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

(Mark One)
[X] 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, 1994

[ ] 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	73-0271280
(State or other jurisdiction of incorporation of organization)	(I.R.S. Employer Identification No.)

3600 LINCOLN PLAZA, 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
Zero coupon convertible subordinated debentures due March 13, 2006	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 21, 1995, determined using the per share closing price on the New York Stock Exchange Composite tape of $37.25 on that date was approximately $4,253,900,000.

As of March 21, 1995, there were 114,199,702 shares of Halliburton Company Common Stock $2.50 par value per share outstanding.

Portions of the Halliburton Company Proxy Statement dated March 21, 1995, are incorporated by reference into Part III of this report.

PART I

ITEM 1. BUSINESS.

GENERAL DEVELOPMENT OF BUSINESS - Halliburton Company (the Company) was established in 1919 and incorporated under the laws of the state of Delaware in 1924. The Company provides energy services, engineering and construction services, and property and casualty insurance services.

Information related to acquisitions and dispositions is set forth in Note 19 to the financial statements of this Annual Report.

FINANCIAL INFORMATION ABOUT BUSINESS SEGMENTS - The Company is comprised of three business segments. See Note 12 to the financial statements of this Annual Report for financial information about these three business segments. Energy Services product sales were $307.9 million in 1994, $414.4 million in 1993 and $437.0 million in 1992.

DESCRIPTION OF SERVICES AND PRODUCTS - The following is a summary which briefly describes the Company's services and products for each business segment.
ENERGY SERVICES: Halliburton Energy Services (Energy Services) provides a wide range of services and products used in the exploration, development and production of oil and natural gas. Energy Services operates worldwide serving major oil companies, independent operators and national oil companies. The services and products provided by Energy Services include cementing, casing equipment and water control services; completion and production products; directional drilling systems, measurement while drilling, logging while drilling and mud logging services; open and cased hole logging and perforating services and logging and perforating products; well testing, reservoir description and evaluation services, tubing conveyed well completion systems and reservoir engineering services; stimulation and sand control services and tools and coiled tubing services; wellhead pressure control equipment, well control, hydraulic

workover and downhole video services. In January, 1994, the Company sold substantially all of its geophysical business. In November, 1994, the Company sold its natural gas compression business, which was engaged in the sale and leasing of natural gas compressors and gas processing equipment. In December, 1994, the Company sold substantially all of its U.S. based self-elevating workover platforms.

ENGINEERING AND CONSTRUCTION SERVICES: Engineering and Construction Services includes services for both land and marine activities. Included are technical and economic feasibility studies, site evaluation, licensing, conceptual design, process design, detailed engineering, procurement, project and construction management, construction and start-up assistance of electric utility plants, chemical and petrochemical plants, refineries, pulp and paper mills, metal processing plants, highways and bridges, subsea construction, fabrication and installation of subsea pipelines, offshore platforms, production platform facilities, marine engineering and other marine related projects, 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 (Brown & Root).

INSURANCE SERVICES: Insurance Services provides property and casualty insurance products and services (Highlands Insurance Company).

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 on 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 Energy Services' and Engineering and Construction Services' customers have indicated a preference for integrated services and solutions. These integrated services, in the case of Energy Services, relate to all phases of exploration and production of oil and gas, and, in the case of Engineering and Construction Services, relate to all phases of design, procurement, construction, project management and maintenance of a facility. Demand for these types of integrated services 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 Energy Services' 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 15 to the financial statements of this Annual Report.

CUSTOMERS AND BACKLOG - Substantially all of the Company's Energy Services and a significant portion of Engineering and Construction Services are related to the energy industries. In 1994, 1993, and 1992, respectively, 75%, 77% and 79% of the Company's revenues were derived from the sale of products and services to, including construction for, the energy industries.

The following schedule summarizes the backlog of engineering and construction projects at December 31, 1994 and 1993:

	1994	1993
	(In millions)	
Firm orders	$3,780	$3,306
Government orders firm but not yet funded	828	863
Letters of intent and contracts awarded but not signed	84	43
Total	$4,692	$4,212

It is estimated that nearly 60% of the backlog existing at December 31, 1994 will be completed during 1995.

The Company does not believe that engineering and construction 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.

Orders for Energy Services are generally placed by customers on the basis of current need. Therefore, backlog of orders for these services and products are not material.

RAW MATERIALS - All 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 13 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. It 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, 1994 the Company employed approximately 57,200 people of which 21,700 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 14 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 14 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.

ENERGY SERVICES - Energy Services owns manufacturing facilities covering approximately 3,400,000 square feet. Principal locations of these manufacturing facilities are Davis and Duncan, Oklahoma; Alvarado, Amarillo, Carrollton, Cisco, Fort Worth, Garland, Houston and Mansfield, Texas; Arbroath, Scotland; Reynosa, Mexico; and Jurong, Singapore. The manufacturing facilities at Davis, Amarillo, Cisco, Mansfield and one of four facilities in Houston were inactive at the end of 1994. One of the two facilities in Carrollton was inactive at the end of 1993 and was sold in 1994. Energy Services also leases manufacturing facilities covering approximately 96,000 square feet. Principal locations of these facilities are Jurong, Singapore; Basingstoke, England; and Kilwinning, Scotland.

Research, development and engineering activities are carried out in owned facilities covering approximately 442,000 square feet in Duncan, Oklahoma; Houston and Carrollton, Texas; and Aberdeen, Scotland; and leased facilities covering approximately 41,000 square feet in Bedford, England; and Leiderdorp, Holland.

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 265 locations outside the United States in both the Eastern and Western Hemispheres.

ENGINEERING AND CONSTRUCTION SERVICES - Engineering and Construction Services owns manufacturing facilities covering approximately 441,000 square feet in Houston, Texas, and Edmonton, Canada. The Company leased 388,000 square feet of this manufacturing space in Houston to another Company in 1994. Engineering and Construction Services also owns marine fabrication facilities covering approximately 640 acres in Belle Chasse, Louisiana; Greens Bayou, Texas; Sunda Strait, Indonesia (35% owned); and Nigg and Wick, Scotland. The Harbor Island, Texas facility including approximately 220 acres and part of the Belle Chasse, Louisiana facility of approximately 90 acres were sold during 1994. The remaining approximately 165 acres of the Belle Chasse, Louisiana facility continued to be idle. Engineering and design, project management and procurement services activities are carried out in owned facilities covering approximately 1,500,000 square feet in Houston, Texas; Edmonton, Canada; and Aberdeen, Scotland; and leased facilities covering approximately 2,000,000 square feet in Mobile, Alabama; Alhambra, California; Gaithersburg, Maryland; London, England; Kuala Lumpur, Malaysia; Singapore; Aberdeen, Scotland; Plzen, Czech Republic; and Bahrain.

In addition, laboratories, services centers, and sales offices are operated at approximately 30 locations in the United States, almost all of which are leased by the Company, and at approximately 5 foreign locations in both Eastern and Western Hemispheres.

INSURANCE SERVICES - Insurance Services operates from leased facilities in Houston, Texas and London, England covering approximately 130,000 square feet. Insurance Services also operates out of approximately 10 sales and service centers in the United States and 2 international locations in the Eastern

Hemisphere which are leased by the Company.

GENERAL CORPORATE - 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. Due to the outsourcing of the Company's computer and data processing services, the owned and leased facilities in Arlington, Texas covering approximately 85,000 and 36,000 square feet, respectively, will be vacated during 1995 and the owned facility is intended to be sold or leased.

ITEM 3. LEGAL PROCEEDINGS.

Information relating to various commitments and contingencies is described in Note 14 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 1994.

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
Jerry H. Blurton (Age 50)	Vice President - Finance, since September 1991 Vice President and Controller, October 1989 to September 1991
Lester L. Coleman (Age 52)	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
* Thomas H. Cruikshank (Age 63)	Director of Registrant, since May 1977 Chairman of the Board, since June 1989 Chief Executive Officer, since May 1983
* Dale P. Jones (Age 58)	Director of Registrant, since December 1988 President, since June 1989
* Tommy E. Knight (Age 56)	President and Chief Executive Officer of Brown & Root, Inc., since May 1992 Executive Vice President - Operations of Brown & Root, Inc, January 1990 to May 1992
* Kenneth R. LeSuer (Age 59)	President and Chief Executive Officer of Halliburton Energy Services, since March 1994 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
* W. Bernard Pieper (Age 62)	Chief Operating Officer, since February 1994 Vice Chairman, since May 1992 President and Chief Executive Officer of Brown & Root, Inc. (Subsidiary of the Registrant), July 1990 to May 1992 President and Chief Operating Officer of Brown & Root, Inc., January 1989 to July 1990

* 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, the Stock Exchange of London, and the Swiss Stock Exchanges at Zurich, Geneva, Basel and Lausanne. The Company has initiated proceedings to de-list its common stock from the Toronto Stock Exchange. 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 46 of this Annual Report. At December 31, 1994, there were approximately 17,400 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 47 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 8 to 14 of this Annual Report.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

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

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

BUSINESS ENVIRONMENT

The business of the Company is significantly affected by worldwide expenditures of the energy industries. The Company operates in over 100 countries. 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 diversification of its activities reduces the risk that loss of its operations in any one country would be material to the conduct of its operations taken as whole.

The operations of Halliburton Energy Services are impacted quickly by short-term increases and decreases in oil and natural gas development activities in major producing areas throughout the world. These development activities are sensitive to the legislative environment in the United States and other major producing countries, developments in the Middle East and the impact of these and other events on the pricing of oil and natural gas.

The operations of Engineering and Construction Services are subject to longer-term economic trends in the United States and other major countries. A major economic factor is the capital spending plans for hydrocarbon processing and pipeline delivery networks of major oil, natural gas and chemical companies throughout the world. Other factors include the capital spending plans of the pulp and paper industry, environmental laws which require emission standards performance for existing and new facilities and governmental spending for military and logistical support by the United States and the United Kingdom.

The operations of Insurance Services are impacted by the legislative and legal environment in the United States, interest rates and catastrophic events.

RESULTS OF OPERATIONS

CONSOLIDATED HIGHLIGHTS

Revenues in 1994 were $5,740.5 million, a decrease of 10% from 1993 revenues of $6,350.8 million and a 13% decrease from 1992 revenues of $6,565.9 million. Excluding the revenues of the geophysical operations which were divested in January 1994, revenues in 1994 decreased by 3% from 1993 and by 6% from 1992. Energy Services revenues, excluding geophysical revenues, declined in 1994 compared to 1993 but increased over 1992. Revenues from Engineering and Construction Services and Insurance Services declined from 1993 and 1992.

Operating income in 1994 was $235.0 million, compared with operating losses of $132.6 million in 1993 and $101.4 million in 1992. Excluding the items listed below, operating income in 1994 increased by 9% over 1993 and by 32% over 1992. Most of the increase in operating income, excluding the items listed below, was from Energy Services.

In 1994, the Company recognized a $42.6 million charge against Energy Services operating income ($27.7 million net of income taxes) to recognize severance costs for the termination of about 2,700 employees. See Note 17 to the consolidated financial statements. In 1993, the Company recognized a $301.8 million charge against Energy Services operating income ($263.8 million net of income taxes) to reflect the net realizable value of the Company's geophysical operations which were disposed of in January 1994. See Note 19 to the consolidated financial statements. The Company also provided a $20.0 million charge in 1993 ($13.0 million net of income taxes) related to Energy Services non-geophysical employee severance costs. In addition, the Company provided a $46.3 million charge in 1993 and a $21.0 million charge in 1992 ($33.9 million and $17.4 million net of income taxes in 1993 and 1992) related to claims loss reserves on its United Kingdom insurance business in each year and expenses for the suspension of underwriting activities in 1993 of the Insurance Services United Kingdom subsidiary. See Note 11 to the consolidated financial statements. See Note 18 to the financial statements for a description of special charges in Energy Services and Engineering and Construction Services in 1992 which provided for the closing and consolidating of certain operating facilities, globalizing employee benefits and personnel reductions, relocations and associated employee benefits costs, technological obsolescence of certain inventories and equipment related to the introduction of new technologies, realignment of worldwide manufacturing capabilities, write-down of certain investments in operations which are no longer in the Company's long-term strategic interest, reduction in certain intangible assets, and other items.

Millions of dollars	1994	1993	1992
Operating income before special items and operations of the geophysical business	$ 277.6	$ 255.6	$ 210.8
Divested geophysical operations	-	(20.1)	(26.6)
	277.6	235.5	184.2
Employee severance costs	(42.6)	(20.0)	-
Loss on sale of geophysical business in 1994	-	(301.8)	-
Claim loss reserves and suspension of underwriting activities in the United Kingdom	-	(46.3)	(21.0)
Special charges	-	-	(264.6)
Operating income (loss)	$ 235.0	$(132.6)	$(101.4)

Consolidated net income for 1994 was $177.8 million compared to net losses of $161.0 million in 1993 and $137.3 million in 1992. Excluding the items listed below, net income would have been $141.2 million in 1994, $123.2 million in 1993 and $99.7 million in 1992.

Net income per share in 1994 was $1.56, compared to a loss per share of $1.43 in 1993 and a loss per share of $1.28 in 1992. Excluding the items listed above, net income per share would have been $1.24 per share in 1994, $1.10 in 1993 and $.93 in 1992.

Millions of dollars	1994	1993	1992
Net income before special items and operations of the geophysical business	$ 141.2	$ 123.2	$ 99.7
Divested geophysical operations	-	(20.3)	(35.7)
	141.2	102.9	64.0
Gain on sale of natural gas compression business	64.3	-	-
Employee severance costs	(27.7)	(13.0)	-
Loss on sale of geophysical business in 1994	-	(263.8)	-
Claim loss reserves and suspension of underwriting activities in the United Kingdom	-	(33.9)	(17.4)
Internal Revenue Service settlement	-	40.4	-
Change in Federal income tax laws	-	6.4	-
Special charges	-	-	(185.8)
Gain on sale of Health Economics Corporation	-	-	9.0
Interest on income tax refunds	-	-	6.7
Changes in accounting methods	-	-	(13.8)
Net income (loss)	$ 177.8	$(161.0)	$(137.3)

ENERGY SERVICES

In 1993, the Company reorganized the ten separate business units of Energy Services into a single division. The objectives of the reorganization were to deliver services and products more focused on the specific needs of its customers in each geographical area, integrate products, services and processes to deliver integrated services and solutions to customers, more easily adapt to changes in market sizes and locations, and, as a result, produce acceptable operating results and cash flows. This reorganization enabled the Company to reduce the number of Energy Services employees during 1994. In addition, the Company adopted a performance measurement and, for 1995, an incentive compensation plan based upon cash flows and shareholder value creation. The reduced cost structure, improvements in delivery of products and services to customers, and organizational efficiencies improved Energy Services operating profit performance in 1994 to the highest level since 1990.

Recently, the price of natural gas declined and is expected to remain below 1994 price levels during 1995. A decline in natural gas prices tends to reduce exploration and on-land drilling activities in North America quickly, while North American offshore activities are impacted if a decline in prices is sustained over a longer period of time. During this same time period, the price of oil has risen. The net result of these factors should reduce the demand for energy services and products in North America, but increase the demand internationally. As a result, the Company expects the demand for Energy Services in 1995 to be about the same as 1994 or slightly lower. However, Energy Services will continue to benefit from its reduced cost structure and operational customer focus.

Revenues in 1994 were $2,514.0 million, a 15% decrease from 1993 revenues of $2,953.4 million and an 8% decrease from 1992 revenues of $2,726.3 million. Excluding the revenues of the divested geophysical operations, revenues in 1994 decreased by 1% from 1993, but increased by 11% over 1992. The decrease in revenues in 1994 from 1993 relates primarily to reduced activities in the North Sea and Middle East and market disturbances in Nigeria and Brazil. In addition, higher levels of completion activity were experienced in the early part of 1993 on wells drilled prior to the December 31, 1992 expiration of United States section 29 tight sands gas tax credits. The increase in 1994 revenues over 1992 relates primarily to the acquisition of the drilling systems business in 1993.

Operating income in 1994 was $191.1 million, compared to losses of $147.7 million in 1993 and $63.6 million in 1992. Excluding the items listed below, operating income would have been $233.7 million, a 20% increase over 1993 income of $194.2 million and a 61% increase over 1992 income of $145.0 million. Most of the increase in operating income is related to the successful implementation of strategic action plans that have continued to lower the cost structure and improve organizational efficiencies particularly in North America and increased activities in South America. Operating income in 1994 includes $12.4 million (compared to $31.0 million in 1993 and $10.5 million in 1992) resulting from a combination of ongoing operations and collections on work performed in Libya by foreign subsidiaries of the Company.

Millions of dollars	1994	1993	1992
Operating income before special items and operations of the geophysical business	$ 233.7	$ 194.2	$ 145.0
Divested geophysical operations	-	(20.1)	(26.6)
	233.7	174.1	118.4
Employee severance costs	(42.6)	(20.0)	-
Loss on sale of geophysical business in 1994	-	(301.8)	-
Special charges	-	-	(182.0)
Operating income (loss)	$ 191.1	$(147.7)	$ (63.6)

ENGINEERING AND CONSTRUCTION SERVICES

Engineering and Construction Services bid activities increased in 1994 over 1993 and this trend is expected to continue into 1995 and 1996. Improved profits and cash flows in key industries served are leading customers to expand their capital spending plans. In addition, opportunities continue to be sought for integration of services offered by Engineering and Construction Services with those of Energy Services in total energy field development and operation. Integrated service arrangements offered through alliances and partnering agreements with major energy companies and government-owned energy companies will likely expand in 1995. Engineering and Construction Services also continues to seek arrangements with government entities for privatization of services. As government entities try to maintain or reduce costs, a number of opportunities to provide services and management contracts are becoming available. The growth in these types of opportunities along with improving economic development in major countries throughout the world should be beneficial in 1995.

Revenues in 1994 were $2,996.2 million, a 5% decrease from 1993 revenues of $3,140.7 million and a 16% decrease from 1992 revenues of $3,563.7 million. Most of the decrease is related to a decline in available work in downstream energy projects due primarily to uncertainty in long-term oil prices and United Kingdom tax policies on North Sea development activity as well as restrictions on customers' cash flows in the Middle East. This decrease was partially offset by awards of additional privatization service agreements primarily in Europe and Africa.

Operating income in 1994 was $67.2 million, compared to income of $79.3 million in 1993 and a loss of $12.0 million in 1992. Excluding the special charges in 1992, operating income in 1992 would have been $70.6 million. The decrease in operating income in 1994 is due primarily to contract losses on North Sea marine fabrication projects and an electric utility plant project in the United States. The decline in 1994 operating income is partially offset by profitability on pipeline construction projects in the North Sea and the Far East and inclusion of a $5.0 million gain on the sale of an environmental remediation subsidiary. Operating income in 1994 also includes income of $5.1 million (compared to $13.7 million in 1993) resulting primarily from work performed in Libya by foreign subsidiaries of the Company.

The backlog of unfilled firm orders for engineering and construction projects increased by 14% in 1994 over 1993. Backlog may not be a reliable indicator of future profitability or activity levels due to the duration of many projects and the complexity of various contract terms.

INSURANCE SERVICES

Revenues were $230.3 million in 1994, a 10% decrease from 1993 and a 17% decrease from 1992. Insurance Services exited from the assumed reinsurance property catastrophe business in 1994. However, it is still exposed to catastrophes that may occur in the future through the writing of direct property coverages, primarily in Texas and Louisiana. The reduced revenues primarily result from lower earned premiums on discontinued lines of business and from changes by some customers in the type of workers' compensation coverage to a deductible contract which delays the cash flow of premiums received.

Insurance Services had an operating loss of $0.4 million in 1994 compared to a loss of $42.2 million in 1993 and a loss of $4.8 million in 1992. Excluding provisions for claim loss reserves on United Kingdom business and suspension of underwriting activities in the United Kingdom in 1993 and 1992, operating income would have been $4.1 million in 1993 and $16.2 million in 1992. Investment income was lower in 1994 and 1993 compared to 1992 due primarily to lower yields on available investments and reductions in invested balances in 1994 along with the realization in 1992 of gains from the sale of certain investments.

The Company's insurance subsidiaries have numerous reinsurance agreements with other insurance companies. See Note 11 to the financial statements.

NONOPERATING ITEMS

Interest income in 1992 includes interest on an income tax refund of $12.8 million. Excluding the interest on this refund, interest income in 1994 and 1993 was lower than 1992 due primarily to lower interest rates available on invested cash and equivalents and lower average levels of invested cash.

Foreign currency losses in 1994 were $15.6 million compared with 1993 losses of $21.0 million and 1992 losses of $32.7 million. The foreign currency losses in 1994 relate primarily to Brazil and Venezuela. Prior year losses related primarily to various Latin American and African currency exposures in 1993 and to European, African and Latin American currency exposures in 1992. Economic programs were recently initiated by the governments of Brazil, Mexico and Venezuela to stabilize their economies and curtail the rate of devaluation in their local currencies. If these programs are successful, future foreign exchange losses of the Company in these countries should be significantly smaller than in the past. However, if these programs are unsuccessful, then future foreign exchange losses in these countries will likely continue. Nigeria recently changed its currency controls. This change will likely result in about an $8 million gain in Nigeria in the first quarter of 1995.

Nonoperating income in 1994 includes a gain on the sale of the Company's natural gas compression business of $102.0 million. Nonoperating income in 1992 includes a $13.6 million gain on sale of the Company's health care cost management services company.

Income taxes were reduced in 1993 by $40.4 million due to a settlement with the Internal Revenue Service relating to tax assessments for the 1980-1987 taxable years. See Note 7 to the financial statements. Income taxes were further reduced in 1993 by an additional $6.4 million due to changes in Federal income tax laws.

The effective income tax rates, excluding the items outlined above, for the years 1994, 1993 and 1992 were 39%, 43% and 48%, respectively. The decline in the Company's effective income tax rate from 1993 and 1992 is primarily due to the improvement in foreign earnings and the reduction in foreign losses not fully benefitted by the Company.

The Company reviews the probable realizability of its deferred tax assets and liabilities in each taxing jurisdiction utilizing historical and forecast information. 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 statutorily prohibited or uncertain. Approximately 80% of the deferred tax assets at December 31, 1994 relate to United States Federal temporary differences. The Company believes it has sufficient taxable income in the combination of carryback years, future reversals of taxable temporary differences and anticipated future taxable income to utilize the future deductions represented in the deferred tax assets. In addition, the Company can implement certain tax planning strategies to accelerate taxable amounts to utilize any expiring carryforwards not offset by a valuation allowance.

The Company changed its methods of accounting for income taxes and postretirement benefits other than pensions in 1992. See Notes 7 and 16 to the financial statements for a description of changes in accounting methods.

LIQUIDITY AND CAPITAL RESOURCES

The Company ended the year 1994 with cash and equivalents of $428.1 million, an increase of $379.3 million from 1993 and an increase of $194.8 million from 1992. Excluding cash and equivalents of Insurance Services, which are restricted from general corporate purposes unless paid to the parent as a dividend, cash and equivalents at the end of the year 1994 were $375.3 million, an increase of $367.8 million from 1993 and an increase of $228.9 million from 1992. The increase in cash is due primarily to an increase in cash flows from proceeds from the sale of the geophysical business and the natural gas compression business as outlined below and from operating activities.

OPERATING ACTIVITIES

Cash flows from operating activities in 1994 were $443.4 million, up from $243.1 million in 1993 and $381.6 million in 1992. The increase in cash flows from operating activities in 1994 is primarily due to improved profitability and the sale of geophysical services which eliminated a source of historically negative cash flows. In addition, receivables and inventories in Energy Services declined, which were partially offset by declines in payables primarily related to payments of geophysical related liabilities. Receivables also declined in 1994 due to collections of income tax receivables.

INVESTING ACTIVITIES

Cash flows from investing activities provided $194.3 million in cash in 1994 compared to a use of $342.5 million in 1993 and a use of $138.5 million in 1992. The 1994 increase is due to proceeds from the sale of the geophysical business and natural gas compression business, the sale of two small subsidiaries, along with reduced outflows for software development and capital expenditures and the elimination of outflows related to geophysical speculative data.

In January 1994, the Company sold substantially all of the assets of its geophysical services and products business for $190.0 million in cash and notes subject to certain adjustments. The notes received were sold in 1994.

In November 1994, the Company sold its natural gas compression business for $205.0 million cash.

Acquisitions of property, plant and equipment were $234.7 million in 1994, down from $246.9 million in 1993 and $315.9 million in 1992. The reduction in the Company's expenditures for property, plant and equipment reflects, in part, Energy Services combining its resources to optimize the most profitable target market. The Company's expenditures for property, plant and equipment in 1995 may be slightly higher than in 1994, unless market conditions deteriorate. The

Company believes that current levels of expenditures for property, plant and equipment related to Energy Services, while reduced from historical levels, are adequate to support current and anticipated replacement requirements.

The Company had net payments for purchases of marketable securities in 1994 of $16.2 million, compared to net payments of $17.0 million in 1993 and net receipts from sales or maturities of $211.5 million in 1992. The net payments in 1994 and 1993 are primarily due to investment activities by Insurance Services. The net receipts for 1992 are primarily due to the maturities of the Company's investment of cash available for general corporate use in short-term securities which, at the time of purchase, had maturities in excess of 90 days.

Receipts from sales of property, plant and equipment increased in 1994 over 1993 and 1992 due primarily to the sale of workover platforms.

Other investing activities were $11.0 million in 1994, down from $81.8 million in 1993 and $88.0 million in 1992. Other investing activities include investments in proprietary information to be licensed or sold. The decrease is due primarily to the disposal of the geophysical business.

FINANCING ACTIVITIES

Cash flows from financing activities used $252.6 million in 1994 compared to $81.0 million in 1993 and $135.8 million in 1992. The 1994 increase in outflows is related to the reduction of short-term indebtedness, the redemption of long-term debt and installments on the note issued by the Company to the buyer of the geophysical business.

Long-term debt was $643.1 million at the end of 1994, compared to $623.9 million at the end of 1993 and $656.7 million at the end of 1992. 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 the geophysical business. In 1993, the Company redeemed $56.5 million principal amount of its debentures. The Company issued $42 million of short-term debt in 1992, which was refinanced as long-term debt in 1993. In addition, in 1992 the Company redeemed $55.8 million principal amount of its debentures. Total debt was 26%, 27% and 26% of total capitalization at the end of 1994, 1993 and 1992, respectively.

Each holder of the Company's zero coupon convertible subordinated debentures has the option to require the Company to purchase the debentures on March 13, 1996 for a purchase price equal to the issue price plus accrued original issue discount to date of purchase. The aggregate amount of debentures on March 13, 1996 is expected to be $403.2 million. Under the current market conditions, redemption of the debentures by each holder would be likely.

The Company has sufficient ability to borrow additional short-term and long-term funds if necessary. See Note 8 to the financial statements regarding the Company's various short-term lines of credit. In July 1993, the Company filed a registration statement with the Securities and Exchange Commission covering a proposed public offering of the Company's debt securities with an aggregate initial public offering price not to exceed $500 million. The Company may offer and sell from time-to-time one or more series of its debt securities on terms to be determined at the time of the offering. In 1993, in connection with the acquisition of the drilling systems business, the Company issued 6,857,000 shares of Common Stock previously held as treasury stock. See Note 19 to the financial statements.

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 two of such sites will not have a material adverse effect on the results of operations of the Company. See Note 14 to the financial statements for additional information on these two sites.

EXPORT MATTERS

See Note 14 to the financial statements concerning certain actions of the United States Government concerning exports by subsidiaries of 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 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, 1994, its system of internal control over financial reporting met those criteria.

HALLIBURTON COMPANY

by (Thomas H. Cruikshank)	by (Jerry H. Blurton)
Thomas H. Cruikshank	Jerry H. Blurton
Chairman of the Board	Vice President-
and Chief Executive Officer	Finance

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, 1994 and 1993, and the related consolidated statements of income, cash flows and shareholders' equity for each of the three years in the period ended December 31, 1994. 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, 1994 and 1993, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1994, in conformity with generally accepted accounting principles.

As discussed in Notes 2 and 11 to the financial statements, as required by generally accepted accounting principles, the Company changed its methods of accounting for certain investments in debt and equity securities and reinsurance of short-duration and long-duration contracts effective December 31, 1993 and January 1, 1993, respectively. In addition, as discussed in Notes 7 and 16 to the financial statements, as required by generally accepted accounting principles, the Company changed its methods of accounting for income taxes and accounting for postretirement benefits, respectively, effective January 1, 1992.

(ARTHUR ANDERSEN LLP)
ARTHUR ANDERSEN LLP
Dallas, Texas
February 1, 1995

CONSOLIDATED STATEMENTS OF INCOME
Years ended December 31

Millions of dollars and shares except per share data	1994	1993	1992
REVENUES	$ 5,740.5	$ 6,350.8	$ 6,565.9
OPERATING COSTS AND EXPENSES:			
Cost of revenues	5,307.7	6,265.0	6,383.6
General and administrative	197.8	218.4	283.7
Total operating costs and expenses	5,505.5	6,483.4	6,667.3
OPERATING INCOME (LOSS)	235.0	(132.6)	(101.4)
Interest expense	(47.1)	(50.1)	(53.6)
Interest income	16.2	13.9	42.0
Foreign currency losses	(15.6)	(21.0)	(32.7)

Gains on sales of businesses	102.0	-	13.6
Other nonoperating income, net	0.4	0.7	0.8
INCOME (LOSS) BEFORE INCOME TAXES, MINORITY INTEREST AND CHANGES IN ACCOUNTING METHODS	290.9	(189.1)	(131.3)
(Provision) benefit for income taxes	(112.9)	26.6	6.1
Minority interest in net (income) loss of consolidated subsidiaries	(0.2)	1.5	1.7
INCOME (LOSS) BEFORE CHANGES IN ACCOUNTING METHODS	177.8	(161.0)	(123.5)
Cumulative effect of changes in accounting methods	-	-	(13.8)
NET INCOME (LOSS)	$ 177.8	$ (161.0)	$ (137.3)
INCOME (LOSS) PER SHARE			
Before changes in accounting methods	$ 1.56	$ (1.43)	$ (1.15)
Changes in accounting methods	-	-	(0.13)
Net income (loss)	1.56	(1.43)	(1.28)
Average common shares outstanding	114.2	112.5	107.1

See notes to financial statements.

CONSOLIDATED BALANCE SHEETS
December 31

Millions of dollars and shares	1994	1993
ASSETS		
CASH AND EQUIVALENTS	$ 428.1	$ 48.8
INVESTMENTS:		
Available-for-sale	219.0	182.5
Held-to-maturity	435.8	474.0
Total investments	654.8	656.5
RECEIVABLES:		
Notes and accounts receivable (less allowance for bad debts of $34.8 and $32.7)	1,273.1	1,304.2
Unbilled work on uncompleted contracts	173.4	180.4
Refundable Federal income taxes	13.4	71.5
Total receivables	1,459.9	1,556.1
INVENTORIES	268.9	369.0
REINSURANCE RECOVERABLES (less allowance for losses of $11.9 and $11.5)	671.1	653.5
PROPERTY, PLANT AND EQUIPMENT:		
At cost	3,418.2	3,675.9
Less accumulated depreciation	2,341.4	2,523.1
Net property, plant and equipment	1,076.8	1,152.8
EQUITY IN AND ADVANCES TO RELATED COMPANIES	94.6	86.0
EXCESS OF COST OVER NET ASSETS ACQUIRED (net of accumulated amortization of $39.6 and $75.9)	213.4	219.2
DEFERRED INCOME TAXES	120.5	199.5
ASSETS HELD FOR SALE	26.3	219.7
OTHER ASSETS	253.9	242.0
Total assets	$ 5,268.3	$ 5,403.1
LIABILITIES AND SHAREHOLDERS' EQUITY		
ACCOUNTS PAYABLE	$ 303.5	$ 297.4
ACCRUED EMPLOYEE COMPENSATION AND BENEFITS	406.3	437.0
ADVANCE BILLINGS ON UNCOMPLETED CONTRACTS	163.3	153.9
INCOME TAXES PAYABLE	25.8	60.1
SHORT-TERM NOTES PAYABLE	30.7	92.0
UNEARNED INSURANCE PREMIUMS	51.2	53.5
RESERVES FOR INSURANCE LOSSES AND CLAIMS	1,126.4	1,131.7
LONG-TERM DEBT	643.1	623.9
OTHER LIABILITIES	570.6	662.4
MINORITY INTEREST IN CONSOLIDATED SUBSIDIARIES	5.2	3.5
Total liabilities	3,326.1	3,515.4
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY:		
Common stock, par value $2.50 per share -- authorized 200.0 shares, issued 119.1 and 119.2 shares	297.7	298.0
Paid-in capital in excess of par value	201.7	199.8
Cumulative translation adjustment	(23.1)	(24.8)
Net unrealized gains (losses) on investments	(7.6)	9.3
Retained earnings	1,637.3	1,573.5

	2,106.0	2,055.8
Less 5.0 and 5.1 shares treasury stock, at cost	163.8	168.1
Total shareholders' equity	1,942.2	1,887.7
Total liabilities and shareholders' equity	$ 5,268.3	$ 5,403.1

See notes to financial statements.

CONSOLIDATED CASH FLOWS
Years ended December 31

Millions of dollars	1994	1993	1992
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income (loss)	$ 177.8	$(161.0)	$(137.3)
Adjustments to reconcile net income (loss) to net cash from operating activities:			
Depreciation and amortization	261.6	452.0	360.0
Provision (benefit) for deferred income taxes	86.0	(17.5)	(67.0)
Gains on sales of businesses	(102.0)	-	(13.6)
Distributions from (advances to) related companies, net of equity in (earnings) or losses	(0.6)	4.7	64.9
Changes in accounting methods	-	-	13.8
Other non-cash items	(0.8)	31.8	10.7
Other changes, net of non-cash items:			
Receivables	132.3	(40.9)	108.1
Inventories	92.0	1.9	103.2
Insurance losses and claims, net of reinsurance recoverables	(22.9)	3.5	(62.0)
Accounts payable and other	(180.0)	(31.4)	0.8
Total cash flows from operating activities	443.4	243.1	381.6
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures	(234.7)	(246.9)	(315.9)
Sales of property, plant and equipment	66.7	29.9	47.9
Acquisitions of businesses, net of cash acquired	(11.0)	(26.7)	(15.7)
Dispositions of businesses, net of cash disposed	400.5	-	21.7
Sales or maturities of available-for-sale investments	63.0	-	-
Payments for available-for-sale investments	(119.8)	-	-
Calls or maturities of held-to-maturity investments	85.6	-	-
Payments for held-to-maturity investments	(45.0)	-	-
Sales or maturities of marketable investments	-	175.5	290.6
Payments for marketable investments	-	(192.5)	(79.1)
Other investing activities	(11.0)	(81.8)	(88.0)
Total cash flows from investing activities	194.3	(342.5)	(138.5)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term borrowings	0.5	-	42.0
Payments on long-term borrowings	(73.4)	(57.1)	(57.8)
Net borrowings (payments) of short-term debt	(65.3)	91.3	(10.3)
Payments of dividends to shareholders	(114.0)	(112.2)	(107.3)
Other financing activities	(0.4)	(3.0)	(2.4)
Total cash flows from financing activities	(252.6)	(81.0)	(135.8)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(5.8)	(4.1)	(5.6)
INCREASE (DECREASE) IN CASH AND EQUIVALENTS	379.3	(184.5)	101.7
CASH AND EQUIVALENTS AT BEGINNING OF YEAR	48.8	233.3	131.6
CASH AND EQUIVALENTS AT END OF YEAR	$ 428.1	$ 48.8	$ 233.3
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION			
Cash payments (refunds) during the period for:			
Interest	$ 29.1	$ 31.2	$ 32.8
Income taxes	(18.5)	56.7	78.5
Non-cash investing and financing activities			
Liabilities assumed in acquisitions of business	$ -	$ 20.8	$ 36.4
Liabilities disposed of in dispositions of businesses	69.9	3.8	1.9

See notes to financial statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
Years ended December 31

Millions of dollars except share data	1994	1993	1992

COMMON STOCK (NUMBER OF SHARES):			
Balance at beginning of year	119,207,996	119,251,366	119,280,618
Shares issued (forfeited) under restricted stock plans, net	(121,405)	(43,370)	(29,252)
Balance at end of year	119,086,591	119,207,996	119,251,366
COMMON STOCK (DOLLARS):			
Balance at beginning of year	$ 298.0	$ 298.1	$ 298.2
Shares issued (forfeited) under restricted stock plans, net	(0.3)	(0.1)	(0.1)
Balance at end of year	$ 297.7	$ 298.0	$ 298.1
PAID-IN CAPITAL IN EXCESS OF PAR VALUE:			
Balance at beginning of year	$ 199.8	$ 138.8	$ 136.4
Shares issued (forfeited) under restricted stock plans, net	1.9	5.2	2.4
Shares issued for the acquisition of drilling systems business	-	55.8	-
Balance at end of year	$ 201.7	$ 199.8	$ 138.8
CUMULATIVE TRANSLATION ADJUSTMENT:			
Balance at beginning of year	$ (24.8)	$ (15.6)	$ 5.0
Sale of geophysical business	(2.1)	-	-
Other changes (net of tax of $1.1 in 1994, $3.6 in 1993 and $5.2 in 1992)	3.8	(9.2)	(20.6)
Balance at end of year	$ (23.1)	$ (24.8)	$ (15.6)
NET UNREALIZED GAINS (LOSSES) ON INVESTMENTS:			
Balance at beginning of year	$ 9.3	$ 1.8	$ 1.5
Net change	(16.9)	7.5	0.3
Balance at end of year	$ (7.6)	$ 9.3	$ 1.8
RETAINED EARNINGS:			
Balance at beginning of year	$ 1,573.5	$ 1,846.7	$ 2,091.3
Net income (loss)	177.8	(161.0)	(137.3)
Cash dividends paid ($1.00 per share)	(114.0)	(112.2)	(107.3)
Balance at end of year	$ 1,637.3	$ 1,573.5	$ 1,846.7
TREASURY STOCK (NUMBER OF SHARES):			
Balance at beginning of year	5,119,298	12,118,663	12,332,609
Shares (issued) forfeited under restricted stock plans, net	(171,150)	(249,400)	(230,400)
Purchase of common stock	41,365	107,035	16,454
Shares (issued) for the acquisition of drilling systems business	-	(6,857,000)	-
Balance at end of year	4,989,513	5,119,298	12,118,663
TREASURY STOCK (DOLLARS):			
Balance at beginning of year	$ 168.1	$ 362.5	$ 367.8
Shares (issued) forfeited under restricted stock plans, net	(5.6)	(6.2)	(5.8)
Purchase of common stock	1.3	3.0	0.5
Shares (issued) for the acquisition of drilling systems business	-	(191.2)	-
Balance at end of year	$ 163.8	$ 168.1	$ 362.5

See notes to financial statements.

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

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 percent ownership and does not have management control are accounted for on the equity method. Certain prior year amounts have been reclassified to conform with current year presentation.

CASH EQUIVALENTS.

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

INVESTMENTS.

In 1993, the Company adopted Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities" (SFAS 115), which requires the classification of debt and equity securities into the following categories: held-to-maturity, available-for-sale, or trading. Investments classified as held-to-maturity are measured at amortized cost. This classification is based upon the Company's intent and ability to hold these securities to full maturity. Investments classified as available-for-sale or trading are measured at fair value at the balance sheet dates. Unrealized gains and losses for available-for-sale investments are reported as a separate component of shareholders' equity. Investments primarily relate to the activities of the Company's insurance subsidiaries, and consist of commercial paper, bonds and equity securities.

REINSURANCE RECOVERABLES.

Reinsurance receivables (including amounts related to claims incurred but not reported) and prepaid reinsurance premiums are classified as assets. Amounts recoverable from reinsurers are estimated consistent with the determination of the claim liability associated with the reinsured policy.

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 one-half of all sales items (including related work in process and raw materials) 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 AND MAINTENANCE.

Depreciation for financial reporting purposes is provided primarily on the straight-line method over the estimated useful lives of the assets. Expenditures for maintenance and repairs are expensed; expenditures for renewals and improvements are generally capitalized. Upon sale or retirement of property, plant and equipment, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is recognized.

EXCESS OF COST OVER NET ASSETS ACQUIRED.

The excess of cost over the fair value of net assets acquired is generally amortized on the straight-line basis over periods not exceeding 40 years.

INCOME TAXES.

In 1992, the Company adopted Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes," which requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included 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 purposes. Gains and losses on commodity futures transactions, which involve hedging price movements over the life of long-term fixed price contracts, are deferred until the futures contracts are liquidated. Hedges of other than commodity prices are generally carried at fair value with the resulting gains and losses reflected in the results of operations. Gains and losses on foreign exchange contracts where the local currency is the functional currency are recorded in a separate component of shareholders' equity.

RESERVES FOR INSURANCE LOSSES AND CLAIMS AND UNEARNED PREMIUMS.

The reserves for insurance losses and claims include estimates of amounts required to settle losses incurred but not reported. Changes in estimates and differences between estimates and ultimate payments are reflected in income in the period in which such changes and differences become known. Unearned premiums are determined by prorating policy premiums over the terms of the policies.

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.

FOREIGN CURRENCY TRANSLATION.

The Company's primary functional currency is the U.S. dollar. Most foreign entities translate monetary assets and liabilities at year-end exchange rates while 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. The remaining entities use the local currency as the functional currency and translate net assets at year-end rates while income and expense accounts are translated at average exchange rates. Adjustments resulting from these translations are reflected in the Shareholders' equity section titled "Cumulative translation adjustment".

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.

NOTE 2. INVESTMENTS

The Company adopted SFAS 115, "Accounting for Certain Investments in Debt and Equity Securities" as of the end of 1993. Investments, which are primarily held by the Company's insurance subsidiaries, at December 31, 1994 and 1993 are as follows:

At December 31, 1994:

Millions of dollars	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
AVAILABLE-FOR-SALE				
Bonds:				
United States government and government agencies	$ 48.5	$ -	$ 1.6	$ 46.9
States, municipalities and political subdivisions	47.0	1.3	-	48.3
Mortgage-backed obligations	25.9	-	4.2	21.7
All other corporate bonds	65.1	0.7	2.4	63.4

	186.5	2.0	8.2	180.3
Preferred stocks	39.2	-	4.7	34.5
Other investments	3.5	0.7	-	4.2
Total	$ 229.2	$ 2.7	$ 12.9	$ 219.0
HELD-TO-MATURITY				
Bonds:				
United States government and government agencies	$ 4.4	$ 0.1	$ 0.2	$ 4.3
States, municipalities and political subdivisions	251.6	10.8	1.7	260.7
Texas Commerce Bank municipal bond fund	24.6	0.1	-	24.7
Mortgage-backed obligations	90.2	0.1	11.6	78.7
Foreign governments	2.0	-	-	2.0
All other corporate bonds	63.0	-	8.1	54.9
Total	$ 435.8	$ 11.1	$ 21.6	$ 425.3

At December 31, 1993:

Millions of dollars	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
AVAILABLE-FOR-SALE				
Bonds:				
States, municipalities and political subdivisions	$ 92.2	$ 7.0	$ -	$ 99.2
Mortgage-backed obligations	6.5	0.2	0.1	6.6
Foreign governments	0.4	-	-	0.4
All other corporate bonds	33.9	2.4	-	36.3
	133.0	9.6	0.1	142.5
Preferred stocks	34.2	1.3	0.2	35.3
Other investments	3.7	1.0	-	4.7
Total	$ 170.9	$ 11.9	$ 0.3	$ 182.5
HELD-TO-MATURITY				
Bonds:				
United States government and government agencies	$ 29.6	$ 0.3	$ -	$ 29.9
States, municipalities and political subdivisions	276.5	16.5	0.1	292.9
Texas Commerce Bank municipal bond fund	23.9	2.1	-	26.0
Mortgage-backed obligations	82.5	0.2	0.1	82.6
Foreign governments	0.6	-	-	0.6
All other corporate bonds	60.9	0.6	0.7	60.8
Total	$ 474.0	$ 19.7	$ 0.9	$ 492.8

The Company is not a trader in bonds and has classified investments into two categories: available-for-sale and held-to-maturity.

Investments classified as available-for-sale may be sold to fund liquidity requirements, assist in meeting regulatory capital requirements and other operating needs, or because of a change in credit worthiness of the issuer.

All other investments are classified as held-to-maturity. These investments include bonds in which the Company has the ability and intent to hold until contractual maturity is reached.

The fair value of investments is based on quoted market prices, where available, or quotes from external pricing sources such as brokers for those or similar investments and issues. No individual security issue exceeds 2% of total assets.

The carrying and fair value of debt securities available-for-sale and held-to-maturity as of December 31, 1994, are shown below by contractual maturity. Actual maturities may differ from contractual maturities as securities may be restructured, called or prepaid. Securities with multiple maturity dates are disclosed separately rather than allocated over several maturity groupings.

Millions of dollars	Amortized Cost	Fair Value
AVAILABLE-FOR-SALE		
Within one year	$ 13.9	$ 14.6

After one year through five years	62.1	61.3
After five years through ten years	49.9	47.9
After ten years	34.7	34.8
Mortgage-backed obligations	25.9	21.7
Total	$ 186.5	$ 180.3
HELD-TO-MATURITY		
Within one year	$ 34.5	$ 35.1
After one year through five years	71.6	74.4
After five years through ten years	91.6	91.1
After ten years	123.3	121.3
Mortgage-backed obligations	90.2	78.7
Texas Commerce Bank municipal bond fund	24.6	24.7
Total	$ 435.8	$ 425.3

Proceeds from sales of investments available-for-sale during 1994 were $63.0 million. Gross gains of $1.6 million were realized on those sales. The cost of each security sold was specifically identified in computing the related realized gain or loss.

Net unrealized losses on investments available-for-sale included in shareholders' equity at December 31, 1994 was $7.6 million, net of income tax benefit of $2.6 million. At December 31, 1993, the Company had net unrealized gains on investments available-for-sale included in shareholders' equity of $9.3 million, net of income taxes of $2.3 million.

Securities classified as held-to-maturity having an amortized cost of $19.9 million were called by their issuers prior to maturity during 1994 which resulted in a net realized gain of $0.3 million.

NOTE 3. RECEIVABLES

The Company's receivables are generally not collateralized. Notes and accounts receivable at December 31, 1994 include $30.1 million ($36.3 million at December 31, 1993) not currently due from customers in accordance with applicable retainage provisions of engineering and construction contracts. Of the December 31, 1994 amount, approximately $29.1 million is expected to be collected during 1995 and the remainder is due in subsequent years.

Unbilled work on uncompleted contracts generally represents work currently billable and such work is usually billed during normal billing processes in the next month.

NOTE 4. INVENTORIES

Consolidated inventories at December 31, 1994 and 1993 consist of the following:

Millions of dollars	1994	1993
Sales items	$ 97.2	$ 91.3
Supplies and parts	128.8	199.4
Work in process	23.9	41.1
Raw materials	19.0	37.2
Total	$ 268.9	$ 369.0

About one-half of all sales items (including related work in process and raw materials) are valued using the LIFO method. If the average cost method had been in use for inventories on the LIFO basis, total inventories would have been about $21.9 million and $37.0 million higher than reported at December 31, 1994 and 1993, respectively.

NOTE 5. PROPERTY, PLANT AND EQUIPMENT

Major classes of fixed assets at December 31, 1994 and 1993 are as follows:

Millions of dollars	1994	1993
Land	$ 50.1	$ 47.9
Buildings and property improvements	546.3	543.9
Machinery and equipment	2,607.1	2,859.0
Other	214.7	225.1
Total	$ 3,418.2	$ 3,675.9

NOTE 6. RELATED COMPANIES

The Company conducts some of its operations through various joint venture and other partnership forms which are principally accounted for using the equity method. Summarized financial statements for the combined jointly-owned operations which are not consolidated are as follows:

COMBINED OPERATING RESULTS

Millions of dollars	1994	1993	1992
	European Marine Contractors		
Revenues	$ 439.3	$ 296.1	$ 316.2
Operating income	$ 142.4	$ 85.4	$ 67.5
Net income	$ 94.4	$ 57.8	$ 45.5
	Other Affiliates		
Revenues	$ 1,542.2	$ 1,476.4	$ 1,458.7
Operating income	$ 81.3	$ 64.9	$ 31.4
Net income	$ 66.2	$ 49.9	$ 7.4

European Marine Contractors, Limited, which is 50% owned by the Company and part of Engineering and Construction Services, specializes in engineering, procurement and construction of marine pipelines.

Included in the Company's revenues for 1994, 1993 and 1992 are equity in income of related companies of $93.0 million, $76.3 million and $40.5 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. Deferred gains included in the Company's other liabilities were $19.4 million and $22.8 million at December 31, 1994 and 1993, respectively.

COMBINED FINANCIAL POSITION

Millions of dollars	1994	1993
	European Marine Contractors	
Cash and equivalents	$ 50.1	$ 15.2
Receivables	191.5	122.1
Inventories	14.0	12.3
Property, plant and equipment, net	58.5	42.2
Other assets	16.5	17.8
	$ 330.6	$ 209.6
Accounts payable	$ 22.9	$ 17.2
Income taxes payable	45.7	26.0
Other liabilities	178.6	133.7
Shareholders' equity	83.4	32.7
	$ 330.6	$ 209.6
	Other Affiliates	
Cash and equivalents	$ 197.2	$ 35.1
Receivables	344.0	327.3
Inventories	180.3	138.1
Property, plant and equipment, net	144.5	89.7
Other assets	237.5	5.8
	$ 1,103.5	$ 596.0
Accounts payable	$ 192.0	$ 233.1
Accrued employee compensation and benefits	26.0	10.6
Income taxes payable	12.1	7.6
Long-term debt	302.5	46.0
Other liabilities	206.6	21.5
Shareholders' equity	364.3	277.2
	$ 1,103.5	$ 596.0

NOTE 7. INCOME TAXES

In 1992, the Company adopted Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" (SFAS 109), which recognizes deferred tax assets and liabilities for the expected future tax consequences of existing differences between the financial reporting and tax reporting bases of assets and liabilities and operating loss and tax credit carryforwards for tax purposes. The cumulative impact of adoption of SFAS 109 was a benefit of $15.5

million, or 14 cents per share.

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

Millions of dollars	1994	1993	1992
CURRENT INCOME TAXES			
Federal	$ 10.9	$ 63.1	$ 14.1
Foreign	(35.8)	(47.8)	(72.4)
State	(2.0)	(6.2)	(2.6)
Total	(26.9)	9.1	(60.9)
DEFERRED INCOME TAXES			
Federal	(55.3)	27.1	69.0
Foreign and state	(30.7)	(9.6)	(2.0)
Total	(86.0)	17.5	67.0
Total	$(112.9)	$ 26.6	$ 6.1

Included in deferred income taxes are foreign tax credits of $18.4 million in 1994 and $28.3 million in 1992 and net operating loss carryforwards utilized of $9.1 million and $7.3 million in 1993 and 1992, respectively.

The U.S. and foreign components of income (loss) before income taxes, minority interest and changes in accounting methods are as follows:

Millions of dollars	1994	1993	1992
U.S.	$ 201.1	$(134.3)	$(126.1)
Foreign	89.8	(54.8)	(5.2)
Total	$ 290.9	$(189.1)	$(131.3)

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

Millions of dollars	1994	1993
GROSS DEFERRED TAX ASSETS		
Employee benefit plans	$ 85.0	$ 87.0
Transition costs on sale of geophysical operations and special charges	17.9	67.2
Insurance claim loss reserves	61.5	58.2
Intercompany profit	41.1	53.5
Net operating loss carryforwards	48.7	52.5
Construction contract accounting methods	34.4	37.3
Excess and obsolete inventory	11.5	28.4
All other	124.4	151.7
	424.5	535.8
GROSS DEFERRED TAX LIABILITIES		
Depreciation and amortization	58.2	60.9
Capitalized and deferred development costs	14.5	28.0
Unrepatriated foreign earnings	33.2	27.9
Safe harbor leases	13.9	14.8
All other	118.6	117.3
	238.4	248.9
VALUATION ALLOWANCES		
Net operating loss carryforwards	29.3	33.5
All other	36.3	53.9
	65.6	87.4
Net deferred income tax asset	$ 120.5	$ 199.5

The Company has foreign tax credits which expire in 1997 of $14.0 million.

The Company has net foreign operating loss carryforwards which expire as follows: 1995, $6.1 million; 1996, $8.0 million; 1997, $9.1 million; 1998, $14.9 million; 1999 through 2004, $42.4 million; and indefinite, $62.3 million.

Reconciliations between the actual benefit (provision) for income taxes and that computed by applying the U.S. statutory rate to income or loss before income taxes, minority interest and changes in accounting methods are as follows:

Millions of dollars	1994	1993	1992
Benefit (provision) computed at statutory rate	$(101.8)	$ 66.2	$ 44.6
Reductions (increases) in taxes resulting from:			
Loss on sale of geophysical operations	-	(66.5)	-
Tax differentials on foreign earnings	(16.7)	(29.1)	(42.6)
Nondeductible goodwill	(0.9)	(1.2)	(4.2)
State income taxes, net of Federal income tax benefit	(2.0)	(6.2)	(3.2)
Federal income tax refund	-	40.4	-
Nontaxable interest income	9.0	9.0	12.3
Change in Federal income tax laws	-	6.4	-
Other items, net	(0.5)	7.6	(0.8)
Total	$(112.9)	$ 26.6	$ 6.1

During 1994, the Company received a statutory notice of deficiency for the 1989 tax year from the Internal Revenue Service (IRS) of $51.8 million, excluding any penalties or interest. The Company believes it has meritorious defenses and does not expect that any liability resulting from the 1989 tax year will result in a material adverse effect on its results of operations or financial position.

In 1993, the Company reached a settlement with the IRS for the 1980-1987 taxable years. As a result of the settlement, as well as significant prepayments of taxes in prior years, the Company received a refund and net income was increased by $40.4 million in 1993.

NOTE 8. LINES OF CREDIT AND LONG-TERM DEBT

The Company has short-term lines of credit totaling $445.0 million with several U.S. banks. No borrowings were outstanding at December 31, 1994 under these credit facilities. At December 31, 1994, $30.7 million of other short-term debt was outstanding.

Long-term debt at December 31, 1994 and 1993 consists of the following:

Millions of dollars	1994	1993
Zero coupon convertible subordinated debentures, $728.2 due March 13, 2006	$ 375.7	$ 354.1
8.75% debentures due February 15, 2021	200.0	200.0
Term loan at LIBOR plus .45%, with annual installments of $10.5 in 1996 and 1997 and $21.0 in 1998	42.0	42.0
4.0% notes payable with installments of $5.0 due quarterly through February 1996	25.0	-
10.2% debentures due June 1, 2005	-	23.8
Other notes with varying interest rates	0.4	4.0
Total	$ 643.1	$ 623.9

The Company's 8.75% debentures due February 15, 2021 do not have sinking fund requirements and are not redeemable prior to maturity.

The Company's $728.2 million principal amount at maturity of zero coupon convertible subordinated debentures due 2006 do not have periodic interest payment requirements and have an annual yield to maturity of 6.00%. Each $1,000 principal amount at maturity debenture is convertible into 6.824 shares of Common Stock of the Company. Each debenture holder has the option to require the Company to purchase the debentures on March 13, 1996 and March 13, 2001 for a purchase price equal to the issue price of the debentures plus accrued original issue discount to the date of purchase, which amount may be paid by the Company in cash or shares of the Company's Common Stock. Five million shares of the Company's Common Stock have been reserved in the event of conversion and are presently antidilutive for earnings per share purposes. The debentures are redeemable for cash at any time at the option of the Company at redemption price equal to the issue price of the debentures plus accrued original issue discount to the date of redemption.

In 1994, the Company issued $73.8 million in notes to the purchaser of the geophysical business to cover some of the costs of reducing certain geophysical operations, including the cost of personnel reductions, leases of geophysical marine vessels and closing of duplicate facilities. The Company's notes are payable over two years at a rate of 4%. During 1994, the Company redeemed

$48.8 million of this note payable.

On June 1, 1994, the Company redeemed the remaining $23.8 million of the 10.2% sinking fund debentures due June 1, 2005.

Maturities of long-term debt for the succeeding five years are as follows: 1995, $20.1 million; 1996, $15.6 million; 1997, $10.5 million; 1998, $21.0 million; and no maturities in 1999.

NOTE 9. COMMON STOCK

In 1993, shareholders of the Company approved the 1993 Stock and Long-Term Incentive Plan (1993 Plan). The 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, 1994, 3.6 million shares were available for future grants. Stock option transactions for 1993 and 1994 are summarized as follows:

	Number of Shares	Price per Share
Granted during 1993	698,500	$30.50 - $40.25
1994:		
Granted	1,039,000	$30.88 - $33.13
Canceled	(39,000)	$30.50
Outstanding at December 31, 1994	1,698,500	

All stock options are granted at fair market value of the Common Stock at the grant date and generally expire ten years from the grant date or three years after date of retirement, if earlier. Stock options vest over a three year period, with one-third of the shares becoming exercisable on each of the first three anniversaries of the grant date. The number of stock option shares exercisable at December 31, 1994 were 243,826. Restricted shares awarded under the 1993 Plan for 1994 and 1993 were 80,600 (net of forfeitures of 5,000 shares) and 107,000, respectively.

In 1993, shareholders of the Company also approved the Restricted Stock Plan for Non-Employee Directors (Restricted Stock Plan). Under the terms of the Restricted Stock Plan, each non-employee director receives 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. At December 31, 1994, 46,600 shares were available for future issuance.

In 1994, the Company awarded 96,750 restricted shares under the Employees' Restricted Stock Plan. The Company reserved 100,000 shares of Common Stock for issuance to employees who are not officers. At December 31, 1994, 3,250 shares were available for future issuance.

Under the terms of the Company's career executive incentive stock plan adopted by the Company in 1969, 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, 1994, 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. At December 31, 1994, the unamortized amount is $20.8 million.

See Note 8 for other shares of Common Stock reserved for possible issuance.

NOTE 10. SERIES A JUNIOR PARTICIPATING PREFERRED STOCK

In 1986, the Company declared a dividend of one preferred stock purchase right (a Right) on each outstanding share of Common Stock, par value $2.50 per share (the Common Shares). The terms of the outstanding Rights were subsequently modified by the Company's Board of Directors as of February 15, 1990 (the Amended Rights Agreement). Pursuant to the Amended Rights Agreement, each Right will entitle the holder thereof to buy one one-hundredth of a share of the Company's Series A Junior Participating Preferred Stock, without par value (the Preferred Shares), at an exercise price of $70, subject to certain antidilution adjustments. The Rights will not be exercisable or transferable apart from the Common Shares, until the tenth business day after a person or group (i) acquires 20% or more of the Common Shares or (ii) announces an intention to make a tender or exchange offer for 20% or more of the Common Shares. The Rights will not have any voting rights or be entitled to dividends. If, after the Rights become exercisable, (i) the Company merges into another entity, (ii) an acquiring entity merges into the Company and the Common Shares of the Company are exchanged for other securities or assets, or (iii) the Company sells more than 50% of its assets or earning power, then each Right will entitle its holder to purchase, at the exercise price of the Right, that number of shares of common stock of the acquiring company having a current market value of two times the exercise price of the Right. Alternatively, if a holder acquires 20% or more of the Company's Common Shares, then each Right not owned by such acquiring person or group will entitle the holder to purchase, for the exercise price, the number of Common Shares, having a current market value of two times the exercise price of the Right. The Rights are redeemable at the Company's option for $.05 per Right at any time prior to the time that a person or group acquires beneficial ownership of 20% or more of the Common Shares. At any time after a person or group acquires 20% or more of the Common Shares, but prior to the time such acquiring person acquires 50% or more of the Common Shares, the Company's Board of Directors may redeem the Rights (other than those owned by the acquiring person), in whole or in part, by exchanging one Common Share for each two Common Shares for which a Right is then exercisable (subject to adjustment). The Rights will expire on the earlier to occur of (i) June 1, 1996, or (ii) the exchange or redemption of the Rights.

NOTE 11. INSURANCE SUBSIDIARIES

The consolidated financial statements include property and casualty insurance subsidiaries and a health care management subsidiary sold effective September 30, 1992.

Undistributed earnings of $177.5 million were restricted as to payment of dividends by the insurance subsidiaries at December 31, 1994.

Assets of the insurance subsidiaries, with the exception of dividend payments to the parent company, are not available for general corporate use.

COMBINED OPERATING RESULTS

Millions of dollars	1994	1993	1992
REVENUES			
Direct premiums	$ 229.1	$ 278.3	$ 332.3
Premiums assumed	149.1	83.9	89.4
Premiums ceded	(160.9)	(102.0)	(165.5)
Net earned premiums and agency income*	217.3	260.2	256.2
Investment income	47.4	48.6	60.7
	264.7	308.8	316.9
OPERATING COSTS AND EXPENSES			
Underwriting expenses	429.2	463.9	963.7
Reinsurance recoveries	(180.0)	(127.2)	(657.2)
Investment expenses	0.8	0.7	0.9
General and administrative	15.1	13.6	14.3
	265.1	351.0	321.7
OPERATING INCOME (LOSS)	(0.4)	(42.2)	(4.8)
Foreign currency gains (losses)	0.5	(0.3)	(5.3)
Nonoperating expense, net	(1.0)	-	(0.8)
INCOME (LOSS) BEFORE INCOME TAXES AND CHANGES IN ACCOUNTING METHODS	(0.9)	(42.5)	(10.9)
Benefit for income taxes	5.8	21.3	11.0
INCOME (LOSS) BEFORE CHANGES IN ACCOUNTING METHODS	4.9	(21.2)	0.1
Cumulative effect of changes in accounting methods	-	-	(0.3)
NET INCOME (LOSS)	$ 4.9	$ (21.2)	$ (0.2)

*Includes revenues received from other segments of the Company of $34.4 million, $52.1 million and $41.0 million in 1994, 1993 and 1992, respectively.

Insurance Services written premiums are as follows:

Millions of dollars	1994	1993	1992
Direct premiums	$ 246.4	$ 252.4	$ 305.0
Premiums assumed	150.8	83.7	90.1
Premiums ceded	(164.7)	(92.7)	(159.0)
Net written premiums and agency income	$ 232.5	$ 243.4	$ 236.1

COMBINED FINANCIAL POSITION

Millions of dollars	1994	1993
ASSETS		
CASH AND EQUIVALENTS	$ 52.8	$ 41.3
INVESTMENTS:		
Available-for-sale	219.0	182.5

Held-to-maturity	411.7	450.6
Total investments	630.7	633.1
NOTES AND ACCOUNTS RECEIVABLES**	213.8	266.8
REINSURANCE RECOVERABLES (less allowance for losses of $11.9 and $11.5)	671.1	653.5
PROPERTY, PLANT AND EQUIPMENT, at cost less accumulated depreciation of $6.5 and $7.1	2.0	3.3
EXCESS OF COST OVER NET ASSETS ACQUIRED	0.1	0.2
OTHER ASSETS	22.5	15.3
	$ 1,593.0	$ 1,613.5
LIABILITIES AND EQUITY		
ACCOUNTS PAYABLE	$ 51.9	$ 26.0
ACCRUED EMPLOYEE COMPENSATION AND BENEFITS	4.7	4.3
INCOME TAXES PAYABLE	(20.9)	(14.3)
UNEARNED INSURANCE PREMIUMS	51.2	53.5
RESERVES FOR INSURANCE LOSSES AND CLAIMS**	1,197.2	1,210.7
OTHER LIABILITIES	40.1	52.4
Total liabilities	1,324.2	1,332.6
HALLIBURTON COMPANY EQUITY, adjusted for net unrealized gains (losses) of $(7.6) and $9.3	268.8	280.9
	$ 1,593.0	$ 1,613.5

**Includes $70.8 million in 1994 and $79.0 million in 1993 relating to incurred but not reported claims on associated company business which had no effect on Halliburton Company equity.

A United Kingdom subsidiary of the Company suspended further underwriting activities due to unacceptable loss experience in 1993 and 1992. The Company recognized a $46.3 million and a $21.0 million charge to operating income in 1993 and 1992, respectively, for additional claim loss reserves and for future administrative expenses of claims processing and other activities related to insurance coverage previously written in the United Kingdom. The subsidiary may resume underwriting activities in the future if market conditions improve.

The Company's insurance subsidiaries have numerous reinsurance agreements with other insurance companies. To the extent that any reinsurance company is unable to meet its obligations under the reinsurance agreements, the Company's insurance subsidiaries would remain obligated.

Total reinsurance recoverables primarily relate to ceded losses and incurred but not reported claims. Major reinsurers include American Re-Insurance Company, General Reinsurance Corporation and Cigna Property and Casualty Company with A.M. Best ratings of A+, A++ and A-, respectively.

In 1993, the Company adopted SFAS 113, "Accounting and Reporting for Reinsurance of Short-Duration and Long-Duration Contracts," which requires reinsurance receivables (including amounts related to claims incurred but not reported) and prepaid reinsurance premiums to be classified as assets.

Insurance losses and claims related to asbestos and environmental remediation are based upon management's best estimates using facts 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 are 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.

NOTE 12. BUSINESS SEGMENT INFORMATION

The Company operates in three segments - Energy Services, Engineering and Construction Services, and Insurance Services. Energy Services' products and services include drilling systems and services, pressure pumping equipment and services, logging and perforating, specialized completion and production equipment and services, and well control. Engineering and Construction Services provides engineering, construction, project management, facilities operation and maintenance, and environmental services for industrial and government customers. Insurance Services offers casualty, property, surety and marine insurance services.

The Company's equity in income or losses of related companies is included in revenues and operating income of each applicable segment.

Insurance Services' revenues include $34.4 million, $52.1 million and $41.0 million in intersegment sales for the years ended December 31, 1994, 1993 and 1992, respectively. Intersegment revenues included in the revenues of the other business segments are immaterial. Sales between geographic areas and export sales are also immaterial.

Depreciation and amortization expenses were increased in 1993 by the loss for the sale of the geophysical business in 1994 discussed in Note 19 by $128.9 million. In 1992, depreciation and amortization expenses of Energy Services and Engineering and Construction Services were increased $62.1 million and $12.0 million, respectively, by the special charges discussed in Note 18.

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	1994	1993	1992
REVENUES:			
Energy services	$ 2,514.0	$ 2,953.4	$ 2,726.3
Engineering and construction services	2,996.2	3,140.7	3,563.7
Insurance services	264.7	308.8	316.9
Eliminations	(34.4)	(52.1)	(41.0)
Total	$ 5,740.5	$ 6,350.8	$ 6,565.9
OPERATING INCOME (LOSS):			
Energy services	$ 191.1	$ (147.7)	$ (63.6)
Engineering and construction services	67.2	79.3	(12.0)
Insurance services	(0.4)	(42.2)	(4.8)
General corporate	(22.9)	(22.0)	(21.0)
Total	$ 235.0	$ (132.6)	$ (101.4)
CAPITAL EXPENDITURES:			
Energy services	$ 188.8	$ 197.8	$ 228.8
Engineering and construction services	44.5	45.9	84.0
Insurance services	1.0	1.6	2.5
General corporate	0.4	1.6	0.6
Total	$ 234.7	$ 246.9	$ 315.9
DEPRECIATION AND AMORTIZATION:			
Energy services	$ 204.4	$ 395.8	$ 294.4
Engineering and construction services	53.3	51.6	60.5
Insurance services	1.4	1.6	2.1
General corporate	2.5	3.0	3.0
Total	$ 261.6	$ 452.0	$ 360.0
IDENTIFIABLE ASSETS:			
Energy services	$ 2,131.3	$ 2,570.2	$ 2,346.3
Engineering and construction services	1,021.7	938.3	1,045.1
Insurance services	1,593.0	1,613.5	1,835.9
General corporate	593.1	360.1	412.8
Eliminations	(70.8)	(79.0)	(74.5)
Total	$ 5,268.3	$ 5,403.1	$ 5,565.6

OPERATIONS BY GEOGRAPHIC AREA
Years ended December 31

Millions of dollars	1994	1993	1992
REVENUES:			
United States	$ 3,416.4	$ 3,818.3	$ 4,016.5
Europe	960.9	946.7	1,090.3
Other areas	1,363.2	1,585.8	1,459.1
Total	$ 5,740.5	$ 6,350.8	$ 6,565.9
OPERATING INCOME (LOSS):			
United States	$ 171.5	$ 20.7	$ (21.9)
Europe	(21.8)	(71.5)	(5.7)
Other areas	108.2	(59.8)	(52.8)
General corporate	(22.9)	(22.0)	(21.0)
Total	$ 235.0	$ (132.6)	$ (101.4)
IDENTIFIABLE ASSETS:			
United States	$ 2,909.6	$ 3,256.5	$ 3,474.7
Europe	813.5	786.2	757.8
Other areas	952.1	1,000.3	920.3
General corporate	593.1	360.1	412.8
Total	$ 5,268.3	$ 5,403.1	$ 5,565.6

NOTE 13. RESEARCH AND DEVELOPMENT

Research and development expenses are charged to income as incurred. Such charges were $109.5 million in 1994, $126.5 million in 1993 and $112.1 million in 1992. In addition, the Company capitalized software development costs related primarily to integrated information technologies and project management of $6.4 million in 1994, $39.8 million in 1993 and $44.8 million in 1992.

NOTE 14. COMMITMENTS AND CONTINGENCIES

At December 31, 1994, the Company was obligated under noncancelable operating leases, expiring on various dates to 2108, principally for the use of land, offices, equipment and field facilities. Aggregate rentals charged to operations for such leases totaled $107.5 million in 1994, $133.6 million in 1993 and $137.4 million in 1992. Future aggregate rentals on noncancelable operating leases are as follows: 1995, $74.3 million; 1996, $53.3 million; 1997, $41.0 million; 1998, $31.2 million; 1999, $22.2 million; and thereafter, $101.1 million.

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 two 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), and a site in Nitro, West Virginia (Fike/Artel Chemical 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 each 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 is not expected to be completed until March 1995. 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. Brown & Root cannot determine the extent of its liability, if any, for remediation costs on any reasonably practicable basis.

The Company is one of 32 companies that have been designated as PRPs at the Fike/Artel Chemical Superfund Site. Six "Operable Units" have been established by the EPA in connection with remediation activities for the site. The EPA instituted litigation in the U.S. District Court for the Southern District of West Virginia (United States v. American Cyanamid Co., Inc. et al.) against all PRPs seeking recovery of its past response costs in Operable Unit 1. The PRPs are subject to a Consent Decree with respect to the remediation of Operable Unit 2. In June 1993, the EPA issued a Unilateral Administrative Order requiring all PRPs to implement remediation of Operable Unit 3. The PRPs have entered into an Administrative Order on Consent that will allow them to perform a site-wide RI/FS (Operable Unit 4). The Company's share of past response costs alleged by the EPA for Operable Unit 1, remediation cost estimates for Operable Units 2 and 3, and cost estimates to perform the RI/FS (Operable Unit 4) range in the aggregate from approximately $1.7 million to approximately $2.3 million. There are at present no reliable estimates of costs to remediate Operable Units 5 and 6, because the EPA has not yet proposed any remediation methodology. Those costs may, however, be significantly larger than the estimates thereof for the other units. Although the liability associated with this site could possibly be significant to the results of operations of some future reporting period, management believes, based on current knowledge, that its share of costs at this site is unlikely to have a material adverse impact on the Company's consolidated financial condition.

In April 1991, the U.S. Customs Service initiated an investigation of a subsidiary of the Company, Halliburton Logging Services, Inc. (HLS), and in October 1991, as a result of its own internal inquiry, HLS provided information to the U.S. Departments of Commerce and Justice, in each case regarding the export and re-export of certain oil field tools. The tools were exported by HLS and its predecessors to certain foreign affiliates and were re-exported by them to an HLS foreign affiliate in Libya without a validated re-export license. The shipments involved thermal multigate decay tools used in oil field logging operations and occurred between December 1987 and June 1989. During 1992, HLS received subpoenas to produce documents related to the foregoing matter before a Federal grand jury. The Company believes the U.S. Government will take the position that such shipments violated Presidential Executive Orders imposing sanctions against Libya (the Orders) as well as export regulations of the Department of Commerce (the Regulations).

Halliburton Geophysical Services, Inc. (HGS), a subsidiary acquired by the Company in 1988, in an unrelated matter, advised the U.S. Departments of Commerce and Justice in March 1992 that the United Kingdom subsidiary of HGS, as a small part of its business, shipped to Libya, during the period from March 1987 through April 1991, United States origin spare parts, primarily for equipment of various types, and performed certain repairs and training on the equipment. The consignee was a Libyan-based geophysical company in which HGS owned an indirect, minority interest. Moreover, certain items validly shipped to this consignee in a third country were subsequently re-exported by it to Libya without specific re-export authorization. After discovering these matters, the U.K. subsidiary terminated all activities in support of Libyan companies and operations. The Company believes the U.S. Government will take the position that such actions violated the Orders and the Regulations.

On July 1, 1993, HLS and HGS, as well as certain other subsidiaries of the Company, were merged into the Company. In January 1994 the Company disposed of its geophysical business which included substantially all of the business of HGS.

The privilege of exporting oil field tools and other products to its affiliates is important to the Company in order to support its worldwide logging services. Sanctions against corporations for violations of the Orders and the Regulations range from civil penalties, including denial of export privileges and monetary penalties, to significant criminal fines. Although the Company cannot predict the exact nature of the sanctions the U.S. Government may seek with respect to these matters, the Company believes the U.S. Government will seek to impose civil penalties or criminal fines or both. In the opinion of the Company the amount of such penalties and fines would not be material to the results of operations or the consolidated financial position of the Company.

The Company and its subsidiaries are parties to various other legal proceedings. Although the ultimate disposition of such proceedings is not presently determinable, in the opinion of the Company any liability that might ensue would not be material in relation to the consolidated financial position of the Company.

NOTE 15. FINANCIAL INSTRUMENTS AND RISK CONCENTRATION

FOREIGN EXCHANGE RISK.

The Company operates in over 100 countries around the world and has exposures to currency fluctuations in approximately 80 foreign currencies. These exposures subject the Company to the risk that the eventual dollar net cash flows from sales to customers and purchases from suppliers could be adversely affected by changes in exchange rates. Some currencies have established markets that facilitate the active exchange of one currency for another (traded currencies), but most currencies are not widely traded and are actively controlled by their respective governments (non-traded currencies). As part of the Company's efforts to minimize foreign exchange risk, the Company hedges its foreign currency exposure in traded currencies through the use of simple currency derivative instruments. Foreign currency transactions for speculative (trading) purposes are not permitted.

It is the Company's policy to hedge 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. Techniques in managing foreign exchange risk include, but are not limited to, foreign currency borrowing, investments, forward exchange contracts, and foreign exchange option contracts. Forward exchange contracts are commitments to buy or sell a specified amount of a foreign currency at a specified price and time. Foreign exchange option contracts (puts or calls) convey the right, but not the obligation, to sell or buy a specified amount of foreign currency at a specified price. A put is an option to sell; a call is an option to buy.

The table below provides a comparison of the Company's net asset (liability) position at December 31, 1994, in traded (other than U.S. dollar) and non-traded currencies as well as the fair value of the notional amounts of hedging contracts in which the Company is a buyer or a seller. The "buyer" amounts represent the U.S. dollar equivalent of contracts where the Company is the purchaser of foreign currencies and the "seller" amounts represent the U.S. dollar equivalent of contracts where the Company is the seller of foreign currencies.

	Net Asset (Liability)	Fair Value of Notional Amounts of Hedging Contracts		Net Asset (Liability) Not Hedged
		Buyer	Seller	
Traded currencies:				
Exchange movements affecting:				
Net income	$ 53.2	$ 31.1	$ 55.1	$ 29.2
Shareholders' equity	68.8	-	-	68.8
Non-traded currencies	(12.4)	-	-	(12.4)
Totals	$ 109.6	$ 31.1	$ 55.1	$ 85.6
Percent of consolidated net assets	6%			4%

The Company limits some of its ability to benefit from favorable fluctuations in foreign exchange rates through the use of forward contracts. None of the forward or option contracts utilized are exchange traded. At December 31, 1994, the Company had outstanding forward contracts and currency options at fair values of $11.8 million and $12.2 million, respectively, to manage its foreign exchange risk. Such contracts generally have an expiration date of one year or less. Forward contracts are generally used to hedge identifiable cash flows and currency options are generally used to hedge cash flows with an indeterminable maturity date. Some of the contracts involve the exchange of two foreign currencies, according to the local needs of foreign subsidiaries. Foreign currency amounts are translated at rates current at the reporting date with gains or losses and the amortization of premiums paid for such contracts included in foreign currency gains (losses). The table below summarizes by major currency the fair value of the notional amounts of the Company's forward exchange and option contracts in U.S. dollars at December 31, 1994.

Millions of dollars	Buyer	Seller
Danish krone	$ 7.0	$ 8.2
Indonesia rupiah	-	7.8
Norwegian krone	13.9	21.8
Singapore dollar	5.1	-
Other currencies	5.1	17.3
	$ 31.1	$ 55.1

Cash flow exposures in non-traded currencies are generally not hedged due primarily to cost considerations and lack of available markets. The Company attempts to manage its working capital position to minimize currency exposure to these 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 such as Brazil, Venezuela, Mexico and Nigeria due to the magnitude of currency devaluations, rather than the size of the foreign currency exposures. The net foreign exchange losses in these four currencies were $18.8 million in 1994, $24.8 million in 1993 and $20.5 million in 1992. At December 31, 1994, the combined net asset position in these four currencies was $7.6 million.

INTEREST RATE RISK.
The Company has an interest rate cap agreement to reduce the risk of changes in interest rates on its $42.0 million floating rate long-term debt due in 1998. The Company paid $.5 million to place a maximum interest rate cap of 6.55% per annum on this debt cumulatively from 1995 through 1998, the last three years of the credit agreement. Amounts receivable, if any, under this interest cap agreement will be treated as an adjustment to interest expense in the period it is earned and the cost of the cap will be amortized to interest expense over the three year period for which it will be effective.

COMMODITY EXCHANGE RISK.
The Company often enters into exchange traded commodity futures contracts to protect the Company against adverse fuel and raw material price movements over the life of long-term fixed price contracts in its engineering and construction services business. As fuel and/or raw materials are consumed, the Company reduces the number of contracts outstanding and gains or losses incurred from the liquidation of the contracts are recognized as part of the cost of the fuel or raw materials. Gains or losses from rolling the portfolio forward are deferred until the contracts are liquidated. As of December 31, 1994, the Company had deferred losses from such contracts of $.2 million. As of December 31, 1994, the notional amount of such contracts held by the Company was $2.9 million.

CREDIT RISK.
Financial instruments which potentially subject the Company to concentrations of credit risk are primarily cash equivalents, investments and trade receivables. 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 receivables are generated from a broad and diverse group of customers. There are concentrations of receivables in the United States and the United Kingdom. The Company maintains an allowance for losses based upon the expected collectibility of all trade accounts receivable. The notional amounts of the Company's foreign exchange contracts and commodity futures contracts do not represent amounts exchanged by the parties, and thus, are not a measure of the exposure of the Company. The credit exposure of the Company on foreign exchange contracts and commodity futures contracts is represented by the carrying amount of such contracts. The Company does not expect any counterparties to fail to meet their obligations under these contracts given their high credit ratings.

FAIR VALUE OF FINANCIAL INSTRUMENTS.
The financial position of the Company at December 31, 1994, includes certain financial instruments which may have a fair value that is different from the value currently reflected on the financial statements. In reviewing the financial instruments of the Company, certain assumptions and methods were used to determine the fair value of each category of financial instruments for which it is practicable to estimate that value.
The carrying amounts and estimated fair value of the Company's financial instruments at December 31, 1994, and 1993 are as follows:

	1994		1993	
Millions of dollars	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Investments	$ 654.8	$ 644.3	$ 656.5	$ 675.3

Long-term debt	643.1	626.1	623.9	662.0
Derivatives relating to:				
Foreign exchange risk	0.8	0.6	1.5	1.4
Interest rate risk	0.5	1.4	0.5	0.5
Commodity exchange risk	0.3	0.3	0.7	0.7

The carrying amounts of derivatives are included in other assets and generally represent the unamortized amounts paid for the instruments. The carrying amount of short-term financial instruments (cash and equivalents, receivables, and certain other liabilities) approximates fair value due to the short maturity of those instruments. The fair value of investments, long-term debt, foreign exchange risk instruments and interest rate risk instruments is based on quoted market prices, where available, or quotes from external pricing sources such as brokers for those or similar investments and issues. The carrying amount of commodity exchange risk instruments is based on the margin requirements of these instruments and, as such, approximates fair value.

NOTE 16. RETIREMENT PLANS

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. Effective in September 1993, coverage under this plan ceases when the participant reaches age 65. However, those participants aged 65 or over on January 1, 1994, have the option to participate in an expanded prescription drug program in lieu of the medical coverage. 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.

In 1992, the Company adopted Statement of Financial Accounting Standards No. 106 "Employers' Accounting for Postretirement Benefits Other than Pensions" (SFAS 106), which requires accrual, during the years that the employee renders the services, of the expected cost of providing postretirement benefits. As of January 1, 1992, the Company recognized the transition obligation of $29.3 million as a charge to the net loss, net of income taxes of $16.0 million, or 27 cents per share. Prior to adoption of SFAS 106, the Company expensed its contributions as incurred.

Net periodic postretirement benefit cost included the following components:

Millions of dollars	1994	1993	1992
Service cost - benefits attributed to service during the period	$ 0.8	$ 0.9	$ 1.0
Interest cost on accumulated postretirement benefit obligation	2.4	3.1	3.4
Amortization of prior service cost	(0.9)	(0.3)	-
Net periodic postretirement cost	$ 2.3	$ 3.7	$ 4.4

The weighted-average discount rate used in determining the accumulated postretirement benefit obligation was 8% in 1994, 7% in 1993 and 8% in 1992.

The Company's postretirement medical plan's funded status reconciled with the amounts included in the Company's Consolidated Balance Sheets at December 31, 1994 and 1993 is as follows:

Millions of dollars	1994	1993
Accumulated postretirement benefit obligation:		
Retirees and related beneficiaries	$ 15.2	$ 21.4
Fully eligible active plan participants	5.4	6.1
Other active plan participants not fully eligible	7.9	9.1
Accumulated postretirement benefit obligation	28.5	36.6
Unrecognized prior service cost	9.4	10.3
Unrecognized gain (loss)	4.5	(1.9)
Net postretirement liability	$ 42.4	$ 45.0

The Company is not required to fund its future obligation under the plan.

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 $98.7 million, $56.1 million and $73.7 million in 1994, 1993, and 1992, 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 the sizable reduction in the number of employees, curtailment gains of $8.9 million are reflected in the net amortization (deferral) component of net periodic pension cost for 1994. These plans are funded to operate on an actuarially sound basis.

Assumed long-term rates of return on plan assets, discount rates in 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	1994	1993	1992
Return on plan assets:			
United States plans	8.5%	8.5%	8.5%
International plans	7% to 9%	9%	9% to 10%
Discount rate:			
United States plans	8.5%	7.5%	8.5%
International plans	4% to 8.5%	4% to 8.5%	4% to 10%
Compensation increase:			
United States plans	5%	4.25%	5.5%
International plans	1% to 6%	1% to 6%	1% to 7%

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

Millions of dollars	1994	1993	1992
Service cost - benefits earned during period	$ 9.5	$ 42.3	$ 42.9
Interest cost on projected benefit obligation	26.6	25.7	23.2
Actual return on plan assets	(8.5)	(78.0)	(17.6)
Net amortization (deferral)	(26.7)	56.3	(3.3)
Net periodic pension cost	$ 0.9	$ 46.3	$ 45.2

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

Millions of dollars	1994	1993
Actuarial present value of benefit obligations:		
Vested	$(278.2)	$(235.8)
Accumulated benefit obligation	$(285.9)	$(251.2)
Projected benefit obligation	$(334.3)	$(286.6)
Plan assets at fair value	371.4	293.8
FUNDED STATUS	37.1	7.2
Unrecognized prior service cost	5.4	-
Unrecognized net (gain)	(57.2)	(32.7)
Unrecognized net obligation (asset)	(4.7)	4.2
NET PENSION LIABILITY	$ (19.4)	$ (21.3)

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

Millions of dollars	1994	1993
Actuarial present value of benefit obligations:		
Vested	$ (2.6)	$(24.4)
Accumulated benefit obligation	$ (7.5)	$(29.2)
Projected benefit obligation	$(10.1)	$(65.0)
Plan assets at fair value	-	10.4
FUNDED STATUS	(10.1)	(54.6)
Unrecognized prior service cost	-	4.2
Unrecognized net (gain)	(4.5)	(13.5)
Unrecognized net obligation (asset)	(1.1)	6.9
Adjustment required to recognize minimum liability	-	(5.0)

NET PENSION LIABILITY	$(15.7)	$(62.0)

NOTE 17. ENERGY SERVICES SEVERANCE COSTS

In the second quarter of 1994, the Company recognized severance costs of $42.6 million, net of $12.7 million which was previously accrued, to provide for the termination of about 2,700 Energy Services employees. The terminations mostly impact middle and senior management levels and various product line support and general and administrative employees. Approximately 85% of the terminations occurred by year-end with the remainder to occur during the first quarter of 1995. At December 31, 1994, the remaining liability for these severance costs was $7.8 million.

NOTE 18. SPECIAL CHARGES

In November 1992, the Company announced restructuring and reorganization actions within Energy Services and Engineering and Construction Services designed to enable the Company to more effectively provide services and products, as well as to better meet the changing needs of its customers throughout the world. The Company, through the implementation of certain strategic initiatives, recorded special charges of $264.6 million in 1992. These special charges include $59.7 million for the closing and consolidation of certain operating facilities; $57.6 million for globalizing employee benefits and personnel reductions, relocations and associated employee benefits costs from the above actions; $53.5 million for the technological obsolescence of certain inventories and equipment related to the introduction of new technologies; $35.5 million for the realignment of worldwide manufacturing capabilities, which includes outsourcing of some items previously manufactured by the Company and the consolidation of existing capacity; $23.0 million for certain investments in operations which are no longer in the Company's long-term strategic interest; $17.9 million from the reduction in value of certain intangible assets related primarily to geophysical speculative data; and $17.4 million of other items primarily related to the cost of relocating equipment as a result of the above actions.

NOTE 19. ACQUISITIONS AND DISPOSITIONS

The Company sold its natural gas compression business unit in November 1994 for $205 million in cash. The sale resulted in a pretax gain of $102 million, or 56 cents per share after tax. The business unit sold owns and operates a large natural gas compressor rental fleet in the United States and Canada. The compressors are used to assist in the production, transportation and storage of natural gas.

Additionally in November 1994, the Company announced that a definitive agreement was reached regarding the sale of its industrial services business unit. The business unit provides chemical cleaning, hydrojetting and vacuum removal services to the petrochemical and refining, pulp and paper, and power industries throughout the United States. The closing of the sale was completed during the first quarter of 1995.

In January 1994, the Company sold substantially all of the assets of its geophysical services and products business, to Western Atlas International Inc. 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 reducing certain geophysical operations, including the cost of personnel reductions, leases of geophysical marine vessels and the closing of duplicate facilities. The Company's notes to Western Atlas are payable over two years at a rate of interest of 4%. An initial installment of $33.8 million was made in February 1994, and eight quarterly installments of $5 million are payable thereafter.

The Company recognized a $301.8 million charge ($263.8 million after tax) in 1993 related to the sale of its geophysical business. This charge includes $120.7 million for the writedown to the net realizable value of equipment and other assets; $54.0 million for anticipated operating and contract losses through the dates of disposition or completion; $43.4 million for marine vessel leases and mobilization; $35.1 million for facility leases and closures; $34.4 million for personnel and severance; and $14.2 million for transition costs and other related matters.

The sale includes some international business locations, the closings of which have been deferred pending certain approvals and consents. The approvals and consents are expected to be received within the next several months and such closings will result in some additional consideration.

The Company retains ownership of certain assets and liabilities of the geophysical business including some accounts receivable, real estate properties, lease obligations, certain employee obligations, and a majority interest in an international joint venture company. Although the disposition of the remaining assets is uncertain, the remaining liabilities are expected to be settled over the next several months.

Services and products provided through the geophysical business include seismic data collection and data processing services for both land and marine seismic exploration activities and manufacturing and sales of seismic equipment. The revenues, operating loss and net loss of the geophysical operations, excluding the charge in 1993, change in accounting method and special charges in 1992 are as follows:

Millions of dollars	1993	1992
Revenues	$ 404.4	$ 469.7

Operating loss	$ (20.1)	$ (26.6)
Net loss	$ (20.3)	$ (35.7)

In March 1993, the Company acquired the assets of Smith International, Inc.'s Directional Drilling Systems and Services business for 6,857,000 shares of Halliburton Company Common Stock previously held as treasury stock, valued at approximately $247 million. The Company recorded $135.8 million as excess of cost over net assets acquired. The excess of cost over net assets acquired will be amortized over 40 years.

In March 1992, a subsidiary of the Company completed the purchase of substantially all of the business assets of a manufacturer of products to serve the gas lift portion of the artificial lift market for $10.7 million in cash.

The Company completed the sale of its subsidiary engaged in healthcare cost management services, Health Economics Corporation, effective September 30, 1992. The sales price was $24 million and resulted in a pretax gain of $13.6 million, or 8 cents per share after tax, reflected in the Company's 1992 third quarter earnings.

QUARTERLY DATA AND MARKET PRICE INFORMATION

Millions of dollars except per share data (unaudited)	First	Second	Third	Fourth	Year
1994					
Revenues	$ 1,376.3	$ 1,425.4	$ 1,405.4	$ 1,533.4	$ 5,740.5
Operating income (loss) (1)	40.2	(14.9)	98.6	111.1	235.0
Net income (loss) (1) (2)	17.8	(19.2)	51.7	127.5	177.8
Earnings (loss) per share (1) (2)	0.16	(0.17)	0.45	1.12	1.56
Cash dividends paid per share	0.25	0.25	0.25	0.25	1.00
Quarterly common stock prices (4)					
High	34.13	34.75	34.88	37.00	37.00
Low	29.25	28.25	29.13	31.13	28.25
1993					
Revenues	$ 1,559.5	$ 1,596.6	$ 1,541.4	$ 1,653.3	$ 6,350.8
Operating income (loss) (3)	42.8	57.5	(210.5)	(22.4)	(132.6)
Net income (loss) (3)	18.8	22.9	(160.7)	(42.0)	(161.0)
Earnings (loss) per share (3)	0.18	0.20	(1.41)	(0.37)	(1.43)
Cash dividends paid per share	0.25	0.25	0.25	0.25	1.00
Quarterly common stock prices (4)					
High	37.75	43.63	41.88	39.38	43.63
Low	26.38	26.25	33.88	28.88	26.25

(1) Second quarter 1994 operating income (loss) and net income (loss) includes severance costs of $42.6 million and $27.7 million, respectively, or 24 cents per share, to provide for the termination of about 2,700 Energy Services' employees.

(2) Fourth quarter 1994 net income (loss) includes a gain on the sale of the natural gas compression business of $64.3 million, or 56 cents per share.

(3) Third quarter 1993 operating income (loss) and net income (loss) includes charges related to the loss on the sale of the geophysical business, claims loss reserves and suspension of underwriting activities in the United Kingdom of $266.3 million and $228.5 million, respectively. Also included in net income (loss) in the third quarter of 1993 are benefits related to the Internal Revenue Service settlement and change in Federal income tax laws of $46.8 million. Fourth quarter 1993 operating income (loss) and net income (loss) includes additional charges related to the loss on sale of the geophysical business, claim loss reserves and employee severance costs of $101.8 million and $82.2 million, respectively.

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

FIVE YEAR FINANCIAL RECORD

Years ended December 31

Millions of dollars and shares except per share data and employees	1994	1993	1992	1991	1990
OPERATING RESULTS					
NET REVENUES					
Energy services	$ 2,514.0	$ 2,953.4	$ 2,726.3	$ 2,939.0	$ 2,915.6

Engineering and construction services	2,996.2	3,140.7	3,563.7	3,728.0	3,654.1
Insurance services*	230.3	256.7	275.9	351.8	355.8
TOTAL REVENUES	$ 5,740.5	$ 6,350.8	$ 6,565.9	$ 7,018.8	$ 6,925.5
OPERATING INCOME (LOSS)					
Energy services**	$ 191.1	$ (147.7)	$ (63.6)	$ 36.1	$ 283.1
Engineering and construction services**	67.2	79.3	(12.0)	73.7	71.0
Insurance services**	(0.4)	(42.2)	(4.8)	7.9	1.6
General corporate expenses	(22.9)	(22.0)	(21.0)	(21.8)	(19.9)
Total operating income (loss)	235.0	(132.6)	(101.4)	95.9	335.8
Nonoperating income (expense), net	55.9	(56.5)	(29.9)	(2.9)	17.7
INCOME (LOSS) BEFORE INCOME TAXES, MINORITY INTEREST AND CHANGES IN ACCOUNTING METHODS	290.9	(189.1)	(131.3)	93.0	353.5
Benefit (provision) for income taxes	(112.9)	26.6	6.1	(63.8)	(153.5)
Minority interest in net (income) loss of consolidated subsidiaries	(0.2)	1.5	1.7	(2.6)	(2.6)
INCOME (LOSS) BEFORE CHANGES IN ACCOUNTING METHODS	177.8	(161.0)	(123.5)	26.6	197.4
Changes in accounting methods, net of income taxes	-	-	(13.8)	-	-
NET INCOME (LOSS)	$ 177.8	$ (161.0)	$ (137.3)	$ 26.6	$ 197.4
Percent of net income (loss) to revenues	3.1%	(2.5)%	(2.1)%	0.4%	2.9%
Income (loss) per share before changes in accounting methods	$ 1.56	$ (1.43)	$ (1.15)	$ 0.25	$ 1.85
Net income (loss) per share	1.56	(1.43)	(1.28)	0.25	1.85
Cash dividends per share	1.00	1.00	1.00	1.00	1.00
Percent of net income (loss) to average equity of shareholders	9.3%	(8.5)%	(6.7)%	1.2%	9.0%
FINANCIAL POSITION					
Total assets	$ 5,268.3	$ 5,403.1	$ 5,565.6	$ 5,567.0	$ 4,868.0
Property, plant and equipment	1,076.8	1,152.8	1,197.6	1,191.5	1,013.2
Long-term debt	643.1	623.9	656.7	653.2	189.8
Shareholders' equity	1,942.2	1,887.7	1,907.3	2,164.6	2,246.9
Shareholders' equity per share	17.02	16.55	17.80	20.24	21.04
Average common shares outstanding	114.2	112.5	107.1	106.9	106.7
OTHER FINANCIAL DATA					
Long-term borrowings, net of reductions	$ (72.9)	$ (57.1)	$ (15.8)	$ 441.1	$ (9.0)
Issuance (purchase) of common stock, net	(1.5)	(1.0)	(0.5)	(0.6)	(0.1)
Acquisitions of property, plant and equipment	234.7	246.9	315.9	425.9	332.3
Net property, plant and equipment of businesses acquired (disposed)	(43.1)	94.9	35.0	17.7	(14.5)
Depreciation and amortization expense	261.6	452.0	360.0	294.5	249.6
Payroll and employee benefits	2,857.2	3,131.0	3,365.0	3,284.9	3,046.4
Number of employees***	57,200	64,700	69,200	73,400	77,000

* Excludes insurance revenues received from other segments of the Company.

** Energy Services operating income (loss) in 1993 includes a loss on the sale of the geophysical business and employee severance costs of $321.8 million and in 1992 and 1991 includes special charges of $182.0 million and $118.5 million, respectively. Engineering and Construction Services 1992 operating income (loss) includes special charges of $82.6 million. Insurance Services operating income (loss) in 1993 and 1992 includes loss related to claims loss reserves and suspension of underwriting activities in the United Kingdom of $46.3 million and $21.0 million, respectively.

*** Does not include employees of 50% or less owned affiliated companies.

EUROPEAN MARINE CONTRACTORS LIMITED

COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 1994

THESE FINANCIAL STATEMENTS ARE PRESENTED IN POUNDS STERLING. THE EXCHANGE RATE FOR POUNDS STERLING WAS 1.56 TO THE U.S. DOLLAR AT THE BALANCE SHEET DATE OF DECEMBER 31, 1994

INDEX

DIRECTORS

F Nanotti (Chairman)
R G Beveridge (General Manager)
V Oliveri
S Cao
N Chambers
L E Farmer

SECRETARY

T R Field

REGISTRATION NO. 2150753

REGISTERED OFFICE

EMC House
Motspur Park
New Malden
Surrey KT3 6JJ

EUROPEAN MARINE CONTRACTORS LIMITED
DIRECTORS' REPORT

The Directors' present their report and financial statements for the year ended 31 December 1994.

RESULTS AND DIVIDENDS

The group profit for the year, after taxation, is shown on page 5.

A dividend of (pounds sterling)30 million was paid during the year.

PRINCIPAL ACTIVITIES

The principal activity of the group continued to be the provision of complete pipelaying and marine construction services for operations in the North Sea and other waters.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The Directors are pleased to report that turnover increased by 40% to (pounds sterling)283 million during 1994. Operations during the year consisted primarily of pipelaying services. The majority of the work was executed in the North Sea area, although 36% of turnover arose from services performed in the Mediterranean areas under operating agreements with Saipem SpA, and the South China Sea in a joint venture with Saipem SpA. High levels of utilisation of equipment have been achieved by obtaining winter work programmes in these areas. Results were further enhanced by improvements in productivity and reduced operating costs.

The company has been successful in winning new contract awards during 1994. Work under contract at 1994 year end remained good, at levels slightly lower than the previous year end. This work will be performed during the next two years.

SHAREHOLDING

The shareholders of the company as at 31 December 1994 were as follows:

	CLASS OF SHARE	NO. OF SHARES	% of issued Share Capital

Saipem UK Limited	(pound sterling)1 A Ordinary Shares	7,000,000	50
Brown & Root Limited	(pound sterling)1 B Ordinary Shares	7,000,000	50

Each class of shares ranks pari passu with the other in all respects.

AGREEMENTS AND TRANSACTIONS WITH SHAREHOLDERS

A number of staff employed by the shareholders are made available to the group under secondment agreements.

The occupancy agreement with Brown & Root Limited for provision of the main administrative office was terminated in June 1994 when European Marine Contractors Limited moved to new premises at Motspur Park.

Certain survey/diving subcontracts have been awarded to Brown & Root Group companies.

Engineering support and other advisory services are provided by the shareholders on request.

During the year projects for pipelaying in the Mediterranean Straits of Gibraltar and the South China Sea were carried out in conjunction with Saipem Group companies.

DIRECTORS AND THEIR INTERESTS

The Directors during the year were as follows:-

F Nanotti
R G Beveridge
V Oliveri
S Cao
L E Farmer
K N Henry resigned 23 February 1994
N Chambers appointed 23 February 1994

No director had any interest in the shares of the company.

MARKET VALUE OF LAND AND BUILDINGS

In the opinion of the directors, the market value of the group's land and buildings was not less than their net book value as at 31 December 1994.

FIXED ASSETS

Changes in fixed assets during the year are summarised in notes 9 and 10.

AUDITORS

Ernst & Young have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be put to the members at the Annual General Meeting.

By order of the board

T R Field
Secretary

8 March 1995

EUROPEAN MARINE CONTRACTORS LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing those financial statements the directors are required to:

o select suitable accounting policies and then apply them consistently;

o make judgements and estimates that are reasonable and prudent;

o state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and o prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors confirm that the financial statements comply with the above requirements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

EUROPEAN MARINE CONTRACTORS LIMITED
AUDITORS' REPORT

TO THE BOARD OF DIRECTORS
EUROPEAN MARINE CONTRACTORS LIMITED

We have audited the accompanying consolidated balance sheets of European Marine Contractors Limited as of December 31, 1994 and 1993, and the related consolidated statements of income, total recognised gains and losses and cashflows for the each of the three years in the period ended December 31, 1994. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with United Kingdom auditing standards which do not differ in any significant respect from United States generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurances 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 the 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 consolidated financial position of European Marine Contractors Limited at December 31, 1994 and 1993, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 1994 in conformity with accounting principles generally accepted in the United Kingdom

ERNST & YOUNG
CHARTERED ACCOUNTANTS

London, England

8 March 1995

EUROPEAN MARINE CONTRACTORS LIMITED
GROUP PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1994

	Notes	1994	1993	1992
		(in thousands of pounds sterling)		
Turnover	2,3	282,870	201,766	169,635
Cost of sales		(200,888)	(151,273)	(122,867)
		-------	-------	-------
GROSS PROFIT	3	81,982	50,493	46,768
Administrative expenses		(5,863)	(4,569)	(5,366)

Other operating costs		(12,024)	(7,639)	(10,810)
		64,095	38,285	30,592
Other operating income		125	436	2,688
OPERATING PROFIT	4a)	64,220	38,721	33,280
Interest receivable and similar income		1,221	1,071	1,248
		65,441	39,792	34,528
Interest payable and similar charges	5	(91)	(121)	(872)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		65,350	39,671	33,656
Tax on profit on ordinary activities	6	(26,090)	(20,315)	(11,266)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		39,260	19,356	22,390
AMOUNT (SET ASIDE TO)/WITHDRAWN FROM RESERVES	18	(9,260)	15,644	(2,390)
DIVIDENDS		(30,000)	(35,000)	(20,000)

EUROPEAN MARINE CONTRACTORS LIMITED
GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 1994

	Notes	1994	1993	1992
		(in thousands of pounds sterling)		
Profit on ordinary activities after taxation		39,260	19,356	22,390
Exchange differences on retranslation of net assets of subsidiary undertaking		45	(47)	171
Unrealised surplus on revaluation of fixed assets	18	-	54,886	-
Total recognised realised and unrealised gains and losses relating to the year		39,305	74,195	22,561
RECONCILIATION OF SHAREHOLDERS' FUNDS				
Total recognised gains and losses		39,305	74,195	22,561
Dividends		(30,000)	(35,000)	(20,000)
Total movements during the year		9,305	39,195	2,561
Shareholders' funds at 1 January		58,585	19,390	16,829
Shareholders' funds at 31 December		67,890	58,585	19,390

EUROPEAN MARINE CONTRACTORS LIMITED
BALANCE SHEETS AT 31 DECEMBER 1994

	Notes	Group 1994	Group 1993	Company 1994	Company 1993
		(in thousands of pounds sterling)			
FIXED ASSETS					
Tangible assets	9	48,319	62,246	47,871	61,719
Investments	10	-	-	732	732
		48,319	62,246	48,603	62,451
CURRENT ASSETS					
Stocks	11	8,965	8,304	8,965	8,304
Debtors	12	133,335	94,072	138,222	92,235
Cash at bank and in hand	13	32,135	10,210	24,915	7,035
		174,435	112,586	172,102	107,574
CREDITORS - amounts falling due within one year	14	149,564	110,756	148,249	106,548
NET CURRENT ASSETS		24,871	1,830	23,853	1,026
TOTAL ASSETS LESS CURRENT LIABILITIES		73,190	64,076	72,456	63,477
PROVISIONS FOR LIABILITIES AND CHARGES	15	5,300	5,491	5,300	5,491
		67,890	58,585	67,156	57,986
CAPITAL AND RESERVES					
Called up share capital	17	14,000	14,000	14,000	14,000
Revaluation reserve	18	30,874	41,165	30,874	41,165
Profit and loss account	18	23,016	3,420	22,282	2,821
		67,890	58,585	67,156	57,986

R G Beveridge Director

V Oliveri Director

8 March 1995

EUROPEAN MARINE CONTRACTORS LIMITED

GROUP STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31 DECEMBER 1994

	Notes	1994	1993	1992
		(in thousands of pounds sterling)		
NET CASH INFLOW FROM OPERATING ACTIVITIES	4b)	72,304	34,278	76,133
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				
Interest received		945	1,429	866
Interest paid		(98)	(383)	(602)
Dividends paid		(30,000)	(35,000)	(20,000)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(29,153)	(33,954)	(19,736)
TAXATION				
Received for transfer of losses		-	-	112
Corporation tax paid		(18,775)	(18,113)	(50)

NET TAX (PAID)/RECEIVED		(18,775)	(18,113)	62
INVESTING ACTIVITIES				
Payments to acquire tangible fixed assets		(2,451)	(2,969)	(2,075)
Receipts from sale of tangible fixed assets		-	-	295
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		2,451)	(2,969)	(1,780)
NET CASH (OUTFLOW)/INFLOW BEFORE FINANCING		21,925	(20,758)	54,679
FINANCING				
Repayment of long term loans		-	-	(29,662)
NET CASH OUTFLOW FROM FINANCING		-	-	(29,662)
INCREASE/(DECREASE) IN CASH	13	21,925	(20,758)	25,017

EUROPEAN MARINE CONTRACTORS LIMITED
NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 1994

1 ACCOUNTING POLICIES

ACCOUNTING CONVENTION

The financial statements are prepared under the historical cost convention as modified to include the revaluation of certain fixed assets and in accordance with applicable accounting standards.

BASIS OF CONSOLIDATION

The group financial statements consolidate the financial statements of European Marine Contractors Limited and EMC Nederland BV drawn up to 31 December each year. No profit and loss account is present for European Marine Contractors Limited as permitted by section 230 of the Companies Act 1985.

JOINT VENTURE

The company's share of the results of an unincorporated joint venture is proportionally consolidated in the group profit and loss account and balance sheet.

GOODWILL

Purchased goodwill is amortised through the profit and loss account over the directors' original estimate of its useful life.

DEPRECIATION

Depreciation is provided at rates calculated to write off the cost less the expected residual value of each fixed asset over its expected useful life.

Marine floating equipment	- at 25% per annum	on a reducing balance basis
Buildings and leasehold improvements	- over 3-15 years	on a straight line basis
Plant & Machinery:-		
Other marine equipment	- over 2-5 years	on a straight line basis
Office equipment	- over 4-5 years	on a straight line basis

Depreciation on assets under construction is provided when assets are partially brought into use during the year, at the appropriate rate above.

EQUIPMENT MAINTENANCE

The marine equipment is dry-dock for major repairs in accordance with statutory requirements. Other maintenance works are carried out on a yearly basis. Provisions towards meeting both these costs are being made each year based on an estimate of costs to be incurred and the future utilisation programmes.

STOCKS

Stocks are valued at the lower of cost and net realisable value.

FOREIGN CURRENCY

COMPANY

Transactions denominated in foreign currencies are recorded in sterling at the closing exchange rate of the previous month. Monetary assets and liabilities are translated at the rate of exchange prevailing at the balance sheet date.

All differences are taken to the profit and loss account.

FOREIGN CURRENCY (CONTINUED)

GROUP

The financial statements of consolidated undertakings are translated at the rate of exchange prevailing at the balance sheet date.

The exchange adjustments arising on re-translating the opening net assets are taken directly to reserves.

OPERATING LEASES

Rentals paid in respect of operating leases are charged to the profit and loss account on a straight line basis over the term of the lease.

PENSIONS

Pension scheme contributions are made in accordance with actuarial advice and are charged to the profit and loss account so as to spread the pension cost over the anticipated period of service of scheme members.

GOVERNMENT GRANTS

Government Grants on capital expenditure are credited to a deferral account and are released to revenue over the expected useful life of the relevant asset by equal annual amounts.

LONG TERM CONTRACTS

Profit on long term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a basis to reflect the proportion of the work carried out at the year end, by recording turnover and related costs as contract activity progresses. Turnover is calculated on that proportion of total contract value which costs incurred to date bear to total expected costs for that contract. Revenues derived from variations on contracts are recognised only when they have been accept by the customer. Full provision is made for losses on all contracts in the year in which they are first foreseen.

DEFERRED TAXATION

Deferred taxation is provided under the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is estimated that tax will be payable. Deferred tax assets are recognised only where recovery is reasonably certain.

2 TURNOVER

Turnover comprises that part of each contract value represented by work completed at the balance sheet date. Turnover excludes applicable VAT.

3 ANALYSIS OF TURNOVER AND GROSS PROFIT/(LOSS) BETWEEN ACTIVITIES AND GEOGRAPHICAL MARKETS

		1994		1993		1992
	Turnover	Gross Profit /(Loss)	Turnover	Gross Profit /(Loss)	Turnover	Gross Profit /(Loss)
	(in thousands of pounds sterling)					
BUSINESS SEGMENTS						

Pipelay	281,672	82,803	200,130	50,594	167,553	46,419
Charters	336	(77)	873	137	1,278	202
Sundry	862	(744)	763	(238)	804	147
	-------	------	-------	------	-------	------
	282,870	81,982	201,766	50,493	169,635	46,768
	=======	======	=======	======	=======	======

GEOGRAPHICAL MARKETS

North Sea	179,139	56,987	160,063	37,657	160,107	46,768
Mediterranean	14,407	4,517	29,436	12,836	9,528	-
Other Waters	89,324	20,478	12,267	-	-	-
	-------	------	-------	------	-------	------
	282,870	81,982	201,766	50,493	169,635	46,768
	=======	======	=======	======	=======	======

Included in turnover is 14,407,000 (1993: 29,346,000, 1992: 9,528,000) in respect of sales to related undertakings which constitute the shareholders of European Marine Contractors Limited and their group undertakings.

Turnover by destination is not materially different.

The net assets of the group are substantially located in the North Sea, the Mediterranean Sea and South East Asia.

4 a) OPERATING PROFIT

Operating profit is stated after charging:

	1994	1993	1992
	(in thousands of pounds sterling)		
Depreciation of tangible fixed assets	16,325	20,780	14,128
Operating leases : Property	1,081	1,335	1,331
: Plant and machinery	28,617	20,156	18,844
Auditors' remuneration - audit services	63	54	43
- other	87	6	-
Amortisation of goodwill	-	75	75
Amortisation of grant	(14)	(13)	(14)
Loss/(gain) on foreign exchange	255	42	(1,566)
	======	======	======
The profit before tax dealt with in the financial statements of the parent company was:	65,209	39,517	33,487
	======	======	======

4 b) RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	1994	1993	1992
	(in thousands of pounds sterling)		
Operating profit	64,220	38,721	33,280
Depreciation charges	16,325	20,780	14,128
Amortisation of goodwill	-	75	75
Amortisation of grant	(12)	(14)	(14)
Foreign exchange differences	572	(506)	499
(Decrease)/increase in provisions for liabilities and charges	(191)	404	2,977
Loss on sale of tangible assets	-	-	436
Increase in stocks	(661)	(894)	(1,139)
(Increase)/decrease in debtors	(35,047)	(71,631)	48,708
Increase/(decrease) in creditors	27,098	47,343	(22,817)
	------	------	------
Net cash inflow from operating activities	72,304	34,278	76,133
	======	======	======

5 INTEREST PAYABLE AND SIMILAR CHARGES

	1994	1993	1992
	(in thousands of pounds sterling)		
Bank loans and overdrafts	40	51	490
Other charges	51	70	116
Loans from group undertaking	-	-	266
	--	---	---

	91	121	872
	==	===	===

6 TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge is made up as follows:-

	1994	1993	1992
	(in thousands of pounds sterling)		
Based on profit for the year			
UK corporation tax at 33%	29,979	16,832	16,030
Deferred tax	(3,940)	953	(2,628)
	------	------	------
	26,039	17,785	13,402
Double taxation relief	(9,682)	(6,409)	(6,586)
	------	------	------
	16,357	11,376	6,816
Overseas taxation	9,733	6,465	6,648
	------	------	------
	26,090	17,841	13,464
Tax under/(over) provided in previous years	-	2,474	(2,198)
	------	------	------
	26,090	20,315	11,266
	======	======	======

7 EMOLUMENTS OF DIRECTORS

	1994	1993	1992
	(in thousands of pounds sterling)		
Salaries (including pension contributions)	222	144	101
	===	===	===

The emoluments (excluding pension contributions) of the directors of the company are detailed as follows:-

	1994	1993	1992
(in thousands of pounds sterling)			
Chairman	-	-	-
Highest paid director	116	53	101
	===	==	===

Directors including above in scale:

	Number		
	1994	1993	1992
(thousands of pounds sterling)			
nil - 5,000	5	6	5
35,000 - 40,000	-	1	-
50,000 - 55,000	-	2	-
100,000 - 105,000	-	-	1
105,000 - 110,000	1	-	-
115,000 - 120,000	1	-	-

8 STAFF COSTS

The average number of persons employed by the group (and their costs) during the year, including directors, was as follows:-

	1994	1993	1992
	Number	Number	Number
Number employed:			
Onshore	168	139	135
Offshore	44	44	45

	---	---	---
	212	183	180
	===	===	===

	(in thousands of pounds sterling)		
Staff costs:			
Wages and salaries	7,174	6,111	5,418
Social security	574	549	454
Pension contributions	421	332	304
	-----	-----	-----
	8,169	6,992	6,176
	=====	=====	=====

In addition the group has used the services on average of 601 (1993: 568, 1992: 532) persons who were directly employed by the shareholders of European Marine Contractors Limited, their group undertakings and third party agencies.

9 TANGIBLE FIXED ASSETS

GROUP

	Lease--hold Land and Building	Plant and M'chnry	Marine Floating Equip	Under Constr--uction	Lease--hold Improve--ments	Total
	(in thousands of pounds sterling)					
Cost or Valuation:						
At 1 January 1994	1,570	4,948	87,323	236	1,603	95,680
Additions	87	5	-	2,288	-	2,380
Transfers	-	1,083	305	(1,411)	23	-
Exchange adjustment	54	5	-	-	54	113
	-----	-----	------	-----	-----	------
At 31 December 1994	1,711	6,041	87,628	1,113	1,680	98,173
	=====	=====	======	=====	=====	======
Depreciation:						
At 1 January 1994	1,329	2,563	28,174	-	1,368	33,434
Provided during the year	97	1,047	14,862	239	80	16,325
Exchange adjustment	45	4	-	-	46	95
	-----	-----	------	-----	-----	------
At 31 December 1994	1,471	3,614	43,036	239	1,494	49,854
	=====	=====	======	=====	=====	======
Net book value at:						
31 December 1994	240	2,427	44,592	874	186	48,319
	=====	=====	======	=====	=====	======
31 December 1993	241	2,385	59,149	236	235	62,246
	=====	=====	======	=====	=====	======

9 TANGIBLE FIXED ASSETS (continued)

COMPANY	Lease--hold Land and Building	Plant and M'chnry	Marine Floating Equip	Under Constr--uction	Lease--hold mprove--ments	Total
	(in thousands of pounds sterling)					
Cost or Valuation:						
At 1 January 1994	24	4,810	87,323	236	-	92,393
Additions	-	-	-	2,288	-	2,288
Transfers	-	1,083	305	(1,411)	23	-
	--	-----	------	-----	--	------
At 31 December 1994	24	5,893	87,628	1,113	23	94,681
	==	=====	======	=====	==	======
Depreciation:						
At 1 January 1994	24	2,476	28,174	-	-	30,674
Provided during the year	-	1,031	14,862	239	4	16,136
	--	-----	------	-----	--	------

As at 31 December 1994	24	3,507	43,036	239	4	46,810
	==	=====	======	=====	==	======
Net book value at:						
31 December 1994	-	2,386	44,592	874	19	47,871
	==	=====	======	=====	==	======
31 December 1993	-	2,334	59,149	236	-	61,719
	==	=====	======	=====	==	======

The assets under construction mainly consist of barge enhancements in progress at the year end.

The historical cost of the vessels included in marine floating equipment is as follows:

	Group and Company (in thousands of pounds sterling)
Cost:	
At 1 January 1994	62,069
	======
At 31 December 1994	62,374
	======
Cumulative depreciation based on cost:	
At 1 January 1994	44,085
	======
At 31 December 1994	48,657
	======

The vessels will be revalued in four years' time, unless market conditions change to an extent that necessitates an earlier revaluation.

The increase in the depreciation charge in the year as a result of revaluation is 10.3m (pounds sterling).

10 INVESTMENTS

COMPANY	(thousands of pounds sterling)
Cost at 31 December 1993 and 1994	1,107
	=====
Amortisation at 31 December 1993 and 1994	375
	=====
Net book value at 31 December 1993 and 1994	732
	=====

The group financial statements include the results of EMC Nederland BV which is incorporated in Holland. The company owns 100% of the issued share capital. EMC Nederland BV acts as a base for the North Sea operations.

JOINT VENTURE

The company has a 49% interest in Saipem SpA/EMC Ltd J.V., an unincorporated joint venture, which is based in Chiwan Base, Shekou, Shenzen Province, Peoples' Republic of China.

The company has a 50% interest in Saipem SpA/EMC Ltd J.V., an unincorporated joint venture, which is based in Bangkok, Thailand.

The remaining interest in the above joint ventures is held by the other joint venture partner, Saipem SpA, which is a fellow group undertaking of Saipem UK Limited, a shareholder of the company.

These undertakings are managed jointly through management committees comprised of a representative from each joint venturer.

11 STOCKS

Group and Company (thousands of pounds sterling)	
1994	1993

Catering supplies	301	437
Fuel and lubricants	948	221
Spares and supplies for marine equipment	7,716	7,646
	8,965	8,304

In the directors' opinion the replacement value of stocks is approximately (pounds sterling)15.7m ((pounds sterling)15 million in 1993).

12 DEBTORS

	Group (in thousands of pounds sterling)		Company	
	1994	1993	1994	1993
Trade debtors	6,168	3,507	6,167	3,348
Amounts recoverable on long term contracts	15,171	11,612	11,489	12,490
Amounts due from subsidiary undertaking	-	-	2,744	1,925
Amounts due from group undertakings	100,035	65,368	91,310	61,326
Prepayments and accrued income	10,570	11,940	10,394	11,777
Other debtors	1,391	1,645	16,118	1,369
	133,335	94,072	138,222	92,235

Included in prepayments and accrued income is a deferred tax asset of (pounds sterling)5,615,000 (1993: (pounds sterling)1,675,000) due after more than one year. Further details are disclosed in note 16.

13 CASH

Analysis of balances as shown in the group balance sheet and changes during the current and previous years:

	1994	1993	Change in Year
	(in thousands of pounds sterling)		
Cash at bank and in hand	32,135	10,210	21,925

	1993	1992	in Year
	(in thousands of pounds sterling)		
Cash at bank and in hand	10,210	30,998	(20,788)
Bank overdraft	-	(30)	30
Balance at 31 December	10,210	30,968	(20,758)

	1992	1991	Change in Year
	(in thousands of pounds sterling)		
Cash at bank and in hand	30,998	6,092	24,906
Bank overdraft	(30)	(141)	111
Balance at 31 December	30,968	5,951	25,017

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	1994	1993	1994	1993
Trade creditors	2,380	1,959	1,550	1,501
Amount due to subsidiary undertaking	-	-	4,538	3,968
Amounts due to group undertakings	12,325	9,618	5,079	8,491
Advances from joint venture	-	-	14,512	1,982
Accruals and deferred income	105,541	81,649	93,788	73,184
Taxation	29,303	17,503	28,782	17,422
Deferred investment grants	15	27	-	-
	149,564	110,756	148,249	106,548

15 PROVISIONS FOR LIABILITIES AND CHARGES

Provision is made for the periodic dry-docking of marine floating equipment.

	Group and Company 1994	1993
	(in thousands of pounds sterling)	
At 1 January	5,491	5,087
Charge for the year	230	613
Utilisation	(421)	(209)
	-----	-----
At 31 December	5,300	5,491
	=====	=====

16 DEFERRED TAXATION

The deferred tax asset included under debtors represents:

	Group and Company Potential and Provided (in thousands of pounds sterling) 1994	1993
Capital allowances	387	(378)
Other timing differences	5,228	2,053
	-----	-----
	5,615	1,675
	=====	=====

A potential tax charge of (pounds sterling)10.2m (1993: (pounds sterling) 12m) which would arise on the sale of the revalued vessels has not been provided for as it is not the intention of the directors to dispose of these assets.

17 SHARE CAPITAL

	Authorised 1994	1993	Allotted, called up and fully paid 1994	1993
	(in thousands of pounds sterling)			
'A' Ordinary shares of(pound sterling)1 each	10,000	10,000	7,000	7,000
'B' Ordinary shares of(pound sterling)1 each	10,000	10,000	7,000	7,000
	------	------	------	------
	20,000	20,000	14,000	14,000
	======	======	======	======

	Number of Shares (in thousands) 1994	1993
Shareholders:		
Saipem UK Limited - 'A' Ordinary Shares	7,000	7,000
Brown & Root Limited - 'B' Ordinary Shares	7,000	7,000
	------	------
	14,000	14,000
	======	======

18 RESERVES

	Group Revaluation Reserve	Group Profit and Loss Account	Company Revaluation Reserve	Company Profit and Loss Account
	(in thousands of pounds sterling)			
At 1 January 1994	41,165	3,420	41,165	2,821
Depreciation on revaluation surplus	(10,291)	10,291	(10,291)	10,291
Foreign exchange gain on consolidation	-	45	-	-
Surplus for the year	-	9,260	-	9,170
	------	------	------	------
At 31 December 1994	30,874	23,016	30,874	22,282

====== ====== ====== ======

19 PENSIONS

One hundred and twenty two (1993: 92, 1992: 89) of the group's UK employees are members of a pension scheme operated by Brown & Root Limited, which controls the overall administration of the scheme. This scheme is of the defined benefit type. Contributions amounting to (pounds sterling) 315,524 (1993:(pounds sterling)248,698, 1992: (pounds sterling)220,673) were charged to the profit and loss account during the year. The scheme includes employee contributions at a percentage of pensionable salaries. The pension cost is assessed in accordance with the advice of independent qualified actuaries and the latest actuarial assessment of the scheme was 1 January 1993. Further details of the Brown & Root scheme are included in the Brown & Root Limited accounts.

Eight (1993: 7, 1992: 6) other UK employees are members of the Merchant Navy Officers' Pension Fund, which was set up in July 1992. Contributions to this fund amounting to (pounds sterling)15,932 (1993: (pounds sterling) 12,129, 1992: 6,207) were made during the year.

A further 21 (1993: 21, 1992: 22) of the group's employees are members of the EMC Nederland BV pension scheme. The charge to the profit and loss account of (pounds sterling)74,550 (1993: (pounds sterling)52,195, 1992: (pounds sterling)83,810), in respect of this scheme has been determined in accordance with best local practice.

20 CAPITAL COMMITMENTS

The board of directors has authorised capital expenditure of (pounds sterling) 12,816,000 (1993: (pounds sterling)9,264,000) mainly in connection with the modification of vessels. Approximately (pounds sterling)172,000 (1993:(pounds sterling) 153,000) of this authorised expenditure has already been contracted.

21 CONTINGENT LIABILITIES

There are no contingent liabilities in existence as at the date on which the financial statements are approved that would have a material impact upon the financial position of the company other than those disclosed below.

Performance bonds have been issued in the ordinary course of business by bankers and supported by the shareholders to the value of (pounds sterling)85.9 million (1993: (pounds sterling)91.4 million). No liabilities are expected to arise from these other than those provided for in the financial statements.

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22 LEASING COMMITMENTS

Amounts payable in the following year on operating leases which expire:

	1994 Land & Buildings	1994 Other	1993 Land & Buildings	1993 Other
	(in thousands of pounds sterling)			
i) Within 1 year	-	10,193	1,198	12,632
ii) In 2-5 years	-	149	-	58
iii) Over 5 years	493	-	157	-
	===	======	=====	======

Other leases relate primarily to the charter of support vessels.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

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 21, 1995, under the caption "Election of Directors." The information required for the executive officers of the Registrant is included under Part I, page 6 of this Annual Report.

ITEM 11. EXECUTIVE COMPENSATION.

This information is incorporated by reference to the Halliburton Company Proxy Statement dated March 21, 1995, under the captions "Compensation Committee Report on Executive Compensation," "Comparison of Five Year and Three 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" 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 21, 1995, 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 21, 1995, 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.

This information is incorporated by reference to the Halliburton Company Proxy Statement dated March 21, 1995, under the caption "Certain Transactions."

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 16 through 45 of this Annual Report. See index on page 7.

2. Financial Statement Schedules:

The financial statements of European Marine Contractors, Limited, (EMC) the investment in which is accounted for on the equity method, follow the Five Year Financial Record.

The EMC financial statements were prepared in accordance with accounting principles generally accepted in the United Kingdom. Certain parent company adjustments were included in the selected financial data presented in Note 6 to the Company's financial statements in order to conform with generally accepted accounting principles in the United States.

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
3	By-laws of the Company, as amended through September 30,1992, incorporated by reference to Exhibit 4.3 of the Second Amendment to the Company's Registration Statement on Form S-3 dated as of March 29, 1993.
4(a)	Credit Agreement dated as of February 25, 1993 between Avalon Financial Services, Ltd. and NationsBank of Texas, N.A., incorporated by reference to Exhibit 4(a) to the Company's Annual Report on Form 10-K for the year ended December 31, 1992.
4(b)	Form of debt security of Zero Coupon Convertible Subordinated Debentures due March 13, 2006 of the registrant incorporated by reference to Exhibit 4(a) to the Company's Form 8-K dated as of March 13, 1991.
4(c)	Resolutions of the Board of Directors of the registrant adopted at a meeting held on February 11, 1991 and of the special pricing committee of the Board of Directors of the registrant adopted at a meeting held on March 6, 1991 incorporated by reference to Exhibit 4(c) to the Company's Form 8-K dated as of March 13, 1991.
4(d)	Subordinated Indenture dated as of January 2, 1991 between the

Company and Texas Commerce Bank National Association, as Trustee, incorporated by reference to Exhibit 4(b) to the Company's Form 8-K dated as of March 13, 1991.

4(e)	Form of debt security of 8.75% Debentures due February 15, 2021 incorporated by reference to Exhibit 4(a) to the Company's Form 8-K dated as of February 20, 1991.
4(f)	Senior Indenture dated as of January 2, 1991 between the Company and Texas Commerce Bank National Association, as Trustee, incorporated by reference to Exhibit 4(b) to the Company's Form 8-K dated as of February 20, 1991.
4(g)	Resolutions of the Company'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 Registrant 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 Company's Form 8-K dated as of February 20, 1991.
4(h)	Composite Certificate of Incorporation filed May 26, 1987 with the Secretary of State of Delaware and that certain Certificate of Designation, Rights and Preferences related to the authorization of the Company's Junior Participating Preferred Stock, Series A, incorporated by reference to Exhibit 4(d) to the Company's Registration Statement on Form S-3 dated as of December 21, 1990.
4(i)	Amended and Restated Rights Agreement dated as of February 15, 1990 between the Company and NCNB Texas National Bank, as Rights Agent, which includes the form of Right Certificate as Exhibit A, incorporated by reference to Exhibit 1 to the Company's Form 8 dated as of February 23, 1990.
4(j)	Copies of instruments which define the rights of holders of miscellaneous long-term notes of the Registrant and its subsidiaries, totaling $0.4 million in the aggregate at December 31, 1994, have not been filed with the Commission. The Registrant agrees herewith to furnish copies of such instruments upon request.
4(k)	Copies of the instruments which define the rights of the holder of the 4.0% notes payable totaling $25.0 million at December 31, 1994, 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 Company's Annual Report on Form 10-K for the year ended December 31, 1992.
10(b)	Halliburton Company Senior Executives' Deferred Compensation Plan as amended and restated effective October 1, 1990, incorporated by reference to Exhibit 10(b) to the Company's Annual Report on Form 10-K for the year ended December 31, 1992.
10(c)	Retirement Plan for the Directors of Halliburton Company adopted and effective January 1, 1990, incorporated by reference to Exhibit 10(c) to the Company's Annual Report on Form 10-K for the year ended December 31, 1992.
10(d)	Halliburton Company Directors' Deferred Compensation Plan as amended and restated effective May 15, 1990, incorporated by reference to Exhibit 10(d) to the Company's Annual Report on Form 10-K for the year ended December 31, 1992.
10(e)*	Halliburton Company Annual Incentive Compensation Plan as amended and restated December 9, 1994.
10(f)	Form of criteria for determination of Brown and Root recommendations for incentive awards to Brown and Root management dated as of March 2, 1992, incorporated by reference to Exhibit 10(f) to the Company's Annual Report on Form 10-K for the year ended December 31, 1992.
10(g)	Summary Plan Description of the Executive Split-Dollar Life Insurance Plan, incorporated by reference to Exhibit 10(g) to the Company's Annual Report on Form 10-K for the year ended December 31, 1992.
10(h)	Halliburton Company 1993 Stock and Long-Term Incentive Plan incorporated by reference to Appendix A of the Company's proxy statement dated March 23, 1993.
10(i)	Asset acquisition agreement between Smith and the Company dated as of January 14, 1993 incorporated by reference to the Second Amendment of the Company's Registration Statement on Form S-3 dated as of March 29, 1993.

10(j) Halliburton Company Restricted Stock Plan for Non-Employee Directors, incorporated by reference to Appendix B of the Company's proxy statement dated March 23, 1993.

10(k)* Halliburton Elective Deferral Plan effective January 1, 1995.

11* Computation of Earnings per share.

21* Subsidiaries of the Registrant.

23* Consent of Ernst & Young.

24* Form of power of attorney signed in May 1994, for the following directors:

Anne L. Armstrong
Robert W. Campbell
Lord Clitheroe
Robert L. Crandall
Thomas H. Cruikshank
W. R. Howell
Dale P. Jones
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 19, 1994, reporting on Item 5. Other Events, regarding a press release dated October 18, 1994, announcing the Company's definitive agreement for the sale of its natural gas compression business unit.

A Current Report was filed on Form 8-K dated October 26, 1994, reporting on Item 5. Other Events, regarding a press release dated October 25, 1994, regarding a discussion for a 50/50 Scottish joint venture to operate fabrication yards.

A Current Report was filed on Form 8-K dated October 28, 1994, reporting on Item 5. Other Events, regarding a press release dated October 27, 1994, announcing the Company's earnings for the quarter and the nine months ended September 30, 1994.

A Current Report was filed on Form 8-K dated November 14, 1994, reporting on Item 5. Other Events, regarding a press release dated November 8, 1994, regarding a fourth quarter dividend declaration of 25 cents per share.

A Current Report was filed on Form 8-K dated November 22, 1994, reporting on Item 5. Other Events, regarding a press release dated November 21, 1994, announcing the Company's definitive agreement for the sale of its industrial service business unit.

A Current Report was filed on Form 8-K dated November 30, 1994, reporting on Item 5. Other Events, regarding a press release dated November 30, 1994, announcing the Company's completion of the sale of its natural gas compression business unit.

A Current Report was filed on Form 8-K dated January 9, 1995, reporting on Item 5. Other Events, regarding a press release dated January 9, 1995, announcing that the Company entered into contracts with three firms to outsource substantially all of its information technology requirements.

A Current Report was filed on Form 8-K dated January 12, 1995, reporting on Item 5. Other Events, regarding a press release dated January 11, 1995, announcing the Company's completion of the sale of the assets of its industrial services business unit.

A Current Report was filed on Form 8-K dated February 2, 1995, reporting on Item 5. Other Events, regarding a press release dated January 30, 1995, announcing a business unit of Brown & Root, Inc., recently won a multi-million dollar contract to construct a polypropylene plant.

A Current Report was filed on Form 8-K dated February 2, 1995, reporting on Item 5. Other Events, regarding a press release dated February 1, 1995, announcing the Company's earnings for the quarter and the year ended December 31, 1994.

A Current Report was filed on Form 8-K dated February 16, 1995, reporting on Item 5. Other Events, regarding a press release dated February 15, 1995, announcing the formation of a Scottish joint venture.

A Current Report was filed on Form 8-K dated February 17, 1995, reporting on Item 5. Other Events, regarding a press release dated February 16, 1995, announcing the declaration of a first quarter dividend.

A Current Report was filed on Form 8-K dated February 27, 1995, reporting on

Item 5. Other Events, regarding a press release dated February 24, 1995, announcing a joint venture agreement.

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 23rd day of March, 1995.

HALLIBURTON COMPANY

BY (THOMAS H. CRUIKSHANK)

Thomas H. Cruikshank,
Chairman of the Board 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 23rd day of March, 1995.

SIGNATURE	TITLE
(THOMAS H. CRUIKSHANK) -------------------------- Thomas H. Cruikshank	Chairman of the Board and Chief Executive Officer and Director
(JERRY H. BLURTON) -------------------------- Jerry H. Blurton	Vice President-Finance and Principal Financial Officer
(SCOTT R. WILLIS) -------------------------- Scott R. Willis	Controller and Principal Accounting Officer

SIGNATURE	TITLE
*ANNE L. ARMSTRONG -------------------------- Anne L. Armstrong	Director
*ROBERT W. CAMPBELL -------------------------- Robert W. Campbell	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	President 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 --------------------------	Director

E. L. Williamson

* SUSAN S. KEITH

Susan S. Keith, Attorney-in-fact

EXHIBIT 10(e)

HALLIBURTON COMPANY

ANNUAL INCENTIVE COMPENSATION PLAN

As Amended and Restated December 9, 1994

HALLIBURTON COMPANY ANNUAL INCENTIVE COMPENSATION PLAN

ARTICLE I.

1.1 Purpose. The Halliburton Company Annual Incentive Compensation Plan serves to attract, motivate, reward, and retain senior management talent required to achieve corporate objectives and increase shareholder value. The Plan provides a means to link the annual cash compensation of members of the Executive Committee, corporate officers and other key managers of corporate support groups with the achievement of financial goals and, for corporate support management, the organizational objectives of the Company as a whole. Under the Plan, participants are afforded the opportunity to earn additional compensation above base pay contingent on the achievement of a threshold level of business results, the measure for which is established at the beginning of each annual performance period in connection with the annual planning and budgeting process. The additional compensation opportunity afforded participants under the Plan increases proportionately with improved business results, subject to a predefined maximum incentive compensation level.

A portion of the incentive compensation opportunity for corporate support management can be earned through individual performance, with the measure of performance predefined in certain qualitative terms associated with organizational processes deemed important to the achievement of the long term business strategies and objectives of the Company.

ARTICLE II.

2.1 Definitions. Except where the context otherwise indicates, the following definitions shall apply:

a. "Award" shall mean the dollar amount of incentive compensation payable to a Participant under the Plan for a Plan Year.

b. Subject to the exceptions hereinafter set forth, "Base Pay" shall be the base salary of the Participant for a specified period in effect on January 1 of a Plan Year without giving effect to amounts which are paid or accrued on behalf of such Participant under deferred compensation (other than compensation deferred at the Participant's election pursuant to the Company's Elective Deferral Plan), retirement or other benefit plans or arrangements of the Company or a Subsidiary. In the event that during the course of a Plan Year a Participant receives a promotion or demotion or an employee of the Company or a Subsidiary becomes a Participant under the Plan pursuant to the provisions of Section 3.2 hereof, the Company's Chief Executive Officer, in his sole and absolute discretion, may specify that the base salary of such Participant for a specified period in effect on a date other than January 1 of the Plan Year shall be such Participant's Base Pay for purposes of determinations made for the Plan Year.

c. "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 the payment of an Award.

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

e. "Category I Participants" shall be all Participants who are so categorized under Article III hereof.

f. "Category II Participants" shall be all Participants who are so categorized under Article III hereof.

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

h. "Compensation 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.

i. "Company" shall mean Halliburton Company and its successors.

j. "Corporate Target" shall mean the level of performance for the Company and its Subsidiaries for a Plan Year on a consolidated basis which the Compensation Committee determines must be attained for a Participant to receive a Maximum Incentive Payout.

k. "Corporate Threshold" shall mean a minimum level of performance, determined for the Company and its Subsidiaries for a Plan Year on a consolidated basis, which must be attained for any Awards for such Plan Year to be made pursuant to the Plan.

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

m. "Incentive Compensation Spread" shall be the difference obtained by subtracting the Minimum Incentive Payout from the Maximum Incentive Payout.

n. "Individual Performance Award" shall be equal to one (1) month's Base Pay for a Participant or such part thereof as the Chief Executive Officer, in his absolute discretion, shall determine. Notwithstanding the preceding sentence or any other provisions of this Plan which provide that certain determinations with respect to Individual Performance Awards shall be made by the Chief Executive Officer (including, but not limited to, defining qualitative performance criteria and the extent to which each Participant shall have satisfied his or her individual performance criteria), such determinations may be made by those to whom the Chief Executive Officer has delegated such responsibility and authority in writing. Any determinations made pursuant to such a delegation shall have the same force and effect as if made by the Chief Executive Officer.

o. "Maximum Incentive Payout" shall mean the maximum amount of an Award payable to a Participant. The Maximum Incentive Payout for a Category I Participant shall be an amount equal to six (6) month's Base Pay. For Categor II Participants, the Maximum Incentive Payout shall be an amount equal to three (3) month's Base Pay (without giving effect to an Individual Performance Award).

p. "Minimum Incentive Payout" shall mean the minimum amount of an Award payable to a Participant. The amount of the Minimum Incentive Payout for Category I Participants is an amount equal to one (1) month's Base Pay. For Category II Participants, the Minimum Incentive Payout shall be an amount equal to one half month's Base Pay.

q. "Participant" shall mean any employee of the Company or a

Subsidiary who participates in the Plan pursuant to the provisions of Article III hereof.

r. "Performance Target Range" shall mean the Corporate Target minus the Corporate Threshold.

s. "Plan" shall mean the Halliburton Company Annual Incentive Compensation Plan, as the same may be from time to time amended.

t. "Plan Year" shall mean the calendar year ending December 31, 1991 and each subsequent calendar year thereafter.

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

v. "Termination of Service" shall mean the cessation of a Participant's employment with the Company or a Subsidiary for any reason.

w. "Total Incentive Compensation Opportunity" shall mean the aggregate amount of compensation which may be received annually by a Participant under the Plan.

ARTICLE III.

3.1 Participation. Members of the Executive Committee and Company officers (other than officers of the Energy Services Division and assistant officers) shall be Participants annually. In addition, such other management employees as may be annually designated as Participants by the Company's Chief Executive Officer shall be Participants under the Plan. Members of the Executive Committee shall be Category I Participants. All other Participants shall be Category II Participants. The provisions of this Section are subject to the provisions of the next succeeding Section.

3.2 Changes in Participants During Plan Year. If during the course of a Plan Year an employee of the Company or a Subsidiary, by reason of having been newly elected to the Executive Committee or as an officer of the Company, would otherwise have been a Participant or a different category of Participant had such employee's status been the same at the beginning of the Plan Year, the Chief Executive Officer (except with respect to any actions or status changes involving himself, in which case the determination shall be made by the Compensation Committee), in his sole and absolute discretion, may determine (i) in the case of such newly elected member of the Executive Committee or Company officer, whether participation or a change in category should be effective with such election or delayed until the inception of the next Plan Year and (ii) where applicable, appropriate and equitable modifications in the Total Incentive Compensation Opportunity and in the qualitative performance criteria the attainment of which may result in an Individual Performance Award. In the event that during the course of the Plan Year, a person is newly hired by, or transferred to, the Company in a management position and the Chief Executive Officer feels such employee's participation in the Plan is merited, the Chief Executive Officer shall designate in writing such employee as a Participant in the Plan for such Plan Year and make those determinations which he deems appropriate of the type specified in clause (ii) of the preceding sentence.

ARTICLE IV.

4.1 Administration. Performance requirements, as more fully discussed in Article V hereof, shall be set by the Compensation Committee and, where applicable, the Chief Executive Officer. As to Category I Participants, the Compensation Committee shall have the responsibility to construe and interpret the Plan; to prescribe, amend and rescind rules and regulations relating to the administration of the Plan and to make all other determinations necessary or advisable for administration of the Plan. With respect to Category II Participants, the Executive Committee shall have the duties with respect to the Plan set forth in the preceding sentence unless it shall delegate such duties to the Chief Executive Officer. Subject only to compliance with the express provisions hereof, the Compensation Committee, the Executive Committee and the Chief Executive Officer may act in their sole and absolute discretion with respect to the Plan.

ARTICLE V.

5.1 Performance Requirements. Prior to the last day of February of each Plan Year, the Compensation Committee will approve the Corporate Target for the Plan Year taking into consideration the benefits to the Company's shareholders upon achievement of such Corporate Target relative to the aggregate cost of the Awards potentially payable as a result thereof, and will approve the Corporate Threshold for such Plan Year which must be achieved in order for any Award under the Plan to be payable. The Corporate Target may be based on such measurements, financial or otherwise, as the Compensation Committee may from time to time deem appropriate. If the Compensation Committee deems a change in the Company's business, operations, corporate or capital structure, the manner in which it conducts business or any other change to be extraordinary and material and determines that, as a result of such change, the established Corporate Target or Corporate Threshold is no longer appropriate, it may modify the Corporate Target or Corporate Threshold as deemed appropriate and equitable in its sole and absolute discretion.

Prior to the last day of February of each Plan Year, qualitative performance criteria shall also be defined by the Company's Chief Executive Officer for each Category II Participant, the attainment of which shall result in an Individual Performance Award, if other conditions precedent to the payment of such Award under the terms of the Plan are satisfied.

As soon as practicable, after the end of a Plan Year, the Compensation Committee will determine whether the Corporate Threshold and the Corporate Target were attained and the Chief Executive Officer of the Company shall determine the extent to which each Participant has satisfied his or her individual performance requirements for purposes of receiving an Individual Performance Award. Determinations of the Compensation Committee and the Chief Executive Officer shall be conclusive and binding on all Participants and Beneficiaries.

ARTICLE VI.

6.1 a. Awards. Participants, depending upon whether they are Category I Participants or Category II Participants, shall have a Total Incentive Compensation Opportunity through Awards under the Plan for a Plan Year as follows:

1. Awards for Category I and Category II Participants. Subject to the provisions of Section 6.1.a.4. below, the amount of an Award to a Participant shall be determined as follows:

(a) If the Corporate Threshold is achieved, the Participant shall receive the Minimum Incentive Payout applicable to such Participant's category.
(b) If the Corporate Target is achieved, the Participant shall receive the Maximum Incentive Payout applicable to such Participant's category.
(c) If the level of performance achieved exceeds the Corporate Threshold but is less than the Corporate Target, a Participant shall receive an amount equal to the Minimum Incentive Payment applicable to such Participant's category plus that percentage of the Incentive Compensation Spread which is equal to the percentage of the Performance Target Range that is actually earned or achieved, not to exceed 100 percent.

2. Individual Performance Awards for Category II Participants. Subject to the provisions of Section 6.1.a.4 below and provided that such Participant attains the prescribed level of achievement of qualitative performance requirements, a Category II Participant shall receive an Individual Performance Award.

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

4. Termination of Service During Plan Year. If a Termination of Service occurs with respect to a Participant prior to the end of a Plan Year, following the end of the Plan Year and provided that an Award would have been payable to the Participant under the terms of the Plan had a Termination of Service not occurred prior to the end of the Plan Year, the Compensation Committee or the Chief Executive Officer (depending on whether the Participant was a Category I or Category II Participant) in its or his sole discretion may determine, through proration or otherwise, the amount which s uch Participant or Beneficiary should receive. In the case of a Category II Participant, the Chief Executive Officer in determining whether an Individual Performance Award should be made to the Participant or Beneficiary shall estimate in his sole and absolute discretion the level of achievement of qualitative performance requirements by the Participant prior to his or her Termination of Service. Notwithstanding the preceding provisions of this subsection, in the event that the Compensation Committee, Executive Committee or Chief Executive Officer, as applicable, determines in its or his sole and absolute discretion that such Participant has entered or plans to enter into competition with the Company or a Subsidiary, the Compensation Committee, Executive Committee or Chief Executive Officer, as applicable, may direct that no Award payment shall be made to such terminated Participant.

b. Payment of Awards.

1. Except as otherwise provided in Section 6.1.b.2. below, each Participant shall receive payment, in a cash lump sum, of his or her Award as soon as practicable following the determinations with respect thereto made pursuant to Section 6.1.a. hereof.

2. With respect to a Participant who is a "covered employee" for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended, payment of that portion of an Award 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."

c. Tax Withholding. The Company or employing Subsidiary through which payment of an Award is to be made shall have the right to deduct from any payment hereunder any amounts that Federal, state, local or foreign tax law requires with respect to such payment.

ARTICLE VII.

7.1 Rights of Participants and Beneficiaries

a. Neither status as a Participant or Beneficiary shall be construed as a commitment that any Award will be made under the Plan.

b. Nothing contained in the Plan or in any document related to the Plan or to any Award shall confer upon any Participant any right to continue as an employee or in the employ of the Company or a Subsidiary or constitute any contract or agreement of employment or interfere in any way with the right of the Company or a Subsidiary to reduce such persons compensation, to change the position held by such person or to terminate the employment of such person, with or without cause.

c. No benefit payable under, or interest in, this Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, incumbrance 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. Any a ttempt 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.

d. 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 Subsidiary by reason of any Award 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 a Subsidiary 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 an Award hereunder, such right shall be no greater than the right of any unsecured general creditor of the Company or any Subsidiary. All amounts payable under the Plan shall be paid from the general assets of the Company or a Subsidiary, 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.

7.2 Governing Law. The Plan and all related documents shall be governed by, and construed in accordance with, the laws of the State of Texas. If any provision hereof shall be held by a court of competent jurisdiction to be invalid and unenforceable, the remaining provisions of the Plan shall continue to be fully effective.

7.3 Amendment and Termination of Plan and Awards. Notwithstanding anything herein to the contrary, the Compensation Committee may, at any time, terminate or, from time to time amend, modify or suspend the Plan. No Award may be made during any suspension of the Plan or after its termination.

7.4 Effective Date. The Plan shall become effective as of January 1, 1991, for Plan Years beginning on or after January 1, 1991, and shall remain in effect until such time as it may be terminated pursuant to Section 7.3.

EXHIBIT 10(k)

HALLIBURTON ELECTIVE DEFERRAL PLAN

Effective Date: January 1, 1995

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HALLIBURTON ELECTIVE DEFERRAL PLAN

W I T N E S S E T H :

WHEREAS, HALLIBURTON COMPANY, desiring to aid certain of its employees in making more adequate provision for their retirement, has decided to adopt the following HALLIBURTON ELECTIVE DEFERRAL PLAN (the "Plan");

NOW THEREFORE, the Plan is hereby adopted as follows, effective as of January 1, 1995:

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.

(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) EFFECTIVE DATE: January 1, 1995.

(11) EMPLOYER: The Company and each eligible organization designated as an Employer in accordance with the provisions of Article IX of the Plan.

(12) PARTICIPANT: Each individual who has been selected for participation in the Plan and who has become a Participant pursuant to Article II.

(13) PLAN: The Halliburton Elective Deferral Plan, as amended from time to time.

(14) PLAN YEAR: The twelve-consecutive month period commencing January 1 of each year.

(15) RETIREMENT: The date the Participant is eligible for and retires under any retirement plan maintained by his Employer that meets, or is intended to meet, the qualification requirements of section 401(a) of the Code.

(16) 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.

(17) TRUST: The trust, if any, established under the Trust Agreement.

(18) TRUST AGREEMENT: The agreement, if any, entered into between the Employer and the Trustee pursuant to Article VIII.

(19) 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.

(20) TRUSTEE: The trustee or trustees appointed by the Committee who are qualified and acting under the Trust Agreement at any time.

(21) 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 November 30 of the preceding Plan Year. Notwithstanding the foregoing, (1) a Participant's election to defer receipt of a percentage of his Base Salary for the Plan Year beginning on January 1, 1995, may be made on or before December 31, 1994, and (2) 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 November 30 of the preceding Plan Year. Notwithstanding the foregoing, (1) a Participant's election to defer receipt of a percentage of his Bonus Compensation for the Plan Year beginning on January 1, 1995, may be made on or before December 31, 1994, and (2) 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. 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 if 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 Sates 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. 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.

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 an 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.

EXECUTED this ______ day of ______________________, 1994.

HALLIBURTON COMPANY

By:
Thomas H. Cruikshank
Chairman of the Board and
Chief Executive Officer

HALLIBURTON COMPANY
EXHIBIT 11
COMPUTATION OF EARNINGS PER SHARE
FOR THE THREE YEARS ENDED DECEMBER 31, 1994

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).

	1994	1993	1992
	(In millions except per share data)		
Primary:			
Income (loss) before changes in accounting methods	$ 177.8	$(161.0)	$(123.5)
Changes in accounting methods	-	-	(13.8)
Net income (loss)	177.8	(161.0)	(137.3)
Average number of common shares outstanding	114.2	112.5	107.1
Primary earnings (loss) per share:			
Before changes in accounting methods	$ 1.56	$ (1.43)	$ (1.15)
Changes in accounting methods	-	-	(0.13)
Net income (loss)	1.56	(1.43)	(1.28)
Fully diluted:			
Income (loss) before changes in accounting methods	$ 177.8	$(161.0)	$(123.5)
Add after-tax interest expense applicable to Zero Coupon Convertible Subordinated Debentures due 2006	13.2	11.6	9.4
Adjusted income before changes in accounting methods	191.0	(149.4)	(114.1)
Changes in accounting methods	-	-	(13.8)
Adjusted net income (loss)	$ 191.0	$(149.4)	$(127.9)
Adjusted average number of common shares outstanding	119.2	117.4	112.1
Fully diluted earnings (loss) per share:			
Before changes in accounting methods	$ 1.60	$ (1.27)	$ (1.02)
Changes in accounting methods	-	-	(0.12)
Net income (loss)	1.60	(1.27)	(1.14)

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 10 to the financial statements of this Annual Report.

HALLIBURTON COMPANY
EXHIBIT 21
SUBSIDIARIES OF THE REGISTRANT

Name of Company	State or Country of Incorporation
HALLIBURTON COMPANY (Registrant)	Delaware
Betacom II B.V.	Netherlands
Brown & Root Corporate Services	Delaware
Brown & Root Ealing Technical Services Limited	United Kingdom
Brown & Root Highlands Fabricators Limited	United Kingdom
Brown & Root Holdings, Inc.	United Kingdom
Brown & Root Industrial Services, Inc.	Delaware
Brown & Root International, Inc.	Panama
Brown & Root International, Inc.	Delaware
Brown & Root Limited	United Kingdom
Brown & Root Overseas Ltd.	United Kingdom
Brown & Root Services Corporation	Delaware
Brown & Root Skoda	Czech Republic
Brown & Root Technical Services, Inc.	Delaware
Brown & Root Technology Limited	United Kingdom
Brown & Root Technology (No. 2) Limited	United Kingdom
Brown & Root (Gulf) E.C.	Bahrain
Brown & Root (Services) Limited	United Kingdom
Brown & Root, Inc.	Delaware
European Marine Contractors Limited	United Kingdom
G & H Management Company	Delaware
Geosource Service Corporation	Delaware
GSI Saudi Arabia Ltd.	Saudi Arabia
Halliburton Afrique SNC	France
Halliburton Australia Pty Ltd.	Australia
Halliburton Canada Inc.	Canada
Halliburton Company Germany GmbH	Germany
Halliburton de Mexico, SA de CV	Mexico
Halliburton Energy Services Asia, Inc.	Delaware
Halliburton Equipment Company SAE	Egypt
Halliburton Holdings B.V.	Netherlands
Halliburton Holdings Inc.	Delaware
Halliburton Holdings Limited	United Kingdom
Halliburton International, Inc.	Delaware
Halliburton Italiana SpA	Italy
Halliburton Latin America SA	Panama
Halliburton Limited	United Kingdom
Halliburton Manufacturing and Services Limited	United Kingdom
Halliburton NUS Corporation	Delaware
Halliburton Offshore Services, Inc.	Delaware
Halliburton Oilfield Services (Norway), Inc.	Delaware
Halliburton Overseas Limited	Cayman Islands
Halliburton Services BV	Netherlands
Halliburton Servicos Ltda.	Brazil
Halliburton Singapore Pte Ltd.	Singapore
Halliburton S.A.R.L.	France
Halliburton Trinidad, Limited	Trinidad
Halliburton West Africa Ltd.	Delaware
Halliburton Worldwide Limited	Cayman Islands
HGS Enterprises Inc.	Panama
Highlands Group Insurance, Inc.	Delaware
Highlands Insurance Company (UK) Limited	United Kingdom
Highlands Insurance Co.	Texas
Highlands Limited	Bermuda
Highlands Overseas Limited	Bermuda
Howard Humphreys & Partners Limited	United Kingdom
Overseas Marine Leasing Company	Delaware
PT Halliburton Indonesia	Indonesia
PT Halliburton Logging Services Indonesia	Indonesia
Rockwater B.V.	Netherlands
Rockwater CV	Netherlands
Rockwater Holdings Limited	United Kingdom
Rockwater Limited	United Kingdom
Seaforth Maritime Group Limited	United Kingdom
Shapadu Rockwater Sdn Bhd	Malaysia
Southern California Bonding Services, Inc.	California
Underwriters' Special Risks	Texas

(1) Each of the subsidiaries named conducts its business under its corporate name and, in a few instance shortened form of its corporate name.

(2) Registrant has 100% direct or indirect ownership in the subsidiaries named except for the following: Skoda, 66%; European Marine Contractors Ltd., 50%; GSI Saudi Arabia Ltd., 75%; PT Halliburton Indo PT Halliburton Logging Services Indonesia, 80%; Shapadu Rockwater Sdn Bhd, 49%.

(3) The names of approximately 118 subsidiaries have been omitted since the unnamed subsidiaries conside aggregate would not constitute a significant subsidiary as defined by Item 601(b).

EXHIBIT 23

CONSENT OF ERNST & YOUNG

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statement (Form S-3 No.33-65772) pertaining to the Halliburton Company offer to sell debt securities from time to time in the aggregate amount not to exceed $500,000,000, of our report dated 8 March 1995, included in the Annual Report(Form 10-K) of Halliburton Company for the year ended 31 December 1994.

ERNST & YOUNG
Chartered Accountants

London, England
21 March 1995

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that I, the undersigned, a Director of Halliburton Company, do hereby constitute and appoint Thomas H. Cruikshank, Jerry H. Blurton 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 1994 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 HEREOF, witness my hand this 17th day of May, 1994.

RICHARD 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 Thomas H. Cruikshank, Jerry H. Blurton 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 1994 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 HEREOF, witness my hand this 25th day of May, 1994.

ANNE L. ARMSTRONG

Anne L. Armstrong

POWER OF ATTORNEY

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IN TESTIMONY HEREOF, witness my hand this 17th day of May, 1994.

ROBERT W. CAMPBELL

Robert W. Campbell

POWER OF ATTORNEY

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LORD CLITHEROE

Lord Clitheroe

POWER OF ATTORNEY

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IN TESTIMONY HEREOF, witness my hand this 17th day of May, 1994.

ROBERT L. CRANDALL

Robert L. Crandall

POWER OF ATTORNEY

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IN TESTIMONY HEREOF, witness my hand this 17th day of May, 1994.

W. R. HOWELL

W. R. Howell

POWER OF ATTORNEY

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IN TESTIMONY HEREOF, witness my hand this 17th day of May, 1994.

DALE P. JONES

Dale P. Jones

POWER OF ATTORNEY

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IN TESTIMONY HEREOF, witness my hand this 17th day of May, 1994.

C. J. SILAS

C. J. Silas

POWER OF ATTORNEY

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IN TESTIMONY HEREOF, witness my hand this 17th day of May, 1994.

ROGER T. STAUBACH

Roger T. Staubach

POWER OF ATTORNEY

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IN TESTIMONY HEREOF, witness my hand this 17th day of May, 1994.

E. L. WILLIAMSON

E. L. Williamson

POWER OF ATTORNEY

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IN TESTIMONY HEREOF, witness my hand this 17th day of May, 1994.

THOMAS H. CRUIKSHANK

Thomas H. Cruikshank

THE SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE HALLIBURTON COMPANY CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 1994, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000,000

YEAR
DEC-31-1994
DEC-31-1994
428
655
1,495
35
269
0
3,418
2,341
5,268
0
643
298
0
0
1,645
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5,741
0
5,308
0
0
47
291
113
178
0
0
0
178
1.56
0