any taxable year pursuant to such Section 162(m), shall be deferred until such Participant is no longer a "covered employee."

6.3 Elective Deferral. Nothing herein shall be deemed to preclude a Participant's election to defer receipt of a percentage of his or her Reward beyond the time such amount would have been payable hereunder pursuant to the Halliburton Elective Deferral Plan or other similar plan.

6.4 Tax Withholding. The Company or employing entity through which payment of a Reward is to be made shall have the right to deduct from any payment hereunder any amounts that Federal, state, local or foreign tax laws require with respect to such payments.

6.5 No Interest or Dividend Equivalents. No interest or dividend equivalents shall be accrued or paid under this Plan on the amount of any portion of a Reward as to which distribution is deferred.

6.6 Lump Sum Payments. Notwithstanding the provisions of Section 6.1, the CEO may, from time to time, determine that Participants in certain designated Participant Categories below the Officer level are to receive payment of their respective Rewards in a lump sum on the Payment Date, rather than pursuant to the deferral provisions of Section 6.1.

Notwithstanding the provisions of Section 6.1, in the event of termination of a Participant's employment for any reason other than death (in which event payment shall be made in accordance with the applicable provisions of Article VII), such Participant shall receive the amount of any Reward (or prorated portion thereof) which is payable pursuant to Section 7.1, and/or the remaining unpaid portion of any Reward which is payable pursuant to Section 7.2

in lump sum payment, unless the Committee (with respect to the CEO or other Section 16 Officer) or the CEO (with respect to any other Participant) shall determine that such amounts shall be paid in accordance with the deferral provisions of Section 6.1. In addition, the CEO (except with respect to himself or other Section 16 Officers, in which case such authorization shall be made by the Committee) may, on a case by case basis to facilitate Plan administration, authorize the lump sum cash payment of the amount of a Reward and/or the remaining unpaid portion of a Reward in lieu of the deferral provisions of Section 6.1, if the amount of such payment is deemed to be too small to justify its deferral.

Lump sum payment shall be paid in cash on the Plan Year Payment Date with respect to the Reward (or the prorated portion thereof) earned for such Plan Year. With respect to lump sum payment of the unpaid amount of Rewards earned for prior Plan Years, the aggregate Fair Market Value of a Participant's remaining Common Stock Equivalents for such Plan Years shall be determined as of the Participant's termination date or the date the lump sum payment is authorized pursuant to the last sentence of the preceding paragraph, as applicable, and paid in cash as soon thereafter as practicable.

ARTICLE VII

TERMINATION OF EMPLOYMENT

7.1 Termination of Service During Plan Year. In the event a Participant's employment is terminated prior to the last business day of a Plan Year for any reason other than death, normal retirement at or after age 65 or disability (as determined by the CEO or his delegate), all of such Participant's rights to a Reward for such Plan Year shall be forfeited, unless the Committee (with respect to a Participant who was the CEO or other Section 16 Officer) or

the CEO (with respect to any other Participant) shall determine that such Participant's Reward for such Plan Year shall be prorated based upon that portion of the Plan Year during which he or she was a Participant, in which case the prorated portion of the Reward shall be paid in accordance with the applicable provisions of Article VI. In the case of death during the Plan Year, the prorated amount of such Participant's Reward shall be paid to the Participant's estate, or if there is no administration of the estate, to the heirs at law, on the Payment Date, or as soon thereafter as practicable. In the case of disability or normal retirement at or after age 65, the prorated amount of a Participant's Reward shall be paid in accordance with the applicable provisions of Article VI.

7.2 Termination of Service After End of Plan Year But Prior to Full Payment. If a Participant's employment is terminated for any reason other than termination for Cause the unpaid amount of any Reward applicable to any previous Plan Year shall be paid to the Participant in accordance with the applicable provisions of Article VI, except in the case of death, in which case the amount of the Reward then unpaid shall be paid to such Participant's estate, or if there is no administration of the estate, to the heirs at law, as soon as practicable.

If a Participant's employment is terminated for Cause, all of such Participant's rights to the unpaid amount of any Reward applicable to any previous Plan Year shall be forfeited.

ARTICLE VIII

RIGHTS OF PARTICIPANTS AND BENEFICIARIES

8.1 Status as a Participant or Beneficiary. Neither status as a Participant or Beneficiary shall be construed as a commitment that any Reward will be paid or payable under the Plan.

8.2 Employment. Nothing contained in the Plan or in any document related to the Plan or to any Reward shall confer upon any Participant any right to continue as an employee or in the employ of the Company or an Affiliate or constitute any contract or agreement of employment for a specific term or interfere in any way with the right of the Company or an Affiliate to reduce such person's compensation, to change the position held by such person or to terminate the employment of such person, with or without cause.

8.3 Nontransferability. No benefit payable under, or interest in, this Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge and any such attempted action shall be void and no such benefit or interest shall be, in any manner, liable for, or subject to, debts, contracts, liabilities or torts of any Participant or Beneficiary; provided, however, that, nothing in this Section 8.3 shall prevent transfer (i) by Will, (ii) by applicable laws of descent and distribution or (iii) pursuant to an order that satisfies the requirements for a "qualified domestic relations order" as such term is defined in section 206(d)(3)(B) of ERISA and section 414(p)(1)(A) of the Code, including an order that requires distributions to an alternate payee prior to a Participant's "earliest retirement age" as such term is defined in section 206(d)(3)(E)(ii) of ERISA and section 414(p)(4)(B) of the Code. Any attempt at transfer, assignment or other alienation prohibited by the preceding sentence shall be disregarded and all amounts payable hereunder shall be paid only in accordance with the provisions of the Plan.

8.4 Nature of Plan. No Participant, Beneficiary or other person shall have any right, title or interest in any fund or in any specific asset of the Company or any Affiliate by reason of any Reward hereunder. There shall be no funding of any benefits which may become payable hereunder. Nothing contained

in the Plan (or in any document related thereto), nor the creation or adoption of the Plan, nor any action taken pursuant to the provisions of the Plan shall create, or be construed to create, a trust of any kind or a fiduciary relationship between the Company or an Affiliate and any Participant, Beneficiary or other person. To the extent that a Participant, Beneficiary or other person acquires a right to receive payment with respect to a Reward hereunder, such right shall be no greater than the right of any unsecured general creditor of the Company or other employing entity, as applicable. All amounts payable under the Plan shall be paid from the general assets of the Company or employing entity, as applicable, and no special or separate fund or deposit shall be established and no segregation of assets shall be made to assure payment of such amounts. Nothing in the Plan shall be deemed to give any employee any right to participate in the Plan except in accordance herewith.

ARTICLE IX

CORPORATE CHANGE

In the event of a Corporate Change, (i) with respect to a Participant's Reward Opportunity for the Plan Year in which the Corporate Change occurred, such Participant shall be entitled to an immediate cash payment equal to the maximum amount of Reward he or she would have been entitled to receive for the Plan Year, prorated to the date of the Corporate Change; and (ii) with respect to Rewards earned in prior Plan Years which have not been paid in full, the Fair Market Value of each Participant's remaining Common Stock Equivalents for all such Plan Years shall be determined as of the Corporate Change and paid in cash immediately.

ARTICLE X

AMENDMENT AND TERMINATION

Notwithstanding anything herein to the contrary, the Committee may, at any time, terminate or, from time to time amend, modify or suspend the Plan; provided, however, that, without the prior consent of the Participants affected, no such action may adversely affect any rights or obligations with respect to any Rewards theretofore earned for a particular Plan Year, whether or not the amounts of such Rewards have been computed and whether or not such Rewards are then payable.

ARTICLE XI

MISCELLANEOUS

11.1 Governing Law. The Plan and all related documents shall be governed by, and construed in accordance with, the laws of the State of Texas, without giving effect to the principles of conflicts of law thereof, except to the extent preempted by federal law. The Federal Arbitration Act shall govern all matters with regard to arbitrability.

11.2 Severability. If any provision of the Plan shall be held illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining provisions hereof; instead, each provision shall be fully severable and the Plan shall be construed and enforced as if said illegal or invalid provision had never been included herein.

11.3 Successor. All obligations of the Company under the Plan shall be binding upon and inure to the benefit of any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

11.4 Effective Date. This amendment and restatement of the Plan shall be effective from and after January 1, 1997, and shall remain in effect until such time as it may be terminated or amended pursuant to Article X.

EARLY RETIREMENT
AGREEMENT AND RELEASE

This Early Retirement Agreement and Release (the "Agreement and Release") is made and entered into between Tommy E. Knight ("Officer") and Brown & Root Corporate Services, Inc. ("BRCSI"), for and on behalf of itself and its affiliated companies. As used herein, "Brown & Root" means BRCSI and all of its parents, subsidiary and affiliated companies. Halliburton Company ("Halliburton") is the ultimate parent company of Brown & Root.

R E C I T A L S:

WHEREAS, Officer, at various times, has been an employee and officer of Brown & Root and/or trusts, committees or other entities sponsored or managed by Brown & Root or Halliburton (collectively, with Brown & Root, the "Brown & Root Entities" or, individually, a "Brown & Root Entity"); and

WHEREAS, Officer and Brown & Root desire to set forth the terms of Officer's continued employment, resignation and early retirement; and

WHEREAS, Officer and Brown & Root desire to avoid the expense, delay and uncertainty attendant to any claims which may arise from Officer's resignation from Brown & Root and/or any of the other Brown & Root Entities, and his early retirement; and

WHEREAS, Officer desires to release any claims or causes of action he may have arising from or relating to his employment or service with Brown & Root or any of the Brown & Root Entities; and

WHEREAS, Brown & Root desires to release certain claims or causes of action it may have arising from or relating to Officer's employment or service with Brown & Root or any of the Brown & Root Entities;

NOW, THEREFORE, for and in consideration of the mutual covenants and promises hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Officer and Brown & Root hereby agree:

1. Continued Employment.

During the period from the Effective Date (as hereinafter defined) through the close of business on December 31, 1996, Officer will continue to be employed as an employee of BRCSI. Effective September 24, 1996, Officer voluntarily resigns as officer of Brown & Root and from all other positions, posts, offices and assignments with any Brown & Root Entity, including, without

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limitation, service as a member of the Executive Committee of Halliburton and as a trustee of the Halliburton Foundation, Inc.

2. Early Retirement.

Officer hereby voluntarily resigns from employment with Brown & Root and any other Brown & Root Entity effective as of the close of business on December 31, 1996 and Officer hereby tenders his election of early retirement as of December 31, 1996 (the "Termination Date"). Officer hereby requests that his early retirement be approved by the appropriate person or committee as, and to the extent, required pursuant to applicable policy and/or any plans of Brown & Root and Halliburton in which he participates. Brown & Root agrees to seek approval or consent of Officer's retirement as an early retirement by the appropriate person or committee which may be required under applicable policy and/or each of the plans of Brown & Root and Halliburton in which he participates. Officer acknowledges and agrees that (i) from and after September 25, 1996, he shall have no authority to, and shall not, act as an officer of Brown & Root, or in any other capacity for any Brown & Root Entity, and (ii) from and after January 1, 1997, he shall have no authority to, and shall not, act as an employee of any Brown & Root Entity.

3. Brown & Root's Obligations.

A.

Salary and Bonus. Brown & Root shall pay Officer his regular salary at the rate in effect on September 24, 1996 to the Termination Date. Brown & Root shall also pay Officer the unpaid amount of Officer's Reward for the 1995 Plan Year and the amount of any Reward which may be payable for the 1996 Plan Year under the Halliburton Company Annual Reward Plan (the "Annual Reward Plan"), with such amount to be calculated as if Officer were a member of the Executive Committee of Halliburton Company and an officer of Brown & Root through December 31, 1996, such payments to be made pursuant to the applicable Annual Reward Plan provisions. (Defined terms used in the preceding sentence shall have the meanings ascribed to them in the Annual Award Plan.) All such payments shall be paid less customary withholding for taxes and applicable deductions, and shall be subject to any elections made by Officer pursuant to the Halliburton Elective Deferral Plan. Officer acknowledges that the payments made pursuant to this paragraph are in full satisfaction of all wages, benefits and other compensation owed by any of the Brown & Root Entities to Officer for employment or service to the Termination Date.

B. Early Retirement Payments. Brown & Root shall pay Officer a

lump sum early retirement payment in the gross amount of \$600,000, payable on the Termination Date. Brown & Root shall also pay Officer an additional lump early retirement payment in the gross amount of \$300,000, provided Officer has complied in full with the Affiliate's Agreement dated July 2, 1996 ("Affiliate's Agreement") previously signed by Officer, a copy of which is attached as

Exhibit A. No part of the \$300,000 early retirement payment shall be paid to Officer if Officer violates any of the provisions of the Affiliate's Agreement. If payment of the additional lump sum early retirement payment of \$300,000 is to be made to Officer, it shall be made as soon as administratively feasible following the expiration of Officer's obligations under the Affiliate's Agreement but in no event later than two weeks after that expiration.

Such payments shall be less customary withholding for taxes. In the event that Officer is entitled to severance payments pursuant to any severance plan or program of Brown & Root that cannot be voluntarily released by Officer, the payments set forth in this paragraph shall be offset and reduced by any such payments.

C. Vesting of Stock. Effective with the Termination Date, all shares of stock issued to Officer under the Halliburton Company Career Executive Incentive Stock Plan (the "Career Plan") as to which restrictions have not lapsed as of the Termination Date shall be retained by Officer and all restrictions on any shares thus retained shall lapse, all pursuant to the terms of the Officer's restricted stock agreements and the Career Plan.

D. Vesting of Stock Options. Officer's rights to the stock options granted under the Halliburton Company 1993 Stock and Long-Term Incentive Plan (the "Stock and Long-Term Incentive Plan") shall be governed by the express terms of the respective stock option agreements, which are dated February 14, 1996, January 31, 1995, February 16, 1994, and May 18, 1993, and Officer may exercise such options, if at all, as permitted by such stock option agreements and for the length of time as permitted by such stock option agreements for an employee whose employment with Brown & Root has terminated by reason of early retirement with the consent of the Committee administering the Stock and Long-Term Incentive Plan or its delegate.

E. Participation in Retiree Medical Plan. Officer shall be eligible to participate in the Halliburton Retiree Medical Plan under the same terms and conditions as other Brown & Root early retirees.

F. SERP Contribution. The sum of \$600,000 shall be contributed to Officer's Deferred Compensation Account in the Halliburton Company Senior Executives' Deferred Compensation Plan (the "SERP") as of the end of the 1996 allocation year. Upon approval of the administrative committee appointed to administer the SERP, Officer shall receive the amounts in the accounts under the SERP in monthly installments over a period of ten years with such payments to commence in accordance with the terms of the SERP. Thereafter, the terms and conditions of the SERP shall govern Officer's rights and obligations with respect to all amounts in the SERP.

G. TOP FLEX Plan. Brown & Root shall pay Officer any remaining TOP FLEX balance as of the Termination Date, subject to the terms of the TOP FLEX Plan.

H. Continuing Participation in Benefit Plans. Except as otherwise specified in the preceding paragraphs, from and after the Termination Date, Officer shall be entitled to receive the benefits to which he is entitled under any employee pension or welfare benefit plan of Brown & Root or Halliburton according to its terms. In the event of any change in or modification of any employee pension or welfare benefit plan after the Termination Date, including changes, if any, that may effect reduction or termination of benefits, Officer and any beneficiaries through him in such plan or plans will be subject to such changes and modifications on the same terms and conditions as all other participants or beneficiaries, except as to benefits in which Officer is fully vested at the time of his termination of employment.

I. Reimbursement For Office Rental. Beginning in January 1997, Brown & Root shall pay to Officer \$1,250 a month for office expenses for a period of twenty-four months. This payment is to be sent via regular mail to Officer's last known address by no later than the tenth of each month, unless otherwise agreed to in writing by Officer and Brown & Root.

J. Indemnification of Officer. Brown & Root, on behalf of itself, its officers, directors, and shareholders ("Releasing Group") agrees to and shall indemnify and hold harmless Officer, his agents, heirs, successors, and representatives, from and against any and all claims, losses, damages, causes of action, suits, and liability of every kind, including all expenses of litigation, administrative proceedings, investigations, court costs, attorneys' fees and expenses, for injury to or death of any person, or for damage to any property, arising out of or in connection with the work done by Officer in the course of his employment with Releasing Group. Such indemnity shall apply where the claims, losses, damages, causes of action, suits, or liabilities arise in whole or in part from the negligence of Officer. It is the expressed intention of the parties hereto, both Officer and the Releasing Group, that the indemnity provided for in this paragraph is indemnity by Releasing Group to indemnify and protect Officer from the consequences of his own negligence, whether that negligence is the sole or concurring cause of the injury, death, or damage.

K. Approval by Compensation Committee. This Agreement and Release and Officer's retirement as an early retirement is subject to and contingent upon the approval of such actions by the Compensation Committee of the Board of Directors of Halliburton Company (the "Compensation Committee"). Brown & Root agrees to present this Agreement and Release and Officer's request for early retirement to the Compensation Committee for approval and shall use its best efforts to obtain such approvals; provided, however, that the approval of Officer's retirement as an early retirement shall be subject to Officer's execution and delivery on the Termination Date of the separate release as called for under Paragraph 11 hereof. Execution of this Agreement and Release by BRCSI shall be conclusive evidence that such approvals have been obtained.

4. Prior Rights and Obligations. This Agreement and Release extinguishes all rights, if any, which Officer may have, and obligations, if any, which any of the Brown & Root Entities may have, contractual or otherwise, relating to the employment or resignation from employment of Officer with Brown & Root or any of the other Brown & Root Entities.

Notwithstanding the foregoing provisions of this Paragraph 4, nothing in this Agreement and Release shall be interpreted or applied in such a manner as to limit, extinguish, or otherwise adversely affect Officer's rights and the obligations of any of the Brown & Root Entities under the Stock and Long-Term Incentive Plan, the Career Plan, the SERP, the TOP FLEX Plan, or the Halliburton Elective Deferral Plan. Similarly and notwithstanding the foregoing provisions of this Paragraph 4, this Agreement and Release does not affect any rights that Officer may have under any qualified plan.

5. Expenses. Officer shall, within thirty (30) days of the Termination Date, submit all actual, reasonable and customary expenses incurred by him in the course of his employment with proper documentation, which, upon verification, Brown & Root shall reimburse promptly in accordance with Brown & Root's reimbursement policy. Officer acknowledges and agrees that he has no authority to incur any expenses after the Termination Date which are not authorized by this Agreement and Release, and further agrees that Brown & Root shall have no obligation to reimburse expenses not submitted within the time set forth above or incurred after the Termination Date which are not authorized by this Agreement and Release.

6. Company Assets. Officer hereby represents and warrants that he has no claim or right, title or interest in any property designated on any of the Brown & Root Entities' books as the property or assets of any of the Brown & Root Entities. On or before the Termination Date, he shall deliver to Brown & Root any such property in his possession or control, including, without limitation, any credit cards furnished by Brown & Root Entities for his use.

7. Proprietary and Confidential Information. In accordance with Officer's existing and continuing obligations, Officer agrees and acknowledges that the various Brown & Root Entities have developed and own valuable information which is confidential, unique and specific to the Brown & Root Entities ("Proprietary and Confidential Information") and which includes without limitation financial data, marketing plans, current business and implementation plans, and market surveys related to the past, present or currently planned business of various of the Brown & Root Entities. Except as may be required by law, Officer agrees that he will not at any time disclose to others, permit to be disclosed, use, permit to be used, copy or permit to be copied, any such Proprietary and Confidential Information (whether or not developed by Officer) without prior written consent of the Chief Executive Officer of Brown & Root, Inc. Except as may be required by law, Officer further agrees to maintain in confidence any proprietary and confidential information of third parties received or of which he has knowledge as a result of his employment. The prohibitions of this Paragraph 7 shall not apply, however, to information in the

public domain (but only if the same becomes part of the public domain through a means other than a disclosure prohibited hereunder) or to information which is generally known in the industries in which the Brown & Root Entities compete. Notwithstanding the foregoing provisions of this Paragraph 7, nothing in this Agreement and Release shall prohibit Officer from being employed as an employee or consultant by a competitor of the Brown & Root Entities.

8. Documents. Officer agrees to leave in his office or deliver to Brown & Root at the termination of his employment all correspondence, memoranda, notes, records, data or information, analysis, or other documents and all copies thereof, made, composed or received by Officer, solely or jointly with others, and which are in Officer's possession, custody or control and which are related in any manner to the past, present or anticipated business of any of the Brown & Root Entities. In this regard, Officer hereby grants and conveys to Brown & Root all right, title and interest in and to, including without limitation, the right to possess, print, copy, and sell or otherwise dispose of, any reports, records, papers, summaries, photographs, drawings, data, information or other documents in writing, and copies, abstracts or summaries thereof, which may have been prepared by Officer or under his direction or which may have come into his possession in any way during the term of his employment with any of the Brown & Root Entities which related in any manner to past, present or anticipated business of any of the Brown & Root Entities. Notwithstanding the foregoing provisions of this Paragraph 8, nothing in this Agreement and Release shall operate to preclude Officer from maintaining possession of personal correspondence, commendation letters, photographs, awards, and the like, and published documents like proxy statements.

9. Cooperation. Officer shall cooperate with the Brown & Root Entities to the extent reasonably required in all matters relating to the winding up of his pending work on behalf of any Brown & Root Entity and the orderly transfer of any such pending work as designated by Brown & Root. Officer shall take such further action and execute any such further documents as may be reasonably necessary or appropriate in order to carry out the provisions and purposes of this Agreement and Release. Officer will provide such cooperation hereunder at such times and in such locations as are reasonably convenient and agreeable to Officer and Brown & Root. Brown & Root agrees that, if it requests Officer to devote any time greater than one hour to such request for information after the Termination Date, it shall compensate Officer for his time at a reasonable and mutually agreeable rate.

10. Officer's Representation. Officer represents, warrants and agrees that he has not filed any claims, appeals, complaints, charges or lawsuits against any of the Brown & Root Entities or their respective employees, officers, directors, shareholders, agents and representatives (collectively, including Brown & Root, the "Brown & Root Parties") with any governmental agency or court and that he will not file or permit to be filed or accept benefit from any claim, complaint or petition filed with any court by him or on his behalf at any time hereafter; provided, however, this shall not limit Officer from enforcing his rights under this Agreement and Release. Further, Officer

represents and warrants that no other person or entity has any interest in, or assignment of, any claims or causes of action he may have against any Brown & Root Party and which he now releases in their entirety.

11. Releases. Officer agrees to release, acquit and discharge and does hereby release, acquit and discharge Brown & Root, all Brown & Root Entities, and all Brown & Root Parties, collectively and individually, from any and all claims and from any and all causes of action, of any kind or character, whether now known or not known, he may have against any of them, including, but not limited to, any claim for benefits, compensation, costs, damages, expenses, remuneration, salary, or wages; and all claims or causes of action arising from his employment, termination of employment, or any alleged discriminatory employment practices, including but not limited to any and all claims or causes of action arising under the Age Discrimination in Employment Act, as amended, 29 U.S.C. ss. 621, et seq. ("ADEA") and any and all claims or causes of action arising under any other federal, state or local laws pertaining to discrimination in employment or equal employment opportunity; except that the parties agree that Officer's release, acquittal and discharge shall not relieve Brown & Root from its obligations under this Agreement and Release. This release also applies to any claims brought by any person or agency or class action under which Officer may have a right or benefit.

In the event that the Effective Date of this Agreement and Release occurs before Officer's Termination Date, as a condition precedent to Brown & Root's and Halliburton's obligations to consent to Officer's early retirement, pay the early retirement payment, make the SERP contribution, approve the vesting of Officer's restricted stock and provide any other benefits called for under Section 3 above which would not otherwise be payable or receivable in the absence of this Agreement and Release, Officer agrees to execute and deliver on the Termination Date a separate release, containing language substantially similar to that set forth in the preceding paragraph, in order to release any claims that may arise between the Effective Date and the Termination Date.

Brown & Root and all Brown & Root Entities, collectively and individually, agree to release, acquit and discharge and do hereby release, acquit and discharge Officer from any and all claims and from any and all causes of action, of any kind or character, whether now known or not known, Brown & Root and the Brown & Root Entities may have against Officer; except that the parties agree that Brown & Root's and the Brown & Root Entities' release, acquittal and discharge shall not apply to any cause of action arising out of conduct of the Officer that constitutes fraud or criminal acts or to any causes of action that Officer fraudulently concealed from Brown & Root or the Brown & Root Entities.

12. No Admissions. Officer expressly understands and agrees that the terms of this Agreement and Release are contractual and not merely recitals and that the agreements herein and consideration paid is to compromise doubtful and disputed claims, avoid litigation, and buy peace, and that no statement or consideration given shall be construed as an admission of any claim by any Brown & Root Party, all such admissions being expressly denied. Moreover, neither this

Agreement and Release nor anything in this Agreement and Release shall be construed to be or shall be admissible in any proceeding as evidence of or an admission by Brown & Root of any violation of its policies, procedures, state or federal laws or regulations. This Agreement and Release may be admitted into evidence, however, in any proceeding to enforce the Agreement and Release. The parties agree that, should either or both intend to introduce this document into evidence in such a proceeding, that they will first jointly petition the Court to admit the document into evidence under an order protecting its confidentiality to the greatest extent reasonably possible under the applicable laws and rules of procedure.

13. Enforcement of Agreement and Release and Dispute Resolution. No waiver or nonaction with respect to any breach by the other party of any provision of this Agreement and Release, nor the waiver or nonaction with respect to any breach of the provisions of similar agreements with other employees shall be construed to be a waiver of any succeeding breach of such provision, or as a waiver of the provision itself. Should any provisions hereof be held to be invalid or wholly or partially unenforceable, such holdings shall not invalidate or void the remainder of this Agreement and Release. Portions held to be invalid or unenforceable shall be revised and reduced in scope so as to be valid and enforceable, or, if such is not possible, then such portion shall be deemed to have been wholly excluded with the same force and effect as if they had never been included herein.

It is the mutual intention of the parties to have any disputes concerning this Agreement and Release resolved out of court. Accordingly, the parties agree that any such dispute shall, as the sole and exclusive remedy, be submitted for resolution through the Brown & Root Dispute Resolution Program. The parties each recognize that in the event any breach of this Agreement and Release is alleged against one of the parties, the other party shall be entitled, if it so elects, to institute and prosecute proceedings related to such alleged breach through the Brown & Root Dispute Resolution Program. The parties agree that such resolution of any dispute through the program shall be binding and final.

14. Choice of Law. This Agreement and Release shall be governed by and construed and enforced, in all respects, in accordance with the law of the State of Texas, without regard to principles of conflict of law, unless preempted by federal law, in which case federal law shall govern, except that the Federal Arbitration Act shall govern in all respects with regard to the resolution of disputes hereunder.

15. Merger. This Agreement and Release supersedes, replaces and merges all previous agreements and discussions relating to the same or similar subject matters between Officer and Brown & Root and constitutes the entire agreement between Officer and Brown & Root with respect to the subject matter of this Agreement and Release. This Agreement and Release may not be changed or terminated orally, and no change, termination or waiver of this Agreement and

Release or any of the provisions herein contained shall be binding unless made in writing and signed by all parties, and in the case of Brown & Root, by an authorized officer of BRCSI.

16. Confidentiality. Officer agrees that, following execution of this Agreement and Release, he will not disclose the terms thereof or the consideration for it received from Brown & Root, to any other person, except Officer's spouse, attorney or financial advisors, and, only on the condition that such other person agrees to keep such information strictly confidential. The foregoing obligations of confidentiality shall not apply to information that is required to be disclosed as a result of any applicable law, rule or regulation of any governmental authority or any court. Notwithstanding the foregoing provisions of this Paragraph 16, this Agreement and Release does not preclude Officer from revealing to prospective or subsequent employers or business associates his legal obligations to Brown & Root as contained in Paragraph 7 of this Agreement and Release.

17. ADEA Rights. Officer acknowledges and agrees:

- (a) that he has at least twenty-one days to review this Agreement and Release before accepting;
- (b) that he has been advised in writing by Brown & Root to consult with an attorney regarding the terms of this Agreement and Release;
- (c) that, if he accepts this Agreement and Release, he has seven days following the execution of this Agreement and Release to revoke this Agreement and Release.

18. Agreement and Release Voluntary. Officer acknowledges and agrees that he has carefully read this Agreement and Release and understands that, except as expressly reserved herein, it is a release of all claims, known and unknown, past or present including all claims under the Age Discrimination in Employment Act. He further agrees that he has entered into this Agreement and Release for the above stated consideration. He warrants that he is fully competent to execute this Agreement and Release which he understands to be contractual. He further acknowledges that he executes this Agreement and Release of his own free will, after having a reasonable period of time to review, study and deliberate regarding its meaning and effect, and after being advised to consult an attorney, and without reliance on any representation of any kind or character not expressly set forth herein. Finally, he executes this Agreement and Release fully knowing its effect and voluntarily for the consideration stated above.

19. Effective Date. The Effective Date shall be 10 days after the execution of this Agreement and Release by Officer and BRCSI provided Officer has not exercised his right of revocation pursuant to Paragraph 17(c) above.

20. Headings. The section headings contained herein are for the purpose of convenience only and are not intended to define or limit the contents of such sections.

IN WITNESS WHEREOF, the parties have caused this Agreement and Release to be executed in multiple counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

11/5/96

Date

/s/ T. E. Knight

TOMMY E. KNIGHT

The undersigned is an officer of Brown & Root Corporate Services, Inc. and is authorized to execute this Agreement and Release on behalf of Brown & Root Corporate Services, Inc. and Brown & Root.

BROWN & ROOT CORPORATE SERVICES, INC.

11/6/96

Date

By: /s/ David J. Lesar

Name: David J. Lesar
Title: President and Chief Executive Officer

EXHIBIT A

AFFILIATE'S AGREEMENT

July 2, 1996

Halliburton Company
3600 Lincoln Plaza
500 North Akard Street
Dallas, Texas 75201-3391

Ladies and Gentlemen:

The undersigned has been advised that, as of the date hereof, the undersigned may be deemed to be an "affiliate" of Halliburton Company, a Delaware corporation (the "Acquiror"), as that term is defined in the Regulations of the Commissions under the Securities Act.

The undertakings contained in this Affiliate's Agreement are being given by the undersigned in connection with that certain Agreement and Plan of Merger by and among Acquiror, Halliburton Acq. Company, a newly formed Delaware corporation and a wholly-owned Subsidiary of Acquiror ("Newco"), and Landmark Graphics Corporation, a Delaware corporation (the "Company") dated as of June 30, 1996 (the "Merger Agreement"), providing for, among other things, the merger of the Company with and into Newco (the "Merger"). Capitalized terms used but not defined herein are defined in Annex A to the Merger Agreement and are used herein with the same meanings as ascribed to them therein.

The undersigned understands that the Merger will be treated for financial accounting purposes as a "pooling of interests" in accordance with generally accepted accounting principles and that the staff of the Commission has issued certain guidelines that should be followed to ensure the application of pooling of interests accounting to the transaction.

In consideration of the agreements contained herein, the Acquiror's reliance on this letter in connection with the consummation of the Merger and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned hereby represents, warrants and agrees that the undersigned will not make any sale, transfer or other disposition of (i) Company Common Stock during the period from the date hereof until the earlier of the Effective Time and the termination of the Merger Agreement (which period, if the Merger is consummated, will be greater than thirty (30) days) or

(ii) Acquiror Common Stock owned by the undersigned until such time as financial statements that include at least thirty (30) days of combined operations of the Company and the Acquiror after the Merger shall have been publicly reported, unless the undersigned shall have delivered to the Acquiror, prior to any such sale, transfer or other disposition, a written opinion from Arthur Andersen LLP, independent public accountants for the Acquiror, or a written no-action letter from the accounting staff of the Commission, in either case in form and substance reasonably satisfactory to the Acquiror, to the effect that such sale, transfer or other disposition will not cause the Merger not to be treated as a "pooling of interests" for financial accounting purposes in accordance with generally accepted accounting principles and the Regulations of the Commission.

If you are in agreement with the foregoing, please so indicate by signing below and returning a copy of this letter to the undersigned, at which time this letter shall become a binding agreement between us.

Very truly yours,

By: /s/ T. E. Knight

Name: Tommy E. Knight
Title: President and
Chief Executive Officer
Date: July 9, 1996
Address: Brown & Root, Inc.
4100 Clinton Drive
Houston, Texas 77020-6299

ACCEPTED this 10th day
of July, 1996

HALLIBURTON COMPANY

By: /s/ Susan S. Keith

Name: Susan S. Keith
Title: Vice President and Secretary

HALLIBURTON COMPANY
 COMPUTATION OF EARNINGS PER SHARE
 FOR THE THREE YEARS ENDED DECEMBER 31, 1996

The calculation below for earnings per share of the \$2.50 par value Common Stock of the Company on a primary and fully diluted basis is submitted in accordance with Regulation S-K item 601(b)(11).

	1996	1995	1994
	-----	-----	-----
	(In millions except per share data)		
<hr/>			
Primary:			
Net income	\$ 300.4	\$ 183.7	\$ 180.9
Average number of common shares outstanding	126.1	124.7	124.2
Primary net income per share:	\$ 2.38	\$ 1.47	\$ 1.45
<hr/>			
Fully diluted:			
Net income	\$ 300.4	\$ 183.7	\$ 180.9
Add after-tax interest expense applicable to Zero Coupon Convertible Subordinated Debentures due 2006	-	12.5	13.2
Adjusted net income	\$ 300.4	\$ 196.2	\$ 194.1
Adjusted average number of common shares outstanding	126.3	128.4	127.4
Fully diluted net income per share:	\$ 2.38	\$ 1.53	\$ 1.52

The foregoing computations do not reflect any significant potentially dilutive effect the Company's Preferred Stock Purchase Rights Plan could have in the event such Rights become exercisable and any shares of either Series A Junior Participating Preferred Stock or Common Stock of the Company are issued upon the exercise of such Rights. Reference is made to Note 8 to the financial statements of this Annual Report.

HALLIBURTON COMPANY
 SUBSIDIARIES OF THE REGISTRANT
 DECEMBER 31, 1996

Name Of Company	State Or Country Of Incorporation
Avalon Financial Services, Ltd.	Cayman Islands
Breswater Marine Contracting BV	Netherlands
Brown & Root (Overseas) Limited	United Kingdom
Brown & Root A/S	Norway
Brown & Root Corporate Services, Inc.	Delaware
Brown & Root Ealing Technical Services Limited	United Kingdom
Brown & Root Energy Services A/S	Norway
Brown & Root Far East Engineers Pte Ltd.	Delaware
Brown & Root Highlands Fabricators Limited	United Kingdom
Brown & Root Holdings, Inc.	Delaware
Brown & Root Industrial Services, Inc.	Delaware
Brown & Root International, Inc.	Delaware
Brown & Root International, Inc. (Panama)	Panama
Brown & Root Limited	United Kingdom
Brown & Root NA Limited	British Virgin Islands
Brown & Root Projects Limited	United Kingdom
Brown & Root Pty Limited	Australia
Brown & Root Saudi Limited Co.	Saudi Arabia
Brown & Root Services Corporation	Delaware
Brown & Root Skoda SRO Ltd.	Czech Republic
Brown & Root Technical Services, Inc.	Delaware
Brown & Root Toll Road Investment Partners, Inc.	Delaware
Brown & Root, Inc.	Delaware
Dawson Group Pty Ltd.	Australia
European Marine Contractors Limited	United Kingdom
G&H Management Company	Delaware
Gearhart (United Kingdom) Limited	United Kingdom
Halliburton (Proprietary) Limited	South Africa
Halliburton Affiliates Corporation	Delaware
Halliburton Argentina SA	Argentina
Halliburton Australia Pty Ltd.	Australia
Halliburton BV	Netherlands
Halliburton Canada Inc.	Canada
Halliburton Company Germany GmbH	Germany
Halliburton de Mexico, SA de CV	Mexico
Halliburton Delaware, Inc.	Delaware
Halliburton Energy Services Asia, Inc.	Texas
Halliburton Energy Services Nigeria Limited	Nigeria
Halliburton Energy Services, Inc.	Delaware
Halliburton Equipment Company SAE	Egypt
Halliburton Global, Ltd.	Cayman Islands
Halliburton Holdings Limited	United Kingdom
Halliburton Holdings, Inc.	Delaware
Halliburton International, Inc.	Delaware
Halliburton Italiana SpA	Italy
Halliburton Latin America SA	Panama
Halliburton Limited	United Kingdom
Halliburton Manufacturing and Services Limited	United Kingdom

Exhibit 21 (Cont.)

HALLIBURTON COMPANY
 SUBSIDIARIES OF THE REGISTRANT
 DECEMBER 31, 1996

Name Of Company	State Or Country Of Incorporation
Halliburton Norway, Inc.	Delaware
Halliburton NUS Corporation	Delaware
Halliburton Offshore Services, Inc.	Delaware
Halliburton Overseas Limited	Cayman Islands
Halliburton Products & Services Limited	Cayman Islands
Halliburton SAS	France
Halliburton Servicos Ltda	Brazil
Halliburton Singapore Pte Ltd.	Singapore
Halliburton West Africa Ltd.	Delaware
Halliburton Worldwide Limited	Cayman Islands
HLS (West Africa) Holdings, Inc.	Texas
HLS Well Evaluation Limited	United Kingdom
Howard Humphreys & Partners Limited	United Kingdom
Howard Humphreys Group Limited	United Kingdom
Hunting- Brae Limited	United Kingdom
Landmark EAME, Ltd.	United Kingdom
Landmark Graphics Corporation	Delaware
Landmark Graphics Europe/Africa, Inc.	Delaware
Laurel Financial Services BV	Netherlands

MIHC, Inc.	Delaware
Overseas Marine Leasing Company	Delaware
PT Gema Sembrown	Indonesia
PT Halliburton Indonesia	Indonesia
PT Halliburton Logging Services Indonesia	Indonesia
Rockwater Holdings Limited	United Kingdom
Rockwater Limited	United Kingdom
Rockwater, Inc.	Delaware
Seaforth Maritime Limited	United Kingdom
Servicios Halliburton de Venezuela, SA	Delaware

- (1) Each of the subsidiaries named conducts its business under its corporate name and, in a few instances, under a shortened form of its corporate name.
- (2) Registrant has 100% direct or indirect ownership in the subsidiaries named except for the following: Brown & Root NA Limited, 50%; Brown & Root Saudi Limited Co., 49%; Brown & Root Skoda SRO Ltd., 66%; European Marine Contractors Ltd., 50%; Halliburton Energy Services Nigeria Limited, 80%; European Marine Contractors Ltd., 50%; Halliburton Energy Services Nigeria Limited, 80%; European Marine Contractors Ltd., 50%; Halliburton Energy Services Nigeria Limited, 80%; Halliburton Equipment Company SAE, 75%; Hunting-Brae Limited, 31%; PT Gema Sembrown, 45%; Brown & Root Energy Services A/S, 75%; PT Halliburton Indonesia, 80%; and PT Halliburton Logging Services Indonesia, 80%.
- (3) The names of approximately 146 subsidiaries have been omitted since the unnamed subsidiaries considered in the aggregate would not constitute a significant subsidiary as defined by Item 601(b)(21).

Consent of Independent Public Accountants

As independent public accountants, we consent to the incorporation by reference of our report dated January 22, 1997, included in this Form 10-K into the Company's previously filed registration statement on Form S-3 (No. 33-65772)

Arthur Andersen LLP
Dallas, Texas,
March 21, 1997

Consent of Independent Accountants

We consent to the incorporation by reference in the Registration Statement (Form S-3 No. 33-65772) and related Prospectus of Halliburton Company of our report dated 15 February 1996, with respect to the financial statements of European Marine Contractors Limited included in the Annual Report (Form 10-K) of Halliburton Company for the year ended 31 December 1995 filed with the Securities and Exchange Commission and incorporated by reference in the Annual Report (Form 10-K) of Halliburton Company for the year ended 31 December 1996.

Ernst & Young
London, England
21 March 1997

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that I, the undersigned, a Director of Halliburton Company, do hereby constitute and appoint Richard B. Cheney, David J. Lesar and Susan S. Keith, or any of them acting alone, my true and lawful attorneys or attorney, to do any and all acts and things and execute any and all instruments which said attorneys or attorney may deem necessary or advisable to enable Halliburton Company to comply with the Securities Exchange Act of 1934, as amended, and all rules, regulations and requirements of the Securities and Exchange Commission in respect thereof, in connection with the filing of Annual Reports on Form 10-K, including specifically, but without limitation thereof, power and authority to sign my name as Director of Halliburton Company to the Annual Reports on Form 10-K required to be filed with the Securities and Exchange Commission for the year ended 1996 and for all subsequent years until revoked by me or otherwise cancelled, and to any instruments or documents filed as a part of or in connection therewith; and I hereby ratify and confirm all that said attorneys or attorney shall do or cause to be done by virtue hereof.

IN TESTIMONY WHEREOF, witness my hand this 20th day of February, 1997.

/s/ R. J. Stegemeier

Richard J. Stegemeier

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that I, the undersigned, a Director of Halliburton Company, do hereby constitute and appoint Richard B. Cheney, David J. Lesar and Susan S. Keith, or any of them acting alone, my true and lawful attorneys or attorney, to do any and all acts and things and execute any and all instruments which said attorneys or attorney may deem necessary or advisable to enable Halliburton Company to comply with the Securities Exchange Act of 1934, as amended, and all rules, regulations and requirements of the Securities and Exchange Commission in respect thereof, in connection with the filing of Annual Reports on Form 10-K, including specifically, but without limitation thereof, power and authority to sign my name as Director of Halliburton Company to the Annual Reports on Form 10-K required to be filed with the Securities and Exchange Commission for the year ended 1996 and for all subsequent years until revoked by me or otherwise cancelled, and to any instruments or documents filed as a part of or in connection therewith; and I hereby ratify and confirm all that said attorneys or attorney shall do or cause to be done by virtue hereof.

IN TESTIMONY WHEREOF, witness my hand this 20th day of February, 1997.

/s/ Anne L. Armstrong

Anne L. Armstrong

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that I, the undersigned, a Director of Halliburton Company, do hereby constitute and appoint Richard B. Cheney, David J. Lesar and Susan S. Keith, or any of them acting alone, my true and lawful attorneys or attorney, to do any and all acts and things and execute any and all instruments which said attorneys or attorney may deem necessary or advisable to enable Halliburton Company to comply with the Securities Exchange Act of 1934, as amended, and all rules, regulations and requirements of the Securities and Exchange Commission in respect thereof, in connection with the filing of Annual Reports on Form 10-K, including specifically, but without limitation thereof, power and authority to sign my name as Director of Halliburton Company to the Annual Reports on Form 10-K required to be filed with the Securities and Exchange Commission for the year ended 1996 and for all subsequent years until revoked by me or otherwise cancelled, and to any instruments or documents filed as a part of or in connection therewith; and I hereby ratify and confirm all that said attorneys or attorney shall do or cause to be done by virtue hereof.

IN TESTIMONY WHEREOF, witness my hand this 20th day of February, 1997.

/s/ Clitheroe

Lord Clitheroe

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that I, the undersigned, a Director of Halliburton Company, do hereby constitute and appoint Richard B. Cheney, David J. Lesar and Susan S. Keith, or any of them acting alone, my true and lawful attorneys or attorney, to do any and all acts and things and execute any and all instruments which said attorneys or attorney may deem necessary or advisable to enable Halliburton Company to comply with the Securities Exchange Act of 1934, as amended, and all rules, regulations and requirements of the Securities and Exchange Commission in respect thereof, in connection with the filing of Annual Reports on Form 10-K, including specifically, but without limitation thereof, power and authority to sign my name as Director of Halliburton Company to the Annual Reports on Form 10-K required to be filed with the Securities and Exchange Commission for the year ended 1996 and for all subsequent years until revoked by me or otherwise cancelled, and to any instruments or documents filed as a part of or in connection therewith; and I hereby ratify and confirm all that said attorneys or attorney shall do or cause to be done by virtue hereof.

IN TESTIMONY WHEREOF, witness my hand this 20th day of February, 1997.

/s/ Robert L. Crandall

Robert L. Crandall

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that I, the undersigned, a Director of Halliburton Company, do hereby constitute and appoint Richard B. Cheney, David J. Lesar and Susan S. Keith, or any of them acting alone, my true and lawful attorneys or attorney, to do any and all acts and things and execute any and all instruments which said attorneys or attorney may deem necessary or advisable to enable Halliburton Company to comply with the Securities Exchange Act of 1934, as amended, and all rules, regulations and requirements of the Securities and Exchange Commission in respect thereof, in connection with the filing of Annual Reports on Form 10-K, including specifically, but without limitation thereof, power and authority to sign my name as Director of Halliburton Company to the Annual Reports on Form 10-K required to be filed with the Securities and Exchange Commission for the year ended 1996 and for all subsequent years until revoked by me or otherwise cancelled, and to any instruments or documents filed as a part of or in connection therewith; and I hereby ratify and confirm all that said attorneys or attorney shall do or cause to be done by virtue hereof.

IN TESTIMONY WHEREOF, witness my hand this 20th day of February, 1997.

/s/ W. R. Howell

W. R. Howell

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that I, the undersigned, a Director of Halliburton Company, do hereby constitute and appoint Richard B. Cheney, David J. Lesar and Susan S. Keith, or any of them acting alone, my true and lawful attorneys or attorney, to do any and all acts and things and execute any and all instruments which said attorneys or attorney may deem necessary or advisable to enable Halliburton Company to comply with the Securities Exchange Act of 1934, as amended, and all rules, regulations and requirements of the Securities and Exchange Commission in respect thereof, in connection with the filing of Annual Reports on Form 10-K, including specifically, but without limitation thereof, power and authority to sign my name as Director of Halliburton Company to the Annual Reports on Form 10-K required to be filed with the Securities and Exchange Commission for the year ended 1996 and for all subsequent years until revoked by me or otherwise cancelled, and to any instruments or documents filed as a part of or in connection therewith; and I hereby ratify and confirm all that said attorneys or attorney shall do or cause to be done by virtue hereof.

IN TESTIMONY WHEREOF, witness my hand this 20th day of February, 1997.

/s/ Dale P. Jones

Dale P. Jones

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that I, the undersigned, a Director of Halliburton Company, do hereby constitute and appoint Richard B. Cheney, David J. Lesar and Susan S. Keith, or any of them acting alone, my true and lawful attorneys or attorney, to do any and all acts and things and execute any and all instruments which said attorneys or attorney may deem necessary or advisable to enable Halliburton Company to comply with the Securities Exchange Act of 1934, as amended, and all rules, regulations and requirements of the Securities and Exchange Commission in respect thereof, in connection with the filing of Annual Reports on Form 10-K, including specifically, but without limitation thereof, power and authority to sign my name as Director of Halliburton Company to the Annual Reports on Form 10-K required to be filed with the Securities and Exchange Commission for the year ended 1996 and for all subsequent years until revoked by me or otherwise cancelled, and to any instruments or documents filed as a part of or in connection therewith; and I hereby ratify and confirm all that said attorneys or attorney shall do or cause to be done by virtue hereof.

IN TESTIMONY WHEREOF, witness my hand this 20th day of February, 1997.

/s/ C. J. Silas

C. J. Silas

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that I, the undersigned, a Director of Halliburton Company, do hereby constitute and appoint Richard B. Cheney, David J. Lesar and Susan S. Keith, or any of them acting alone, my true and lawful attorneys or attorney, to do any and all acts and things and execute any and all instruments which said attorneys or attorney may deem necessary or advisable to enable Halliburton Company to comply with the Securities Exchange Act of 1934, as amended, and all rules, regulations and requirements of the Securities and Exchange Commission in respect thereof, in connection with the filing of Annual Reports on Form 10-K, including specifically, but without limitation thereof, power and authority to sign my name as Director of Halliburton Company to the Annual Reports on Form 10-K required to be filed with the Securities and Exchange Commission for the year ended 1996 and for all subsequent years until revoked by me or otherwise cancelled, and to any instruments or documents filed as a part of or in connection therewith; and I hereby ratify and confirm all that said attorneys or attorney shall do or cause to be done by virtue hereof.

IN TESTIMONY WHEREOF, witness my hand this 20th day of February, 1997.

/s/ Roger T. Staubach

Roger T. Staubach

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that I, the undersigned, a Director of Halliburton Company, do hereby constitute and appoint Richard B. Cheney, David J. Lesar and Susan S. Keith, or any of them acting alone, my true and lawful attorneys or attorney, to do any and all acts and things and execute any and all instruments which said attorneys or attorney may deem necessary or advisable to enable Halliburton Company to comply with the Securities Exchange Act of 1934, as amended, and all rules, regulations and requirements of the Securities and Exchange Commission in respect thereof, in connection with the filing of Annual Reports on Form 10-K, including specifically, but without limitation thereof, power and authority to sign my name as Director of Halliburton Company to the Annual Reports on Form 10-K required to be filed with the Securities and Exchange Commission for the year ended 1996 and for all subsequent years until revoked by me or otherwise cancelled, and to any instruments or documents filed as a part of or in connection therewith; and I hereby ratify and confirm all that said attorneys or attorney shall do or cause to be done by virtue hereof.

IN TESTIMONY WHEREOF, witness my hand this 20th day of February, 1997.

/s/ E. L. Williamson

E. L. Williamson

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that I, the undersigned, a Director of Halliburton Company, do hereby constitute and appoint David J. Lesar and Susan S. Keith, or any of them acting alone, my true and lawful attorneys or attorney, to do any and all acts and things and execute any and all instruments which said attorneys or attorney may deem necessary or advisable to enable Halliburton Company to comply with the Securities Exchange Act of 1934, as amended, and all rules, regulations and requirements of the Securities and Exchange Commission in respect thereof, in connection with the filing of Annual Reports on Form 10-K, including specifically, but without limitation thereof, power and authority to sign my name as Director of Halliburton Company to the Annual Reports on Form 10-K required to be filed with the Securities and Exchange Commission for the year ended 1996 and for all subsequent years until revoked by me or otherwise cancelled, and to any instruments or documents filed as a part of or in connection therewith; and I hereby ratify and confirm all that said attorneys or attorney shall do or cause to be done by virtue hereof.

IN TESTIMONY WHEREOF, witness my hand this 20th day of February, 1997.

/s/ Richard B. Cheney

Richard B. Cheney

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that I, the undersigned, a Director of Halliburton Company, do hereby constitute and appoint Richard B. Cheney, David J. Lesar and Susan S. Keith, or any of them acting alone, my true and lawful attorneys or attorney, to do any and all acts and things and execute any and all instruments which said attorneys or attorney may deem necessary or advisable to enable Halliburton Company to comply with the Securities Exchange Act of 1934, as amended, and all rules, regulations and requirements of the Securities and Exchange Commission in respect thereof, in connection with the filing of Annual Reports on Form 10-K, including specifically, but without limitation thereof, power and authority to sign my name as Director of Halliburton Company to the Annual Reports on Form 10-K required to be filed with the Securities and Exchange Commission for the year ended 1996 and for all subsequent years until revoked by me or otherwise cancelled, and to any instruments or documents filed as a part of or in connection therewith; and I hereby ratify and confirm all that said attorneys or attorney shall do or cause to be done by virtue hereof.

IN TESTIMONY WHEREOF, witness my hand this 20th day of February, 1997.

/s/ Delano E. Lewis

Delano E. Lewis

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE HALLIBURTON COMPANY CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 1996 AND INTERIM PERIODS, RESTATED TO REFLECT THE COMPANY'S POOLING OF INTERESTS WITH LANDMARD GRAPHICS CORPORATION.

1000000

YEAR	9-MOS		6-MOS		3-MOS			
	DEC-31-1996	DEC-31-1996	DEC-31-1996	SEP-30-1996	DEC-31-1996	JUN-30-1996	DEC-31-1996	MAR-31-1996
		214		95		73		154
	0		0		0		0	
	1702		1741		1716		1654	
	44		0		0		0	
	292		316		310		307	
	2398		2399		2330		2353	
		3561		3499		3448		3425
	2269		2275		2276		2284	
	4437		4314		4105		4028	
	1505		1511		1362		1341	
	0	200	0	200	0	200	323	200
		0		0		0		0
		323		323		323		0
		1836		1734		1674		1623
4437		4314		4105		4028		0
		0		0		0		0
	7385		5395		3536		1705	
		0		0		0		0
	6731		4961		3262		1592	
	0		0		0		0	
	0		0		0		0	
	24		18		11		5	
	404		236		182		72	
	103		44		64		27	
	300		193		117		46	
	0		0		0		0	
	0		0		0		0	
		0		0		0		0
	300		193		117		46	
	2.38		1.53		0.93		0.36	
	2.38		1.53		0.93		0.36	

THE SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE HALLIBURTON COMPANY CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 1995 AND INTERIM PERIODS, RESTATED TO REFLECT THE COMPANY'S POOLING OF INTERESTS WITH LANDMARK GRAPHICS CORPORATION.

1000000

YEAR	9-MOS		6-MOS		3-MOS			
	DEC-31-1995	DEC-31-1995	DEC-31-1995	SEP-30-1995	DEC-31-1995	JUN-30-1995	DEC-31-1995	MAR-31-1995
		240		144		373		349
	0		0		0		0	
	1499		1399		1420		1354	
	38		0		0		0	
	256		282		268		288	
	2186		2026		2312		2222	
		3422		3411		3471		3421
	2264		2291		2352		2324	
	3862		3970		4313		4181	
1198			1036		933		849	
0		200	0		0		0	
	0		0		0		0	
		323		323		322		322
	1598		1810		1840		1792	
3862		3970		4313		4181		0
	0		0		0		0	
	5883		4295		2766		1319	
		0		0		0		0
	5260		3820		2462		1189	
	0		0		0		0	
	0		0		0		0	
47			41		26		13	
	387		266		162		66	
	138		95		60		25	
249			171		102		42	
	(66)		(66)		2		1	
	0		0		0		0	
		0		0		0		0
	184		105		104		42	
	1.47		0.84		0.83		0.34	
	1.53		0.88		0.86		0.35	

0

THE SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE HALLIBURTON COMPANY CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 1994, RESTATED TO REFLECT THE COMPANY'S POOLING OF INTERESTS WITH LANDMARK GRAPHICS CORPORATION.

1000000

YEAR	DEC-31-1994	DEC-31-1994
		441
	0	
	1340	
	36	
	274	
	2250	
		3482
	2364	
	4197	
884		
		635
0		
	0	
		322
	1768	
4197		
		0
	5661	
		0
	5189	
	0	
	0	
48		
	298	
		122
175		
	6	
	0	
		0
	181	
	1.45	
	1.52	