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 For the fiscal year ended December 31, 1998

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

Commission File Number 1-3492

HALLIBURTON COMPANY

(Exact name of registrant as specified in its charter)

Delaware	75-2677995
(State or other jurisdiction of incorporation of organization)	(I.R.S. Employer Identification No.)

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

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

Title of each class	Name of each Exchange on which registered
Common Stock par value $2.50 per share	New York Stock Exchange
Baroid Corporation 8% Guaranteed Senior Notes due 2003	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 January 29, 1999, determined using the per share closing price on the New York Stock Exchange Composite tape of $29.69 on that date was approximately $13,028,800,000.

As of January 29, 1999, there were 440,201,382 shares of Halliburton Company Common Stock $2.50 par value per share outstanding.

Portions of the Halliburton Company Proxy Statement dated March 25, 1999, are incorporated by reference into Part III of this report.

PART I

Item 1. Business.

General Development of Business. Halliburton Company's predecessor was established in 1919 and incorporated under the laws of the State of Delaware in 1924. Halliburton Company (the Company) provides energy services, engineering and construction services and manufactures products for the energy industry. Information related to acquisitions and dispositions is set forth in Note 14 to the financial statements of this annual report.

Financial Information About Business Segments. The Company is comprised of three business segments. See Note 2 to the financial statements of this annual report for financial information about these three business segments.

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

The Energy Services Group segment provides a wide range of services and products to provide both discrete services and products and integrated solutions to customers in the exploration, development and production of oil and natural gas. The Energy Services Group operates worldwide, serving major oil companies, independent operators and national oil companies. The segment includes Halliburton Energy Services (HES), which offers pressure pumping equipment and services, logging and perforating products and services, drilling systems and services, drilling fluid systems, drill bits, specialized completion and production equipment and services and well control products and services; Brown & Root Energy Services, which provides upstream oil and gas engineering, procurement and construction, project management and production services, subsea construction, fabrication and installation of onshore and offshore pipelines, offshore and production platforms, marine engineering and other marine related projects; Landmark Graphics Corporation, which provides integrated exploration and production information systems and professional services; and Halliburton Energy Development (HED), which creates business opportunities for the development, production and operation of oil and gas fields in conjunction with the Company's customers. In March 1999, HED was combined with HES.

The Engineering and Construction Group segment provides: conceptual design, process design, detailed engineering, procurement, project and construction management; construction of chemical and petrochemical plants, refineries, liquefied natural gas (LNG) and gas processing facilities, pulp and paper mills, metal processing plants, airports, water and wastewater systems; technical and economic feasibility studies; site evaluation; repair and refitting of submarines and surface ships; operations and maintenance services, and engineering, logistics and wastewater management services for commercial industry, utilities and government customers.

The Dresser Equipment Group segment designs, manufactures and markets highly engineered products and systems for oil and gas producers, transporters, processors, distributors and users throughout the world. Products and systems of this segment include compressors, turbines, generators, electric motors, pumps, engines and power systems, valves and controls, instruments, meters and pipe couplings, blowers and gasoline dispensing systems.

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. Competitive factors impacting sales of the Company's services and products are: price, service (including the ability to deliver services and products on an "as needed, where needed" basis), product quality, warranty and technical proficiency. A growing number of customers are now indicating a preference for integrated services and solutions. These integrated services and solutions, in the case of the Energy Services Group, relate to all phases of exploration, development and production of oil and gas, and in the case of the Engineering and Construction Group, relate to all phases of design, procurement, construction project management and maintenance of a facility. Demand for these types of integrated services and solutions is based primarily upon quality of service, technical proficiency and value created.

The Company conducts business worldwide in over 120 countries. Since the markets for the Company's services and products are so large and cross many geographic lines, a meaningful estimate of the number of competitors cannot be made. These markets are, however, highly competitive with many substantial companies operating in each market. Generally, the Company's services and products are marketed through its own servicing and sales organizations. A small

percentage of sales of the Energy Service Group's and Dresser Equipment Group's products is made by supply stores and third-party representatives.

Operations in some countries may be adversely 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 management's discussion and analysis of financial condition and results of operations under the caption "Financial Instrument Market Risk" and in Note 15 to the financial statements of this annual report.

Customers and Backlog. In 1998, 1997, and 1996, respectively, 85%, 84% and 81% of the Company's revenues were derived from the sale of products and services to, including construction for, the energy industry. Approximately 10% of the total backlog at December 31, 1998 was for equipment manufacturing contracts. The following schedule summarizes the backlog of engineering and construction projects and equipment manufacturing contracts at December 31, 1998 and 1997:

Millions of dollars	1998	1997
Firm orders	$10,472	$12,087
Government orders firm but not yet funded, letters of intent and contracts awarded but not signed	705	591
Total	$11,177	$12,678

It is estimated that 65% of the backlog existing at December 31, 1998 will be completed during 1999. The Company's backlog excludes contracts for recurring hardware and software maintenance and support services. Backlog is not necessarily indicative of future operating results because 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 of work to be performed and are subject to modification or termination by the customer. Due to the size of certain contracts, the termination or modification of any one or more contracts or the addition of other contracts may have a substantial and immediate effect on backlog.

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

Research, Development and Patents. The Company maintains an active research and development program to assist in the improvement of existing products and processes, the development of new products and processes and the improvement of engineering standards and practices that serve the changing needs of its customers. Information relating to expenditures for research and development is included in Note 1 and Note 2 to the financial statements of this annual report.

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

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

Employees. At December 31, 1998, the Company employed approximately 107,800 people.

Regulation. The Company is subject to various environmental laws and regulations. Compliance with such requirements has not substantially increased capital expenditures, adversely affected the Company's competitive position or

materially affected the Company's earnings. The Company does not anticipate any material adverse effects in the foreseeable future as a result of existing environmental laws and regulations. Note 10 to the financial statements of this annual report discusses the Company's involvement as a potentially responsible party in the remedial activities to clean up several "Superfund" sites.

Item 2. Properties.

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

Energy Services Group manufacturing facilities owned by the Company cover approximately 4.9 million square feet. Principal locations of these manufacturing facilities are Tulsa and Duncan, Oklahoma; Alvarado, Amarillo, Carrollton, Dallas, Fort Worth, Garland, Longview, and Houston, Texas; Colorado Springs, Colorado; Arbroath, Scotland; Reynosa, Mexico; Newcastle and Manchester, England, and Maturin Mongas, Venezuela. An idle facility in Davis, Oklahoma was sold in 1998. The facility in Amarillo is idle. The manufacturing facility in Garland, Texas is leased to another company. The Energy Services Group also leases manufacturing facilities covering approximately 608,000 square feet. Principal locations of these facilities are Malvern, Pennsylvania; Houston, Texas; Jurong, Singapore; Panama City, Florida; Basingstoke, England; and Calgary, Alberta, Canada. The facilities in Basingstoke, England are subleased to another company. Research, development and engineering activities are carried out in owned facilities covering approximately 460,000 square feet. The major sites are in Houston, Austin and Carrollton, Texas; Duncan, Oklahoma; and Aberdeen, Scotland; and in leased facilities covering approximately 300,000 square feet in Houston, Texas; Englewood and Denver, Colorado; Leatherhead and Dorking, England; Leiderdrop, Holland; and Singapore. The facility in Dorking, England was idle at the end of 1998. The Energy Services Group marine fabrication facilities owned by the Company cover approximately 550 acres in Belle Chasse, Louisiana; Greens Bayou, Texas; and Nigg and Wick, Scotland. The Belle Chasse, facility is leased to another company and the facility in Nigg, Scotland is leased to a joint venture of the Company. The Energy Services Group has 13 grinding facilities owned or leased by the Company. The Energy Services Group also has mineral rights to proven and prospective reserves of barite and bentonite. Such rights included leaseholds and mining claims and property owned in fee. Based on the number of tons of each of the above minerals consumed in fiscal 1998, the Company estimates its reserves, which it considers to be proven, to be sufficient for operations for the foreseeable future. In addition, service centers, sales offices and field warehouses are operated at approximately 290 locations in the United States, almost all of which are owned, and at approximately 360 locations outside the United States in both the Eastern and Western Hemispheres.

Engineering and Construction Group fabricating facilities cover approximately 468,000 square feet in Houston, Texas and Edmonton, Canada, of which 388,000 square feet in Houston is leased to another company. Engineering and design, project management and procurement services activities are carried out in owned facilities covering approximately 650,000 square feet. Major sites of these activities are Houston and Baytown, Texas; Edmonton, Canada; Bundaberg and Emerald, Australia; Plymouth and Greenford, England. These activities are also carried out at leased facilities covering approximately 1.4 million square feet. Major sites are in Mobile, Alabama; Alhambra, California; London, England; Parkside, Victoria Park, Milton and Melbourne, Australia. The Engineering and Construction Group operates dockyard facilities owned by a 51% owned subsidiary of the Company covering approximately 155 acres in Plymouth, England. Approximately 27 acres of this facility are subleased. In addition, project offices, field camps, service centers, and sales offices are operated at approximately 10 locations in the United States, almost all of which are owned, and at approximately 15 locations outside the United States in both the Eastern and Western Hemispheres.

Dresser Equipment Group owns approximately 9.9 million square feet of manufacturing facilities. Major sites are in Austin, Stafford and Houston, Texas; Broken Arrow, Oklahoma; Painted Post, Olean and Wellsville, New York; Minneapolis, Minnesota; Stratford, Connecticut; Berea, Kentucky; Bradford, Pennsylvania; Salisbury, Maryland; Waukesha, Wisconsin; Avon, Massachusettes; Connersville, Indiana; Einbeck, Germany; Naples and Voghera, Italy; Malmo, Sweden; LeHavre and Conde, France; Huddersfield, England; Bonnyrigg and Petreavie, Scotland; and Rio de Janeiro, Brazil. Dresser Equipment Group leases approximately 1.4 million square feet of manufacturing facilities. The major sites are in Houston, Texas; Shanghai, China; Kongsberg, Norway; and Salisbury, Maryland. In addition, service centers, sales offices and field warehouses are operated at approximately 75 locations in the United States, almost all of which are owned, and at approximately 65 locations outside the United States in both the Eastern and Western Hemispheres.

General Corporate operates from leased facilities in Dallas, Texas covering approximately 25,000 square feet. The Company also leases approximately 5,500 square feet of space in Washington, D.C. The Company owns approximately 1 million square feet of office and campus space in Houston, Texas which is occupied by multiple business units and shared services groups who conduct administrative, procurement, and engineering design activities. These activities are carried on in leased facilities covering approximately 100,000 square feet in Surrey and Eastleigh, England. The Company also owns approximately 203,000 square feet of office and campus space in Leatherhead, England where multiple business units and shared services groups conduct administrative, procurement and engineering design activities.

Due to the acquisition (the Merger) of Dresser Industries, Inc. (Dresser), and in response to the industry downturn due to declining oil and gas prices, the Company has certain manufacturing, administrative and service support facilities that are no longer fully utilized. The Company has enacted plans to vacate facilities that are now considered excess. In 1998, the Company recorded facility consolidation charges of $126.2 million to provide for the costs to dispose of owned properties or exit leased facilities. See Note 7 to the annual consolidated financial statements for additional information on the facility consolidations.

Item 3. Legal Proceedings.

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

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

There were no matters submitted to a vote of security holders during the fourth quarter of 1998.

Executive Officers of the Registrant.

The following table indicates the names and ages at December 31, 1998 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
*	William E. Bradford (Age 63)	Chairman of the Board, since September 1998 Director of Registrant, since September 1998 Chairman of the Board of Dresser Industries, Inc., December 1996 to September 1998 Chief Executive Officer of Dresser Industries, Inc., November 1995 to September 1998 President of Dresser Industries, Inc., March 1992 to December 1996 Chief Operating Officer of Dresser Industries, Inc., March 1992 to November 1995
	Jerry H. Blurton (Age 54)	Vice President and Treasurer, since July 1996 Vice President - Finance & Administration of Halliburton Energy Services, August 1995 to July 1996 Vice President - Finance, 1991 to August 1995
*	Richard B. Cheney (Age 57)	Chief Executive Officer, since October 1995 Director of Registrant, since October 1995 Chairman of the Board, January 1996 to September 1998 President, October 1995 to May 1997 Senior Fellow, American Enterprise Institute, 1993 to October 1995 Secretary, U.S. Department of Defense, 1989 to 1993
	Lester L. Coleman (Age 56)	Executive Vice President and General Counsel, since May 1993 President of Energy Services Group, September 1991 to May 1993
*	David J. Lesar (Age 45)	President and Chief Operating Officer, since May 1997 President and Chief Executive Officer of Brown & Root, Inc., since September 1996 Executive Vice President and Chief Financial Officer, August 1995 to May 1997 Executive Vice President of Finance and Administration of Halliburton Energy Services, November 1993 to August 1995 Partner, Arthur Andersen LLP, 1988 to November 1993
	Gary V. Morris (Age 45)	Executive Vice President and Chief Financial Officer, since May 1997 Senior Vice President - Finance, February 1997 to May 1997 Senior Vice President, May 1996 to February 1997 Vice President - Finance of Brown & Root, Inc., June 1995 to May 1996 Vice President - Finance of Halliburton Energy Services, December 1993 to June 1995 Controller, December 1991 to December 1993
	R. Charles Muchmore, Jr. (Age 45)	Vice President and Controller, since August 1996 Finance & Administration Director - Europe/Africa of Halliburton Energy Services, September 1995 to August 1996 Regional Finance & Administration Manager - Europe/Africa of Halliburton Energy Services, December 1989 to September 1995

Executive Officers of the Registrant (continued).

Name and Age	Offices Held and Term of Office
Lewis W. Powers (Age 52)	Senior Vice President, since May 1996 Vice President - Europe/Africa of Halliburton Energy Services, April 1993 to May 1996 Senior Vice President of Operations of Otis Engineering, June 1989 to April 1993
Louis A. Raspino (Age 46)	Shared Services Vice President - Finance, effective March 1999 Senior Vice President - Strategic Planning & Business Development, Burlington Resources, Inc. (oil and gas exploration and production), October 1997 to June 1998 Senior Vice President and Chief Financial Officer, Louisiana Land & Exploration Company (oil and gas exploration, production and refining), September 1995 to October 1997 Treasurer, Louisiana Land & Exploration Company, 1992 to September 1995
* Donald C. Vaughn (Age 62)	Vice Chairman, since September 1998 President and Chief Operating Officer of Dresser Industries, Inc., December 1996 to September 1998 Executive Vice President, Dresser Industries, Inc., November 1995 to December 1996 Senior Vice President - Operations, Dresser Industries, Inc., January 1992 to November 1995 Chairman, President and Chief Executive Officer of M. W. Kellogg, Inc., June 1995 to June 1996 Chairman and Chief Executive Officer of The M. W. Kellogg Company, September 1986 to June 1996 President of The M. W. Kellogg Company, November 1983 to June 1995

* Members of the Executive Committee of the registrant.
There are no family relationships between the executive officers of the registrant.

PART II

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

The Company's common stock is traded on the New York Stock Exchange and the Swiss Exchange. Information relating to market prices of common stock and quarterly divided payment is included under the caption "Quarterly Data and Market Price Information" on page 55 of this annual report. Cash dividends on common stock for 1997 and 1998 were paid in March, June, September and December of each such year. The board of directors of Halliburton (the Board) intends to consider the payment of quarterly dividends on the outstanding shares of Halliburton common stock. The declaration and payment of future dividends, however, will be at the discretion of the Board and will depend upon, among other things, future earnings of Halliburton, its general financial condition, the success of its business activities, its capital requirements and general business conditions. At December 31, 1998, there were approximately 27,665 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 pages 52 through 54 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 9 through 18 of this annual report.

Item 7(a). Quantitative and Qualitative Disclosures About Market Risk.

Information relating to market risk is included in management's discussion and analysis of financial condition and results of operations under the caption "Financial Instrument Market Risk" on pages 14 through 15 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.

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

None.

HALLIBURTON / DRESSER MERGER

On September 29, 1998, the acquisition (the Merger) of Dresser Industries, Inc. (Dresser) by the Company was completed. The Merger was accounted for using the pooling of interests method of accounting for business combinations. Accordingly, the Company's financial statements have been restated to include the results of Dresser for all periods presented. See Note 14 to the annual consolidated financial statements. Prior to the Merger, Dresser was a diversified company with operations in three business segments: Petroleum Products and Services; Engineering Services; and Energy Equipment. Prior to the Merger, the Company operated in two business segments, the Energy Group and the Engineering and Construction Group. Following the Merger, the Company is organized around three business segments: Energy Services Group; Engineering and Construction Group; and Dresser Equipment Group.

Management of the Company believes the Merger provides the Company with the opportunity to better meet customer needs, to improve its technology, to strengthen its product service lines, to cut costs, and to position the Company for the future.

BUSINESS ENVIRONMENT

The Company operates in over 120 countries around the world to provide a variety of energy services, energy equipment and engineering and construction services to energy, industrial and governmental customers. The industries served by the Company are highly competitive, with many substantial competitors. Operations in some countries may be affected by unsettled political conditions, expropriation or other governmental actions, exchange controls and currency fluctuations. The Company believes the geographic diversification of its business activities reduces the risk that loss of its operations in any one country would be material to its consolidated results of operations.

The majority of the Company's revenues are derived from the sale of services and products, including construction activities, to the energy industry. The Company offers a comprehensive range of integrated and discrete services and products, as well as project management for oil and natural gas activities throughout the world. The decline in oil and gas prices in 1998 caused a decrease in the worldwide average rotary drilling rig count and sharply reduced demand for some of the Company's products and services. In response to weakening demand in some areas of the world, the Company has implemented plans to reduce the number of employees in those geographic areas where activity levels have declined, to scale back discretionary spending on capital expenditures and to curtail discretionary travel and other expenses. The Company has also taken steps to reduce its workforce and rationalize assets to eliminate duplicate resources in connection with the Merger.

Oil and gas prices, global and regional economic growth rates and the resulting demand for products created from hydrocarbons affect the spending decisions of the Company's customers. Despite the current economic uncertainties, over the long term the Company believes steadily rising population and greater industrialization efforts will continue to propel global growth, particularly in developing nations. These factors will also cause increasing demand for oil and natural gas to supply growing needs for refined products, petrochemicals, fertilizers, and power.

Energy Services Group. During 1998, particularly in the second half of the year, the energy industry experienced a downturn brought about by a combination of factors that began in late 1997. Decreased demand in Asia for crude oil, increases in production from OPEC producers, added production increases from Iraq and unseasonably warm winters in North America during 1997 and 1998 all contributed to the industry downturn experienced during 1998. Throughout 1998, crude oil prices varied from $4 to $8 per barrel lower than 1997. Equally important, oil prices were less than $15 per barrel for most of 1998, particularly during the second half of the year, making many drilling programs economically infeasible. Natural gas prices within the U.S., although significantly lower than 1997 levels, remained above $2 per million BTU until the third quarter of 1998. During the third quarter of 1998, natural gas prices began a decline which, combined with additional declines in crude oil prices, resulted in further reductions in demand for hydrocarbon exploration and

development. These factors negatively impacted the industry and the Company. Overall, the industry fundamentals in 1998 were significantly weaker than 1997.

Integrated business solutions, long term overseas contracts and engineering and construction backlog benefited the Company's revenues throughout 1998 when compared to the industry fundamentals and worldwide rig counts. Continued interest in deepwater drilling in the Gulf of Mexico and projects in the North Sea, combined with U.S. natural gas prices above $2 per million BTU benefited the industry during the first and second quarters of 1998. As industry indicators began to significantly weaken in the third quarter of 1998, the Company started implementing actions to properly align its resources to projected industry conditions.

Although 1998 was a difficult year and 1999 will also be difficult, the Company believes that long term industry fundamentals will prevail. Demand for oil and natural gas worldwide should recover and grow. Over time, the accelerating depletion of existing production and the need for technologies that make exploration and production economically feasible in the presence of low oil and gas prices will provide growth opportunities. The Company believes that its customers will continue to seek opportunities to lower the overall cost of exploring, developing and enhancing the recovery of hydrocarbons through increased utilization of integrated solutions, application of new technology and partnering and alliance arrangements. The Company believes that it has good opportunities to expand its revenues and profit through greater participation in larger projects that utilize its project management and integrated services capabilities. However, uncertainty exists within the industry into the foreseeable future.

Engineering and Construction Group. While the Company has seen projects delayed and cancelled in many of the areas that it serves, the Company expects to see demand for its engineering and construction services continue to increase over the long term. The Company believes the key to increase its revenues and improve profit margins in the current environment will be its ability to provide total customer satisfaction. Today's competitive environment demands flexibility and innovation. To bring more value to its customers, the Company must demonstrate its ability to partner with other service and equipment suppliers and customers on larger projects, accept more project success risk through total project responsibility or fixed price contracts, broaden its core competencies, acquire and fully utilize proprietary technology and manage costs. The Group has determined it will focus on demand in the liquefied natural gas (LNG), fertilizer, petroleum, chemical and forest products industries in the United States and international locations. The Company also sees an expanding demand for its government services capabilities in the United States and the United Kingdom as governmental agencies, including local government units, continue to expand their use of outsourcing to improve service levels and manage costs.

Dresser Equipment Group. Dresser Equipment Group's business activity is primarily determined by activity levels within the energy industry. Products and systems of Dresser Equipment Group include compressors, turbines, generators, electric motors, pumps, engines and power systems, valves, instruments, meters and pipe couplings, blowers and fuel dispensing systems. Demand for these products is directly affected by global economic activity, which influences demand for transportation fuels, petrochemicals, plastics, fertilizers, chemicals and by-products of oil and gas. The conditions for sales of Dresser Equipment Group products is highly competitive and its sales and earnings can be affected by changes in competitive prices, fluctuations in the level of activity in major industry areas, and general economic conditions. The group strives to be the low cost provider in this competitive environment.

Because of the impact of economic and political conditions, and uncertainty in many parts of the world, several initiatives are in place to reduce capacity costs and improve operating performance. The Company believes strong demand still exists for products and services of Dresser Equipment Group. The key to achieving favorable operating results over the course of the year, particularly in light of industry conditions, will rely to a great extent on the ability of the group to leverage the customers currently served and leverage off of the products and service offerings of other Halliburton companies to be able to provide integrated solutions to the expanded customer base.

In the near term, activity levels remain uncertain. In the long term the Company believes the demand for the products and systems of Dresser Equipment Group will increase due to rising population and an expanding industrial base.

RESULTS OF OPERATIONS - 1998 COMPARED TO 1997 AND 1996
REVENUES

Millions of dollars	1998	1997	1996
Energy Services Group	$ 9,009.5	$ 8,504.7	$ 6,515.4
Engineering and Construction Group	5,494.8	4,992.8	4,720.7
Dresser Equipment Group	2,848.8	2,779.0	2,710.5
Total revenues	$ 17,353.1	$ 16,276.5	$ 13,946.6

Revenues for 1998 were $17,353.1 million, an increase of 7% over 1997 revenues of $16,276.5 million and an increase of 24% over 1996 revenues of $13,946.6 million. Approximately 65% of the Company's consolidated revenues were derived from international activities in 1998 compared with 60% in 1997 and 59% in 1996.

Energy Services Group revenues were $9,009.5 million for 1998, an increase of 6% over 1997 revenues of $8,504.7 million and an increase of 38% over 1996 revenues of $6,515.4 million. Revenues in the first half of 1998 were higher than comparable periods of the prior two years. Revenues in the second half of 1998 were impacted by the steep decline in activity as measured by the worldwide average rotary rig count. The yearly average worldwide rotary rig count fell 13% in 1998 compared to 1997 (including a third quarter comparative decline of 21% and a fourth quarter comparative decline of 30%) as customers of the Energy Services Group reacted to reduced prices for their products. Revenues for pressure pumping activities in 1998 were lower than 1997 but increased compared to 1996. The decrease in pressure pumping activities for 1998 compared to 1997 occurred in the second half of 1998. Other product and service lines experienced similar results in this time period. The revenue declines in 1998 compared to 1997 were more pronounced in North America, including the Gulf of Mexico shelf, and Venezuela. Revenues from upstream oil and gas engineering services increased in 1998 compared to 1997 and 1996, benefiting from activities in subsea product lines and from large engineering projects. Revenues for integrated exploration and production information systems reached record high levels in 1998. Approximately 67% of the Energy Services Group's revenues were derived from international activities each year in 1998, 1997 and 1996.

Engineering and Construction Group revenues were $5,494.8 million for 1998, an increase of 10% from 1997 revenues of $4,992.8 million and an increase of 16% over 1996 revenues of $4,720.7 million. The increase in revenues in 1998 reflects LNG activities in Asia and Africa, an enhanced oil recovery project in Africa, and a major ethylene project in Singapore as well as increased revenues in Asia/Pacific from Kinhill, which was acquired in the third quarter of 1997. See Note 14 to the annual consolidated financial statements for additional information. For 1998 compared to 1997, revenues were negatively impacted by the sale of the environmental services business in December 1997 and lower activity levels for repair and refitting services for the British Royal Navy's fleet of submarines and surface ships. For 1997 compared to 1996, revenues were aided by the consolidation of Devonport Management Limited as a result of the Company's increased ownership percentage in that subsidiary. See Note 14. Lower levels of activity under service contracts with the U.S. Department of Defense to provide technical and logistical support for military peacekeeping operations in Bosnia resulted in revenue reductions of approximately $290.0 million in 1997 compared to 1996.

Dresser Equipment Group revenues were $2,848.8 million in 1998, an increase of 3% over 1997 revenues of $2,779.0 million, and an increase of 5% over 1996 revenues of $2,710.5 million. The compression and pumping and flow control product lines experienced small increases in revenues while the measurement and power systems product lines reported a slight decline in revenues for 1998 compared to 1997. Most of the increase in 1997 compared to 1996 came from the compressor joint venture with Ingersoll-Rand and the measurement product lines.

OPERATING INCOME

Millions of dollars	1998	1997	1996
Energy Services Group	$ 971.0	$ 1,019.4	$ 698.0
Engineering and Construction Group	237.2	219.0	134.0
Dresser Equipment Group	247.8	248.3	229.3
General corporate	(79.4)	(71.8)	(72.3)
Operating income before special charges and credits	$ 1,376.6	$ 1,414.9	$ 989.0
Special charges and credits:			
Asset related	$ (509.4)	$ (9.7)	$ (0.9)
Personnel reductions	(234.7)	(5.6)	(41.0)
Facility consolidations	(126.2)	(34.0)	(20.2)
Merger transaction costs	(64.0)	(8.6)	(12.4)
Other costs and credits	(45.8)	41.7	(11.3)
Total special charges and credits	$ (980.1)	$ (16.2)	$ (85.8)
Operating income	$ 396.5	$ 1,398.7	$ 903.2

Operating income was $396.5 million for 1998 compared to $1,398.7 million for 1997 and $903.2 million for 1996. Excluding special charges of $980.1 million, $16.2 million and $85.8 million during 1998, 1997 and 1996, respectively, operating income for 1998 decreased by 3% from 1997 and increased by 39% over 1996 as shown in the preceding table. See Note 7 to the annual consolidated financial statements for additional information on the special charges and credits.

Energy Services Group operating income in 1998 was $971.0 million, a decrease of 5% from 1997 operating income of $1,019.4 million and an increase of 39% over 1996 operating income of $698.0 million. Operating margins were 10.8% in 1998 compared with 12.0% in 1997 and 10.7% in 1996. Most of the decline in operating margins in 1998 compared to 1997 can be attributed to declines in the completion products and pressure pumping lines, to lower activities in North America and Venezuela, and to additional job loss provisions recorded in the fourth quarter of 1998. Approximately 54%, 59% and 63% of the Energy Services Group's operating income was derived from international activities for 1998, 1997 and 1996, respectively. Operating income for pressure pumping in 1998 was about 10% lower than 1997 as activity levels were reduced in response to lower oil and gas prices. Other product and service lines were also impacted by reduced activity levels with only the drilling related lines having significantly better operating results in 1998 over 1997. Operating income in 1997 for the group benefited from increased activity levels and increased prices charged to customers, especially for pressure pumping services in North America. Operating income for drilling fluids increased in 1997 over 1996 due to the growth of more technically demanding wells being drilled, particularly in the Gulf of Mexico. Operating income for upstream oil and gas engineering activities in 1998 was about the same as 1997 results even after providing additional provisions for project losses in the North Sea, North Africa and Latin America related to variation orders for ongoing projects which the Company does not feel will be accepted by the customer due to current industry conditions. Energy Services Group results for 1996 include $35.0 million of gain sharing revenue on its portion of the cost savings realized on the BP Andrew alliance. The alliance completed the project seven months ahead of the scheduled production of oil and achieved a $125.0 million savings compared with the targeted cost. Operating income from pipecoating activities were substantially improved in 1997 compared to 1996 due to higher activity levels in the Far East, Middle East and the United States.

Engineering and Construction Group operating income for 1998 of $237.2 million increased 8% over 1997 and 77% over 1996. Operating margins were 4.3% in 1998 compared with 4.4% for 1997 and 2.8% for 1996. Operating income in 1998 includes a favorable settlement of a claim on a Middle Eastern construction project. Excluding this settlement, operating margins for 1998 were 4.0%. Operating income and margins in 1998 were negatively affected by losses in the fourth quarter on existing highway and paving business and for selected projects which were impacted by the economic downturn in Asia. The Engineering and Construction Group has not started any new significant jobs in Asia. Improvement

in operating income in 1997 over 1996 was realized through overhead reductions, a focus on higher margin business lines and the consolidation of Devonport Management Limited as a result of the Company's increased ownership percentage in that subsidiary. See Note 14 to the annual consolidated financial statements. The 1997 operating income improvements over 1996 were aided by LNG activities and oil recovery work in Africa together with engineering services for the fertilizer industry in Latin America. Operating income in 1996 included a $17.1 million charge for the impairment of the Engineering and Construction Group's investment in the Dulles Greenway toll road extension project.

Dresser Equipment Group operating income in 1998 was $247.8 million or almost unchanged compared to 1997 operating income of $248.3 million. Operating income for 1998 increased 8% over 1996 operating income of $229.3 million. Operating income was negatively impacted in 1998 by $17 million of fourth quarter merger related expenses. Operating income in 1998 for the compression and pumping product line increased compared to 1997 due to restructuring initiatives instituted in late 1997 and increased revenues. Operating income for the flow control product line improved in 1998 over 1997 from cost improvements, better product mix, and increased volume. Operating income for the measurement product line decreased in 1998 due to weakness in the gas metering business as gas utilities continued to work off their excess inventory. The power systems product line operating income declined in 1998 compared to 1997 due to customers' reduced capital spending caused by softer demand in the gas compression and refining markets. Operating income increased in 1997 compared to 1996 primarily from the Ingersoll-Dresser Pump joint venture (profit improvement initiatives started in prior years); Wayne fuel dispensing systems (introduction of new technologies) and Energy Valve (improved margins and product mix).

General corporate expenses for 1998 were $79.4 million and include expenses through the transition after the Merger for operating Dresser's corporate offices as well as Halliburton's corporate offices. As a percent of consolidated revenues, general corporate expenses were 0.5% in 1998 compared to 0.4% in 1997 and 0.5% in 1996.

NONOPERATING ITEMS

Interest expense was $136.8 million for 1998 compared to $111.3 million in 1997 and $84.6 million in 1996. The increase in 1998 over 1997 is due to the increased level of short-term borrowings outstanding during 1998. These borrowings, which carry a lower interest rate than the Company's long-term debt, were used for working capital, capital expenditures and acquisitions. The increase in 1997 over 1996 is due to the issuance of debt under the Company's medium-term note program in 1997 and a full year's interest on $300.0 million of long-term debentures issued in August 1996 at a higher interest rate than the previous short-term debt.

Interest income increased to $27.8 million in 1998 compared to $21.9 million in 1997 and $26.9 million in 1996. Interest income is typically a factor of the levels of invested cash maintained by the Company and its subsidiaries.

Foreign currency gains (losses) netted to a loss of $12.4 million in 1998 compared to $0.7 million in 1997 and $19.1 million in 1996. The losses in 1998 occurred mainly in Asia/Pacific currencies. The 1996 losses were primarily due to devaluations of the Venezuelan bolivar and costs of hedging foreign exchange exposures of an Italian subsidiary.

Provision for income taxes was $244.4 million in 1998. The provision for income taxes in 1998 includes a benefit of $234.1 million for special charge items that are tax deductible. Nondeductible special charge items of $109.0 million include merger transaction costs and nondeductible goodwill which was determined to be impaired. Excluding the special charge and applicable tax benefits in 1998, the effective tax rate was 38.0%. The 1997 provision of $491.4 million was higher than the 1996 provision of $248.4 million due in part to improved earnings. The effective income tax rate was 37.4% in 1997, compared with 29.9% in 1996. The lower effective income tax rate and provision for 1996 are due to credits of $43.7 million recorded during the third quarter of 1996 to recognize certain net operating loss carryforwards and the settlement of various issues with the Internal Revenue Service. Excluding the tax benefits recorded in 1996, the effective income tax rate for 1996 was 35.2%. See Note 6 to the annual consolidated financial statements.

Minority interest in net income of consolidated subsidiaries was $49.1 million in 1998 compared to $49.3 million in 1997 and $24.7 million in 1996. The increase in 1997 over 1996 is due primarily to Dresser Equipment Group's

ownership interests in Dresser-Rand and the Engineering and Construction Group's ownership interests in Devonport Management Limited, which increased from approximately 30% to 51% during March 1997.

Net income (loss) for 1998 was a loss of $14.7 million for a $0.03 diluted loss per share. In 1997 net income of $772.4 million yielded $1.77 diluted income per share while 1996 net income of $557.9 million yielded $1.29 diluted income per share.

LIQUIDITY AND CAPITAL RESOURCES

The Company ended 1998 with cash and equivalents of $202.6 million compared with $384.1 million in 1997 and $446.0 million in 1996. To conform Dresser's fiscal year-end to Halliburton's calendar year-end, Dresser's cash flows are measured from December 31, 1997, rather than from the October 31, 1997 balances included on the consolidated balance sheets.

Cash flows from operating activities were $454.1 million for 1998 compared to $833.1 million for 1997 and $864.2 million for 1996. In 1998, the primary use of cash for operating activities was to fund increased working capital requirements.

Cash flows used in investing activities were $846.1 million for 1998, $873.3 million for 1997 and $759.1 million for 1996. The majority of cash used for investing activities during 1998 was for capital expenditures. Capital expenditures in 1998 increased slightly over 1997 as the Company's continued investment in its enterprise-wide information systems initiative offset declines in other capital spending. Cash used in investing activities in 1997 also includes the acquisitions of OGC of approximately $118.3 million, and Kinhill of approximately $34.0 million, and an interest in PES (International) Limited of approximately $33.6 million, offset by the sale of the Company's environmental business for about $32.0 million. In 1996, investing activities included a $41.3 million expenditure for the Company's share of the purchase price of a subsidiary acquired by the Company's former 36% owned affiliate, M-I L.L.C. Also in 1996, several other acquisitions were made which used $32.2 million of cash.

Cash flows from financing activities provided $253.7 million in 1998 and used $20.6 million in 1997 and $148.4 million in 1996. The Company issued $150.0 million of long-term debt under its medium-term note program in 1998. Also in 1998, the Company had net borrowings of short-term debt of $369.3 million and proceeds from exercise of stock options of $49.1 million. Dividends to shareholders used $254.2 million of cash in 1998. During 1997, cash was provided by proceeds from debt issued under the Company's medium-term note program of $300.0 million plus $3.2 million of other long-term borrowings and proceeds from the exercise of stock options of $71.5 million. Offsetting these inflows were payments on long-term debt of $17.7 million, net repayments on short-term borrowings of $85.8 million, payments to reacquire common stock of $44.1 million, and dividend payments of $250.3 million. Cash used for financing activities during 1996 consisted primarily of dividend payments of $239.6 million and payments to reacquire common stock of $235.2 million offset by proceeds from long-term borrowings of $295.6 million and proceeds from the exercise of stock options of $42.6 million. The Company's combined short-term notes payable and long-term debt was 32%, 24% and 23% of total capitalization at the end of 1998, 1997 and 1996, respectively.

The Company has the ability to borrow additional short-term and long-term funds if necessary. See Note 8 to the annual consolidated financial statements regarding the Company's various short-term lines of credit, notes payable and long-term debt.

FINANCIAL INSTRUMENT MARKET RISK

The Company is currently exposed to market risk from changes in foreign currency exchange rates, and to a lesser extent, to changes in interest rates. To mitigate market risk, the Company selectively hedges its foreign currency exposure through the use of currency derivative instruments. The objective of such hedging is to protect the Company's cash flows related to sales or purchases of goods or services from fluctuations in currency rates. Inherent in the use of derivative instruments are certain types of market risk: volatility of the currency rates, time horizon of the derivative instruments, market cycles and the type of derivative instruments used. The Company does not use derivative instruments for trading purposes. See Note 1 to the annual consolidated financial statements for additional information on the Company's accounting policies on derivative instruments. See Note 15 to the annual consolidated financial statements for additional disclosures related to derivative instruments.

Foreign exchange. While the Company operates in over 120 countries, the Company hedges only foreign currencies that are highly liquid and selects derivative instruments or a combination of instruments whose fluctuation in value is offset by the fluctuation in value to the underlying exposure. These hedges generally have expiration dates that do not exceed two years. Exposures to certain currencies are generally not hedged due primarily to the lack of available markets or cost considerations (non-traded currencies). The Company manages its foreign exchange hedging activities through a control system which includes monitoring of cash balances in traded currencies, analytical techniques such as value at risk estimations, and other procedures.

Interest rates. The Company currently has exposure to interest rate risk from its long-term debt with interest based on LIBOR for the U.K. pound sterling (GBP) plus 0.75% which was incurred in connection with its acquisition of the Royal Dockyard in Plymouth, England (the Dockyard Loans). This risk is partially offset by a compensating balance of approximately one-half of the outstanding debt amount which earns interest at a rate equal to that of the Dockyard Loans. The compensating balance is restricted as to use by the Company and is included in other assets on the Company's consolidated balance sheets. See Note 8 to the annual consolidated financial statements for additional discussion of the Dockyard Loans.

Value at risk. The Company uses a statistical model to estimate the potential loss related to derivative instruments used to hedge the market risk of its foreign exchange exposure. The model utilizes historical price and volatility patterns to estimate the change in value of the derivative instruments which could occur from adverse movements in foreign exchange rates for a specified time period at a specified confidence interval. The model is an undiversified calculation based on the variance-covariance statistical modeling technique and includes all foreign exchange derivative instruments outstanding at December 31, 1998. The resulting value at risk of $2.8 million estimates, with a 95% confidence interval, the potential loss the Company could incur in a one-day period from foreign exchange derivative instruments due to adverse foreign exchange rate changes.

Interest rate exposures. The following table represents principal amounts at December 31, 1998, and related weighted average interest rates by year of maturity for the Company's restricted cash and long-term debt obligations. Other notes with varying interest rates of $10.2 million as shown in Note 8 to the annual consolidated financial statements are excluded from the following table.

	Expected maturity date							Fair
Millions of dollars	1999	2000	2001	2002	2003	Thereafter	Total	Value
Assets:								
Restricted cash - British pound sterling	4.1	4.1	4.1	2.6	-	-	14.9	14.9
Average variable rate	6.38%	6.17%	6.04%	5.93%	-	-	6.22%	
Long-term debt:								
U.S. dollar	50.0	300.0	-	75.0	138.6	825.0	1,388.6	1,538.0
Average fixed rate	6.27%	6.25%	-	6.30%	8.0%	7.58%	7.56%	
British pound sterling (Dockyard Loans)	8.1	8.1	8.1	5.1	-	-	29.4	29.4
Average variable rate	6.38%	6.17%	6.04%	5.93%	-	-	6.22%	

Weighted average variable rates are based on implied forward rates in the yield curve at December 31, 1998. These implied forward rates should not be viewed as predictions of actual future interest rates. Restricted cash and the Dockyard Loans earn interest at LIBOR (GBP) plus 0.75%. Instruments that are denominated in currencies other than the U.S. dollar reporting currency are subject to foreign exchange rate risk as well as interest rate risk.

1998 SPECIAL CHARGES

The third quarter of 1998 financial results include a pretax charge of $945.1 million ($722.0 million after tax) to provide for consolidation, restructuring and merger related expenses related to the merger with Dresser and the industry downturn. Components of the charge include $509.4 million of asset related writeoffs, writedowns and charges; $204.7 million for personnel reduction costs covering approximately 8,100 employees; $121.2 million of facility consolidation charges; $64.0 million of merger transaction costs; and $45.8 million of other costs. During the fourth quarter, an additional charge of $35.0 million ($24.0 million after tax) was taken to provide $30.0 million for additional personnel reduction costs covering approximately 2,750 employees and $5.0 million for additional facility consolidations.

Approximately 45% of the special charge of $980.1 million either has resulted or will result in cash outflows. During 1998, cash outflows of approximately $110.0 million pertained to special charge items, primarily severance and merger transaction costs, while the remainder will be incurred in 1999.

The Company expects to incur additional merger related incremental costs of between $120.0 million and $130.0 million through the end of 1999 that do not qualify as a special charge under the accounting rules. These costs include the relocation of personnel, inventory and equipment as part of facility consolidation efforts; implementing a company-wide common information technology infrastructure; merging engineering work practices; harmonizing employee benefit programs; and developing common policies and procedures to provide best practices. Approximately $24.0 million of such costs were incurred during the fourth quarter of 1998. During 1999, approximately $70.0 million will be expensed during the first and second quarters. See Note 7 to the annual consolidated financial statements for additional information on special charges incurred in 1998.

ENVIRONMENTAL MATTERS

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

YEAR 2000 ISSUE

The Year 2000 (Y2K) issue is the risk that systems, products and equipment utilizing date-sensitive software or computer chips with two-digit date fields will fail to properly recognize the Year 2000. Such failures by the Company's software and hardware or that of government entities, service providers, suppliers and customers could result in interruptions of the Company's business which could have a material adverse impact on the Company.

In response to the Y2K issue, the Company has implemented an enterprise-wide Year 2000 Program designed to identify, assess and address significant Y2K issues in the Company's key business operations, including products and services, suppliers, business and engineering applications, information technology systems, facilities, infrastructure and joint venture projects.

The Year 2000 Program is a comprehensive, integrated, multi-phase process covering information technology systems and hardware as well as equipment and products with embedded computer chip technology. The primary phases of the program are: (1) inventorying existing equipment and systems; (2) assessing equipment and systems to identify those which are not Y2K ready and to prioritize critical items; (3) remediating, repairing or replacing non-Y2K ready equipment and systems; (4) testing to verify Y2K readiness has been achieved; and (5) deploying and certifying.

At the end of 1998, the Company completed its inventory and assessment of all mission critical items. The Company estimates that it will complete the majority of its remediation phase by the end of the third quarter of 1999.

In the fourth quarter of 1998, Landmark Graphics Corporation, a wholly-owned subsidiary of the Company, released its Year 2000 tested version of its integrated solutions software product.

Overall the Company estimates that it is approximately 50% complete with its Year 2000 Program and anticipates having its products and mission-critical systems and equipment Y2K ready during the third quarter of 1999. The balance of 1999 will be focused on deployment, certification, testing and implementation of new and modified programs as required.

The Y2K issue is a pervasive problem for most companies due to the interdependence of computer systems. Therefore, the Company is continually assessing the risks surrounding this issue and its potential impact on the Company. This includes the initial phases of business continuity planning, audits by customers and meetings with its material customers and suppliers. Meetings and presentations with key suppliers to date have not identified any key suppliers who expect significant Y2K interruption of services or supplies to the Company. Failure to address Y2K issues could result in business disruption that could materially affect the Company's operations. In an effort to minimize business interruptions, the Company is currently in the process of developing contingency plans in the event circumstances prevent the Company from meeting any portion of its current program schedule. These contingency plans are expected to be completed by April 1999.

Through 1998, the Company has incurred approximately $22.0 million in costs related to its Year 2000 Program. The Company estimates that prior to January 1, 2000 it will have spent approximately $50.0 million to address the Y2K issue. These estimates do not include the costs associated with the Company initiatives discussed below. Costs associated with the Year 2000 Program are being treated as period costs and expensed as incurred.

Independent of, but concurrent with, the Company's Y2K review, the Company is installing an enterprise-wide business information system which is scheduled to replace some of the Company's key finance, administrative and marketing software systems by the end of 1999 and is Y2K ready. In addition, and as a separate activity, the Company is in the process of replacing and standardizing its desktop computing equipment and software and updating its communications infrastructure. A third party is updating the communications infrastructure. The replacement of desktop equipment and software is an internal program based on the Company's common office environment initiative that has been expanded to include Dresser. Both of these programs will be completed by the end of 1999. All hardware and software installed as a part of these programs are Y2K ready.

ACCOUNTING PRONOUNCEMENTS

In March 1998, the American Institute of Certified Public Accountants issued Statement of Position No. 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use" (SOP 98-1). SOP 98-1 provides guidelines for companies to capitalize or expense costs incurred to develop or obtain internal use software. The guidelines set forth in SOP 98-1 do not differ significantly from the Company's current accounting policy for internal use software and therefore the Company does not expect a material impact on its results of operations or financial position from the adoption of SOP 98-1. The Company adopted SOP 98-1 effective January 1, 1999.

In April 1998, the American Institute of Certified Public Accountants issued Statement of Position 98-5, "Reporting on the Costs of Start-Up Activities" (SOP 98-5). SOP 98-5 requires costs of start-up activities and organization costs to be expensed as incurred. The Company adopted SOP 98-5 effective January 1, 1999 and expects to record expense of approximately $30 million pretax or $0.04 after-tax per diluted share from the adoption of SOP 98-5 as the cumulative effect of an accounting change. Estimated annual expense for 1998 under SOP 98-5 would not have been materially different from the amount expensed under the current accounting treatment.

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and for Hedging Activities" (SFAS 133). This standard requires entities to recognize all derivatives on the statement of financial position as assets or liabilities and to measure the instruments at fair value. Accounting for gains and losses from changes in those fair values are specified in the standard depending on the intended use of the derivative and other criteria. SFAS 133 is effective for the Company beginning January 1, 2000. The Company is currently evaluating SFAS 133 to identify implementation and compliance methods and has not yet determined the effect, if any, on its results of operations or financial position.

FORWARD-LOOKING INFORMATION

As provided by the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, Halliburton Company cautions that the statements in this annual report and elsewhere, which are forward-looking and which provide other than historical information, involve risks and uncertainties that may impact Halliburton Company's actual results of operations. While such forward-looking information reflects Halliburton Company's best judgement based on current information, it involves a number of risks and uncertainties and there can be no assurance that other factors will not affect the accuracy of such forward-looking information. While it is not possible to identify all factors, Halliburton Company continues to face many risks and uncertainties that could cause actual results to differ from those forward-looking statements including:

- litigation, including, for example, asbestosis litigation and environmental litigation;
- unsettled political conditions, war, civil unrest, currency controls and governmental actions in the numerous countries Halliburton Company conducts operations;
- trade restrictions and economic embargoes imposed by the United States and other countries;
- environmental laws, including those that require emission performance standards for new and existing facilities;
- the magnitude of governmental spending for military and logistical support of the type provided by Halliburton Company;
- operations in countries with significant amounts of political risk, including, without limitation, Algeria and Nigeria;
- the effects of severe weather conditions on operations, including for example, hurricanes shutting down operations on offshore platforms;
- the impact of prolonged mild weather conditions on the demand for and price of oil and natural gas;
- technological and structural changes in the industries served by Halliburton Company;
- computer software and hardware and other equipment utilizing computer technology used by governmental entities, service providers, vendors, customers and Halliburton Company which may be impacted by the Y2K issue;
- integration of acquired businesses, including Dresser and its subsidiaries, into Halliburton Company;
- the risk inherent in the use of derivative instruments of the sort used by Halliburton Company which could cause a change in value of the derivative instruments as a result of adverse movements in foreign exchange rates;
- changes in the price of oil and natural gas;
- changes in the price of commodity chemicals used by Halliburton Company;
- changes in capital spending by customers in the hydrocarbon industry for exploration, development, production, processing, refining and pipeline delivery networks;
- increased competition in the hiring and retention of employees in certain areas coupled with ongoing reductions-in-force in other areas;
- changes in capital spending by customers in the wood pulp and paper industries for plants and equipment;
- risks that result from entering into fixed fee engineering, procurement and construction projects of the types provided by Halliburton Company where failure to meet schedules, cost estimates or performance targets could result in non-reimbursable costs which cause the project not to meet expected profit margins; and
- changes in capital spending by governments for infrastructure projects of the sort provided by Halliburton Company.

In addition, future trends for pricing, margins, revenues and profitability remain difficult to predict in the industries served by Halliburton Company.

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, 1998 and 1997, and the related consolidated statements of income, cash flows and shareholders' equity for each of the three years in the period ended December 31, 1998. We did not audit the consolidated balance sheet of Dresser Industries, Inc., a company acquired during 1998 in a transaction accounted for as a pooling of interests, as of December 31, 1997, and the related consolidated statements of income, cash flows and shareholders' equity for each of the two years in the period ended December 31, 1997, as discussed in Note 14. Such statements are included in the consolidated financial statements of Halliburton Company and reflect total assets of 48% for the year ended December 31, 1997, and total revenue of 46% and 47% for the years ended December 31, 1997 and 1996, respectively, of the related consolidated totals. These statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to amounts included for Dresser Industries, Inc. is based solely upon the report of the other auditors. 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 and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based upon our audits and the report of other auditors, 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, 1998 and 1997, and the results of their operations and their cash flows for each of the three years ended December 31, 1998, in conformity with generally accepted accounting principles.

/s/ Arthur Andersen LLP

ARTHUR ANDERSEN LLP

Dallas, Texas,
January 25, 1999

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 a code of conduct to foster a strong ethical climate which is 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. Corrective actions are taken to address control deficiencies and other opportunities for improving the system as they are identified. The Board, operating through its Audit Committee, which is composed entirely of Directors who are not current or former officers or employees of the Company, provides oversight to the financial reporting process.

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

The Company assessed its internal control system in relation to criteria for effective internal control over financial reporting described in "Internal Control-Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based upon that assessment, the Company believes that, as of December 31, 1998, its system of internal control over financial reporting met those criteria.

HALLIBURTON COMPANY

by

/s/ Richard B. Cheney	/s/ Gary V. Morris
Richard B. Cheney	Gary V. Morris
Chief Executive Officer	Exeuctive Vice President and Chief Financial Officer

HALLIBURTON COMPANY
Consolidated Statements of Income
(Millions of dollars except per share data)

	Years ended December 31		
	1998	1997	1996
Revenues:			
Services	$ 12,089.4	$ 11,256.3	$ 9,461.1
Sales	5,069.9	4,857.0	4,351.7
Equity in earnings of unconsolidated affiliates	193.8	163.2	133.8
Total revenues	$ 17,353.1	$ 16,276.5	$ 13,946.6
Operating costs and expenses:			
Cost of services	$ 11,058.8	$ 10,163.9	$ 8,708.0
Cost of sales	4,317.6	4,032.7	3,628.3
General and administrative	600.1	665.0	621.3
Special charges and credits	980.1	16.2	85.8
Total operating costs and expenses	16,956.6	14,877.8	13,043.4
Operating income	396.5	1,398.7	903.2
Interest expense	(136.8)	(111.3)	(84.6)
Interest income	27.8	21.9	26.9
Foreign currency losses	(12.4)	(0.7)	(19.1)
Other nonoperating income, net	3.7	4.5	4.6
Income before income taxes and minority interest	278.8	1,313.1	831.0
Provision for income taxes	(244.4)	(491.4)	(248.4)
Minority interest in net income of consolidated subsidiaries	(49.1)	(49.3)	(24.7)
Net income (loss)	$ (14.7)	$ $772.4	$ 557.9
Income (loss) per common share:			
Basic	$ (0.03)	$ 1.79	$ 1.30
Diluted	$ (0.03)	$ 1.77	$ 1.29
Weighted average common shares outstanding:			
Basic	438.8	431.1	429.2
Diluted	438.8	436.1	432.1

See notes to annual financial statements.

HALLIBURTON COMPANY
Consolidated Balance Sheets
(Millions of dollars and shares except per share data)

	December 31	
	1998	1997
Assets		
Current assets:		
Cash and equivalents	$ 202.6	$ 384.1
Receivables:		
Notes and accounts receivable (less allowance for bad debts of $76.6 and $58.6)	3,345.5	2,980.4
Unbilled work on uncompleted contracts	514.9	407.2
Total receivables	3,860.4	3,387.6
Inventories	1,301.8	1,299.2
Deferred income taxes, current	432.2	202.6
Other current assets	286.1	169.7
Total current assets	6,083.1	5,443.2
Property, plant and equipment:		
At cost	6,850.1	6,646.0
Less accumulated depreciation	3,928.5	3,879.6
Net property, plant and equipment	2,921.6	2,766.4
Equity in and net advances to related companies	587.0	761.2
Excess of cost over net assets acquired (net of accumulated amortization of $240.1 and $205.7)	770.2	1,024.6
Deferred income taxes, noncurrent	336.9	273.0
Other assets	413.2	433.4
Total assets	$ 11,112.0	$ 10,701.8
Liabilities and Shareholders' Equity		
Current liabilities:		
Short-term notes payable and current maturities of long-term debt	$ 573.5	$ 57.9
Accounts payable	1,008.5	1,132.4
Accrued employee compensation and benefits	402.2	516.1
Advance billings on uncompleted contracts	513.3	638.3
Income taxes payable	245.6	335.2
Accrued special charges	426.4	13.1
Other current liabilities	834.2	767.3
Total current liabilities	4,003.7	3,460.3
Long-term debt	1,369.7	1,296.9
Employee compensation and benefits	1,006.6	1,013.7
Other liabilities	500.6	450.6
Minority interest in consolidated subsidiaries	170.2	163.4
Total liabilities	7,050.8	6,384.9
Shareholders' equity:		
Common shares, par value $2.50 per share - authorized 600.0 shares, issued 445.9 and 453.7 shares	1,114.7	1,134.3
Paid-in capital in excess of par value	8.2	168.2
Deferred compensation	(50.6)	(44.3)
Accumulated other comprehensive income	(148.8)	(131.1)
Retained earnings	3,236.0	3,563.4
	4,159.5	4,690.5
Less 5.9 and 15.8 shares treasury stock, at cost	98.3	373.6
Total shareholders' equity	4,061.2	4,316.9
Total liabilities and shareholders' equity	$ 11,112.0	$ 10,701.8

See notes to annual financial statements.

HALLIBURTON COMPANY
Consolidated Statements of Cash Flows
(Millions of dollars)

	Years ended December 31		
	1998	1997	1996
Cash flows from operating activities:			
Net income (loss)	$ (14.7)	$ 772.4	$ 557.9
Adjustments to reconcile net income (loss) to net cash from operating activities:			
Depreciation and amortization	587.0	564.3	497.7
Provision (benefit) for deferred income taxes	(293.4)	2.6	(13.4)
Distributions from (advances to) related companies, net of equity in (earnings) or losses	(22.5)	(84.6)	(57.2)
Accrued special charges	413.3	(44.6)	57.7
Other non-cash items	272.2	59.2	33.1
Other changes, net of non-cash items:			
Receivables	(279.9)	(408.8)	(363.5)
Inventories	(66.3)	(117.1)	(147.5)
Accounts payable	(45.3)	(49.7)	98.8
Other working capital, net	(142.5)	39.9	286.9
Other, net	46.2	99.5	(86.3)
Total cash flows from operating activities	454.1	833.1	864.2
Cash flows from investing activities:			
Capital expenditures	(914.3)	(880.1)	(731.1)
Sales of property, plant and equipment	100.0	180.6	64.4
Acquisitions of businesses, net of cash acquired	(40.4)	(161.5)	(60.5)
Dispositions of businesses, net of cash disposed	7.7	37.6	21.6
Other investing activities	0.9	(49.9)	(53.5)
Total cash flows from investing activities	(846.1)	(873.3)	(759.1)
Cash flows from financing activities:			
Borrowings of long-term debt	150.0	303.2	295.6
Payments on long-term debt	(26.7)	(17.7)	(8.2)
Net borrowings (payments) of short-term debt	369.3	(85.8)	(7.3)
Payments of dividends to shareholders	(254.2)	(250.3)	(239.6)
Proceeds from exercises of stock options	49.1	71.5	42.6
Payments to reacquire common stock	(19.9)	(44.1)	(235.2)
Other financing activities	(13.9)	2.6	3.7
Total cash flows from financing activities	253.7	(20.6)	(148.4)
Effect of exchange rate changes on cash	(5.4)	(1.1)	1.0
Decrease in cash and equivalents	(143.7)	(61.9)	(42.3)
Cash and equivalents at beginning of year *	346.3	446.0	488.3
Cash and equivalents at end of year	$ 202.6	$ 384.1	$ 446.0
Supplemental disclosure of cash flow information: Cash payments during the period for:			
Interest	$ 137.0	$ 106.1	$ 76.1
Income taxes	534.8	307.4	191.1
Non-cash investing and financing activities:			
Liabilities assumed in acquisitions of businesses	$ 5.4	$ 337.1	$ 39.4
Liabilities disposed of in dispositions of businesses	23.6	205.5	9.8

* Cash balance at the beginning of 1998 does not agree to the prior year ending cash balance in order to conform Dresser's fiscal year to Halliburton's calendar year.

See notes to annual financial statements.

HALLIBURTON COMPANY
Consolidated Statements of Shareholders' Equity
(Millions of dollars and shares except per share data)

	Years ended December 31		
	1998	1997	1996
Common stock (number of shares)			
Balance at beginning of year	453.7	221.7	221.3
Shares issued under incentive stock plans, net of forfeitures	1.1	1.3	0.3
Cancellation of treasury stock	(8.9)	-	(0.1)
Shares issued in connection with acquisition	-	8.2	-
Two-for-one common stock split	-	222.5	-
Shares issued pursuant to stock warrant agreement	-	-	0.2
Balance at end of year	445.9	453.7	221.7
Common stock (dollars)			
Balance at beginning of year	$ 1,134.3	$ 554.3	$ 553.3
Shares issued under incentive stock plans, net of forfeitures	2.7	3.2	0.9
Cancellation of treasury stock	(22.3)	-	(0.3)
Shares issued in connection with acquisition	-	20.5	-
Two-for-one common stock split	-	556.3	-
Shares issued pursuant to stock warrant agreement	-	-	0.4
Balance at end of year	$ 1,114.7	$ 1,134.3	$ 554.3
Paid-in capital in excess of par value			
Balance at beginning of year	$ 168.2	$ 615.1	$ 593.9
Shares issued under incentive stock plans, net of forfeitures	43.0	51.4	18.3
Cancellation of treasury stock	(209.3)	-	(3.6)
Shares issued in connection with employee compensation plans	6.3	21.4	(1.0)
Shares issued in connection with acquisition	-	36.6	-
Two-for-one common stock split	-	(556.3)	-
Shares issued pursuant to stock warrant agreement	-	-	7.5
Balance at end of year	$ 8.2	$ 168.2	$ 615.1
Deferred compensation			
Balance at beginning of year	$ (44.3)	$ (22.9)	$ (23.9)
Current year awards, net	(6.3)	(21.4)	1.0
Balance at end of year	$ (50.6)	$ (44.3)	$ (22.9)
Accumulated other comprehensive income			
Cumulative translation adjustment	$ (141.4)	$ (127.2)	$ (93.9)
Pension liability adjustment	(7.4)	(3.9)	(6.9)
Balance at end of year	$ (148.8)	$ (131.1)	$ (100.8)
Cumulative translation adjustment			
Balance at beginning of year	$ (127.2)	$ (93.9)	$ (104.7)
Conforming fiscal years	(14.8)	-	-
Sale of M-I L.L.C.	9.4	-	-
Current year changes, net of tax	(8.8)	(33.3)	10.8
Balance at end of year	$ (141.4)	$ (127.2)	$ (93.9)

See notes to annual financial statements.

HALLIBURTON COMPANY
Consolidated Statements of Shareholders' Equity
(continued)
(Millions of dollars and shares except per share data)

	Years ended December 31		
	1998	1997	1996
Pension liability adjustment			
Balance at beginning of year	$ (3.9)	$ (6.9)	$ (7.0)
Current year adjustment	(3.5)	3.0	0.1
Balance at end of year	$ (7.4)	$ (3.9)	$ (6.9)
Retained earnings			
Balance at beginning of year	$ 3,563.4	$ 3,077.1	$ 2,758.8
Net income (loss)	(14.7)	772.4	557.9
Cash dividends paid	(254.2)	(250.3)	(239.6)
Cancellation of treasury stock	(61.1)	-	-
Pooling of interests acquisition	-	(35.8)	-
Conforming fiscal years	2.6	-	-
Balance at end of year	$ 3,236.0	$ 3,563.4	$ 3,077.1
Treasury stock (number of shares)			
Beginning of year	15.8	8.6	5.6
Shares issued under benefit, dividend reinvestment plan and incentive stock plans, net	(1.1)	(1.5)	(1.2)
Shares purchased	0.1	0.7	4.3
Cancellation of treasury stock	(8.9)	-	(0.1)
Two-for-one common stock split	-	8.0	-
Balance at end of year	5.9	15.8	8.6
Treasury stock (dollars)			
Beginning of year	$ 373.6	$ 381.4	$ 193.4
Shares issued under benefit, dividend reinvestment plan and incentive stock plans, net	(8.5)	(51.9)	(43.3)
Shares purchased	3.5	44.1	235.2
Cancellation of treasury stock	(270.3)	-	(3.9)
Balance at end of year	$ 98.3	$ 373.6	$ 381.4
Comprehensive income			
Net income (loss)	$ (14.7)	$ 772.4	$ 557.9
Translation rate changes, net of tax	(8.8)	(33.3)	10.8
Current year adjustment to minimum pension liability	(3.5)	3.0	0.1
Total comprehensive income	$ (27.0)	$ 742.1	$ 568.8

See notes to annual financial statements.

Note 1. Significant Accounting Policies

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

Basis of presentation. On September 29, 1998, the Company completed the acquisition of Dresser Industries, Inc. (Dresser) pursuant to the Agreement and Plan of Merger (the Merger) dated as of February 25, 1998. The Merger was accounted for using the pooling of interests method of accounting for business combinations. Accordingly, the Company's financial statements have been restated to include the accounts of Dresser for all periods presented. Prior to the Merger, Dresser had a fiscal year-end of October 31. Beginning in 1998, Dresser's fiscal year-end of October 31 has been conformed to Halliburton's calendar year-end. Periods through December 31, 1997 contain Dresser's information on a fiscal year-end basis combined with Halliburton's information on a calendar year-end basis. Dresser's operating results for November and December of 1997 are presented within the consolidated statements of shareholders' equity as "conforming fiscal years."

Principles of Consolidation. The consolidated financial statements include the accounts of the Company and all majority-owned subsidiaries. All material intercompany accounts and transactions are eliminated. Investments in other affiliated companies in which the Company has at least 20% ownership and does not have management control are accounted for on the equity method. Certain prior year amounts have been reclassified to conform with the current year presentation.

Revenues and Income Recognition. The Company recognizes revenues as services are rendered or products are shipped. The distinction between services and product sales is based upon the overall activity of the particular business operation. Revenues from engineering and construction contracts are reported on the percentage of completion method of accounting using measurements of progress towards completion appropriate for the work performed. All known or anticipated losses on contracts are provided for currently. Post-contract customer support agreements are recorded as deferred revenues and recognized as revenue ratably over the contract periods of generally one year's duration. Training and consulting service revenues are recognized as the services are performed.

Research and Development. Research and development expenses are charged to income as incurred. Such charges were $308.1 million in 1998, $259.2 million in 1997 and $218.0 million in 1996.

Software Development Costs. Costs of developing software for sale are charged to expense when incurred, as research and development, until technological feasibility has been established for the product. Thereafter, software development costs are capitalized until the software is ready for general release to customers. The Company capitalized costs of $13.4 million in 1998, $14.5 million in 1997 and $12.9 million in 1996 related to software developed for resale. Amortization expense related to these costs was $17.5 million for 1998, $15.0 million for 1997 and $12.5 million for 1996. Once the software is ready for release, amortization of the software development costs begins. Capitalized software development costs are amortized over periods which do not exceed three years.

Income Per Share. Basic income per share amounts are based on the weighted average number of common shares outstanding during the year. Diluted income per share includes additional common shares that would have been outstanding if potential common shares with a dilutive effect had been issued. See Note 11 for a reconciliation of basic and diluted income per share from continuing operations. Prior year amounts have been adjusted for the two-for-one common stock split declared on June 9, 1997, and effected in the form of a stock dividend paid on July 21, 1997.

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

Receivables. The Company's receivables are generally not collateralized. Notes and accounts receivable at December 31, 1998 include $33.2 million ($30.8 million at December 31, 1997) due from customers in accordance with applicable retainage provisions of engineering and construction contracts, which will become billable upon future deliveries or completion of such contracts. This amount is expected to be collected during 1999. Additionally, other noncurrent assets include $7.1 million ($7.3 million at December 31, 1997) of such retainage which is expected to be collected in years subsequent to 1999. Unbilled work on uncompleted contracts generally represents work currently billable and such work is usually billed during normal billing processes in the next month. At December 31, 1998, notes of $295.9 million ($34.4 million at December 31, 1997) with varying interest rates are included in notes and accounts receivable. See Note 5 for information on the note receivable generated by the sale of M-I L.L.C. (M-I).

Inventories. Inventories are stated at the lower of cost or 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. The cost of most inventories is determined using either the first-in, first-out (FIFO) method or the average cost method although the cost of U.S. manufacturing and U.S. field service inventories is determined using the last-in, first-out (LIFO) method. Inventories of sales items owned by foreign subsidiaries and inventories of operating supplies and parts are generally valued at average cost.

Property, Plant and Equipment. Property, plant and equipment is reported at cost less accumulated depreciation, which is generally provided on the straight-line method over the estimated useful lives of the assets. Certain assets are depreciated on accelerated methods. Accelerated depreciation methods are also used for tax purposes, wherever permitted. Expenditures for maintenance and repairs are expensed; expenditures for renewals and improvements are generally capitalized. Upon sale or retirement of an asset, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is recognized. When events or changes in circumstances indicate that assets may be impaired, an evaluation is performed comparing the estimated future undiscounted cash flows associated with the asset to the asset's carrying amount to determine if a write-down to market value or discounted cash flow value is required. The Company follows the successful efforts method of accounting for oil and gas properties. At December 31, 1998, there were no significant oil and gas properties in the production stage of development. The Company is implementing an enterprise-wide information system. External direct costs of materials and services and payroll-related costs of employees working solely on development of the software system portion of the project are capitalized. Capitalized costs of the project will be amortized over periods of three to ten years beginning when the system is placed in service. Training costs and costs to reengineer business processes are expensed as incurred.

Excess of Cost Over Net Assets Acquired. The excess of cost over net assets acquired is amortized on a straight-line basis over periods not exceeding 40 years. Excess of cost over net assets acquired that is identified with impaired assets, if any, will be evaluated using undiscounted future cash flows as the basis for determining if impairment exists. To the extent impairment is indicated to exist, an impairment loss will be recognized based on fair value.

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

Derivative Instruments. The Company primarily enters into derivative financial transactions to hedge existing or projected exposures to changing foreign exchange rates and from time to time enters into derivatives to hedge exposures to interest rates or commodity prices. The Company does not enter into derivative transactions for speculative or trading purposes. Derivative financial instruments to hedge exposure with an indeterminable maturity date are generally carried at fair value with the resulting gains and losses reflected in the results of operations. Gains or losses on hedges of identifiable commitments are deferred and recognized when the offsetting gains or losses on the related hedged items are recognized. Deferred gains or losses for hedges which are terminated prior to the transaction date are recognized currently. In the event

an identifiable commitment is no longer expected to be realized, any deferred gains or losses on hedges associated with the commitment are recognized currently. Costs associated with entering into such contracts are presented in other assets, while deferred gains or losses are included in other liabilities or other assets, respectively, on the consolidated balance sheets. Recognized gains or losses on derivatives entered into to manage foreign exchange risk are included in foreign currency gains and losses on the consolidated statements of income, while gains or losses on interest rate derivatives and commodity derivatives are included in interest expense and operating income, respectively. During the years ended December 31, 1998, 1997 and 1996, the Company did not enter into any significant transactions to hedge interest rates or commodity prices.

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

Note 2. Business Segment Information

The Company has three business segments. These segments are organized around the products and services provided to the customers they serve. The business units within each segment are evaluated on operating income, operating margins and cash value added.

The Energy Services Group segment provides pressure pumping equipment and services, logging and perforating, drilling systems and services, drilling fluids systems, drill bits, specialized completion and production equipment and services and well control. Also included in the Energy Services Group are upstream oil and gas engineering, construction and maintenance services, specialty pipe coating, insulation, underwater engineering services, integrated exploration and production information systems and professional services to the petroleum industry. The Energy Services Group has four business units: Halliburton Energy Services, Brown & Root Energy Services, Landmark Graphics, and Halliburton Energy Development. (In March 1999, Halliburton Energy Development became a part of Halliburton Energy Services.) The long term performance for these business units is linked to the long term demand for hydrocarbons. The products and services the group provides are designed to help discover, develop and produce hydrocarbons. The customers for this segment are major oil companies, national oil companies and independent oil and gas companies.

The Engineering and Construction Group segment provides engineering, procurement, construction, project management, and facilities operation and maintenance for hydrocarbon processing and other industrial and governmental customers. The Engineering and Construction Group has two business units: Kellogg-Brown & Root and Brown & Root Services. Both business units are engaged in the delivery of engineering and construction services.

The Dresser Equipment Group segment designs, manufactures and markets highly engineered products and systems for oil and gas producers, transporters, processors, distributors and petroleum users throughout the world. Dresser Equipment Group operates as one business unit.

The Company's equity in pretax income or losses of related companies is included in revenues and operating income of the applicable segment. Intersegment revenues included in the revenues of the other business segments and sales between geographic areas are immaterial. General corporate assets not included in a business segment are primarily comprised of receivables, deferred tax assets, and certain other investments including the investment in the Company's enterprise-wide information system.

The tables below represent the Company's adoption of Statement of Financial Accounting Standards No. 131, "Disclosures about Segments of an Enterprise and Related Information."

Operations by Business Segment

Millions of dollars	Years ended December 31 1998	1997	1996
Revenues:			
Energy Services Group	$ 9,009.5	$ 8,504.7	$ 6,515.4
Engineering and Construction Group	5,494.8	4,992.8	4,720.7
Dresser Equipment Group	2,848.8	2,779.0	2,710.5
Total	$ 17,353.1	$ 16,276.5	$ 13,946.6
Operating income:			
Energy Services Group	$ 971.0	$ 1,019.4	$ 698.0
Engineering and Construction Group	237.2	219.0	134.0
Dresser Equipment Group	247.8	248.3	229.3
Special charges and credits	(980.1)	(16.2)	(85.8)
General corporate	(79.4)	(71.8)	(72.3)
Total	$ 396.5	$ 1,398.7	$ 903.2
Capital expenditures:			
Energy Services Group	$ 707.6	$ 682.9	$ 493.9
Engineering and Construction Group	33.5	61.5	105.6
Dresser Equipment Group	72.9	76.4	119.0
General corporate	100.3	59.3	12.6
Total	$ 914.3	$ 880.1	$ 731.1
Depreciation and amortization:			
Energy Services Group	$ 405.4	$ 395.0	$ 338.5
Engineering and Construction Group	48.8	63.3	58.7
Dresser Equipment Group	86.8	98.6	92.8
General corporate	46.0	7.4	7.7
Total	$ 587.0	$ 564.3	$ 497.7
Total assets:			
Energy Services Group	$ 6,618.1	$ 6,050.5	$ 4,999.2
Engineering and Construction Group	1,404.7	1,645.8	1,490.7
Dresser Equipment Group	1,944.2	2,115.3	2,126.8
General corporate	1,145.0	890.2	970.1
Total	$ 11,112.0	$ 10,701.8	$ 9,586.8
Research and development:			
Energy Services Group	$ 220.0	$ 173.8	$ 150.1
Engineering and Construction Group	3.9	2.1	4.0
Dresser Equipment Group	84.2	83.3	63.9
Total	$ 308.1	$ 259.2	$ 218.0
Special charges and credits:			
Energy Services Group	$ 721.1	$ (13.8)	$ 43.1
Engineering and Construction Group	39.6	2.8	42.7
Dresser Equipment Group	21.1	27.2	-
General corporate	198.3	-	-
Total	$ 980.1	$ 16.2	$ 85.8

Operations by Geographic Area

Millions of dollars	Years ended December 31 1998	1997	1996
Revenues:			
United States	$ 6,132.2	$ 6,506.5	$ 5,730.0
United Kingdom	2,246.7	2,315.0	1,504.6
Other areas (over 120 countries)	8,974.2	7,455.0	6,712.0
Total	$ 17,353.1	$ 16,276.5	$ 13,946.6
Long-lived assets:			
United States	$ 2,433.4	$ 2,518.9	$ 2,432.9
United Kingdom	609.9	775.0	626.9
Other areas (numerous countries)	1,055.0	982.8	956.6
Total	$ 4,098.3	$ 4,276.7	$ 4,016.4

Note 3. Inventories

Inventories at December 31, 1998 and 1997 are comprised of the following:

Millions of dollars	1998	1997
Finished products and parts	$ 638.3	$ 670.9
Raw materials and supplies	250.3	213.7
Work in process	561.4	535.8
Progress payments	(148.2)	(121.2)
Total	$ 1,301.8	$ 1,299.2

Inventories on the last-in, first-out (LIFO) method were $167.9 million and $195.9 million at December 31, 1998 and December 31, 1997, respectively. If the average cost or FIFO methods had been in use for inventories on the LIFO basis, total inventories would have been about $110.6 million and $100.8 million higher than reported at December 31, 1998 and 1997, respectively.

Note 4. Property, Plant and Equipment

Property, plant and equipment at December 31, 1998 and 1997 is comprised of the following:

Millions of dollars	1998	1997
Land	$ 142.2	$ 136.0
Buildings and property improvements	1,131.6	1,055.9
Machinery, equipment and other	5,576.3	5,454.1
Total	$ 6,850.1	$ 6,646.0

At December 31, 1998 and 1997, machinery, equipment and other property includes oil and gas investments of approximately $223.7 million and $101.7 million, respectively and software developed for the Company's enterprise wide information system of $132.7 million and $59.5 million, respectively.

Note 5. Related Companies

The Company conducts some of its operations through various joint ventures which are in partnership, corporate and other business forms, which are principally accounted for using the equity method.

The larger unconsolidated entities include European Marine Contractors, Limited (EMC), Bredero-Shaw and Ingersoll-Dresser Pump (IDP). EMC which is 50% owned by a subsidiary of the Company and part of the Energy Services Group, specializes in engineering, procurement and construction of marine pipelines. Bredero-Shaw, which is 50% owned by a subsidiary of the Company and part of the Energy Services Group, specializes in pipe coating. Effective February 29, 1996, a subsidiary of the Company entered into an agreement to form a joint venture with Shaw Industries Ltd. (Shaw) by contributing its Bredero Price assets and Shaw contributing its Shaw Pipe Protection assets on a worldwide basis. During the fourth quarter of 1997, the Company and Shaw agreed to a long-term extension of their strategic pipe coating alliance, Bredero-Shaw. In connection with the new agreement, Shaw agreed to pay a subsidiary of the Company $50 million over a four-year period. This transaction resulted in a fourth quarter pretax gain of $41.7 million which is reported in the consolidated statements of income in the caption "special charges and credits." For balance sheet purposes, at year-end 1997 the subsidiary of the Company deconsolidated Bredero-Shaw and accounted for its 50% interest in the joint venture as an equity investment. The subsidiary of the Company includes its share of equity earnings in the results of operations beginning January 1, 1998 under the equity method. IDP which is 49% owned by a subsidiary of the Company and part of the Dresser Equipment Group, manufactures a broad range of pump products and services.

In the second quarter of 1996, M-I, formerly a 36% owned joint venture, purchased Anchor Drilling Fluids. The Company's share of the purchase price was $41.3 million and is included in cash flows from other investing activities. The Company sold its 36% ownership interest in M-I to Smith International, Inc. (Smith) on August 31, 1998. This transaction completed Halliburton's commitment to the U.S. Department of Justice to sell its M-I interest in connection with its merger with Dresser. The purchase price of $265 million was paid by Smith in the form of a non-interest bearing promissory note due April 1999. This receivable is included in "notes and accounts receivable" on the consolidated balance sheets. All of M-I's debt remains an obligation of M-I.

Summarized financial statements for all combined jointly-owned operations which are not consolidated are as follows:

Combined Operating Results

Millions of dollars	1998	1997	1996
Revenues	$ 5,244.0	$ 3,958.9	$ 3,505.5
Operating income	$ 478.3	$ 407.3	$ 325.7
Net income	$ 341.0	$ 316.2	$ 236.3

Combined Financial Position

Millions of dollars	1998	1997
Current assets	$ 1,854.2	$ 1,779.5
Noncurrent assets	322.3	576.0
Total	$ 2,176.5	$ 2,355.5
Current liabilities	$ 1,074.6	$ 859.6
Noncurrent liabilities	118.2	245.3
Minority interests	3.9	8.1
Shareholders' equity	979.8	1,242.5
Total	$ 2,176.5	$ 2,355.5

Note 6. Income Taxes

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

Millions of dollars	1998	1997	1996
Current income taxes			
Federal	$ (301.8)	$ (167.2)	$ (82.0)
Foreign	(228.5)	(306.1)	(169.8)
State	(7.5)	(15.5)	(10.0)
Total	(537.8)	(488.8)	(261.8)
Deferred income taxes			
Federal	291.8	5.4	61.2
Foreign and state	1.6	(8.0)	(47.8)
Total	293.4	(2.6)	13.4
Total	$ (244.4)	$ (491.4)	$ (248.4)

Included in federal income taxes are foreign tax credits of $182.2 million in 1998, $154.0 million in 1997 and $109.2 million in 1996. The United States and foreign components of income (loss) before income taxes and minority interests are as follows:

Millions of dollars	1998	1997	1996
United States	$ (306.4)	$ 736.8	$ 484.2
Foreign	585.2	576.3	346.8
Total	$ 278.8	$ 1,313.1	$ 831.0

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

Millions of dollars	1998	1997
Gross deferred tax assets		
Employee benefit plans	$ 314.9	$ 334.4
Special charges	135.3	-
Accrued liabilities	93.5	79.4
Insurance accruals	74.8	71.5
Construction contract accounting methods	93.0	70.6
Inventory	59.8	37.4
Intercompany profit	38.5	39.3
Net operating loss carryforwards	38.5	46.7
Intangibles	30.5	-
Foreign tax credits	-	21.2
Alternative minimum tax carryforward	15.1	15.1
All other	125.7	80.1
Total	1,019.6	795.7
Gross deferred tax liabilities		
Depreciation and amortization	85.0	124.5
Unrepatriated foreign earnings	25.5	35.6
Safe harbor leases	10.4	11.0
All other	99.6	85.0
Total	220.5	256.1
Valuation allowances		
Net operating loss carryforwards	26.3	30.7
All other	3.7	33.3
Total	30.0	64.0
Net deferred income tax asset	$ 769.1	$ 475.6

The Company has provided for the potential repatriation of certain undistributed earnings of its foreign subsidiaries and considers earnings above the amounts on which tax has been provided to be permanently reinvested. While these additional earnings could become subject to additional tax if repatriated, such a repatriation is not anticipated. Any additional amount of tax is not practicable to estimate.

The Company has net operating loss carryforwards which expire as follows: 1999 through 2003, $49.3 million; 2004 through 2008, $18.8 million; 2009 through 2010, $1.9 million. The Company also has net operating loss carryforwards of $43.6 million with indefinite expiration dates. Reconciliations between the actual provision for income taxes and that computed by applying the U.S. statutory rate to income from continuing operations before income taxes and minority interest are as follows:

Millions of dollars	1998	1997	1996
Provision computed at statutory rate	$ (97.6)	$ (459.6)	$ (290.9)
Reductions (increases) in taxes resulting from:			
Tax differentials on foreign earnings	(19.8)	(4.3)	14.2
State income taxes, net of federal income tax benefit	(7.8)	(12.0)	(7.0)
Net operating losses	-	-	22.7
Special charges	(109.0)	(3.0)	(3.0)
Federal income tax settlement	-	-	16.1
Nondeductible goodwill	(12.2)	(12.5)	(8.9)
Other items, net	2.0	-	8.4
Total	$ (244.4)	$ (491.4)	$ (248.4)

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

Note 7. Special Charges and Credits

The Company has incurred various non-recurring transactions resulting from acquisitions, profit initiatives, and industry downturns as summarized below:

Asset Related Charges. Asset related charges include impairments and write-offs of intangible assets and excess and/or duplicate machinery, equipment, inventory and capitalized software. Charges also include write-offs and lease cancellation costs related to acquired information technology equipment replaced with the Company's standard common office equipment and exit costs on other leased assets.

Personnel Charges. Personnel charges include severance and related costs incurred to action announced employee reductions and personnel costs related to change of control.

Facility Consolidation Charges. Facility consolidation charges include costs to dispose of owned properties or exit leased facilities.

Merger Transaction Charges. Merger transaction costs include investment banking, filing fees, legal and professional fees and other merger related costs.

Other Charges. Other charges include eliminating duplicate agents, contract cancellation costs and eliminating other duplicate capabilities.

Millions of dollars	Asset Related Charges	Personnel Charges	Facility Consolidation Charges	Merger Transaction Charges	Other Charges	Total
1998 Charges to Expense						
Business Segment						
Energy Services Group	$ 452.7	$ 156.7	$ 93.3	$ -	$ 18.4	$ 721.1
Engineering & Construction Group	7.9	19.1	7.9	-	4.7	39.6
Dresser Equipment Group	18.1	1.4	1.6	-	-	21.1
General corporate	30.7	57.5	23.4	64.0	22.7	198.3
Total	$ 509.4	$ 234.7	$ 126.2	$ 64.0	$ 45.8	$ 980.1
Utilized	$ (442.3)	$ (44.3)	$ (3.4)	$ (59.5)	$ (4.2)	$ (553.7)
Balance - December 31, 1998	$ 67.1	$ 190.4	$ 122.8	$ 4.5	$ 41.6	$ 426.4

The third quarter of 1998 financial results include a pretax charge of $945.1 million ($722.0 million after tax) to provide for costs associated with the Merger and industry downturn due to declining oil and gas prices. During the fourth quarter, an additional charge of $35.0 million ($24.0 million after tax) was taken to provide $30.0 million for additional personnel reduction costs covering approximately 2,750 employees within the Energy Services Group and $5.0 million for additional facility consolidations within the Energy Services Group.

As a result of the Merger, Halliburton and Dresser's completion products operations and its formation evaluation businesses have been combined, excluding Halliburton's logging-while-drilling (LWD) business and a portion of its measurement-while-drilling business which were required to be disposed of in connection with a Department of Justice consent decree. See Note 14. Based on the change in strategic direction, the outlook for the industry, the decision to standardize equipment product offerings and the expected loss on the disposition of the LWD business, the Company recorded impairments based upon anticipated future cash flows in accordance with FAS 121. This resulted in write-downs of excess of cost over net assets acquired of $254.2 million related to directional drilling and formation evaluation assets acquired in 1993 from Smith International Inc., formation evaluation assets acquired in the 1988 acquisition of Gearhart Industries, Inc., and completion products assets acquired in conjunction with the acquisitions of Mono Pumps and AVA in 1990 and 1992, respectively. In addition, $162.5 million of excess and duplicated machinery, equipment and inventory related to formation evaluation and completion products have been written down.

Additional asset related charges within the Energy Services Group include excess and redundant equipment, software, inventory and excess of cost over net assets acquired of $36.0 million related to other product lines which are combinations of Halliburton and Dresser operations. The remaining asset related charges include $26.0 million of write-downs of redundant or impaired equipment, software and inventory in the Engineering and Construction and Dresser Equipment Groups, plus $30.7 million for write-downs of information technology equipment to be replaced with standard equipment and other duplicated shared services assets applicable to all segments. The majority of the asset related balance of $67.1 million at December 31, 1998 represents the write-downs to fair value less disposal costs at the expected disposal date. The majority of the balance will be utilized during the first and second quarters of 1999 in connection with planned activities.

Personnel charges in 1998 reflect announced headcount reductions of 10,850 affecting all segments, corporate and shared service functions. In total, approximately 75% of the reductions will occur within the Energy Services Group. During 1998, the Company reduced employment levels, primarily operations personnel by approximately 5,000 (approximately 3,000 within North America and 1,100 within Latin America), including 4,700 within the Energy Services Group. The remainder will be incurred over the balance of 1999, primarily during the first and second quarter of the year.

As a result of the Merger and the industry downturn, the Company plans to vacate, sell or close over 400 service, manufacturing and administrative facilities throughout the world. Until the properties included in the facility consolidation charges are vacated, the Company plans to continue its normal depreciation, lease costs and operating expenses which will be charged against the Company's results of operations. The majority of these facilities are within the Energy Services Group. During the fourth quarter of 1998, the Company sold or returned 33 service and administrative facilities. As of December 31, 1998, the Company had an additional 100 vacated properties which it is in the process of selling, subleasing or returning to the owner.

Halliburton and Dresser merger transaction costs amounted to $64.0 million. At December 31, 1998, $4.5 million in estimated merger transaction costs remain to be paid.

Other charges of $45.8 million include the estimated contract exit costs associated with the elimination of duplicate agents and suppliers in various countries throughout the world. These costs will occur during 1999 in connection with the Company's renegotiation of these contractual agreements.

At December 31, 1998, no adjustments or reversals to the remaining accrued special charges are planned.

In the third quarter of 1997, a subsidiary of the Company sold certain assets of its SubSea operations to Global Industries, Inc. for $102.0 million cash. The Company recognized a loss of $9.7 million ($6.3 million after tax) on the sale. Also in the third quarter of 1997, the Company recorded merger transaction charges of $8.6 million (also $8.6 million after tax) for costs incurred by the Company and NUMAR to complete the NUMAR acquisition.

In the fourth quarter of 1997, the Company recorded several nonrecurring transactions. The Company recognized a pretax charge of $21.6 million ($14.0 million after tax) to provide $9.6 million within the Energy Services Group and $6.4 million within the Dresser Equipment Group for various asset related charges whose carrying value has been impaired and $5.6 million for early retirement incentives. A subsidiary of the Company, along with its joint venture partner Ingersoll-Rand Company, approved profit initiatives at Dresser-Rand Company and Ingersoll-Dresser Pump Company. The Company's share of these initiatives included facility consolidation charges of $18.0 million ($7.5 million after tax and minority interest) for the closure of a Dresser-Rand facility in Europe, consolidation of repair and service operations and the discontinuance of certain product lines. A subsidiary of the Company and Shaw Industries, Ltd. agreed to a long-term extension of their strategic pipe coating alliance. See Note 5. This transaction resulted in a pretax gain of $41.7 million.

Additionally, the Company recorded its share of personnel reduction charges of $30.2 million recorded during the two-month period ended December 31, 1997 to reduce employment levels by approximately 1,000 at Dresser-Rand and Ingersoll-Dresser Pump. These costs have been recorded in the consolidated statements of shareholders' equity as part of conforming the fiscal year of Dresser to Halliburton's calendar year. See Note 1.

During the first quarter of 1996, Landmark recorded asset related charges of $12.2 million ($8.7 million after tax) for the write-off of in-process research and development activities acquired in connection with the purchase by Landmark of certain assets and the assumption of certain liabilities of Western Atlas International, Inc. and the write-off of related redundant assets and activities.

During the third quarter of 1996, the Company recorded special charges of $73.6 million ($50.3 million after tax), which included $41.0 million of personnel charges to terminate approximately 1,000 employees related to reorganization efforts within the Engineering and Construction Group and plans to combine various administrative support functions throughout the Company into shared services; $20.2 million of facility charges for restructuring certain Engineering and Construction Group businesses, provide for excess lease space and other items; and $12.4 million for merger transaction costs incurred in relation to the merger with Landmark.

The special charges to net income in the third quarter of 1996 were offset by tax credits during the same quarter of $43.7 million due to the recognition of net operating loss carryforwards and the settlement during the quarter of various issues with the Internal Revenue Service (IRS). The Company reached agreement with the IRS and recognized net operating loss carryforwards of $62.5 million ($22.5 million in tax benefits) from the 1989 tax year. The net operating loss carryforwards were utilized in the 1996 tax year. In addition, the Company also reached agreement with the IRS on issues related to intercompany pricing of goods and services for the tax years 1989 through 1992 and entered into an advanced pricing agreement for the tax years 1993 through 1998. As a result of these agreements with the IRS, the Company recognized tax

benefits of $16.1 million. The Company also recognized net operating loss carryforwards of $14.0 million ($5.1 million in tax benefits) in certain foreign areas due to improving profitability and restructuring of foreign operations.

Note 8. Lines of Credit, Notes Payable and Long-Term Debt

Short-term notes payable and current maturities consists of:

Millions of dollars	1998	1997
Short-term notes payable	$ 515.0	$ 50.5
Current maturities of long-term debt	58.5	7.4
Total	$ 573.5	$ 57.9

At year-end 1998, the Company had committed short-term lines of credit totaling $550.0 million available and unused, and other short-term lines of credit totaling $315.0 million. There were no borrowings outstanding under these facilities. The remaining short-term debt consists primarily of $462.9 million in commercial paper with an effective interest rate of 5.30% and $52.1 million in foreign bank loans and overdraft facilities with varying rates of interest.

Long-term debt at the end of 1998 and 1997 consists of the following:

Millions of dollars	1998	1997
6.25% notes due June 2000	$ 300.0	$ 300.0
7.6% debentures due August 2096	300.0	300.0
8.75% debentures due February 2021	200.0	200.0
8% senior notes due April 2003	138.6	149.5
Medium-term notes due 1999 through 2027	450.0	300.0
Term loans at LIBOR (GBP) plus 0.75% payable in semi-annual installments through March 2002	29.4	45.9
Other notes with varying interest rates	10.2	8.9
	1,428.2	1,304.3
Less current portion	58.5	7.4
Total long-term debt	$ 1,369.7	$ 1,296.9

The Company has issued notes under its medium-term note program as follows:

Amount	Issue Date	Due	Rate	Prices	Yield
$ 125 million	02/11/97	02/01/2027	6.75%	99.78%	6.78%
$ 50 million	05/12/97	05/12/2017	7.53%	Par	7.53%
$ 50 million	07/08/97	07/08/1999	6.27%	Par	6.27%
$ 75 million	08/05/97	08/05/2002	6.30%	Par	6.30%
$ 150 million	11/24/98	12/01/2008	5.63%	99.97%	5.63%

The Company's 8.75% debentures due February 2021 do not have sinking fund requirements and are not redeemable prior to maturity. The medium-term notes may not be redeemed at the option of the Company prior to maturity. There is no sinking fund applicable to the notes. Each holder of the 6.75% medium-term notes has the right to require the Company to repay such holder's notes, in whole or in part, on February 1, 2007. The net proceeds from the sale of the notes were used for general corporate purposes.

During March 1997, a subsidiary of the Company incurred $56.3 million of term loans in connection with the acquisition of the Royal Dockyard in Plymouth, England (the Dockyard Loans). The Dockyard Loans are denominated in

GBP and bear interest at LIBOR (GBP) plus 0.75% payable in semi-annual installments through March 2002. Pursuant to certain terms of the Dockyard Loans, a subsidiary of the Company was initially required to provide a compensating balance of $28.7 million which is restricted as to use by the subsidiary. The compensating balance amount decreases in proportion to the outstanding debt related to the Dockyard Loans and earns interest at a rate equal to that of the Dockyard Loans. At December 31, 1998, the compensating balance of $14.9 million is included in other assets in the consolidated balance sheets.

Long-term debt matures over the next five years as follows: $58.5 million in 1999; $308.3 million in 2000; $8.3 million in 2001; $85.3 million in 2002; and $138.8 million in 2003.

Note 9. Dresser Financial Information

Dresser Industries Inc. has ceased filing periodic reports with the Securities and Exchange Commission. Dresser's 8% senior notes (the Notes) remain outstanding and the Notes are fully guaranteed by the Company. See Note 8. As long as the Notes remain outstanding, summarized financial information of Dresser will be presented in periodic reports filed by the Company on Form 10-K and Form 10-Q. The Company has not presented separate financial statements and other disclosures concerning Dresser because management has determined such information is not material to holders of the Notes.

In January 1999, as part of the legal reorganization associated with the Merger, Halliburton Delaware, Inc., a first tier holding company subsidiary, was merged into Dresser Industries, Inc. As a result of this action, the majority of the operating assets and activities of the combined company in 1999 will be included within the legal structure of Dresser Industries, Inc.

Dresser Industries, Inc. Financial Position	December 31 1998	October 31 1997
Current assets	$ 2,417.2	$ 2,471.6
Noncurrent assets	2,613.7	2,627.2
Total	$ 5,030.9	$ 5,098.8
Current liabilities	$ 1,388.6	$ 1,687.4
Noncurrent liabilities	1,544.4	1,535.5
Minority interest	153.5	143.7
Shareholders' equity	1,944.4	1,732.2
Total	$ 5,030.9	$ 5,098.8

	Twelve months ended		
Dresser Industries, Inc. Operating Results	December 31 1998	October 31 1997	October 31 1996
Revenues	$ 8,135.7	$ 7,457.9	$ 6,561.5
Operating income	$ 677.1	$ 600.6	$ 485.3
Net income	$ 343.8	$ 318.0	$ 257.5

Note 10. Commitments and Contingencies

Leases. At year end 1998, the Company and its subsidiaries were obligated under noncancelable operating leases, expiring on various dates through 2021, principally for the use of land, offices, equipment, field facilities, and warehouses. Aggregate rentals charged to operations for such leases totaled $207.1 million in 1998, $202.8 million in 1997 and $177.8 million in 1996. Future aggregate rentals on noncancelable operating leases are as follows: 1999, $147.3 million; 2000, $121.0 million; 2001, $96.6 million; 2002, $83.1 million; 2003, $60.9 million; and thereafter, $150.7 million.

Asbestosis Litigation. Since 1976, Dresser and its former divisions or subsidiaries have been involved in litigation resulting from allegations that third parties had sustained injuries and damage from the inhalation of asbestos fibers contained in certain products manufactured by Dresser and its former divisions or subsidiaries or companies acquired by Dresser.

Over the last 20 years approximately 183,000 claims have been filed against Dresser and its former divisions or subsidiaries. Claims continue to be filed with 29,400 new claims filed in 1998. Dresser and its former divisions or subsidiaries have entered into agreements with insurance carriers which cover, in whole or in part, indemnity payments, legal fees and expenses for certain categories of claims. Dresser and its former divisions or subsidiaries are in negotiation with carriers over coverage for the remaining categories of claims. Because these agreements are governed by exposure dates, payment type and the product involved, the covered amount varies by individual claim. In addition, lawsuits are pending against several carriers seeking to recover additional amounts related to these claims.

Since 1976, Dresser and its former divisions and subsidiaries have settled or disposed of 120,000 claims for a gross cost of approximately $89.1 million with insurance carriers paying all but $37.0 million. Provision has been made for the estimated exposure, based on historical experience and expected recoveries from insurance carriers, related to the 63,400 claims which were open at the end of 1998 including 14,000 for which settlements are pending. Management has no reason to believe that the insurance carriers will not be able to meet their share of future obligations under the agreements.

Pursuant to an agreement entered into at the time of the spin-off, Global Industrial Technologies, Inc. ("Global" formerly INDRESCO, Inc.) assumed liability for asbestos related claims filed against Dresser after July 31, 1992 relating to refractory products manufactured or marketed by the Harbison-Walker Refractories Division of Dresser Industries, Inc. These asbestos claims are subject to certain agreements with insurance carriers that cover expense and indemnity payments. Global now disputes that it assumed responsibility for any of such asbestos claims based on negligence. Global also now asserts certain other claims relating to the insurance coverage responding to asbestos claims. In order to resolve these assertions, Global has invoked the dispute resolution provisions of the 1992 agreement, which require binding arbitration. On February 19, 1999 Dresser filed suit in the Delaware Chancery Court seeking an injunction to restrain such arbitration as being barred by the Delaware statute of limitations. The Company believes that these new assertions by Global are without merit and intends to vigorously defend itself against them.

Management recognizes the uncertainties of litigation and the possibility that a series of adverse rulings could materially impact operating results. However, based upon Dresser's historical experience with similar claims, the time elapsed since Dresser and its former divisions or subsidiaries discontinued sale of products containing asbestos, and management's understanding of the facts and circumstances that gave rise to such claims, management believes that the pending asbestos claims will be resolved without material effect on Halliburton's financial position or results of operations.

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

With respect to a site in Jasper County, Missouri (Jasper County Superfund Site), sufficient information that would enable management to quantify the Company's potential liability has not been developed and management believes the process of determining the nature and extent of remediation at this site and the total costs thereof will be lengthy. Brown & Root, Inc., now Kellogg Brown & Root, Inc. (KBR), 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 1800s through the mid 1950s in the southwestern portion of Missouri. The site contains lead and zinc mine tailings produced from mining activities. KBR is one of nine participating PRPs that have agreed to perform a Remedial Investigation/Feasibility Study (RI/FS), which, due to various delays, is not expected to be completed until late 1999. 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 KBR to perform RI/FS work at one of the subsites within the site, the Neck/Alba subsite, which only comprises 3.95 square miles. KBR's share of the cost of such a study is not expected to be material. In addition to the Superfund issues, the State of Missouri has indicated that it may pursue natural resource damage claims against the PRPs. At the present time KBR cannot determine the extent of its liability, if any, for remediation costs or natural resource damages on any reasonably practicable basis.

General Litigation. The purchasers of Dresser's former hand tool division sued Dresser for fraud in connection with the October 1983 transaction. In May 1994, the jury returned a verdict awarding the plaintiffs $4.0 million in compensatory damages and $50.0 million in punitive damages. On October 13, 1994, the Court ordered a reduction of damages from $54.0 to $12.0 million. On October 15, 1996, the Court of Appeals issued its decision reversing the trial court's decision as to compensatory and punitive damages and remanding the case for a new trial on damages. On remand, the trial court ordered that the new trial contemplated by the appellate decision be limited to compensatory damages only, despite the express statement that punitive damages were also reversed, and decided that the court would review the original punitive damages verdict after the retrial on compensatory damages.

As of October, 1998 the trial was held on compensatory damages and concluded with a jury award of $1. Following that, a hearing was held in January, at which the judge reduced the punitive damage award from $50 million to $650,000. The sum of $650,001 was paid during the first week of February 1999, and this case is now concluded.

Merger. In connection with the Merger, Dresser and its directors have been named as defendants in three lawsuits filed in late February of 1998 and early March of 1998 in the Delaware Court of Chancery. The lawsuits each purport to be a class action filed on behalf of Dresser's stockholders and allege that the consideration to be paid to Dresser's stockholders in the Merger is inadequate and does not reflect the true value of Dresser. The complaints also each allege that the directors of Dresser have breached their fiduciary duties in approving the Merger. One of the actions further alleges self-dealing on the part of the individual defendants and asserts that the directors are obliged to conduct an auction to assure that stockholders receive the maximum realizable value for their shares. All three actions seek preliminary and permanent injunctive relief as well as damages. On June 10, 1998 the court issued an order consolidating the three lawsuits which requires the plaintiffs to file an amended consolidated complaint "as soon as practicable." To date, plaintiffs have not filed an amended complaint. The Company believes that the lawsuits are without merit and intends to defend the lawsuits vigorously.

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

Note 11. Income Per Share

Millions of dollars and shares except per share data	1998	1997	1996
Net income (loss)	$ (14.7)	$ 772.4	$ 557.9
Basic weighted average shares	438.8	431.1	429.2
Effect of common stock equivalents	-	5.0	2.9
Diluted weighted average shares	438.8	436.1	432.1
Income (loss) per common share:			
Basic	$ (0.03)	$ 1.79	$ 1.30
Diluted	$ (0.03)	$ 1.77	$ 1.29

Basic income per share amounts are based on the weighted average number of common shares outstanding during the period. Diluted income per share includes additional common shares that would have been outstanding if potential common shares with a dilutive effect had been issued. Diluted earnings per share for 1998 excludes 3.3 million potential common shares which were antidilutive for earnings per share purposes. Also excluded from the computation of diluted earnings per share are options to purchase 1.4 million shares of common stock in 1998; 1.1 million shares in 1997; and 2.6 million shares in 1996. These options were outstanding during these respective years, but were excluded because the option exercise price was greater than the average market price of the common shares.

Note 12. Common Stock

On June 25, 1998, the Company's shareholders voted to increase the Company's number of authorized shares from 400.0 million to 600.0 million.

On May 20, 1997, the Company's shareholders voted to increase the Company's number of authorized shares from 200.0 million shares to 400.0 million shares. On June 9, 1997, the Company's Board of Directors approved a two-for-one stock split effected in the form of a stock dividend distributed on July 21, 1997 to shareholders of record on June 26, 1997. The par value of the Company's common stock of $2.50 per share remained unchanged. As a result of the stock split, $556.3 million was transferred from paid-in capital in excess of par value to common stock. Historical share and per share amounts presented on the supplemental consolidated statements of income and in the discussion below concerning stock options and restricted stock have been restated to reflect the stock split.

The Company's 1993 Stock and Long-Term Incentive Plan (1993 Plan) provides for the grant of any or all of the following types of awards: (1) stock options, including incentive stock options and non-qualified stock options; (2) stock appreciation rights, in tandem with stock options or freestanding; (3) restricted stock; (4) performance share awards; and (5) stock value equivalent awards. Under the terms of the 1993 Plan as amended, 27 million shares of the Company's Common Stock have been reserved for issuance to key employees. At December 31, 1998, 14.6 million shares were available for future grants under the 1993 Plan.

In connection with the acquisitions of Dresser, Landmark Graphics Corporation (Landmark) and NUMAR Corporation (NUMAR) (see Note 14), outstanding stock options under the stock option plans maintained by Dresser, Landmark and NUMAR were assumed by the Company. Stock option transactions summarized below include amounts for the 1993 Plan, the Dresser plans using the acquisition exchange rate of 1 share for each Dresser share, the Landmark plans using the acquisition exchange rate of 1.148 shares for each Landmark share, and the NUMAR plans using the acquisition exchange rate of .9664 shares for each NUMAR share. The period from December 1997 to December 1998 includes Dresser's activities from its fiscal year-end of October 1997 to December 1997 in order to conform Dresser's fiscal year-end to Halliburton's calendar year-end.

Stock Options	Number of Shares	Exercise Price per Share	Weighted Average Exercise Price per Share
Outstanding at December 31, 1995	12,289,650	$ 2.90 - 29.73	$ 18.53
Granted	4,295,409	14.48 - 29.57	27.49
Exercised	(2,722,828)	2.90 - 23.88	16.72
Forfeited	(445,660)	8.71 - 28.09	18.81
Outstanding at December 31, 1996	13,416,571	3.49 - 29.73	21.77
Options assumed in acquisition	854,050	3.10 - 22.12	12.22
Granted	2,194,972	30.69 - 61.50	46.18
Exercised	(3,684,923)	3.10 - 29.56	17.95
Forfeited	(395,833)	9.15 - 39.88	22.69
Outstanding at December 31, 1997	12,384,837	3.10 - 61.50	26.55
Granted	4,273,368	26.19 - 46.50	33.07
Exercised	(2,435,393)	3.10 - 37.88	20.84
Forfeited	(397,610)	5.40 - 54.50	33.64
Outstanding at December 31, 1998	13,825,202	$ 3.10 - 61.50	$ 29.37

Options outstanding at December 31, 1998 are composed of the following:

	Outstanding			Exercisable	
Range of Exercise Prices	Number of Shares at December 31, 1998	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number of Shares at December 31, 1998	Weighted Average Exercise Price
$ 3.10 - 14.38	354,189	3.81	$ 10.36	354,189	$ 10.36
14.48 - 18.13	1,806,304	6.12	16.68	1,660,940	16.71
18.24 - 29.19	5,519,919	7.88	25.28	2,943,534	23.11
29.56 - 61.50	6,144,790	8.30	37.87	2,885,151	35.46
$ 3.10 - 61.50	13,825,202	7.73	$ 29.37	7,843,814	$ 25.72

There were 6.9 million options exercisable with a weighted average exercise price of $21.17 at December 31, 1997, and 6.5 million options exercisable with a weighted average exercise price of $18.57 at December 31, 1996.

All stock options under the 1993 Plan, including options granted to employees of Dresser, Landmark and NUMAR since the acquisition of such companies, are granted at the fair market value of the Common Stock at the grant date. Landmark, prior to its acquisition by the Company, had provisions in its plans that allowed Landmark to set option exercise prices at a defined percentage below fair market value.

The fair value of options at the date of grant was estimated using the Black-Scholes option pricing model. The weighted average assumptions and resulting fair values of options granted are as follows:

	Assumptions				Weighted Average
	Risk-Free Interest Rate	Expected Dividend Yield	Expected Life (in years)	Expected Volatility	Fair Value of Options Granted
1998	4.3 - 5.3%	1.2 - 2.7%	5 - 6.5	20.1 - 38.0%	$ 11.63
1997	6.0 - 6.4%	1.0 - 2.7%	5 - 6.5	22.8 - 43.3%	$ 17.29
1996	5.8 - 5.9%	1.6 - 2.7%	5 - 6.5	23.1 - 39.7%	$ 9.44

Stock options generally expire ten years from the grant date. Stock options vest over a three-year period, with one-third of the shares becoming exercisable on each of the first, second and third anniversaries of the grant date.

The Company accounts for its option plans in accordance with Accounting Principles Board Opinion No. 25, under which no compensation cost has been recognized for stock option awards. Had compensation cost for the Company's stock option programs been determined consistent with Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" (SFAS 123), the Company's pro forma net income (loss) for 1998, 1997 and 1996 would have been $(42.6) million, $750.3 million and $547.1 million, respectively, resulting in diluted earnings (loss) per share of $(0.10), $1.72 and $1.27, respectively.

Restricted shares awarded under the 1993 Plan for 1998, 1997 and 1996 were 414,510; 515,650; and 363,800, respectively. The shares awarded are net of forfeitures of 136,540; 34,900; and 34,600 shares in 1998, 1997 and 1996, respectively. The weighted average fair market value per share at the date of grant of shares granted in 1998, 1997 and 1996 was $34.77, $45.29 and $28.24, respectively.

The Company's Restricted Stock Plan for Non-Employee Directors (Restricted Stock Plan) allows for each non-employee director to receive an annual award of 400 restricted shares of Common Stock as a part of compensation. The Company reserved 100,000 shares of Common Stock for issuance to non-employee directors. The Company issued 3,200; 3,200 and 3,600 restricted shares in 1998, 1997 and 1996, respectively, under this plan. At December 31, 1998, 20,400 shares have been issued to non-employee directors under this plan. The weighted average fair market value per share at the date of grant of shares granted in 1998, 1997 and 1996 was $36.31, $46.06 and $26.57, respectively.

The Company's Employees' Restricted Stock Plan was established for employees who are not officers, for which 200,000 shares of Common Stock have been reserved. At December 31, 1998, 170,300 shares (net of 26,700 shares forfeited) have been issued. Forfeitures were 1,900; 14,600 and 8,400 in 1998, 1997 and 1996, respectively, and no further grants are being made under this plan.

Under the terms of the Company's Career Executive Incentive Stock Plan, 15 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, 1998, 11.7 million shares (net of 2.2 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 not exceeding ten years. The fair market value of the stock, on the date of issuance, is being amortized and charged to income (with similar credits to paid-in capital in excess of par value) generally over the average period during which the restrictions lapse. Compensation costs recognized in income for 1998, 1997 and 1996 were $7.6 million, $7.1 million and $6.9 million, respectively. At December 31, 1998, the unamortized amount is $50.6 million.

Note 13. Series A Junior Participating Preferred Stock

The Company has previously declared a dividend of one preferred stock purchase right (a Right) on each outstanding share of Common Stock. This dividend is also applicable to each share of Halliburton Common Stock that was issued subsequent to adoption of the Rights Agreement entered into with ChaseMellon Shareholder Services, L.L.C. (the Rights Agent). Each Right entitles its holder to buy one two-hundredth of a share of the Company's Series A Junior

Participating Preferred Stock, without par value, at an exercise price of $75. These Rights are subject to certain antidilution adjustments, which have been set out in the Rights Agreement entered into with the Rights Agent. The Rights do not have any voting rights and are not entitled to dividends.

The Rights become exercisable in certain limited circumstances involving a potential business combination. After the Rights become exercisable, each Right will entitle its holder to an amount of Common Stock of the Company, or in certain circumstances, securities of the acquirer, having in the aggregate, a market value equal to two times the exercise price of the Right. The Rights are redeemable at the Company's option at any time before they become exercisable. The Rights expire on December 15, 2005. No event during 1998 made the Rights exercisable.

Note 14. Acquisitions and Dispositions

Dresser Merger. On September 29, 1998 the Company completed the acquisition of Dresser Industries, Inc. (the Merger), by converting the outstanding Dresser common stock into an aggregate of approximately 176 million shares of Common Stock of the Company. The Company has also reserved approximately 7.3 million shares of common stock for outstanding Dresser stock options and other employee and directors plans. The Merger qualified as a tax-free exchange to Dresser's shareholders for U.S. federal income tax purposes and was accounted for using the pooling of interests method of accounting for business combinations. Accordingly, the Company's financial statements have been restated to include the results of Dresser for all periods presented. Beginning in 1998, Dresser's year-end of October 31 has been conformed to Halliburton's calendar year-end. Periods through December 1997 contain Dresser's information on a fiscal year-end basis combined with Halliburton's information on a calendar year-end basis. For the two months ended December 31, 1997, Dresser had revenues of $1,110.2 million, operating income of $53.2 million, and net income of $35.8 million. Operating income for the two-month period includes a pretax special charge of $30.2 million ($12.0 million after tax and minority interest) related to Dresser's share of profit improvement initiatives at the Dresser-Rand and Ingersoll-Dresser Pump joint ventures.

Results for the two-month period have been included in retained earnings, and dividends of $33.2 million paid in December 1997 have been deducted from retained earnings in the consolidated statements of shareholders' equity at December 31, 1998 as conforming fiscal years. The change to Dresser's cumulative translation adjustment account for the period between October 31, 1997 and December 31, 1997 of $14.8 million is also included in the consolidated statements of shareholders' equity as conforming fiscal years. There were no material transactions between Halliburton and Dresser prior to the Merger.

Combined and separate companies results of Halliburton and Dresser for the periods preceding the merger are as follows:

Millions of dollars	Nine Months Ended September 30 1998	Years ended December 31 1997	1996
Revenues:			
Halliburton	$ 7,044.5	$ 8,818.6	$ 7,385.1
Dresser	6,019.5	7,457.9	6,561.5
Combined	$ 13,064.0	$ 16,276.5	$ 13,946.6
Net income (loss):			
Halliburton	$ 359.3	$ 454.4	$ 300.4
Dresser	282.3	318.0	257.5
1998 Special charge, net of tax	(722.0)	-	-
Combined	$ (80.4)	$ 772.4	$ 557.9

LWD Divestiture. In January 1999, in accordance with the consent decree Halliburton entered into with the U.S. Department of Justice on September 29, 1998, an agreement was reached with W-H Energy Services, Inc. (W-H) for the sale

of Halliburton's logging-while-drilling (LWD) and related measurement-while-drilling (MWD) business known as PathFinder and currently a part of the Energy Services Group.

Completion of the sale of the PathFinder business was approved by the Department of Justice on March 3, 1999. The Company expects to incur a loss on the sale which is expected to be completed in March 1999. Halliburton will provide separate LWD services through its Sperry Sun business unit, which was acquired as part of the merger with Dresser and is now a part of Halliburton Energy Services. In addition, Halliburton will continue to provide sonic LWD services using its existing technologies, which it will share with PathFinder.

M-I L.L.C. Drilling Divestiture. In August 1998, the Company sold its 36% interest in M-I L.L.C. (M-I) with no significant effect on net income for the year. M-I was previously a part of the Energy Services Group. See Note 5.

Acquisition of Devonport Royal Dockyard. During March 1997, the Devonport management consortium, Devonport Management Limited (DML), which is 51% owned by a subsidiary of the Company, completed the acquisition of Devonport Royal Dockyard plc, which owns and operates the Government of the United Kingdom's Royal Dockyard in Plymouth, England, for approximately $64.9 million. Concurrent with the acquisition of the Royal Dockyard, the Company's ownership interest in DML increased from about 30% to 51% and DML borrowed $56.3 million under term loans. The dockyard principally provides repair and refitting services for the British Royal Navy's fleet of submarines and surface ships. DML is a part of the Engineering and Construction Group.

Acquisition of OGC International and Kinhill. During April 1997, the Company completed its acquisition of the outstanding common stock of OGC International plc (OGC) for approximately $118.3 million. OGC is engaged in providing a variety of engineering, operations and maintenance services, primarily to the North Sea oil and gas production industry and is a part of the Energy Services Group.

During July 1997, the Company acquired all of the outstanding common stock and convertible debentures of Kinhill Holdings Limited (Kinhill) for approximately $34 million. Kinhill, headquartered in Australia, provides engineering in mining and minerals processing, petroleum and chemicals, water and wastewater, transportation and commercial and civil infrastructure. Kinhill markets its services primarily in Australia, Indonesia, Thailand, Singapore, India and the Philippines. Kinhill is a part of the Engineering and Construction Group.

In 1997, the Company recorded approximately $99.1 million excess of cost over net assets acquired primarily related to the purchase acquisitions of OGC and Kinhill.

Acquisition of NUMAR. On September 30, 1997, the Company completed its acquisition of NUMAR through the merger of a subsidiary of the Company with and into NUMAR, the conversion of the outstanding NUMAR common stock into an aggregate of approximately 8.2 million shares of common stock of the Company and the assumption by the Company of the outstanding NUMAR stock options (for the exercise of which the Company has reserved an aggregate of approximately 0.9 million shares of common stock of the Company). The merger qualified as a tax-free exchange and was accounted for using the pooling of interests method of accounting for business combinations. The Company has not restated its financial statements to include NUMAR's historical operating results because they were not material to the Company.

NUMAR's assets and liabilities on September 30, 1997 were included in the Company's accounts of the same date, resulting in an increase in net assets of $21.3 million. Headquartered in Malvern, Pennsylvania, NUMAR designs, manufactures and markets the Magnetic Resonance Imaging Logging (MRIL(R)) tool which utilizes magnetic resonance imaging technology to evaluate subsurface rock formations in newly drilled oil and gas wells. NUMAR is a part of the Energy Services Group.

SubSea Asset Sale. In June 1997, a subsidiary of the Company sold certain assets of its SubSea operations to Global Industries, Ltd. for $102.0 million and recognized a loss of $6.3 million (net of tax of $3.4 million) on the sale. SubSea is a part of the Energy Services Group.

Environmental Services Divestiture. On December 31, 1997, a subsidiary of the Company sold its environmental services business to Tetra Tech, Inc. for approximately $32 million. The sale was prompted by the Company's desire to divest non-core businesses and had no significant effect on the net income for the year. The environmental services business was previously a part of the Engineering and Construction Group.

Landmark Graphics. In October 1996, the Company completed its acquisition of Landmark through the merger of Landmark with and into a subsidiary of the Company, the conversion of the outstanding Landmark common

stock into an aggregate of approximately 20.4 million shares of common stock of the Company (after giving effect to the Company's two-for-one stock split) and the assumption by the Company of the outstanding Landmark stock options. The merger qualified as a tax-free exchange and was accounted for using the pooling of interests method of accounting for business combinations. The Company's financial statements have been restated to include the results of Landmark for all periods presented prior to the date of completion. Landmark is a part of the Energy Services Group.

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

Millions of dollars	Nine Months Ended September 30, 1996
Revenues:	
Halliburton	$ 5,251.5
Landmark	143.9
Combined	$ 5,395.4
Net income:	
Halliburton	$ 201.2
Landmark	(8.4)
Combined	$ 192.8

The Company acquired other businesses in 1998, 1997 and 1996 for $42.0 million, $3.6 million and $32.2 million, respectively. These businesses did not have a significant effect on revenues or earnings.

Note 15. Financial Instruments and Risk Management

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

The Company hedges its currency exposure through the use of currency derivative instruments. Such contracts generally have an expiration date of two years or less. Forward exchange contracts (commitments to buy or sell a specified amount of a foreign currency at a specified price and time) are generally used to hedge identifiable foreign currency commitments. Losses of $1.4 million for identifiable foreign currency commitments were deferred at December 31, 1998. Forward exchange contracts and foreign exchange option contracts (which convey the right, but not the obligation, to sell or buy a specified amount of foreign currency at a specified price) are generally used to hedge foreign currency commitments with an indeterminable maturity date. None of the forward or option contracts are exchange traded.

While hedging instruments are subject to fluctuations in value, such fluctuations are generally offset by the value of the underlying exposures being hedged. The use of some contracts may limit the Company's ability to benefit from favorable fluctuations in foreign exchange rates. The notional amounts of open forward contracts and options were $595.9 million and $697.2 million at year-end 1998 and 1997, respectively. The notional amounts of the Company's foreign exchange contracts do not generally represent amounts exchanged by the parties, and thus, are not a measure of the exposure of the Company or of the

cash requirements relating to these contracts. The amounts exchanged are calculated by reference to the notional amounts and by other terms of the derivatives, such as exchange rates. The Company actively monitors its foreign currency exposure and adjusts the amounts hedged as appropriate.

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

Credit Risk. Financial instruments that 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.

There are no significant concentrations of credit risk with any individual counterparty or groups of counterparties related to the Company's derivative contracts. Counterparties are selected by the Company based on creditworthiness, which the Company continually monitors, and on the counterparties' ability to perform their obligations under the terms of the transactions. The Company does not expect any counterparties to fail to meet their obligations under these contracts given their high credit ratings and, as such, considers the credit risk associated with its derivative contracts to be minimal.

Fair Value of Financial Instruments. The estimated fair value of long-term debt at year-end 1998 and 1997 was $1,577.6 million and $1,380.8 million, respectively, as compared to the carrying amount of $1,428.2 million at year-end 1998 and $1,304.3 million at year-end 1997. The fair value of fixed rate long-term debt is based on quoted market prices for those or similar instruments. The carrying amount of variable rate long-term debt and restricted cash (see Note 8) approximates fair value because such instruments reflect market changes to interest rates. The carrying amount of short-term financial instruments (cash and equivalents, receivables, short-term notes payable and accounts payable) as reflected in the consolidated balance sheets approximates fair value due to the short maturities of these instruments. The fair value of currency derivative instruments which generally approximates their carrying amount based upon third party quotes was $4.4 million receivable and $4.7 million payable at December 31, 1998.

Note 16. Retirement Plans

The Company and its subsidiaries have various plans which cover a significant number of their employees. These plans include defined contribution plans, which provide retirement contributions 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 $151.8 million, $213.2 million, and $156.0 million in 1998, 1997 and 1996. Other retirement plans include defined benefit plans, which define an amount of pension benefit to be provided, usually as a function of age, years of service or compensation. These plans are funded to operate on an actuarially sound basis. Plan assets are primarily invested in cash, short-term investments, real estate, equity and fixed income securities of entities domiciled in the country of the plan's operation.

Millions of dollars	1998 U.S.	1998 International	1997 U.S.	1997 International
Change in benefit obligation				
Benefit obligation at beginning of year	$ 377.6	$ 1,569.9	$ 386.6	$ 1,361.8
Service cost	5.4	57.3	8.1	44.6
Interest cost	27.3	111.2	29.1	102.7
Plan participants' contributions	-	14.0	-	12.7
Effect of business combinations	-	20.7	-	-
Amendments	13.6	-	(16.6)	-
Settlements/curtailments	(2.3)	(9.2)	-	(1.9)
Currency fluctuations	-	(1.7)	-	(1.6)
Actuarial gain/(loss)	37.8	(5.2)	1.9	88.0
Benefits paid	(29.1)	(41.2)	(31.5)	(36.4)
Benefit obligation at end of year	$ 430.3	$ 1,715.8	$ 377.6	$ 1,569.9
Change in plan assets				
Fair value of plan assets at beginning of year	$ 421.4	$ 1,775.4	$ 351.0	$ 1,617.6
Actual return on plan assets	38.8	28.4	81.8	158.6
Employer contribution	17.4	25.2	20.1	25.5
Settlements	(3.0)	-	-	(1.9)
Plan participants' contributions	-	14.0	-	12.7
Effect of business combinations	-	20.7	-	-
Currency fluctuations	-	(5.1)	-	(0.7)
Benefits paid	(29.1)	(41.2)	(31.5)	(36.4)
Fair value of plan assets at end of year	$ 445.5	$ 1,817.4	$ 421.4	$ 1,775.4
Funded status	$ 15.2	$ 101.6	$ 43.8	$ 205.5
Unrecognized transition obligation	3.0	(8.1)	0.9	(10.2)
Unrecognized actuarial (gain)/loss	5.1	(59.2)	(34.9)	(162.7)
Unrecognized prior service cost	1.1	1.5	(17.0)	4.1
Net amount recognized	$ 24.4	$ 35.8	$ (7.2)	$ 36.7

The Company recognized an additional minimum pension liability for underfunded defined benefit plans. The additional minimum liability is equal to the excess of the accumulated benefit obligation over plan assets and accrued liabilities. A corresponding amount is recognized as either an intangible asset or a reduction of shareholders' equity.

Millions of dollars	1998 U.S.	1998 International	1997 U.S.	1997 International
Amounts recognized in the consolidated balance sheets consist of:				
Prepaid benefit cost	$ 30.9	$ 67.4	$ 21.2	$ 73.7
Accrued benefit liability	(33.7)	(33.1)	(38.2)	(38.3)
Intangible asset	17.0	0.4	4.4	0.7
Deferred tax asset	3.7	0.2	1.9	0.2
Accumulated other comprehensive income	6.5	0.9	3.5	0.4
Net amount recognized	$ 24.4	$ 35.8	$ (7.2)	$ 36.7

Assumed long-term rates of return on plan assets, discount rates for estimating benefit obligations and rates of compensation increases vary for the different plans according to the local economic conditions. The rates used are as follows:

Weighted-average assumptions as of December 31	1998	1997	1996
Expected return on plan assets:			
United States plans	8.5% to 9.0%	8.5% to 9.0%	8.0% to 9.0%
International plans	7.0% to 11.0%	7.0% to 13.5%	7.0% to 13.5%
Discount rate:			
United States plans	7.25% to 8.0%	7.25% to 8.0%	7.0% to 8.0%
International plans	2.0% to 12.5%	7.0% to 12.5%	7.0% to 12.5%
Rate of compensation increase:			
United States plans	4.5% to 5.0%	4.0% to 5.5%	4.0% to 5.5%
International plans	2.0% to 11.0%	4.0% to 11.0%	4.0% to 11.0%

	1998		1997	
Millions of dollars	U.S.	International	U.S.	International
Components of net periodic benefit cost				
Service cost	$ 5.4	$ 57.3	$ 8.1	$ 44.6
Interest cost	27.3	111.2	29.1	102.7
Expected return on plan assets	(30.0)	(123.0)	(31.4)	(127.6)
Transition amount	0.6	(1.9)	(0.7)	(1.8)
Amortization of prior service cost	(4.0)	(7.1)	(1.1)	(7.1)
Settlements/curtailments loss/(gain)	(3.9)	(2.1)	0.4	-
Recognized actuarial (gain)/loss	0.2	0.1	(0.5)	(1.8)
Net periodic benefit cost	$ (4.4)	$ 34.5	$ 3.9	$ 9.0

In 1996 the pension plans had net service cost of $31.3 million; net interest cost of $73.5 million; net actual return on plan assets of ($109.8 million); and net amortization and deferral of $10.0 million, resulting in net periodic pension cost of $5 million.

The projected benefit obligation, accumulated benefit obligation, and fair value of plan assets for the pension plans with accumulated benefit obligations in excess of plan assets were $201 million, $193 million, and $123 million, respectively, as of December 31, 1998, and $103 million, $97 million, and $51 million, respectively, as of December 31, 1997.

Postretirement Medical Plan. The Company offers postretirement medical plans to certain eligible employees. In some plans the Company's liability is limited to a fixed contribution amount for each participant or dependent. The plan participants share the total cost for all benefits provided above the fixed Company contribution and participants' contributions are adjusted as required to cover benefit payments. The Company has made no commitment to adjust the amount of its contributions; therefore, the computed accumulated postretirement benefit obligation amount is not affected by the expected future healthcare cost inflation rate.

Other postretirement medical plans are contributory but the Company generally absorbs the majority of the costs. In these plans the Company may elect to adjust the amount of its contributions. As a result the computed accumulated postretirement benefit obligation amount is affected by the expected future healthcare cost inflation rate. These plans have assumed healthcare trend rates (weighted based on the current year benefit obligation) for 1998 of 7% which are expected to decline to 5% by 2002.

During 1997, the Company adopted amendments to eliminate certain postretirement medical benefit programs. These amendments resulted in a curtailment gain of $11.2 million.

Millions of dollars	1998	1997
Change in benefit obligation		
Benefit obligation at beginning of year	$ 373.0	$ 394.6
Service cost	3.9	4.5
Interest cost	28.4	29.3
Plan participants' contributions	12.0	13.8
Amendments	(4.4)	3.0
Settlements/curtailments	(6.3)	-
Actuarial gain/(loss)	36.8	(30.1)
Benefits paid	(40.3)	(42.1)
Benefit obligation at end of year	$ 403.1	$ 373.0
Change in plan assets		
Fair value of plan assets at beginning of year	$ -	$ -
Employer contribution	28.3	28.3
Plan participants' contributions	12.0	13.8
Benefits paid	(40.3)	(42.1)
Fair value of plan assets at end of year	$ -	$ -
Funded status	$ (403.1)	$ (373.0)
Unrecognized actuarial (gain)/loss	(66.0)	(98.7)
Unrecognized prior service cost	(5.4)	(6.3)
Unamortized gains from plan amendments	(140.2)	(155.5)
Net amount recognized	$ (614.7)	$ (633.5)

Millions of dollars	1998	1997
Amounts recognized in the consolidated balance sheets consist of:		
Accrued benefit liability	$ (614.7)	$ (633.5)
Net amount recognized	$ (614.7)	$ (633.5)

Weighted-average assumptions as of December 31	1998	1997
Discount rate	7.0% to 8.0%	7.25% to 8.0%
Expected return on plan assets	N/A	N/A
Rate of compensation increase	5.0%	5.0%

Millions of dollars	1998	1997
Components of net periodic benefit cost		
Service cost	$ 3.9	$ 4.5
Interest cost	28.4	29.3
Amortization of prior service cost	(10.3)	(10.2)
Settlements/curtailments loss/(gain)	-	(11.2)
Recognized actuarial (gain)/loss	(7.8)	(8.8)
Net periodic benefit cost	$ 14.2	$ 3.6

In 1996 the postretirement medical plans had net service cost of $4.7 million; net interest cost of $30.9 million; and net amortization and deferral of ($20.4 million), resulting in net periodic postretirement medical cost of $15.2 million.

Assumed healthcare cost trend rates have a significant effect on the amounts reported for the total of the healthcare plans. A one-percentage-point change in assumed healthcare cost trend rates would have the following effects:

Millions of dollars	1-Percentage-Point Increase	1-Percentage-Point Decrease
Effect on total of service and interest cost components	$ 2.7	$ (2.5)
Effect on the postretirement benefit obligation	28.5	(26.9)

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

	Years ended December 31			
	1998	1997	1996	1995
Operating results				
Net revenues				
Energy Services Group	$ 9,009.5	$ 8,504.7	$ 6,515.4	$ 5,307.7
Engineering and Construction Group	5,494.8	4,992.8	4,720.7	3,736.5
Dresser Equipment Group	2,848.8	2,779.0	2,710.5	2,467.4
Total revenues	$ 17,353.1	$ 16,276.5	$ 13,946.6	$ 11,511.6
Operating income				
Energy Services Group	$ 971.0	$ 1,019.4	$ 698.0	$ 544.5
Engineering and Construction Group	237.2	219.0	134.0	96.6
Dresser Equipment Group	247.8	248.3	229.3	200.7
Special charges and credits (b)	(980.1)	(16.2)	(85.8)	(8.4)
General corporate	(79.4)	(71.8)	(72.3)	(70.8)
Total operating income (b)	396.5	1,398.7	903.2	762.6
Nonoperating income (expense), net	(117.7)	(85.6)	(72.2)	(32.6)
Income from continuing operations before income taxes and minority interest	278.8	1,313.1	831.0	730.0
Provision for income taxes (d)	(244.4)	(491.4)	(248.4)	(247.0)
Minority interest in net income of consolidated subsidiaries	(49.1)	(49.3)	(24.7)	(20.7)
Income (loss) from continuing operations	$ (14.7)	$ 772.4	$ 557.9	$ 462.3
Basic income (loss) per common share				
Continuing operations	$ (0.03)	$ 1.79	$ 1.30	$ 1.07
Net income (loss)	(0.03)	1.79	1.30	0.88
Diluted income (loss) per share				
Continuing operations	(0.03)	1.77	1.29	1.07
Net income (loss)	(0.03)	1.77	1.29	0.88
Cash dividends per share (e), (f)	0.50	0.50	0.50	0.50
Return on average shareholders' equity	(0.35%)	19.17%	15.25%	10.43%
Financial position				
Net working capital	$ 2,079.4	$ 1,982.9	$ 1,501.0	$ 1,476.7
Total assets	11,112.0	10,701.8	9,586.8	8,569.4
Property, plant and equipment, net	2,921.6	2,766.4	2,554.0	2,285.0
Long-term debt (including current maturities)	1,428.2	1,304.3	958.0	666.8
Shareholders' equity	4,061.2	4,316.9	3,741.4	3,577.0
Total capitalization	6,004.4	5,671.7	4,830.1	4,377.9
Shareholders' equity per share (e)	9.23	9.86	8.78	8.29
Average common shares outstanding (basic) (e)	438.8	431.1	429.2	431.1
Average common shares outstanding (diluted) (e)	438.8	436.1	432.1	432.3
Other financial data				
Cash flows from operating activities	$ 454.1	$ 833.1	$ 864.2	$ 1,094.6
Capital expenditures	914.3	880.1	731.1	591.5
Long-term borrowings (repayments), net	123.3	285.5	287.4	(482.2)
Depreciation and amortization expense	587.0	564.3	497.7	466.4
Payroll and employee benefits	5,880.1	5,478.9	4,674.3	4,188.0
Number of employees (g)	107,800	102,000	93,000	89,800

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

	Years ended December 31				
	1994	1993	1992	1991	1990
Operating results					
Net revenues					
Energy Services Group	$ 4,977.5	$ 5,470.5	$ 5,038.6	$ 5,155.5	$ 4,894.5
Engineering and Construction Group	3,562.3	3,674.9	4,409.6	4,721.2	4,596.8
Dresser Equipment Group	2,452.0	2,281.6	1,660.1	1,760.3	1,622.4
Total revenues	$ 10,991.8	$ 11,427.0	$ 11,108.3	$ 11,637.0	$ 11,113.7
Operating income					
Energy Services Group	$ 405.8	$ 413.8	$ 303.3	$ 377.8	$ 473.0
Engineering and Construction Group	71.0	76.0	32.2	47.9	50.9
Dresser Equipment Group	198.1	208.4	168.5	163.7	155.1
Special charges and credits (b)	(24.6)	(426.9)	(342.9)	(144.7)	-
General corporate	(56.2)	(63.5)	(58.3)	(56.2)	(48.9)
Total operating income (b)	594.1	207.8	102.8	388.5	630.1
Nonoperating income (expense), net (c)	323.1	(63.5)	(60.7)	(20.5)	11.9
Income from continuing operations before income taxes and minority interest	917.2	144.3	42.1	368.0	642.0
Provision for income taxes	(346.9)	(95.8)	(78.3)	(182.5)	(269.4)
Minority interest in net income of consolidated subsidiaries	(33.1)	(42.8)	(8.6)	(18.5)	(16.6)
Income (loss) from continuing operations	$ 537.2	$ 5.7	$ (44.8)	$ 167.0	$ 356.0
Basic income (loss) per common share					
Continuing operations	$ 1.25	$ 0.01	$ (0.11)	$ 0.41	$ 0.89
Net income (loss)	1.26	(0.04)	(1.18)	0.45	1.11
Diluted income (loss) per share					
Continuing operations	1.24	0.01	(0.11)	0.41	0.89
Net income (loss)	1.26	(0.04)	(1.18)	0.45	1.11
Cash dividends per share (e), (f)	0.50	0.50	0.50	0.50	0.50
Return on average shareholders' equity	15.47%	(0.45%)	(12.75%)	4.15%	10.29%
Financial position					
Net working capital	$ 2,196.7	$ 1,562.9	$ 1,423.0	$ 1,775.1	$ 1,905.5
Total assets	8,521.0	8,764.2	8,087.2	8,265.5	7,813.0
Property, plant and equipment, net	2,047.0	2,154.7	2,128.2	1,891.7	1,766.9
Long-term debt (including current maturities)	1,119.8	1,130.9	873.3	928.1	611.7
Shareholders' equity	3,722.5	3,295.7	3,276.6	4,314.8	4,426.0
Total capitalization	4,905.9	4,748.1	4,179.5	5,266.8	5,063.2
Shareholders' equity per share (e), (f)	8.63	7.70	7.99	10.61	11.03
Average common shares outstanding (basic) (e)	430.6	421.9	408.4	405.4	397.8
Average common shares outstanding (diluted) (e)	431.5	422.2	408.7	405.7	398.1
Other financial data					
Cash flows from operating activities	$ 793.1	$ 468.0	$ 624.9	$ 595.2	$ 437.7
Capital expenditures	432.1	463.5	457.5	633.6	494.6
Long-term borrowings (repayments), net	(120.8)	192.4	(187.4)	459.5	83.1
Depreciation and amortization expense	487.6	671.6	516.1	440.7	375.5
Payroll and employee benefits	4,222.3	4,428.9	4,590.3	4,660.8	4,415.4
Number of employees (g)	86,500	90,500	96,400	104,500	109,700

(a) Prior year information presented has been restated for the Merger. Beginning in 1998, Dresser's year-end of October 31 has been conformed to Halliburton's calendar year-end. Periods through December 1997 contain Dresser's information on a fiscal year-end basis combined with Halliburton's information on a calendar year-end basis.

(b) Operating income includes the following special charges and credits:

1998 - $980.1 million: asset related charges ($509.4 million), personnel reductions ($234.7 million), facility consolidations ($126.2 million), merger transaction costs ($64.0 million), and other related costs ($45.8 million).

1997 - $16.2 million: acquisition costs ($8.6 million), restructuring of joint ventures ($18.0 million), write-downs on impaired assets and early retirement incentives ($21.6 million), losses from the sale of assets ($9.7 million), and gain on extension of joint venture ($41.7 million).

1996 - $85.8 million: merger costs ($12.4 million), restructuring, merger and severance costs ($62.1 million), and write-off of acquired in-process research and development costs ($11.3 million).

1995 - $8.4 million: restructuring costs ($4.7 million) and write-off of acquired in-process research and development costs ($3.7 million).

1994 - $24.6 million: merger costs ($27.3 million), restructuring costs ($6.2 million), litigation ($9.5 million), and litigation and insurance recoveries ($18.4 million).

1993 - $426.9 million: loss on sale of business ($321.8 million), merger costs ($31.0 million), restructuring ($13.2 million), litigation ($65.0 million), and gain on curtailment of medical plan ($4.1 million).

1992 - $342.9 million: merger costs ($272.9 million) and restructuring and severance ($70.0 million).

1991 - $144.7 million: restructuring ($123.4 million) and loss on sale of business ($21.3 million).

(c) Nonoperating income in 1994 includes a gain of $275.7 million from the sale of an interest in Western Atlas International, Inc. and a gain of $102.0 million from the sale of the Company's natural gas compression business.

(d) Provision for income taxes in 1996 includes tax benefits of $43.7 million due to the recognition of net operating loss carryforwards and the settlement of various issues with the Internal Revenue Service.

(e) Weighted average shares, cash dividends paid per share and shareholders' equity per share have been restated to reflect the two-for-one common stock split declared on June 9, 1997, and effected in the form of a stock dividend paid on July 21, 1997.

(f) Represents Halliburton Company amounts prior to the merger with Dresser.

(g) Does not include employees of 50% or less owned affiliated companies.

HALLIBURTON COMPANY
Quarterly Data and Market Price Information
(Unaudited)
(Millions of dollars except per share data)

	Quarter				
	First	Second	Third	Fourth	Year
1998 (1)					
Revenues	$ 4,254.8	$ 4,585.2	$ 4,224.0	$ 4,289.1	$ 17,353.1
Operating income (loss)	361.1	436.1	(577.5)	176.8	396.5
Net income (loss) (7), (8)	203.4	243.2	(527.0)	65.7	(14.7)
Earnings per share:					
Basic net income (loss) per share (7), (8)	0.46	0.55	(1.20)	0.15	(0.03)
Diluted net income (loss) per share (7), (8)	0.46	0.55	(1.20)	0.15	(0.03)
Cash dividends paid per share (3)	0.125	0.125	0.125	0.125	0.50
Common stock prices (3), (4)					
High	52.44	56.63	45.00	38.56	56.63
Low	42.38	42.06	26.25	26.19	26.19
1997 (1)					
Revenues	$ 3,602.0	$ 4,002.4	$ 4,177.0	$ 4,495.1	$ 16,276.5
Operating income (5), (6)	242.5	321.6	372.2	462.4	1,398.7
Net income (5), (6)	135.1	176.7	202.6	258.0	772.4
Earnings per share: (2)					
Basic net income per share (5), (6)	0.32	0.41	0.47	0.59	1.79
Diluted net income per share (5), (6)	0.31	0.41	0.47	0.58	1.77
Cash dividends paid per share (3)	0.125	0.125	0.125	0.125	0.50
Common stock prices (2), (3), (4)					
High	36.69	41.00	52.88	62.69	62.69
Low	30.00	32.06	42.00	47.25	30.00

(1) Amounts for revenues, operating income, net income, and earnings per share have been restated to reflect the merger with Dresser which was accounted for using the pooling of interests method of accounting for business combinations.
(2) Amounts presented reflect the two-for-one common stock split declared on June 9, 1997, and effected in the form of a stock dividend paid on July 21, 1997.
(3) Represents Halliburton Company amounts prior to the merger with Dresser.
(4) New York Stock Exchange - composite transactions high and low closing stock price.
(5) Includes pretax special charge $18.3 million ($14.9 million after tax or $0.03 per diluted share) in the third quarter of 1997.
(6) Includes pretax special charge net gain of $2.1 million ($5.6 million after tax and minority interest or $0.01 per diluted share) in the fourth quarter of 1997.
(7) Includes pretax special charge of $945.1 million ($722.0 million after tax or $1.64 per diluted share) in the third quarter of 1998.
(8) Includes pretax special charge of $35.0 million ($24.0 million after tax or $0.05 per diluted share) million in the fourth quarter of 1998.

PART III

Item 10. Directors and Executive Officers of Registrant.

The information required for the directors of the Registrant is incorporated by reference to the Halliburton Company Proxy Statement dated March 25, 1999, under the caption "Election of Directors." The information required for the executive officers of the Registrant is included under Part I on pages 5 and 6 of this Annual Report.

Item 11. Executive Compensation.

This information is incorporated by reference to the Halliburton Company Proxy Statement dated March 25, 1999, under the captions "Compensation Committee Report on Executive Compensation," "Comparison of Five-Year Cumulative Total Return," "Summary Compensation Table," "Option Grants in Last Fiscal Year," "Aggregated Option Exercises in Last Fiscal Year and Fiscal Year-End Option Values," "Retirement Plans," "Employment Contracts and Termination of Employment and Change-in-Control Arrangements" and "Directors' Compensation, Restricted Stock Plan and Retirement Plan."

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

This information is incorporated by reference to the Halliburton Company Proxy Statement dated March 25, 1999, under the caption "Stock Ownership of Certain Beneficial Owners and Management."

Item 12(b). Security Ownership of Management.

This information is incorporated by reference to the Halliburton Company Proxy Statement dated March 25, 1999, 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 25, 1999, under the caption "Certain Relationships and Related 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 19 through 51 of this Annual Report. See index on page 8.

2. Financial Statement Schedules: Page No.

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
3.1	Restated Certificate of Incorporation of the Company filed with the Secretary of State of Delaware on July 23, 1998 (incorporated by reference to Exhibit 3(a) to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1998).
3.2	By-laws of the Company, as amended and restated effective September 29, 1998 (incorporated by reference to Exhibit 3 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 1998).
4.1	Subordinated Indenture dated as of January 2, 1991 between Halliburton Company, now known as Halliburton Energy Services, Inc. (the "Predecessor") and Texas Commerce Bank National Association, as trustee (incorporated by reference to Exhibit 4(c) to the Predecessor's Registration Statement on Form S-3 (File No. 33-38394) originally filed with the Securities and Exchange Commission on December 21, 1990), as supplemented and amended by the First Supplemental Indenture dated as of December 12, 1996 among the Predecessor, the Company and the Trustee (incorporated by reference to Exhibit 4.3 of the Company's Registration Statement on Form 8-B dated December 12, 1996, File No. 1-03492).
4.2	Form of debt security of 8.75% Debentures due February 12, 2021 (incorporated by reference to Exhibit 4(a) to the Predecessor's Form 8-K dated as of February 20, 1991).
4.3	Senior Indenture dated as of January 2, 1991 between the Predecessor and Texas Commerce Bank National Association, as trustee (incorporated by reference to Exhibit 4(b) to the Predecessor's Registration Statement on Form S-3 (File No. 33-38394) originally filed with the Securities and Exchange Commission on December 21, 1990), as supplemented

		and amended by the First Supplemental Indenture dated as of December 12, 1996 among the Predecessor, the Company and the Trustee (incorporated by reference to Exhibit 4.1 of the Company's Registration Statement on Form 8-B dated December 12, 1996, File No. 1-03492).
	4.4	Resolutions of the Predecessor's Board of Directors adopted at a meeting held on February 11, 1991 and of the special pricing committee of the Board of Directors of the predecessor adopted at a meeting held on February 11, 1991 and the special pricing committee's consent in lieu of meeting dated February 12, 1991 (incorporated by reference to Exhibit 4(c) to the Predecessor's Form 8-K dated as of February 20, 1991).
	4.5	Form of debt security of 6.75% Notes due February 1, 2027 (incorporated by reference to Exhibit 4.1 to the Company's Form 8-K dated as of February 11, 1997).
	4.6	Second Senior Indenture dated as of December 1, 1996 between the Predecessor and Texas Commerce Bank National Association, as trustee, as supplemented and amended by the First Supplemental Indenture dated as of December 5, 1996 between the Predecessor and the trustee and the Second Supplemental Indenture dated as of December 12, 1996 among the Predecessor, the Company and the Trustee (incorporated by reference to Exhibit 4.2 of the Company's Registration Statement on Form 8-B dated December 12, 1996, File No. 1-03492).
*	4.7	Third Supplemental Indenture dated as of August 1, 1997 between the Company and Texas Commerce Bank National Association, as Trustee, to the Second Senior Indenture dated as of December 1, 1996.
*	4.8	Fourth Supplemental Indenture dated as of September 29, 1998 between the Company and Chase Bank of Texas, National Association (formerly Texas Commerce Bank National Association), as Trustee, to the Second Senior Indenture dated as of December 1, 1996.
	4.9	Resolutions of the Company's Board of Directors adopted by unanimous consent dated December 5, 1996 (incorporated by reference to Exhibit 4(g) of the Company's Annual Report on Form 10-K for the year ended December 31, 1996).
*	4.10	Resolutions of the Company's Board of Directors adopted at a special meeting held on September 28, 1998.
	4.11	Restated Rights Agreement dated as of December 1, 1996 between the Company and ChaseMellon Shareholder Services, L.L.C. (incorporated by reference to Exhibit 4.4 of the Company's Registration Statement on Form 8-B dated December 12, 1996, File No. 1-03492).
	4.12	Copies of instruments that define the rights of holders of miscellaneous long-term notes of the Company and its subsidiaries, totaling $39.6 million in the aggregate at December 31, 1998, have not been filed with the Commission. The Company agrees herewith to furnish copies of such instruments upon request.
	4.13	Form of debt security of 7.53% Notes due May 12, 2017 (incorporated by reference to Exhibit 4.4 to the Company's Form 10-Q for the quarterly period ended March 31, 1997).

	4.14	Form of debt security of 6.27% Notes due July 8, 1999 (incorporated by reference to Exhibit 4.1 to the Company's Form 8-K dated as of July 8, 1997).
	4.15	Form of debt security of 6.30% Notes due August 5, 2002 (incorporated by reference to Exhibit 4.1 to the Company's Form 8-K dated as of August 5, 1997).
	4.16	Form of debt security of 5.63% Notes due December 1, 2008 (incorporated by reference to Exhibit 4.1 to the Company's Form 8-K dated as of November 24, 1998).
	4.17	Form of Indenture, between Dresser Industries, Inc. ("Dresser") and NationsBank of Texas, N.A., as Trustee, for unsecured debentures, notes and other evidences of indebtedness (incorporated by reference to Exhibit 4.1 to Dresser's Registration Statement on Form S-3, Registration No. 33-59562).
	4.18	Form of Indenture, between Baroid Corporation and Texas Commerce Bank National Association, as trustee, for 8% Senior Notes due 2003 (incorporated by reference to Exhibit 4.01 to the Registration Statement on Form S-3, Registration No. 33-60174), as supplemented and amended by Form of Supplemental Indenture, between Dresser, Baroid Corporation and Texas Commerce Bank N.A. as Trustee, for 8% Guaranteed Senior Notes due 2003 (incorporated by reference to Exhibit 4.3 to Registration Statement on Form S-4 filed by Baroid Corporation, Registration No. 33-53077).
*	4.19	Second Supplemental Indenture dated October 30, 1997 between Dresser and Texas Commerce Bank National Association, as Trustee, for 8% Senior Notes due 2003.
*	4.20	Third Supplemental Indenture dated September 29, 1998 between Dresser, the Company, as Guarantor, and Chase Bank of Texas, National Association, as Trustee, for 8% Senior Notes due 2003.
	4.21	Form of Indenture, between Dresser and Texas Commerce Bank National Association, as Trustee, for 7.60% Debentures due 2096 (incorporated by reference to Exhibit 4 to the Registration Statement on Form S-3 as amended, Registration No. 333-01303), as supplemented and amended by Form of Supplemental Indenture, between Dresser and Texas Commerce Bank National Association, Trustee, for 7.60% Debentures due 2096 (incorporated by reference to Exhibit 4.1 to Dresser's Form 8-K filed on August 9, 1996).
	10.1	Halliburton Company Career Executive Incentive Stock Plan as amended November 15, 1990 (incorporated by reference to Exhibit 10(a) to the Predecessor's Annual Report on Form 10-K for the year ended December 31, 1992).
	10.2	Retirement Plan for the Directors of Halliburton Company adopted and effective January 1, 1990 (incorporated by reference to Exhibit 10(c) to the Predecessor's Annual Report on Form 10-K for the year ended December 31, 1992).
	10.3	Halliburton Company Directors' Deferred Compensation Plan as amended and restated effective May 1, 1994 (incorporated by reference to Exhibit 10(c) to the Company's Annual Report on Form 10-K for the year ended December 31, 1996).
*	10.4	Halliburton Company 1993 Stock and Long-Term Incentive Plan, as amended and restated February 19, 1998.

	10.5	Halliburton Company Restricted Stock Plan for Non-Employee Directors (incorporated by reference to Appendix B of the Predecessor's proxy statement dated March 23, 1993).
	10.6	Halliburton Elective Deferral Plan, as amended and restated effective January 1, 1998 (incorporated by reference to Exhibit 10(a) to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1998).
	10.7	Employment agreement (incorporated by reference to Exhibit 10 to the Predecessor's Form 10-Q for the quarterly period ended September 30, 1995).
*	10.8	Halliburton Company Senior Executives' Deferred Compensation Plan, as amended and restated effective January 1, 1999.
	10.9	Halliburton Company Annual Performance Pay Plan, as amended and restated effective January 1, 1997 (incorporated by reference to Exhibit 10(k) to the Company's Annual Report on Form 10-K for the year ended December 31, 1996).
	10.10	Employment agreement (incorporated by reference to Exhibit 10(n) to the Predecessor's Form 10-K for the year ended December 31, 1995).
	10.11	Halliburton Company 1993 Stock and Long-Term Incentive Plan, as amended and restated February 19, 1998 (incorporated by reference to Exhibit 10(n) to the Company's Annual Report on Form 10-K for the year ended December 31, 1997).
	10.12	Agreement and Plan of Merger, dated as of February 25, 1998, by and among the Company, Halliburton N.C., Inc. and Dresser (incorporated by reference to Exhibit C to the Company's Schedule 13D filed on March 9, 1998).
	10.13	Stock Option Agreement, dated as of February 25, 1998, by and between the Company and Dresser (incorporated by reference to Exhibit B to the Company's Schedule 13D filed on March 9, 1998).
	10.14	Employment agreement and amendment thereto (incorporated by reference to Exhibit 10(a) to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 1998).
	10.15	Employment agreement and amendment thereto (incorporated by reference to Exhibit 10(b) to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 1998).
*	10.16	Employment agreement.
*	10.17	Employment agreement.
*	10.18	Employment agreement.
*	10.19	Employment agreement.
*	10.20	Early retirement agreement.

*	10.21	Early retirement agreement.
	10.22	Dresser Industries, Inc. Deferred Compensation Plan (incorporated by reference to Exhibit A to Dresser's Proxy Statement dated February 11, 1966, filed pursuant to Regulation 14A, File No. 1-4003).
	10.23	Dresser Industries, Inc. 1982 Stock Option Plan (incorporated by reference to Exhibit A to Dresser's Proxy Statement dated February 12, 1982, filed pursuant to Regulation 14A, File No. 1-4003).
	10.24	ERISA Excess Benefit Plan for Dresser Industries, Inc. as amended and restated effective June 1, 1995 (incorporated by reference to Exhibit 10.7 to Dresser's Form 10-K for the year ended October 31, 1995).
	10.25	ERISA Compensation Limit Benefit Plan for Dresser Industries, Inc., as amended and restated effective June 1, 1995 (incorporated by reference to Exhibit 10.8 to Dresser's Form 10-K for the year ended October 31, 1995).
	10.26	Supplemental Executive Retirement Plan of Dresser Industries, Inc., as amended and restated effective January 1, 1998 (incorporated by reference to Exhibit 10.9 to Dresser's Form 10-K for the period ended October 31, 1997).
	10.27	Stock Based Compensation Arrangement of Non-Employee Directors (incorporated by reference to Exhibit 4.4 to Dresser's Registration Statement on Form S-8, Registration No. 333-40829).
	10.28	Dresser Industries, Inc. Deferred Compensation Plan for Non-employee Directors, as restated and amended effective November 1, 1997 (incorporated by reference to Exhibit 4.5 to Dresser's Registration Statement on Form S-8, Registration No. 333-40829).
	10.29	Dresser Industries, Inc. 1989 Restricted Incentive Stock Plan (incorporated by reference to Exhibit A to Dresser's Proxy Statement dated February 10, 1989, filed pursuant to Regulation 14A, File No. 1-4003).
	10.30	Long-Term Performance Plan for Selected Employees of The M. W. Kellogg Company (incorporated by reference to Exhibit 10(r) to Dresser's Form 10-K for the year ended October 31, 1991).
	10.31	Dresser Industries, Inc. 1992 Stock Compensation Plan (incorporated by reference to Exhibit A to Dresser's Proxy Statement dated February 7, 1992, filed pursuant to Regulation 14A, File No. 1-4003).
	10.32	Amendments No. 1 and 2 to Dresser Industries, Inc. 1992 Stock Compensation Plan (incorporated by reference to Exhibit A to Dresser's Proxy Statement dated February 6, 1995, filed pursuant to Regulation 14A, File No. 1-4003).
	10.33	Dresser Industries, Inc. 1995 Executive Incentive Compensation Plan (incorporated by reference to Exhibit B to Dresser's Proxy Statement dated February 6, 1995, filed pursuant to Regulation 14A, File No. 1-4003).

	10.34	Special 1997 Restricted Incentive Stock Grant (incorporated by reference to Exhibit 10.26 to Dresser's Form 10-K for the year ended October 31, 1996).
	10.35	Form of Executive Life Insurance Agreement (individual as beneficiary) (incorporated by reference to Exhibit 10.22 to Dresser's Form 10-K for the period ended October 31, 1997).
	10.36	Form of Executive Life Insurance Agreement (trust as beneficiary) (incorporated by reference to Exhibit 10.23 to Dresser's Form 10-K for the period ended October 31, 1997).
	10.37	Amendment No. 3 to the Dresser Industries, Inc. 1992 Stock compensation Plan (incorporated by reference to Exhibit 10.25 to Dresser's Form 10-K for the period ended October 31, 1997).
	10.38	The Dresser Industries, Inc. 1998 Executive Incentive Compensation Plan (incorporated by reference to Exhibit B to Dresser's Proxy Statement dated February 10, 1998, filed pursuant to Regulation 14A, File No. 1-4003).
	10.39	Form of Waiver of Rights Under the Dresser Industries, Inc. Long-Term Incentive and Retention Plan (incorporated by reference to Exhibit 10.5 to Dresser's Form 10-Q for the period ended January 31, 1998).
	10.40	Amendment No. 1 to the Supplemental Executive Retirement Plan of Dresser Industries, Inc. (incorporated by reference to Exhibit 10.1 to Dresser's Form 10-Q for the period ended April 30, 1998).
*	21	Subsidiaries of the Registrant.
*	23.1	Consent of Arthur Andersen LLP.
*	23.2	Consent of PricewaterhouseCoopers LLP.
	24.1	Powers of attorney for the following directors signed in February, 1997 (incorporated by reference to Exhibit 24 to the Company's Annual Report on Form 10-K for the year ended December 31, 1996): Anne L. Armstrong Richard B. Cheney Lord Clitheroe Robert L. Crandall W. R. Howell Delano E. Lewis C. J. Silas Richard J. Stegemeier
	24.2	Power of attorney signed in December 1997 for Charles J. DiBona (incorporated by reference to Exhibit 24(b) to the Company's Annual Report on Form 10-K for the year ended December 31, 1997).

*	24.3	Powers of attorney for the following directors signed in October, 1998: William E. Bradford Lawrence S. Eagleburger Ray L. Hunt J. Landis Martin Jay A. Precourt
*	27	Financial data schedule for the Registrant (filed electronically).
*	99.1	Report of independent accountants, PriceWaterhouseCoopers LLP.

* Filed with this Form 10-K

(b) Reports on Form 8-K:

During the fourth quarter of 1998:

A Current Report on Form 8-K dated September 29, 1998, was filed reporting on Item 5. Other Events, regarding a press release dated September 29, 1998 announcing the completion of the Merger between the Company and Dresser Industries, Inc.

A Current Report on Form 8-K dated September 29, 1998, was filed reporting on Item 2. Acquisition or Disposition of Assets, regarding the acquisition of Dresser Industries, Inc., pursuant to the plan of merger dated as of February 25, 1998.

A Current Report on Form 8-K/A dated September 29, 1998, was filed reporting on Item 2. Acquisition or Disposition of Assets, regarding the acquisition of Dresser Industries, Inc., and included supplemental financial statements for Halliburton Company for the three years ended December 31, 1997 and six months ended June 30, 1998.

A Current Report on Form 8-K dated October 29, 1998, was filed reporting on Item 5. Other Events, regarding a press release dated October 29, 1998, announcing third quarter earnings.

A Current Report on Form 8-K dated October 30, 1998, was filed reporting on Item 5. Other Events, regarding a press release dated October 30, 1998 announcing the fourth quarter dividend.

A Current Report on Form 8-K dated November 19, 1998, was filed reporting on Item 5. Other Events, regarding a press release dated November 19, 1998 announcing Halliburton Company $150 million notes offering.

A Current Report on Form 8-K dated November 24, 1998, was filed reporting on Item 5. Other Events, regarding the $150 million notes offering and the filing of the final copy of the Terms Agreement and the form of Note.

A Current Report on Form 8-K dated November 30, 1998, was filed reporting on Item 5. Other Events, regarding a press release dated November 30, 1998 announcing Dresser Industries, Inc. Change of Control Offer to purchase all outstanding and guaranteed senior notes of Baroid Corporation.

(b) Reports on Form 8-K (continued):

A Current Report on Form 8-K dated December 28, 1998, was filed reporting on Item 5. Other Events, regarding a press release dated December 28, 1998 announcing a $35 million pretax special charge in the 1998 fourth quarter to provide for reduction of personnel.

During the first quarter of 1999 to date:

A Current Report on Form 8-K dated January 22, 1999, was filed reporting on Item 5. Other Events, regarding a press release dated January 22, 1999 announcing that the Company has entered into an agreement with W-H Energy Services, Inc. for the sale of the Company's logging-while-drilling (LWD) and related measurement-while-drilling (MWD) business.

A Current Report on Form 8-K dated January 25, 1999, was filed reporting on Item 5. Other Events, regarding a press release dated January 25, 1999 announcing fourth quarter earnings.

A Current Report on Form 8-K dated February 18, 1999, was filed reporting on Item 5. Other Events, regarding a press release dated February 18, 1999 announcing declaration of the first quarter dividend.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON SUPPLEMENTAL SCHEDULE

To Halliburton Company:

We have audited in accordance with generally accepted auditing standards, the consolidated financial statements included in this Form 10-K, and have issued our report thereon dated January 25, 1999. Our audits were made for the purpose of forming an opinion on those statements taken as a whole. The supplemental schedule (Schedule II) is the responsibility of Halliburton Company's management and is presented for purposes of complying with the Securities and Exchange Commission's rules and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

/s/ Arthur Andersen LLP

ARTHUR ANDERSEN LLP

Dallas, Texas,
January 25, 1999

HALLIBURTON COMPANY
Schedule II - Valuation and Qualifying Accounts
(Millions of Dollars)

Descriptions	Balance at Beginning of Period	Additions: Charged to Costs and Expenses	Additions: Charged to Other Accounts	Deductions (A)	Balance at End of Period
Year ended December 31, 1998:					
Deducted from accounts and notes receivable:					
Allowance for bad debts	$ 58.6	$ 26.5	$ -	$ (8.5)	$ 76.6
Accrued special charges	$ 13.1	$ 1,010.3 (B)	$ -	$ (597.0)	$ 426.4
Year ended December 31, 1997:					
Deducted from accounts and notes receivable:					
Allowance for bad debts	$ 65.3	$ 13.7	$ -	$ (20.4)	$ 58.6
Accrued special charges	$ 57.7	$ 16.2	$ -	$ (60.8)	$ 13.1
Year ended December 31, 1996:					
Deducted from accounts and notes receivable:					
Allowance for bad debts	$ 62.7	$ 15.8	$ -	$ (13.2)	$ 65.3
Accrued special charges	$ 0.0	$ 85.8	$ -	$ (28.1)	$ 57.7

(A) Receivable write-offs and reclassifications, net of recoveries.

(B) Includes $980.1 million during the calendar year ended December 31, 1998 and $30.2 million during Dresser's two-month period ended December 31, 1997. See Note 14.

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 22nd day of March, 1999.

HALLIBURTON COMPANY

By /s/ Richard B. Cheney

Richard B. Cheney
Chief Executive Officer
and Director

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 22nd day of March, 1999.

Signature	Title
/s/ Richard B. Cheney Richard B. Cheney	Chief Executive Officer and Director
/s/ Gary V. Morris Gary V. Morris	Executive Vice President and Chief Financial Officer
/s/ R. Charles Muchmore, Jr. R. Charles Muchmore, Jr.	Vice President and Controller and Principal Accounting Officer

Signature	Title
* ANNE L. ARMSTRONG Anne L. Armstrong	Director
* WILLIAM E. BRADFORD William E. Bradford	Chairman of the Board and Director
* LORD CLITHEROE Lord Clitheroe	Director
*ROBERT L. CRANDALL Robert L. Crandall	Director
* CHARLES J. DIBONA Charles J. DiBona	Director
* LAWRENCE S. EAGLEBURGER Lawrence S. Eagleburger	Director
* W. R. HOWELL W. R. Howell	Director
* RAY L. HUNT Ray L. Hunt	Director
*DELANO E. LEWIS Delano E. Lewis	Director
* J. LANDIS MARTIN J. Landis Martin	Director
* JAY A. PRECOURT Jay A. Precourt	Director
* C. J. SILAS C. J. Silas	Director
* RICHARD J. STEGEMEIER Richard J. Stegemeier	Director

* /s/ SUSAN S. KEITH
Susan S. Keith, Attorney-in-fact

THIRD SUPPLEMENTAL INDENTURE

Dated as of August 1, 1997

between

HALLIBURTON COMPANY

and

TEXAS COMMERCE BANK NATIONAL ASSOCIATION

as Trustee

(Second Senior Indenture)

TABLE OF CONTENTS

THIRD SUPPLEMENTAL INDENTURE

This Third Supplemental Indenture dated as of August 1, 1997 is between Halliburton Company, a Delaware corporation ("Halliburton"), and Texas Commerce Bank National Association, a national banking association, as Trustee, and amends and supplements that certain Second Senior Indenture dated December 1, 1996 between Halliburton and the Trustee (the "Second Senior Indenture"), as heretofore amended and supplemented by the First Supplemental Indenture dated as of December 5, 1996 between Halliburton and the Trustee (the "First Supplemental Indenture") and the Second Supplemental Indenture dated as of December 12, 1996 among Halliburton, Halliburton Hold Co., a Delaware corporation (the "Issuer"), and the Trustee (the "Second Supplemental Indenture")(the Second Senior Indenture, as heretofore amended and supplemented, being herein called the "Indenture").

RECITALS:

Pursuant to the Second Senior Indenture, as amended and supplemented by the First Supplemental Indenture, Halliburton, as the predecessor of the Issuer, proposed to offer, sell and issue from time to time, at an aggregate initial offering price of up to $300,000,000, certain notes of its series of medium-term notes due nine months or more from date of issue.

For that purpose, Halliburton, as the predecessor of the Issuer, by means of the First Supplemental Indenture, established such series of medium-term notes and certain terms and provisions thereof that were different from, or in addition to, those provided in the Second Senior Indenture and acknowledged that the remaining terms and provisions of such medium-term notes would be established pursuant to the provisions of Section 2.3 of the Second Senior Indenture.

Since that time, the Issuer has offered, sold and issued various medium-term notes of such series for an aggregate initial offering price of approximately $300,000,000, and, consequently, the Issuer has determined to increase the aggregate size of such series of medium-term notes due nine months or more from date of issue, thereby making available additional notes of such series for offering, sale and issuance.

NOW, THEREFORE, in consideration of the premises, the covenants herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, the parties hereto covenant and agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1 Definitions. Capitalized terms used but not defined herein are defined in the Indenture, including without limitation the First Supplemental Indenture, and are used herein with the definitions ascribed to them therein.

ARTICLE II

AMENDMENTS

Section 2.1 Amendment of Section 2.1 of the First Supplemental Indenture. Section 2.1 of the First Supplemental Indenture, as contained in the Indenture, is hereby amended so as to be and read in its entirety as follows:

> Section 2.1 Establishment of Series. Pursuant to the provisions of Section 2.3 of the Indenture, there is hereby established a series of Securities designated generally as the Medium-Term Notes Due Nine Months or More From Date of Issue, Series A, that may be sold and issued from time to time, at an aggregate initial offering price of up to U. S. $500,000,000 (the "Notes"), subject to reduction by the aggregate initial offering price of any other Securities that may be theretofore sold and issued by the Issuer pursuant to the terms of the Indenture. Forms of a Fixed Rate Note and a Floating Rate Note, excluding in each case terms and provisions to be included therein pursuant to a Note Terms Certificate, are attached hereto as Exhibits B-1 and B-2, respectively, and by this reference incorporated herein.

ARTICLE III

MISCELLANEOUS

Section 3.1 Counterparts. This Third Supplemental Indenture may be executed in any number of counterparts, each of which shall be deemed an original, but all of which shall together constitute but one and the same instrument.

Section 3.2 Effect of Headings. The Article and Section headings herein and in the Table of Contents are for convenience only and shall not affect the construction hereof.

Section 3.3 Provisions for the Sole Benefit of Parties and Holders. Nothing in the Indenture, as supplemented, amended and modified by this Third Supplemental Indenture, or in the Notes, expressed or implied, shall give or be construed to give to any person, firm or corporation, other than the parties hereto and their successors and the Holders, any legal or equitable right, remedy or claim under the Indenture, as so supplemented, amended and modified, or under any covenant or provision herein contained, all such covenants and provisions being for the sole benefit of the parties hereto and their successors and of the Holders.

IN WITNESS WHEREOF, the parties hereto have caused this Third Supplemental Indenture to be duly executed and the appropriate corporate seals to be hereunto affixed and attested, all as of the 1st day of August, 1997.

HALLIBURTON COMPANY

By: /s/ Lester L. Coleman

Title: Executive Vice President
and General Counsel

Attest:

/s/ Susan S. Keith
- ---
Title: Vice President and Secretary

TEXAS COMMERCE BANK NATIONAL
ASSOCIATION

By:

Title:

FOURTH SUPPLEMENTAL INDENTURE

Dated as of September 29, 1998

between

HALLIBURTON COMPANY

and

CHASE BANK OF TEXAS, NATIONAL ASSOCIATION

(Formerly Texas Commerce Bank National Association)

as Trustee

(Second Senior Indenture)

TABLE OF CONTENTS

FOURTH SUPPLEMENTAL INDENTURE

This Fourth Supplemental Indenture dated as of September 29, 1998 is between Halliburton Company, a Delaware corporation (the "Issuer"), and Chase Bank of Texas, National Association (formerly Texas Commerce Bank National Association), a national banking association, as Trustee (the "Trustee"), and amends and supplements that certain Second Senior Indenture dated as of December 1, 1996 between the Issuer and the Trustee (the "Second Senior Indenture"), as heretofore amended and supplemented by the First Supplemental Indenture dated as of December 5, 1996 between the predecessor of the Issuer (the "Predecessor") and the Trustee (the "First Supplemental Indenture"), the Second Supplemental Indenture dated as of December 12, 1996 among the Predecessor, the Issuer and the Trustee (the "Second Supplemental Indenture"), and the Third Supplemental Indenture dated as of August 1, 1997 between the Issuer and the Trustee (the "Third Supplemental Indenture").

RECITALS:

In December 1996, the Predecessor, through execution and delivery of the First Supplemental Indenture, authorized a series of Medium-Term Notes Due Nine Months or More From Date of Issue, Series A (the "Series A Notes"), to be offered, sold and issued from time to time at an aggregate initial offering price of up to $300,000,000.

On December 12, 1996, the Issuer, through execution and delivery of the Second Supplemental Indenture, assumed all the obligations of the Predecessor under the Second Senior Indenture, as theretofore amended and supplemented.

Having theretofore sold Series A Notes at an aggregate initial offering price of $300,000,000, on August 1, 1997 the Issuer, through execution and delivery of the Third Supplemental Indenture, authorized an increase in the Series A Notes such that Series A Notes could be offered, sold and issued from time to time at an aggregate initial offering price of up to $500,000,000.

The Issuer now proposes to offer, sell and issue from time to time, at an aggregate initial offering price of up to $600,000,000, certain notes of an additional series of medium-term notes due nine months or more from date of issue.

For that purpose, the Issuer proposes, by means of this Fourth Supplemental Indenture, to establish such additional series of medium-term notes and certain terms and provisions thereof that are different from, or in addition to, those applicable to the Series A Notes and to acknowledge that the remaining terms and provisions of such medium-term notes will be established pursuant to the provisions of Section 2.3 of the Indenture.

NOW, THEREFORE, in consideration of the premises, the covenants herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, the parties hereto covenant and agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1 General. Capitalized terms used but not defined herein are defined in the Indenture and are used herein with the definitions ascribed to them therein.

Section 1.2 Administrative Procedures. The term "Administrative Procedures" shall have the meaning ascribed to such term in Section 2.2 of this Fourth Supplemental Indenture.

Section 1.3 Amortizing Notes. The term "Amortizing Notes" shall have the meaning ascribed to such term in Exhibit A hereto.

Section 1.4 Book-Entry Notes. The term "Book-Entry Notes" shall have the meaning ascribed to such term in Section 2.6 of this Fourth Supplemental Indenture.

Section 1.5 Business Day. For purposes of the Notes only, the term "Business Day" shall mean any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions are authorized or required by law, regulation or executive order to close in The City of New York; provided, however, that, with respect to Foreign Currency Notes, such day is also not a day on which banking institutions are authorized or required by law, regulation or executive order to close in the Principal Financial Center of the country issuing the Specified Currency (unless the Specified Currency is ECU, in which case such day is also not a day that appears as an ECU non-settlement day on the display designated as "ISDE" on the Reuter Monitor Money Rates Service (or is not a day designated as an ECU non-settlement day by the ECU Banking Association) or, if ECU non-settlement days do not appear on that page (and are not so designated), a day that is not a day on which payments in ECU cannot be settled in the international interbank market); provided, further, that, with respect to Notes as to which LIBOR is an applicable Interest Rate Basis, such day is also a London Business Day.

Section 1.6Certificated Notes. The term "Certificated Notes" shall have the meaning ascribed to such term in Section 2.6 of this Fourth Supplemental Indenture.

Section 1.7 Conversion Date. The term "Conversion Date" shall have the meaning ascribed to such term in Section 2.5(g) of this Fourth Supplemental Indenture.

Section 1.8 Depositary. The term "Depositary" shall have the meaning ascribed to such term in Section 1.1 of the Second Senior Indenture.

Section 1.9 Designated LIBOR Currency. The term "Designated LIBOR Currency" shall mean the currency or composite currency specified in the applicable Note Terms Certificate as to which LIBOR shall be calculated or, if

no such currency or composite currency is specified in the applicable Note Terms Certificate, United States dollars.

Section 1.10 Discounted Notes. The term "Discount Notes" shall have the meaning ascribed to such term in Exhibit A hereto.

Section 1.11 ECU. The term "ECU" shall mean European Currency Units.

Section 1.12 Exchange Rate Agent. The term "Exchange Rate Agent" shall have the meaning ascribed to such term in Section 2.5 of this Fourth Supplemental Indenture.

Secton 1.13 Fixed Rate Notes. The term "Fixed Rate Notes" shall have the meaning ascribed to such term in Section 2.2 of this Fourth Supplemental Indenture.

Section 1.14 Floating Rate Notes. The term "Floating Rate Notes" shall have the meaning ascribed to such term in Section 2.2 of this Fourth Supplemental Indenture.

Section 1.15 Foreign Currency Notes. The term "Foreign Currency Note" shall have the meaning ascribed to such term in Section 2.3 of this Fourth Supplemental Indenture.

Section 1.16 Indenture. The term "Indenture" shall mean the Second Senior Indenture dated as of December 1, 1996 between the Issuer and the Trustee, as heretofore and hereby amended and supplemented.

Secton 1.17 Indexed Notes. The term "Indexed Notes" shall have the meaning ascribed to such term in Exhibit A hereto.

Section 1.18 Interest Rate Bases; Related Terms. The rate of interest of a Floating Rate Note shall be determined by reference to one or more of the CD Rate, the CMT Rate, the Commercial Paper Rate, the Eleventh District Cost of Funds Rate, the Federal Funds Rate, LIBOR, the Prime Rate and the Treasury Rate or such other interest rate basis as may be specified in the Note Terms Certificate (each, an "Interest Rate Basis"). Each of the following terms is defined in Exhibit A attached hereto and by this reference incorporated herein: the "CD Rate," the "CMT Rate," the "Commercial Paper Rate," the "Eleventh District Cost of Funds Rate," the "Federal Funds Rate," "LIBOR," the "Prime Rate," and the "Treasury Rate," as well as each of the defined terms used in such definitions. In addition:

(a) The term "Calculation Agent" shall mean an agent appointed from time to time by the Issuer for the purpose of determining the rates of interest in effect from time to time with respect to one or more issues of Notes and calculating the amount of interest payable from time to time with respect thereto. Unless otherwise specified in the Note Terms Certificate with respect to an issue of Notes, the Calculation Agent shall be the Trustee or, at the election of the Trustee, The Chase Manhattan Bank, an affiliate of the Trustee.

(b) The term "Calculation Date," as it pertains to any Interest Determination Date, shall, unless otherwise specified in the applicable Note Terms Certificate, mean the earlier of (i) the tenth calendar day after such Interest Determination Date or, if such day is not a Business Day, the next succeeding Business Day or (ii) the Business Day immediately preceding the applicable Interest Payment Date or the Maturity Date, as the case may be.

(c) The term "Composite Quotations" shall have the meaning ascribed to such term in the definition of CD Rate set forth in Exhibit A hereto.

(d) The term "Index" shall have the meaning ascribed to such term in the definition of the Eleventh District Cost of Funds set forth in Exhibit A hereto.

(e) The term "Index Maturity" shall mean the period to maturity of the instrument or obligation with respect to which the related Interest Rate Basis or Bases will be calculated.

(f) The term "Initial Interest Rate" shall have the meaning ascribed to such term in Section 2.10 of this Fourth Supplemental Indenture.

(g) The term "Initial Interest Reset Date" shall have the meaning ascribed to such term in Section 2.10 of this Fourth Supplemental Indenture.

(h) The term "Interest Determination Date" shall mean, (i) with respect to the CD Rate, the CMT Rate, the Commercial Paper Rate, the Federal Funds Rate and the Prime Rate, the second Business Day immediately preceding the applicable Interest Reset Date; (ii) with respect to the Eleventh District Cost of Funds Rate, the last Business Day of the month immediately preceding the applicable Interest Reset Date on which the Federal Home Loan Bank of San Francisco publishes the Index; (iii) with respect to LIBOR, the second London Business Day immediately preceding the applicable Interest Reset Date; and (iv), with respect to the Treasury Rate, the day in the week in which the Interest Reset Date occurs on which Treasury Bills are normally auctioned (except that, if the auction is held on the Friday of the immediately preceding week, the Interest Determination Date shall be that Friday but if the Interest Determination Date would otherwise fall on an Interest Reset Date, then such Interest Reset Date shall be postponed to the next succeeding Business Day). The Interest Determination Date pertaining to a Floating Rate Note the interest rate of which is determined by reference to two or more Interest Rate Bases shall be the second Business Day next preceding the Interest Reset Date for such Floating Rate Note on which each Interest Rate Basis is determinable. Each Interest Rate Basis shall be determined as of the Interest Determination Date, and the applicable interest rate shall take effect on the applicable Interest Reset Date.

(i) The term "Interest Payment Date" shall have the meanings ascribed to such term in Sections 2.9 and 2.10 of this Fourth Supplemental Indenture.

(j) The term "Interest Period" shall have the meaning ascribed to such term in Section 2.8(b) of this Fourth Supplemental Indenture.

(k) The term "Interest Reset Date" shall mean the date or dates specified in the applicable Note Terms Certificate on which the rate of interest on a Floating Rate Note will be reset.

(l) The term "Interest Reset Period" shall mean the period, whether daily, weekly, monthly, quarterly, semiannual, annual or another specified period, between Interest Reset Dates relating to a Floating Rate Note, as specified in the applicable Note Terms Certificate.

(m) The term "Maximum Interest Rate" shall have meaning ascribed to such term in Section 2.10 of this Fourth Supplemental Indenture.

(n) The term "Minimum Interest Rate" shall have meaning ascribed to such term in Section 2.10 of this Fourth Supplemental Indenture.

(o) The term "Money Market Yield" shall have the meaning ascribed to such term in the definition of Commercial Paper Rate set forth in Exhibit A hereto.

(p) The term "Spread" shall mean the number of basis points to be added to or subtracted from the related Interest Rate Basis or Bases applicable to a Floating Rate Note.

(q) The term "Spread Multiplier" shall mean the percentage of the related Interest Rate Basis or Bases applicable to a Floating Rate Note by which such Interest Rate Basis or Bases shall be multiplied to determine the applicable interest rate on such Floating Rate Note.

(r) The term "Statistical Release H.15" shall have the meaning ascribed to such term in the definition of CD Rate set forth in Exhibit A hereto.

Section 1.19 Issuing and Paying Agent. The term "Issuing and Paying Agent" shall have the meanings ascribed to such term in Section 2.2 of this Fourth Supplemental Indenture.

Section 1.20 London Business Day. The term "London Business Day" shall mean (i) if the currency (including composite currencies) specified in the applicable Note Terms Certificate as the currency (the "Index Currency") for which LIBOR is calculated is other than ECU, any day on which dealings in such Index Currency are transacted in the London interbank market or (ii), if the

Index Currency is ECU, any day that does not appear as an ECU non-settlement day on the display designated as "ISDE" on the Reuter Monitor Money Rates Service (or a day so designated by the ECU Banking Association) or, if ECU non-settlement days do not appear on that page (and are not so designated), is not a day on which payments in ECU cannot be settled in the international interbank market; provided, however, that, if no such currency or composite currency is specified in the applicable Note Terms Certificate, the Index Currency shall be U.S. dollars.

Section 1.21 Market Exchange Rate. The term "Market Exchange Rate" shall mean, for a Specified Currency other than United States dollars, the noon buying rate in The City of New York for cable transfers for such Specified Currency as certified for customs purposes (or, if not so certified, as otherwise determined) by the Federal Reserve Bank of New York.

Section 1.22 Maturity Date. The term "Maturity Date" shall have the meaning ascribed to such term in Section 2.4 of this Fourth Supplemental Indenture.

Section 1.23 Note Terms Certificate. The term "Note Terms Certificate" shall have the meaning ascribed to such term in Section 2.2 of this Fourth Supplemental Indenture.

Section 1.24 Notes. The term "Notes" shall have the meaning ascribed to such term in Section 2.1 of this Fourth Supplemental Indenture.

Section 1.25 Principal Financial Center. The term "Principal Financial Center" shall mean (i) the capital city of the country issuing a Specified Currency (unless the Specified Currency is ECU, in which case it shall mean Brussels) or (ii) the capital city of the country to which the Designated LIBOR Currency relates (or, in the case of the ECU, Luxembourg), as applicable, except that, in the case of (i) or (ii) above, with respect to United States dollars, Australian dollars, Canadian dollars, Deutsche marks, Dutch guilders, Italian lire and Swiss francs, the Principal Financial Center shall be The City of New York, Sydney, Toronto, Frankfurt, Amsterdam, Milan (solely in the case of the Specified Currency) and Zurich, respectively.

Section 1.26 Record Date. The term "Record Date" shall, unless otherwise specified in the applicable Note Terms Certificate, mean the fifteenth calendar day (whether or not a Business Day) immediately preceding the related Interest Payment Date with respect to any Note.

Section 1.27 Redemption/Repayment Terms.

(a) The term "Initial Redemption Date" shall mean the date set forth on the face of a Note that is the first date on which a Note that is subject to redemption prior to its Stated Maturity Date at the option of the Issuer may be redeemed.

(b) The term "Redemption Price" shall mean, with respect to a Note that is redeemable prior to its Stated Maturity Date at the option of the Issuer, an amount equal to the Initial Redemption Percentage specified in the applicable Note Terms Certificate, as adjusted by any applicable Annual Redemption Percentage Reduction, if applicable, multiplied by the unpaid principal amount to be redeemed.

(c) The term "Initial Redemption Percentage" shall mean, with respect to a Note that is redeemable prior to its Stated Maturity Date at the option of the Issuer, the percentage specified in the applicable Note Terms Certificate, which Initial Redemption Percentage shall decline at each anniversary of the Initial Redemption Date by an amount equal to the applicable Annual Redemption Percentage Reduction, if any, until the Redemption Price is equal to 100% of the unpaid principal amount to be redeemed.

(d) The term "Annual Redemption Percentage Reduction" shall mean the percentage specified as such in the applicable Note Terms Certificate.

(e) The term "Optional Repayment Date" shall mean the date set forth on the face of a Note that is the first date on which a Note that is subject to repayment prior to its Stated Maturity Date at the option of the Holder may be repaid.

Section 1.28 Series A Notes. The term "Series A Notes" shall have the meaning ascribed to such term in the recitals to this Fourth Supplemental Indenture.

Section 1.29 Specified Currency. The term "Specified Currency" shall have the meaning ascribed to such term in Section 2.5(a) of this Fourth Supplemental Indenture.

Section 1.30 Stated Maturity Date. The term "Stated Maturity Date" shall have the meaning ascribed to such term in Section 2.2 of this Fourth Supplemental Indenture.

Sectin 1.31 U.S. Currency Notes. The term "U.S. Currency Note" shall have the meaning ascribed to such term in Section 2.3 of this Fourth Supplemental Indenture.

ARTICLE II

GENERAL PROVISIONS

Section 2.1 Establishment of Series. Pursuant to the provisions of Section 2.3 of the Indenture, there is hereby established a series of Securities designated generally as the Medium-Term Notes Due Nine Months or More From Date of Issue, Series B, that may be sold and issued from time to time, at an aggregate initial offering price of up to U. S. $600,000,000 (the "Notes"), subject to reduction by the aggregate initial offering price of any other Securities (not including any Series A Notes) that may be theretofore sold and issued by the Issuer pursuant to the terms of the Indenture. Forms of

a Fixed Rate Note and a Floating Rate Note, excluding in each case terms and provisions to be included therein pursuant to a Note Terms Certificate, are attached hereto as Exhibits B-1 and B-2, respectively, and by this reference incorporated herein.

Section 2.2 Authentication and Issuance. The Notes may be authenticated and issued in one or more issues or tranches of Notes of like tenor and terms. The entire series of Notes shall be deemed to be subject to a periodic offering; the procedures for authentication and delivery of one or more issues or tranches of Notes subject to such periodic offering to which reference is made in Section 2.4 of the Indenture are set forth in the Administrative Procedures (the "Administrative Procedures") authorized and adopted by the Board of Directors of the Issuer and attached hereto as Exhibit C; and The Chase Manhattan Bank, an affiliate of the Trustee (the "Issuing and Paying Agent"), upon compliance by the Issuer with the requirements of Section 2.4 of the Indenture, shall authenticate and deliver Notes in accordance with the Administrative Procedures. To the extent that the terms of any such issue or tranche are not set forth in the Indenture, as supplemented and amended by this Fourth Supplemental Indenture, they shall be established by means of an Officer's Certificate delivered to the Issuing and Paying Agent pursuant to Section 2.3 of the Indenture (a "Note Terms Certificate"). In accordance with the procedures set forth in the Indenture and the Administrative Procedures, and to the extent the following terms and provisions are set forth in a Note Terms Certificate:

(a) Each Note shall be dated a date determined in accordance with the Administrative Procedures, which date may vary among the Notes;

(b) each Note shall mature on a day nine months or more from its date of issue (its "Stated Maturity Date") determined in accordance with the Administrative Procedures, which Stated Maturity Date may vary among the Notes;

(c) each Note shall bear interest, if any, at a fixed rate (a "Fixed Rate Note") or at a floating rate (a "Floating Rate Note"), and the interest rate for a Fixed Rate Note or the Interest Rate Basis for determining the floating interest rate for a Floating Rate Note shall be established in accordance with the Administrative Procedures, which interest rate or Interest Rate Basis may vary among the Notes;

(d) interest on each Fixed Rate Note and each Floating Rate Note shall accrue from its date of issue;

(e) the floating interest rate on each Floating Rate Note shall be reset on such date or dates as shall be established in accordance with the Administrative Procedures, which date or dates may vary among the Notes; and

(f) interest on each Note shall be payable in arrears on the date or dates specified therein and determined in accordance with the Administrative Procedures, which date or dates may vary among the Notes.

In addition, the following terms and provisions, to the extent applicable to an issue or tranche of Notes, shall be set forth in a Note Terms Certificate applicable to such issue or tranche of Notes:

(g) the Specified Currency with respect to such Notes;

(h) the price (expressed as a percentage of the aggregate principal amount thereof) at which such Notes are to be issued and sold;

(i) the date on which the Notes are to be issued;

(j) the date on which such Notes are to mature;

(k) whether such Notes are Fixed Rate Notes or Floating Rate Notes;

(l) if such Notes are Fixed Rate Notes, whether such Notes are Amortizing Notes;

(m) if such Notes are Fixed Rate Notes, the rate per annum at which such Notes are to bear interest, if any, and the applicable Interest Payment Date or Dates;

(n) if such Notes are Floating Rate Notes, whether such Floating Rate Notes are "Regular Floating Rate Notes", "Floating Rate/Fixed Rate Notes" or "Inverse Floating Rate Notes" and, to the extent applicable, certain terms with respect to the Floating Rate Notes, including the Fixed Rate Commencement Date, Fixed Interest Rate, Interest Rate Basis or Bases, Initial Interest Rate, Initial Interest Reset Date, Interest Reset Dates, Interest Payment Dates, Index Maturity, Maximum Interest Rate, Minimum Interest Rate, Spread and Spread Multiplier and any other terms relating to the particular method of calculating the interest rate for such Notes; if one or more of the applicable Interest Rate Bases is LIBOR or the CMT Rate, the applicable Note Terms Certificate will also specify the Designated LIBOR Page or the Designated CMT Maturity Index and Designated CMT Telerate Page, respectively;

(o) whether such Notes are Original Issue Discount Notes and, if so, the yield to Stated Maturity;

(p) whether such Notes may be redeemed at the option of the Issuer or repaid at the option of the Holders prior to Stated Maturity and, if so, the provisions relating to such redemption or repayment;

(q) whether such Notes will be issued initially as Book-Entry Notes or Certificated Notes; and

(r) any other terms of such Notes that are not inconsistent with the provisions of the Indenture.

Section 2.3 Denominations. Unless otherwise specified in an applicable Note Terms Certificate, U.S. Currency Notes denominated in U.S. dollars ("U.S. Currency Notes") will be issuable in denominations of $1,000 and integral multiples thereof. Notes denominated in a Specified Currency other than U.S. dollars ("Foreign Currency Notes") will be issued in authorized denominations that are equivalent, at the Market Exchange Rate on the first Business Day in The City of New York and the country issuing such currency next preceding the date on which the Issuer accepts the offer to purchase such Foreign Currency Note, to $100,000 (rounded down to an integral multiple of 10,000 units of such Specified Currency) and integral multiples of 10,000 units of such Specified Currency in excess thereof.

Section 2.4 Maturities. Each Note will mature on its Stated Maturity Date, unless the principal thereof (or any installment of principal thereof) becomes due and payable prior to such Stated Maturity Date, whether by the declaration of acceleration of maturity, notice of redemption at the option of the Issuer, notice of the Holder's option to elect repayment or otherwise (the Stated Maturity Date or such prior date, as the case may be, being referred to herein as the "Maturity Date" with respect to the principal of such Note repayable on such date).

Section 2.5 Currency.

(a) Each U.S. Currency Note shall be denominated in U.S. dollars and each Foreign Currency Note shall be denominated in such other currency or composite currency units (a "Specified Currency") as may be provided in the applicable Note Terms Certificate. Payments of principal, premium, if any, and interest on all Notes shall be made in U.S. dollars, except that payments of principal of, premium, if any, and interest on Foreign Currency Notes shall be made in the Specified Currency at the option of the Holders thereof under the procedures described below unless the Specified Currency is not available due to the imposition of exchange controls or other circumstances beyond the control of the Issuer, as described below.

(b) Unless otherwise specified in the applicable Note Terms Certificate, Foreign Currency Notes shall not be offered or sold in, or to residents of, the country issuing the applicable Specified Currency.

(c) In the case of a Foreign Currency Note, the Issuer shall (unless otherwise provided in the applicable Note Terms Certificate) appoint an agent (the "Exchange Rate Agent") to determine the exchange rate for converting all payments in respect of such Foreign Currency Note into U.S. dollars in the manner described in subsection (d) of

this Section. Notwithstanding the foregoing, the Holder of a Foreign Currency Note may (if the applicable Note Terms Certificate so indicates) elect to receive all such payments in the Specified Currency by delivery of a written request to the Issuing and Paying Agent at its corporate office in accordance with subsection (e) of this Section.

(d) In the case of a Foreign Currency Note, unless the Holder shall elect otherwise, payment in respect of such a Foreign Currency Note shall be made in U.S. dollars on the basis of the exchange rate as determined by the Exchange Rate Agent. The exchange rate shall be based on the highest bid quotation for U.S. dollars received by the Exchange Rate Agent at approximately 11:00 A.M., New York City time, on the second Business Day preceding the applicable payment date (or, if no such rate is quoted on such date, the last date on which such rate was quoted), from three recognized foreign exchange dealers in The City of New York selected by the Exchange Rate Agent and approved by the Issuer (one of which may be the Exchange Rate Agent). Each such bid quotation shall relate to the purchase by the quoting dealer, for settlement on such payment date, of the aggregate amount of the Specified Currency payable on such payment date in respect of all Foreign Currency Notes denominated in such Specified Currency and shall include a commitment by the dealer to execute a contract on that basis. All currency exchange costs shall be borne by the Holders of such Foreign Currency Notes by deductions from such payments. If three such bid quotations are not available on the second Business Day preceding the applicable payment date, payments shall be made in the Specified Currency, unless such Specified Currency is unavailable due to the imposition of exchange controls or other circumstances beyond the Issuer's control, in which case payment will be made as described in subsection (g) below.

(e) Unless otherwise specified in the applicable Note Terms Certificate, a Holder of a Foreign Currency Note may subsequent to the issuance thereof request that future payments be converted or not be converted, as the case may be, to U.S. dollars by transmitting a written request for such payments to the corporate office of the Issuing and Paying Agent on or prior to the Record Date or at least 15 calendar days prior to the Maturity Date. Such request shall include appropriate payment instructions and shall be in writing delivered by hand, mail, cable, telex or facsimile transmission. A Holder of a Foreign Currency Note may elect to receive all future payments of principal, premium, if any, and interest in either the Specified Currency or in U.S. dollars, as specified in the written request, and need not file a separate election for each payment. Such election shall remain in effect until revoked by written notice to the Issuing and Paying Agent, but written notice of any such revocation must be received by the Issuing and Paying Agent on or prior to the Record Date or at least 15 calendar days prior to the Maturity Date.

(f) In the case of a Foreign Currency Note in respect of which payment is to be made in U.S. Dollars, the Issuer shall deposit with

the Issuing and Paying Agent the total amount of any principal, premium and interest due on such Foreign Currency Note on the applicable payment date an amount in U.S. dollars determined in accordance with subsection (d) of this section in funds available for use by the Issuing and Paying Agent no later than 10:00 a.m., New York City time, on such applicable payment date. In the case of a Foreign Currency Note in respect of which payment is to be made in a Specified Currency other than U.S. Dollars, the Issuer shall pay to the Exchange Rate Agent an amount in U.S. Dollars sufficient to purchase such Specified Currency in an amount equal to the principal, premium or interest due on such Foreign Currency Note on the applicable payment date with irrevocable instructions to the Exchange Rate Agent to purchase such amount of such Specified Currency and to deposit with the Issuing and Paying Agent for the account of the Issuer such amount of such Specified Currency in funds available for use by the Issuing and Paying Agent no later than 10:00 a.m., New York City time, on such applicable payment date. Any currency exchange costs incurred by the Exchange Rate Agent or the Issuing and Paying Agent in delivering payments in a Specified Currency other than U.S. Dollars to the Holder of a Foreign Currency Note shall be borne by the Holder of such Foreign Currency Note by a deduction from such payment.

(g) In order for a Holder of a Foreign Currency Note, either by the terms of the Note or pursuant to an election of such Holder, to receive payments of principal, premium, if any, and interest in a Specified Currency other than U.S. dollars by wire transfer, such Holder must designate an appropriate account with a bank located in the country of the Specified Currency (or, with respect to Foreign Currency Notes denominated in ECUs, Brussels) or other jurisdiction acceptable to the Issuer and the Trustee. Such designation shall be made by filing the appropriate information with the corporate office of the Issuing and Paying Agent on or prior to the Record Date or at least 15 calendar days prior to the Maturity Date. The Issuing and Paying Agent shall, subject to applicable laws and regulations and until it receives notice to the contrary, make such payment and all succeeding payments to such Holder of Foreign Currency Notes by wire transfer to the designated account. In the case of payment of principal, premium, if any, and interest due on the Maturity Date, however, the Foreign Currency Note must be presented to the Issuing and Paying Agent in time for the Issuing and Paying Agent to make such payments in such funds in accordance with its normal procedures. If a payment cannot be made by wire transfer because the required information has not been received by such Issuing and Paying Agent on or before the requisite date or for any other reason, the Issuing and Paying Agent shall mail a notice to the Holder at its registered address requesting a designation pursuant to which such wire transfer can be made and such payment will be made within 15 calendar days after receipt of such designation by the Issuing and Paying Agent. Any tax, assessment or governmental charge imposed upon such payments shall be borne by the Holders of Book-Entry Notes in respect of which such payments are made.

(h) If the Specified Currency (other than a composite currency unit) for a Foreign Currency Note is not available at the time of any payment due thereunder as a result of the imposition of exchange controls or other circumstances beyond the control of the Issuer, the Issuer may satisfy its obligations to Holders of such Foreign Currency Notes by making such payment in U.S. dollars on the basis of the Market Exchange Rate on the last date such Specified Currency was available (the "Conversion Date"). Any payment made under such circumstances in U.S. dollars where the required payment is in other than U.S. dollars shall not constitute an Event of Default under the Indenture or Section 2.13 of this Fourth Supplemental Indenture.

(i) If payment in respect of a Foreign Currency Note is required to be made in a Specified Currency that is a composite currency unit and such composite currency unit is unavailable due to the imposition of exchange controls or other circumstances beyond the Issuer's control, then the Issuer may make all payments in respect of such Foreign Currency Note in U.S. dollars until such composite currency unit is again available. The amount of each payment in U.S. dollars will be computed on the basis of the equivalent of the composite currency unit in U.S. dollars, which shall be determined by the Company or the Exchange Rate Agent on the following basis: The component currencies of the currency unit for this purpose (the "Component Currencies" or, individually, a "Component Currency") shall be the currency amounts that were components of the currency unit as of the Conversion Date for such currency unit. The equivalent of the currency unit in U.S. dollars shall be calculated by aggregating the U.S. dollar equivalents of the Component Currencies. The U.S. dollar equivalent of each of the Component Currencies shall be determined by the Company or the Exchange Rate Agent on the basis of the Market Exchange Rate for each such Component Currency that is available as of the third Business Day prior to the date on which the relevant payment is due and for each such Component Currency that is unavailable, if any, as of the Conversion Date for such Component Currency.

(j) If the official unit of any Component Currency is altered by way of combination or subdivision, the number of units of that currency as a Component Currency shall be divided or multiplied in the same proportion. If two or more Component Currencies are consolidated into a single currency, the amounts of those currencies as Component Currencies shall be replaced by an amount in such single currency equal to the sum of the amounts of the consolidated Component Currencies expressed in such single currency. If any Component Currency is divided into two or more currencies, the amount of the original Component Currency will be replaced by the amounts of such two or more currencies, the sum of which shall be equal to the amount of the original Component Currency.

(k) All determinations referenced above made by the Issuer or its agent (including the Exchange Rate Agent) shall be at its sole discretion and shall, in the absence of manifest error, be conclusive for all purposes and binding on the Holders of Foreign Currency Notes.

(l) The Issuer shall indemnify the Holder of any Note against any loss incurred by such Holder as a result of any judgment or order being given or made for the payment of any amount due under such Note in a currency or composite currency (the "Judgment Currency") other than the Specified Currency and as a result of any variation between (i) the rate of exchange at which the Specified Currency amount is converted into the Judgment Currency for the purpose of such judgment or order and (ii) the rate of exchange at which the Holder of such Notes, on the date of payment of such judgment or order, is able to purchase the Specified Currency with the amount of the Judgment Currency actually received by such Holder, as the case may be.

Section 2.6 Registration. Each Note shall be issued in book entry form eligible for deposit in the book-entry system maintained by a Depositary (a "Book-Entry Note") represented by one or more fully registered Global Securities or in fully registered form (a "Certificated Note").

Section 2.7 Payments of Principal, Premium and Interest.

(a) In the case of Book-Entry Notes, payments of principal thereof, and premium, if any, and interest, if any, thereon shall be made by the Issuer through the Issuing and Paying Agent to the Depositary. In the case of Certificated Notes, payments of principal and premium, if any, due on any Maturity Date shall be made in immediately available funds upon presentation and surrender thereof (and, in the case of any repayment on an Optional Repayment Date, as hereinafter defined, upon submission of a duly completed election form in accordance with the provisions hereinafter described) at the office or agency maintained by the Issuer for such purpose in the Borough of Manhattan, The City of New York.

(b) Payments of interest, if any, due on the Maturity Date of a Certificated Note shall be made to the person to whom payment of the principal thereof and premium, if any, thereon shall be made. Payments of interest, if any, due on a Certificated Note on any Interest Payment Date, other than any Maturity Date, shall be made by check mailed to the address of the Holder entitled thereto as such address shall appear in the Security Register of the Issuer. A Holder of at least $10,000,000 (or, if the Specified Currency is other than U.S. dollars, the equivalent thereof in such Specified Currency) in aggregate principal amount of Certificated Notes (whether having identical or different terms and provisions) shall be entitled to receive interest payments, if any, on any Interest Payment Date, other than any Maturity Date, by wire transfer of immediately available funds if appropriate wire transfer instructions have been received in writing by the Issuing and Paying Agent or other paying agent not less than 15 days prior to such Interest Payment Date. Any such wire transfer instructions received by the Issuing and Paying Agent or other paying agent shall remain in effect until revoked by such Holder.

(c) Unless otherwise specified in the applicable Note Terms Certificate, if the Specified Currency is other than U.S. dollars, a beneficial owner of the related global security or securities that elects to receive payments of principal, premium, if any, and/or interest, if any, in the Specified Currency must notify the participant through which it owns its interest on or prior to the applicable Record Date or at least fifteen calendar days prior to the Maturity Date, as the case may be, of such beneficial owner's election. Such participant must notify the Depositary of such election on or prior to the third Business Day after such Record Date or at least twelve calendar days prior to the Maturity Date, as the case may be, and the Depository shall notify the Issuing and Paying Agent of such election on or prior to the fifth Business Day after such Record Date or at least ten calendar days prior to the Maturity Date, as the case may be. Upon receipt by the Issuing and Paying Agent of complete instructions from the beneficial owner through the participant and the Depositary on or prior to such dates and receipt by the Issuing and Paying Agent from the Issuer of the necessary funds in such Specified Currency, the Issuing and Paying Agent shall make such payments to such beneficial owner in the Specified Currency.

(d) If the Maturity Date of a Floating Rate Note shall fall on a day that is not a Business Day, the required payment of principal, premium, if any, and interest shall be made on the next succeeding Business Day as if made on the date such payment was due, and no interest shall accrue on such payment for the period from and after the Maturity Date to the date of such payment on the next succeeding Business Day.

(e) If any Interest Payment Date or the Maturity Date of a Fixed Rate Note falls on a day that is not a Business Day, the required payment of principal, premium, if any, or interest will be made on the next succeeding Business Day as if made on the date such payment was due, and no interest will accrue on such payment for the period from and after such Interest Payment Date or the Maturity Date, as the case may be, to the date of such payment on the next succeeding Business Day.

Section 2.8 Interest in General. Unless otherwise specified in an applicable Note Terms Certificate:

(a) Each interest-bearing Note shall bear interest from the date of its issue at the rate per annum, in the case of a Fixed Rate Note, or pursuant to the interest rate formula, in the case of a Floating Rate Note, in each case as specified in the Note;

(b) Interest payments in respect of Fixed Rate Notes and Floating Rate Notes shall be made in an amount equal to the interest accrued from and including the immediately preceding Interest Payment Date in respect of which interest has been paid or duly made available for payment (or from and including the date of issue, if no interest

has been paid or duly made available for payment) to but excluding the applicable Interest Payment Date or the Maturity Date, as the case may be (each, an "Interest Period"); and

(c) The first payment of interest on any such Note originally issued between a Record Date and the related Interest Payment Date shall be made on the Interest Payment Date immediately following the next succeeding Record Date to the Holder on such next succeeding Record Date.

Section 2.9 Interest on Fixed Rate Notes. Interest on Fixed Rate Notes will be payable on March 31 and September 30 of each year or on such other date or dates specified in the applicable Note Terms Certificate (each, an "Interest Payment Date" with respect to Fixed Rate Notes) and on the Maturity Date with respect to all or part of the principal thereof; unless otherwise specified in the applicable Note Terms Certificate, interest on Fixed Rate Notes shall be computed on the basis of a 360-day year of twelve 30-day months;

Section 2.10 Interest on Floating Rate Notes. Interest on Floating Rate Notes shall be payable on the date or dates specified in the applicable Note Terms Certificate and shall be determined as follows:

(a) Any Floating Rate Note (a "Regular Floating Rate Note"), other than a Floating Rate/Fixed Rate Note, an Inverse Floating Rate Note or a Note that is subject to an Addendum or to "Other/Additional Provisions," shall, except as otherwise provided in the applicable Note Terms Certificate, bear interest at the rate determined by reference to the applicable Interest Rate Basis or Bases plus or minus the applicable Spread, if any, multiplied by the applicable Spread Multiplier, if any. Commencing on the initial Interest Reset Date for such Note (the "Initial Interest Reset Date"), the rate at which interest on such Regular Floating Rate Note shall be payable shall be reset as of each Interest Reset Date.

(b) In the case of a Floating Rate Note, the Interest Reset Period and the Interest Reset Dates shall be as provided in the applicable Note Terms Certificate. Unless otherwise provided in the applicable Note Terms Certificate, the Interest Reset Dates shall be, in the case of Floating Rate Notes that reset: (i) daily, each Business Day; (ii) weekly, the Wednesday of each week (with the exception of weekly reset Floating Rate Notes as to which the Treasury Rate is an applicable Interest Rate Basis, which will reset on Tuesday of each week, except as set forth in the definition of "Interest Determination Date"); (iii) monthly, the third Wednesday of each month (with the exception of monthly Floating Rate Notes as to which the Eleventh District Cost of Funds Rate is an applicable Interest Rate Basis, which will reset on the first calendar day of the month); (iv) quarterly, the third Wednesday of March, June, September and December of each year; (v) semiannually, the third Wednesday of the two months specified in the applicable Note Terms Certificate; and (vi) annually, the third Wednesday of the month specified in the applicable Note Terms Certificate.

(c) If a Note is designated as a Floating Rate/Fixed Rate Note, such Note shall, except as otherwise provided in the applicable Note Terms Certificate, bear interest at the rate determined by reference to the applicable Interest Rate Basis or Bases plus or minus the applicable Spread, if any, multiplied by the applicable Spread Multiplier, if any. Commencing on the Initial Interest Reset Date, the rate at which interest on such Floating Rate/Fixed Rate Note shall be payable shall be reset as of each Interest Reset Date; provided, however, that the interest rate in effect for the period commencing on the date specified in the applicable Note Terms Certificate (the "Fixed Rate Commencement Date") to the Maturity Date shall be the Fixed Interest Rate, if such rate is specified in the Note Terms Certificate or, if no such Fixed Interest Rate is specified, the interest rate in effect thereon on the day immediately preceding the Fixed Rate Commencement Date. The rate of interest on Floating Rate/Fixed Rate Notes will not reset after the applicable Fixed Rate Commencement Date.

(d) If a Note is designated as an Inverse Floating Rate Note, such Note shall, except as otherwise provided in the applicable Note Terms Certificate, bear interest at the Fixed Interest Rate minus the rate determined by reference to the applicable Interest Rate Basis or Bases plus or minus the applicable Spread, if any, multiplied by the applicable Spread Multiplier, if any; provided, however, that, unless otherwise specified in the applicable Note Terms Certificate, the interest rate thereon shall not be less than zero. Commencing on the Initial Interest Reset Date, the rate at which interest on such Inverse Floating Rate Note shall be payable shall be reset as of each Interest Reset Date.

The foregoing provisions of this Section 2.10 are subject to the proviso that, in each case, the interest rate in effect for the period, if any, from the date of issue to the Initial Interest Reset Date shall be the initial interest rate of such Note (the "Initial Interest Rate"). Except as provided in any applicable Note Terms Certificate, interest will be payable, in the case of Floating Rate Notes that reset: (i) daily, weekly or monthly, on the third Wednesday of each month or on the third Wednesday of March, June, September or December of each year, as specified in the applicable Note Terms Certificate; (ii) quarterly, on the third Wednesday of March, June, September or December of each year; (iii) semiannually, on the third Wednesday of the two months of each year specified in the applicable Note Terms Certificate; and (iv) annually, on the third Wednesday of the month of each year specified in the applicable Note Terms Certificate (each an "Interest Payment Date") and, in each case, on the Maturity Date. If any Interest Payment Date other than the Maturity Date for any Floating Rate Note would otherwise be a day that is not a Business Day, such Interest Payment Date shall be postponed to the next succeeding Business Day, except that, in the case of a Floating Rate Note as to which LIBOR is an applicable Interest Rate Basis and such Business Day falls in the next succeeding calendar month, such Interest Payment Date shall be the immediately preceding Business Day. If any Interest Reset Date for any Floating Rate Note would otherwise be a day that is not a Business Day, such Interest Reset Date shall be postponed to the next succeeding Business Day, except that in the case of a Floating Rate Note as to which LIBOR is an applicable Interest Rate Basis

and such Business Day falls in the next succeeding calendar month, such Interest Reset Date shall be the immediately preceding Business Day. Notwithstanding the foregoing, a Floating Rate Note may also have either or both of the following: a maximum interest rate, or ceiling, that may accrue during any Interest Period (a "Maximum Interest Rate") and a minimum interest rate, or floor, that may accrue during any Interest Period (a "Minimum Interest Rate"). In addition to any Maximum Interest Rate that may apply to a Floating Rate Note, the interest rate on Floating Rate Notes will in no event be higher than the maximum rate permitted by New York law, as the same may be modified by United States law. Interest accrued on a Floating Rate Note shall be calculated by multiplying its principal amount by an accrued interest factor. Such accrued interest factor shall be computed by adding the interest factor calculated for each day in the applicable Interest Period. Unless otherwise provided in the applicable Note Terms Certificate, the interest factor for each such day shall be computed by dividing the interest rate applicable to such day by 360, in the case of Floating Rate Notes for which an applicable Interest Rate Basis is the CD Rate, the Commercial Paper Rate, the Eleventh District Cost of Funds Rate, the Federal Funds Rate, LIBOR or the Prime Rate, or by the actual number of days in the year in the case of Floating Rate Notes for which an applicable Interest Rate Basis is the CMT Rate or the Treasury Rate. Unless otherwise specified in the applicable Note Terms Certificate, if the interest rate is to be calculated with reference to two or more Interest Rate Bases, such interest rate shall be calculated in each Interest Period in the same manner as if only the applicable Interest Rate Basis specified in the applicable Note Terms Certificate applied.

Section 2.11 Redemption at the Option of the Issuer. To the extent an applicable Note Terms Certificate provides for an Initial Redemption Date, Notes shall be redeemable on any date on and after such Initial Redemption Date but prior to their Stated Maturity Date in whole or in part at the option of the Issuer in accordance with the provisions of Article Twelve of the Indenture; provided, however, that any partial redemption of Notes shall be in increments of $1,000 or any other integral multiple of an authorized denomination specified in the applicable Note Terms Certificate and that any remaining principal amount thereof shall be at least $1,000 or the minimum denomination applicable thereto. Any such redemption shall be at the applicable Redemption Price, together with unpaid interest accrued to the date of redemption. The Issuer may at any time purchase Notes at any price or prices in the open market or otherwise. Notes so purchased by the Issuer may, at the discretion of the Issuer, be held, resold or surrendered to the Issuing and Paying Agent for cancellation.

Section 2.12 Repayment at the Option of the Holder. To the extent an applicable Note Terms Certificate provides for one or more Optional Repayment Dates, Notes shall be subject to repayment at the option of the Holders thereof on any such Optional Repayment Date in whole or in part; provided, however, that any partial repayment of Notes shall be in increments of $1,000 or any other integral multiple of an authorized denomination specified in the applicable Note Terms Certificate and that any remaining principal amount thereof shall be at least $1,000 or the minimum denomination applicable thereto. Any such repayment shall be at a repayment price of 100% of the unpaid principal amount to be

repaid on such Optional Repayment Date, together with unpaid interest accrued to the date of repayment. For any Note to be repaid on an Optional Repayment Date, such Note must be received, together with the form thereon entitled "Option to Elect Repayment" duly completed, by the Issuing and Paying Agent not more than 60 nor less than 30 calendar days prior to the date of repayment. Exercise of such repayment option by the Holder will be irrevocable. The Issuer shall comply with any applicable requirements of Section 14(e) of the Securities Exchange Act of 1934, as amended, and the rules promulgated thereunder, and any other securities laws or regulations in connection with any such repayment.

Section 2.13 Additional Event of Default. Pursuant to subsection (g) of Section 5.1 of Article Five of the Second Senior Indenture, the following event shall constitute an Event of Default with respect to the Notes:

Except as otherwise provided in this Fourth Supplemental Indenture, a failure to make any payment of the principal of, premium, if any, or interest in the Specified Currency in which such payment is required to be made.

ARTICLE III

MISCELLANEOUS

Section 3.1 Counterparts. This Fourth Supplemental Indenture may be executed in any number of counterparts, each of which shall be deemed an original, but all of which shall together constitute but one and the same instrument.

Section 3.2 Effect of Headings. The Article and Section headings herein and in the Table of Contents are for convenience only and shall not affect the construction hereof.

Secton 3.3 Provisions for the Sole Benefit of Parties and Holders. Nothing in the Indenture or in the Notes, expressed or implied, shall give or be construed to give to any person, firm or corporation, other than the parties hereto and their successors and the Holders, any legal or equitable right, remedy or claim under the Indenture or under any covenant or provision contained therein, all such covenants and provisions being for the sole benefit of the parties hereto and their successors and of the Holders.

Section 3.4 Governing Law. The Notes will be governed by and construed in accordance with the laws of the State of New York without reference to the conflicts of laws principles of such body of laws.

IN WITNESS WHEREOF, the parties hereto have caused this Fourth Supplemental Indenture to be duly executed and the appropriate corporate seals to be hereunto affixed and attested, all as of the 29th day of September, 1998.

HALLIBURTON COMPANY

By: /s/ Susan S. Keith

Title: Vice President and Secretary

Attest:

/s/ John M. Allen

Title: Assistant Secretary

CHASE BANK OF TEXAS,
NATIONAL ASSOCIATION
(formerly Texas Commerce Bank
National Association)

By: /s/ Michael A. Scrivner

Title: Vice President

INTEREST RATE DEFINITIONS

Unless otherwise specified in the applicable Note Terms Certificate, the Calculation Agent shall determine each Interest Rate Basis in accordance with the following provisions.

CD Rate. Unless otherwise specified in the applicable Note Terms Certificate, "CD Rate" means, with respect to any Interest Determination Date relating to a Floating Rate Note for which the interest rate is determined with reference to the CD Rate, the rate on such Interest Determination Date for negotiable United States dollar certificates of deposit having the Index Maturity specified in the applicable Note Terms Certificate as published by the Board of Governors of the Federal Reserve System in "Statistical Release H. 15(519), Selected Interest Rates" or any successor publication ("Statistical Release H.15") under the heading "CDS (Secondary Market)," or, if not published by 3:00 P.M., New York City time, on the related Calculation Date, the rate on such Interest Determination Date for negotiable United States dollar certificates of deposit of the Index Maturity specified in the applicable Note Terms Certificate as published by the Federal Reserve Bank of New York in its daily statistical release "Composite 3:30 P.M. Quotations for U.S. Government Securities" or any successor publication ("Composite Quotations") under the heading "Certificates of Deposit." If such rate is not published in either Statistical Release H.15 or Composite Quotations by 3:00 P.M., New York City time, on the related Calculation Date, then the CD Rate on such Interest Determination Date shall be calculated by the Calculation Agent as the arithmetic mean of the secondary market offered rates as of 10:00 A.M., New York City time, on such Interest Determination Date, of three leading nonbank dealers in negotiable United States dollar certificates of deposit in The City of New York (which may include the Agents or their affiliates) selected by the Calculation Agent for negotiable United States dollar certificates of deposit of major United States money center banks with a remaining maturity closest to the Index Maturity specified in the applicable Note Terms Certificate in an amount that is representative for a single transaction in that market at that time; provided, however, that, if the dealers so selected by the Calculation Agent are not then quoting such securities, the CD Rate determined as of such Interest Determination Date shall be the CD Rate in effect immediately prior to such Interest Determination Date.

CMT Rate. Unless otherwise specified in the applicable Note Terms Certificate, "CMT Rate" means, with respect to any Interest Determination Date relating to a Floating Rate Note for which the interest rate is determined with reference to the CMT Rate, the rate displayed on the Designated CMT Telerate Page under the caption "... Treasury Constant Maturities... Federal Reserve Board Release H.15... Mondays Approximately 3:45 P.M.," under the column for the Designated CMT Index Maturity for (i), if the Designated CMT Telerate Page is 7055, the rate on such Interest Determination Date and (ii), if the Designated CMT Telerate Page is 7052, the weekly or monthly average, as specified in the applicable Note Terms Certificate, for the week or the month, as applicable,

ended immediately preceding the week or the month, as applicable, in which the related Interest Determination Date falls. If such rate is no longer displayed on the relevant page or is not displayed by 3:00 P.M., New York City time, on the related Calculation Date, then the CMT Rate for such Interest Determination Date shall be the treasury constant maturity rate for the Designated CMT Index Maturity for such Interest Determination Date as published in Statistical Release H.15. If such rate is no longer published or is not published by 3:00 P.M., New York City time, on the related Calculation Date, then the CMT Rate for such Interest Determination Date shall be the treasury constant maturity rate for the Designated CMT Index Maturity (or such other United States Treasury rate for the Designated CMT Index Maturity) for such Interest Determination Date as may then be published by either the Board of Governors of the Federal Reserve System or the United States Department of the Treasury and as the Calculation Agent determines to be comparable to the rate formerly displayed on the Designated CMT Telerate Page and published in Statistical Release H.15. If such information is not provided by 3:00 P.M., New York City time, on the related Calculation Date, then the CMT Rate on such Interest Determination Date shall be calculated by the Calculation Agent as a yield to maturity, based on the arithmetic mean of the secondary market closing offer prices as of approximately 3:30 P.M., New York City time, on such Interest Determination Date reported, according to their written records, by three leading United States government securities dealers in The City of New York (which may include the Agents or their affiliates) (each, a "Reference Dealer") selected by the Calculation Agent (from five such Reference Dealers selected by the Calculation Agent and eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest)), for the most recently issued direct noncallable fixed rate obligations of the United States ("Treasury Notes") with an original maturity of approximately the Designated CMT Index Maturity and a remaining term to maturity of not less than such Designated CMT Index Maturity minus one year. If the Calculation Agent is unable to obtain three such Treasury Note quotations, the CMT Rate on such Interest Determination Date shall be calculated by the Calculation Agent as a yield to maturity based on the arithmetic mean of the secondary market offered rates as of approximately 3:30 P.M., New York City time, on such Interest Determination Date of three Reference Dealers in The City of New York (from five such Reference Dealers selected by the Calculation Agent and eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest)), for Treasury Notes with an original maturity of the number of years that is the next highest to the Designated CMT Index Maturity and a remaining term to maturity closest to the Designated CMT Index Maturity and in an amount of at least $100 million. If only three or four (and not five) of such Reference Dealers are then quoting such securities, then the CMT Rate shall be based on the arithmetic mean of the offered rates obtained and neither the highest nor the lowest of such quotes shall be eliminated; provided, however, that, if fewer than three Reference Dealers so selected by the Calculation Agent are then quoting such securities, the CMT Rate determined as of such Interest Determination Date shall be the CMT Rate in effect on such Interest Determination Date. If two Treasury Notes with an original maturity as described in the second preceding sentence have remaining terms to maturity equally close

to the Designated CMT Index Maturity, the Calculation Agent shall obtain quotations for the Treasury Note with the shorter remaining term to maturity.

"Designated CMT Telerate Page" means the display on the Dow Jones Telerate Service (or any successor service) on the page specified in the applicable Note Terms Certificate (or any other page as may replace such page on such service) for the purpose of displaying Treasury Constant Maturities as reported in Statistical Release H.15. If no such page is specified in the applicable Note Terms Certificate, the Designated CMT Telerate Page shall be 7052 for the most recent week.

"Designated CMT Index Maturity" means the original period to maturity of the U.S. Treasury securities (either 1, 2, 3, 5, 7, 10, 20 or 30 years) specified in the applicable Note Terms Certificate with respect to which the CMT Rate will be calculated or, if no such maturity is specified in the applicable Note Terms Certificate, 2 years.

Commercial Paper Rate. Unless otherwise specified in the applicable Note Terms Certificate, "Commercial Paper Rate" means, with respect to any Interest Determination Date relating to a Floating Rate Note for which the interest rate is determined with reference to the Commercial Paper Rate, the Money Market Yield (as hereinafter defined) on such date of the rate for commercial paper having the Index Maturity specified in the applicable Note Terms Certificate as published in Statistical Release H.15 under the heading "Commercial Paper-Nonfinancial." If such rate is not published by 3:00 P.M., New York City time, on the related Calculation Date, then the Commercial Paper Rate on such Interest Determination Date shall be the Money Market Yield of the rate for commercial paper having the Index Maturity specified in the applicable Note Terms Certificate as published in Composite Quotations under the heading "Commercial Paper-Nonfinancial" (with an Index Maturity of one month or three months being deemed to be equivalent to an Index Maturity of 30 days or 90 days, respectively). If such rate is not yet published in either Statistical Release H.15 or Composite Quotations by 3:00 P.M., New York City time, on the related Calculation Date, then the Commercial Paper Rate on such Interest Determination Date shall be calculated by the Calculation Agent as the Money Market Yield of the arithmetic mean of the offered rates at approximately 11:00 A.M., New York City time, on such Interest Determination Date of three leading dealers of commercial paper in The City of New York (which may include the Agents or their affiliates) selected by the Calculation Agent for commercial paper having the Index Maturity specified in the applicable Note Terms Certificate placed for an industrial issuer whose bond rating is "Aa," or the equivalent, from a nationally recognized statistical rating organization; provided, however, that, if the dealers so selected by the Calculation Agent are not quoting such securities, the Commercial Paper Rate determined as of such Interest Determination Date will be the Commercial Paper Rate in effect immediately prior to such Interest Determination Date.

"Money Market Yield" means a yield (expressed as a percentage) calculated in accordance with the following formula:

$$\text{Money Market Yield} = \frac{D \times 360}{360 - (D \times M)} \times 100$$

where "D" refers to the applicable per annum rate for commercial paper quoted on a bank discount basis and expressed as a decimal, and "M" refers to the actual number of days in the applicable Interest Reset Period.

Eleventh District Cost of Funds Rate. Unless otherwise specified in the applicable Note Terms Certificate, "Eleventh District Cost of Funds Rate" means, with respect to any Interest Determination Date relating to a Floating Rate Note for which the interest rate is determined with reference to the Eleventh District Cost of Funds Rate, the rate equal to the monthly weighted average cost of funds for the calendar month immediately preceding the month in which such Interest Determination Date falls, as set forth under the caption "11th District" on Telerate Page 7058 as of 11:00 A.M., San Francisco time, on such Interest Determination Date. If such rate does not appear on Telerate Page 7058 on such Interest Determination Date, then the Eleventh District Cost of Funds Rate on such Interest Determination Date shall be the monthly weighted average cost of funds paid by member institutions of the Eleventh Federal Home Loan Bank District that was most recently announced (the "Index") by the Federal Home Loan Bank ("FHLB") of San Francisco as such cost of funds for the calendar month immediately preceding such Interest Determination Date. If the FHLB of San Francisco fails, on or prior to such Interest Determination Date, to announce the Index for the immediately preceding calendar month, the Eleventh District Cost of Funds Rate determined as of such Interest Determination Date will be the Eleventh District Cost of Funds Rate in effect immediately prior to such Interest Determination Date.

Federal Funds Rate. Unless otherwise specified in the applicable Note Terms Certificate, "Federal Funds Rate" means, with respect to any Interest Determination Date relating to a Floating Rate Note for which the interest rate is determined with reference to the Federal Funds Rate, the rate on such date for United States dollar federal funds as published in Statistical Release H.15 under the heading "Federal Funds (Effective)" or, if not published by 3:00 P.M., New York City time, on the related Calculation Date, the rate on such Interest Determination Date as published in Composite Quotations under the heading "Federal Funds/Effective Rate." If such rate is not published in either Statistical Release H.15 or Composite Quotations by 3:00 P.M., New York City time, on the related Calculation Date, then the Federal Funds Rate on such Interest Determination Date shall be calculated by the Calculation Agent as the arithmetic mean of the rates for the last transaction in overnight United States dollar federal funds arranged by three leading brokers of federal funds transactions in The City of New York (which may include the Agents or their affiliates) selected by the Calculation Agent prior to 9:00 A.M., New York City time, on such Interest Determination Date; provided, however, that, if the brokers so selected by the Calculation Agent are not then quoting such securities, the Federal Funds Rate determined as of such Interest Determination Date shall be the Federal Funds Rate in effect immediately prior to such Interest Determination Date.

LIBOR. Unless otherwise specified in the applicable Note Terms Certificate, "LIBOR" means the rate determined in accordance with the following provisions:

(i) With respect to any Interest Determination Date relating to a Floating Rate Note for which the interest rate is determined with reference to LIBOR, LIBOR will be either: (a) if "LIBOR Reuters" is specified in the applicable Note Terms Certificate, the arithmetic mean of the offered rates (unless the Designated LIBOR Page by its terms provides only for a single rate, in which case such single rate shall be used) for deposits in United States dollars having the Index Maturity specified in such Note Terms Certificate, commencing on the applicable Interest Reset Date, that appear on the Designated LIBOR Page as of 11:00 A.M., London time, on such Interest Determination Date, or (b) if "LIBOR Telerate" is specified in the applicable Note Terms Certificate or if neither "LIBOR Reuters" nor "LIBOR Telerate" is specified in the applicable Note Terms Certificate as the method for calculating LIBOR, the rate for deposits in United States dollars having the Index Maturity specified in such Note Terms Certificate, commencing on such Interest Reset Date, that appears on the Designated LIBOR Page as of 11:00 A.M., London time, on such Interest Determination Date. If fewer than two such offered rates so appear, LIBOR on such Interest Determination Date shall be determined in accordance with the provisions described in clause (ii) below.

(ii) With respect to any Interest Determination Date on which fewer than two offered rates appear on the Designated LIBOR Page as specified in clause (i) above, LIBOR will be the arithmetic mean of the quotations for deposits in United States dollars for the period of the Index Maturity specified in the applicable Note Terms Certificate, commencing on the applicable Interest Reset Date, offered to prime banks in the London interbank market by the principal London offices of four major reference banks (which may include affiliates of the Agents) in the London interbank market, as selected by the Calculation Agent, at approximately 11:00 A.M., London time, on such Interest Determination Date and in a principal amount that is representative for a single transaction in United States dollars in such market at such time. If fewer than two such quotations are so provided, then LIBOR on such Interest Determination Date shall be the arithmetic mean of the rates quoted at approximately 11:00 A.M., in London, England, on such Interest Determination Date by three major reference banks (which may include affiliates of the Agents) in London, England, selected by the Calculation Agent for loans in United States dollars to leading European banks, having the Index Maturity specified in the applicable Note Terms Certificate and in a principal amount that is representative for a single transaction in United States dollars in such market at such time; provided, however, that, if the banks so selected by the Calculation Agent are not then quoting such securities, LIBOR determined as of such Interest Determination Date shall be LIBOR in effect immediately prior to such Interest Determination Date.

"Designated LIBOR Page" means (a) if "LIBOR Reuters" is specified in the applicable Note Terms Certificate, the display on the Reuter Monitor Money Rates Service (or any successor service) on the page specified in each Note Terms Certificate (or any other page as may replace such page on such service) for the purpose of displaying the London interbank rates of major banks for United States dollars, or (b) if "LIBOR Telerate" is specified in the applicable Note Terms Certificate or neither "LIBOR Reuters" nor "LIBOR Telerate" is specified in the applicable Note Terms Certificate as the method for calculating LIBOR, the display on the Dow Jones Telerate Service (or any successor service) on the page specified in such Note Terms Certificate (or any other page as may replace such page on such service) for the purpose of displaying the London interbank rates of major banks for United States dollars.

Prime Rate. Unless otherwise specified in the applicable Note Terms Certificate, "Prime Rate" means, with respect to any Interest Determination Date relating to a Floating Rate Note for which the interest rate is determined with reference to the Prime Rate, the rate on such date as such rate is published in Statistical Release H.15 under the heading "Bank Prime Loan." If such rate is not published prior to 3:00 P.M., New York City time, on the related Calculation Date, then the Prime Rate shall be the arithmetic mean of the rates of interest publicly announced by each bank that appears on the Reuters Screen USPRIME1 Page (as hereinafter defined) as such bank's prime rate or base lending rate as in effect for such Interest Determination Date. If fewer than four such rates appear on the Reuters Screen USPRIME1 Page for such Interest Determination Date, then the Prime Rate on such Interest Determination Date shall be the arithmetic mean of the prime rates or base lending rates quoted on the basis of the actual number of days in the year divided by a 360-day year as of the close of business on such Interest Determination Date by four major money center banks (which may include affiliates of the Agents) in The City of New York selected by the Calculation Agent. If fewer than four such quotations are so provided, then the Prime Rate on such Interest Determination Date shall be the arithmetic mean of four prime rates quoted on the basis of the actual number of days in the year divided by a 360-day year as of the close of business on such Interest Determination Date as furnished in The City of New York by the major money center banks, if any, that have provided such quotations and by substitute banks or trust companies (which may include affiliates of the Agents) selected by the Calculation Agent to provide such rate or rates in order to obtain four such prime rate quotations, provided that such substitute banks or trust companies are organized and doing business under the laws of the United States, or any State thereof, each having total equity capital of at least $500 million and being subject to supervision or examination by Federal or State authority; provided, however, that, if the banks or trust companies so selected by the Calculation Agent are not then quoting such securities, the Prime Rate determined as of such Interest Determination Date shall be the Prime Rate in effect immediately prior to such Interest Determination Date.

"Reuters Screen USPRIME1 Page" means the display on the Reuter Monitor Money Rates Service (or any successor service) on the "USPRIME1" page (or such other page as may replace the USPRIME1 page on such service) for the purpose of displaying prime rates or base lending rates of major United States banks.

Treasury Rate. Unless otherwise specified in the applicable Note Terms Certificate, "Treasury Rate" means, with respect to any Interest Determination Date relating to a Floating Rate Note for which the interest rate is determined by reference to the Treasury Rate, the rate from the auction held on such Interest Determination Date (the "Auction") of direct obligations of the United States ("Treasury Bills") having the Index Maturity specified in the applicable Note Terms Certificate, as such rate is published in Statistical Release H.15 under the heading "Treasury Bills-auction average (investment)" or, if not published by 3:00 P.M., New York City time, on the related Calculation Date, the auction average rate of such Treasury Bills (expressed as a bond equivalent on the basis of a year of 365 or 366 days, as applicable, and applied on a daily basis) as otherwise announced by the United States Department of the Treasury. If the results of the Auction of Treasury Bills having the Index Maturity specified in the applicable Note Terms Certificate are not reported as provided by 3:00 P.M., New York City time, on the related Calculation Date or if no such Auction is held, then the Treasury Rate will be calculated by the Calculation Agent as a yield to maturity (expressed as a bond equivalent on the basis of a year of 365 or 366 days, as applicable, and applied on a daily basis) of the arithmetic mean of the secondary market bid rates, as of approximately 3:30 P.M., New York City time, on such Interest Determination Date, of three leading United States government securities dealers (which may include the Agents or their affiliates) selected by the Calculation Agent, for the issue of Treasury Bills with a remaining maturity closest to the Index Maturity specified in the applicable Note Terms Certificate; provided, however, that, if the dealers so selected by the Calculation Agent are not then quoting such securities, the Treasury Rate determined as of such Interest Determination Date will be the Treasury Rate in effect immediately prior to such Interest Determination Date.

Other/Additional Provisions; Addendum

Any provisions with respect to the Notes, including the specification and determination of one or more Interest Rate Bases, the calculation of the interest rate applicable to a Floating Rate Note, the Interest Payment Dates, the Stated Maturity Date, any redemption or repayment provisions or any other term relating thereto, may be modified and/or supplemented as specified under "Other/Additional Provisions" on the face thereof or in an Addendum relating thereto, if so specified on the face thereof and described in the applicable Note Terms Certificate.

Discount Notes

The Issuer may offer Notes ("Discount Notes") from time to time that have an Issue Price (as specified in the applicable Note Terms Certificate) that is less than 100% of the principal amount thereof (i.e., par) by more than a percentage equal to the product of 0.25% and the number of full years to the Stated Maturity Date. Discount Notes may not bear any interest currently or may bear interest at a rate that is below market rates at the time of issuance. The difference between the Issue Price of a Discount Note and par is referred to herein as the "Discount." In the event of redemption, repayment or acceleration of maturity of a Discount Note, the amount payable to the Holder of such Discount Note shall be equal to the sum of (i) the Issue Price (increased by any accruals of Discount) and, in the event of any redemption of such Discount Note, multiplied by the Initial Redemption Percentage (as adjusted by any applicable Annual Redemption Percentage Reduction) and (ii) unpaid interest, if any, accrued thereon to the date of such redemption, repayment or acceleration of maturity, as the case may be.

Unless otherwise specified in the applicable Note Terms Certificate, for purposes of determining the amount of Discount that has accrued as of any date on which a redemption, repayment or acceleration of maturity occurs for a Discount Note, such Discount shall be accrued using a constant yield method. The constant yield shall be calculated using a 30-day month, 360-day year convention, a compounding period that, except for the Initial Period (as hereinafter defined), corresponds to the shortest period between Interest Payment Dates for the applicable Discount Note (with ratable accruals within a compounding period), a coupon rate equal to the initial coupon rate applicable to such Discount Note and an assumption that the maturity of such Discount Note will not be accelerated. If, in the case of an interest bearing Discount Note, the period from the date of issue to the initial Interest Payment Date for a Discount Note (the "Initial Period") is shorter than the compounding period for such Discount Note, a proportionate amount of the yield for an entire compounding period shall be accrued. If, in such case, the Initial Period is longer than the compounding period, then such period shall be divided into a regular compounding period and a short period with the short period being treated as provided in the preceding sentence. The accrual of the applicable Discount may differ from the accrual of original issue discount for purposes of the Internal Revenue Code of 1986, as amended (the "Code"), certain Discount Notes may not be treated as having original issue discount within the meaning of the Code, and Notes other than Discount Notes may be treated as issued with original issue discount for federal income tax purposes.

Indexed Notes

The Issuer may from time to time offer Notes ("Indexed Notes") with the amount of principal, premium or interest payable in respect thereof to be determined by reference to the price or prices of specified commodities or stocks or to other items, in each case as specified in the applicable Note Terms Certificate. In certain cases, Holders of Indexed Notes may receive a principal payment on the Maturity Date that is greater than or less than the principal amount of such Indexed Notes depending upon the relative value on the Maturity Date of the specified indexed item. Information as to the method for determining the amount of principal, premium, if any, or interest, if any, payable in respect of Indexed Notes, certain historical information with respect to the specified indexed items and any material U.S. tax considerations associated with an investment in Indexed Notes shall be specified in the applicable Note Terms Certificate.

Amortizing Notes

The Issuer may from time to time offer Notes ("Amortizing Notes") with the amount of principal thereof and interest thereon payable in installments over the term of such Notes. Unless otherwise specified in the applicable Note Terms Certificate, interest on each Amortizing Note will be computed on the basis of a 360-day year of twelve 30-day months. Payments with respect to Amortizing Notes will be applied first to interest due and payable thereon and then to the reduction of the unpaid principal amount thereof. Further information concerning additional terms and provisions of Amortizing Notes will be specified in the applicable Note Terms Certificate, including a table setting forth repayment information for such Amortizing Notes.

RESOLUTIONS OF THE
BOARD OF DIRECTORS OF
HALLIBURTON COMPANY
EFFECTIVE SEPTEMBER 28, 1998

WHEREAS, the Board of Directors of the Company has heretofore authorized the offering from time to time, at an aggregate initial offering price of up to $500,000,000, of Medium-Term Notes Due Nine Months or More From Date of Issue, Series A (the "Series A Notes"), and the Company has registered the offering, sale and delivery of the Series A Notes pursuant to the Securities Act of 1933, as amended, pursuant to a Registration Statement on Form S-3 (the "First Registration Statement") filed with the Securities and Exchange Commission (the "Commission"); and

WHEREAS, to date Series A Notes, offered by the Company at an aggregate initial offering price of $300,000,000, have been issued and sold by the Company under the First Registration Statement; and

WHEREAS, the Board of Directors of the Company has determined that the requirements of the Company for long term debt capital may exceed $200,000,000, the amount of Series A Notes remaining available for sale and that, therefore, it is in the best interest of the Company to establish an additional Medium Term Notes Program; and

WHEREAS, pursuant to resolutions theretofore adopted by the Board of Directors of the Company, the Company filed a Registration Statement on Form S-3 (the "Second Registration Statement") on August 1, 1997 relating to the offering from time to time, at an aggregate initial offering price of up to $600,000,000, of senior and subordinated debt securities of the Company, none of which has yet been offered or sold; and

WHEREAS, subject to certain limitations, this Board of Directors deems it appropriate to delegate its authority to certain officers of the Company in connection with the Series B Notes (as hereinafter defined) that are not originally offered at one time, including the authority to fix the terms of such Series B Notes; and

WHEREAS, terms used in the following resolutions (and not otherwise defined therein) are defined in the Second Senior Indenture dated as of December 1,1996, among the predecessor of the Company and Texas Commerce Bank National Association (now Chase Bank of Texas, N. A. and herein called the "Trustee") as the same has heretofore been and may hereafter be amended or supplemented (the "Second Senior Indenture");

NOW, THEREFORE, BE IT:

RESOLVED, that this Board of Directors does hereby authorize the issuance under the Second Senior Indenture of a series of securities with terms, in addition to the terms provided in the Second Senior Indenture with respect to Securities of a series issued thereunder, as follows:

(i) The title of the Securities is "Medium-Term Notes Due Nine Months or More From Date of Issue, Series B" (the "Series B Notes").

(ii) The Series B Notes are limited in aggregate principal amount to the amount that may be sold at an aggregate initial offering price of up to $600,000,000, subject to reduction by the aggregate initial offering price of Securities other than the Series A Notes and the Series B Notes sold pursuant to the Second Senior Indenture or the Subordinated Indenture (as defined in the Second Registration Statement). Subject to the foregoing, the aggregate principal amount of the Series B Notes to be issued and sold from time to time shall be as (i) determined on behalf of the Company by the Chief Executive Officer, the President and Chief Operating Officer, any Executive Vice President, the Vice President and Treasurer or the Vice President and Secretary (each an "Authorized Officer") and (ii) set forth in a written request to the Trustee for authentication (an "Authentication Request") signed by an Authorized Officer or any Vice President, any Assistant Treasurer, the Controller, or any other officer or employee of the Company designated in writing by any two Authorized Officers (each of the foregoing, a "Designated Person").

(iii) The Series B Notes may be issued only as Senior Notes. The Series B Notes will rank equally with all other unsecured and unsubordinated indebtedness of the Company. The Series B Notes may also be issued as original issue discount notes ("OID Notes") and may be issued as Global Securities. They may also be issued with the amount of principal (and premium, if any) and/or any interest payable in respect thereof to be determined with reference to the price or prices of specified commodities or stocks or other price or exchange rate ("Indexed Notes").

(iv) Any interest on the Series B Notes will be payable

generally to the person in whose name a Note is registered at the close of business on the Regular Record Date next preceding the Interest Payment Date; provided, however, that interest payable at maturity will be payable to the person to whom principal shall be payable.

(v) The date on which the principal of each of the Series B Notes is payable shall be any day nine months or later from its date of issue, as determined on behalf of the Company from time to time by an Authorized Officer and set forth in an Authentication Request.

(vi) Each Note, other than an OID Note, will bear interest at either: a fixed rate (a "Fixed Rate Note") or a variable rate determined by reference to an interest rate formula (a "Floating Rate Note").

(vii) Unless otherwise indicated in the Pricing Supplement, the Regular Record Date for any Floating Rate Note shall be the date 15 calendar days before each Interest Payment Date whether or not such date shall be a Business Day and the Interest Payment Dates for any Fixed Rate Note shall be March 31 and September 30 of each year.

(viii) Unless otherwise determined on behalf of the Company by an Authorized Officer and set forth in an Authentication Request, payments of principal of, premium, if any, and interest on the Series B Notes shall be at the corporate trust office maintained by the Trustee, as paying agent, in The City of New York, or such other office or agency as may be designated by the Company; provided, however, that at the option of the Company payment of interest (other than interest at maturity) may be made by check mailed to the address of the Person entitled thereto at such address as shall appear in the Security Register; and provided, further, that payment of the principal of, premium, if any, and interest due on any Note which is a Book-Entry Note will be made in immediately available funds at such corporate trust office or such other office or agency.

(ix) If so specified in the applicable Pricing Supplement, the Series B Notes will be repayable by the Company in whole or from time to time in part at the option of the Holders thereof on the optional repayment dates ("Optional Repayment Dates") specified in such Pricing Supplement.

(x) The right, if any, of the Company to redeem each of the Series B Notes, in whole or in part, at its option and the period or periods within which, the price or prices at which and the terms and conditions upon which such Note may be so redeemed shall be as established on behalf of the Company by an Authorized Officer and set forth in the applicable Pricing Supplement.

(xi) The Series B Notes may be denominated in U.S. dollars or in such other currency or composite currency unit (a "Specified Currency") as indicated in the applicable Pricing Supplement, and, unless otherwise specified in the applicable Pricing Supplement, payments of principal of, premium, if any, and interest on the Series B Notes may be made only in U.S. dollars. If so specified in the applicable Pricing Supplement, payments of principal of, premium, if any, and interest on the Series B Notes denominated in other than U.S. dollars will be made in the Specified Currency at the option of the Holders thereof.

(xii) Unless otherwise determined on behalf of the Company by an Authorized Officer and set forth in an Authentication Request, the Series B Notes (other than Global Notes representing Book-Entry Notes) denominated in U.S. dollars ("U.S. Currency Notes") will be issued only in fully registered form in minimum denominations of $1,000 and integral multiples thereof. Notes denominated in a Specified Currency other than U.S. dollars ("Foreign Currency Notes") will be issued in

authorized denominations that are equivalent, at the 11:00 a.m. buying rate in the City of New York for cable transfers in such Specified Currency as certified for customs purposes by the Federal Reserve Bank of New York (the "Market Exchange Agent") on the first Business Day in the City of New York and the country issuing such currency next preceding the date on which the Company accepts the offer to purchase such Foreign Currency Note, to $100,000 (rounded down to an integral multiple of 10,000 units of such Specified Currency) and integral multiples of 10,000 units of such Specified Currency in excess thereof.

(xiii) Any legends to be stamped or imprinted on all or a portion of the Series B Notes, and the terms and conditions upon which any legends may be removed, shall be as set forth in the form of Series B Notes.

(xiv) If agreed by the initial purchaser and on behalf of the Company by an Authorized Officer and set forth in an Authentication Request, any of the Series B Notes shall be issued upon original issuance as Book-Entry Notes. The Depository with respect to Book-Entry Notes shall be The Depository Trust Company. Any such Book-Entry Note may be exchanged for Series B Notes registered in the name of a Holder other than the Depository or its nominee only if (i) the Depository notifies the Company that it is unwilling or unable to continue as Depository or the Depository ceases to be a clearing agency registered under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), (ii) the Company in its sole discretion instructs the Trustee that such Book-Entry Note shall be so exchangeable or (iii) there shall have occurred and be continuing an Event of Default with respect to such Book-Entry Note.

(xv) The provisions of Sections 10.1(B) and 10.1(C) of the Second Senior Indenture relating to defeasance and discharge prior to maturity are applicable to the Series B Notes; and further

RESOLVED, that the form, terms and provisions of the Third Supplemental Indenture to be dated as of August 1,1997 between the Company and the Trustee relating to the Series A Notes and the form, terms and provisions of the Fourth Supplemental Indenture to be dated as of September 30, 1998 between the Company and the Trustee relating to the Series B Notes, each in the form presented to this meeting and supplementing and amending the Second Senior Indenture, be and they hereby are authorized and approved; and further

RESOLVED, that the Authorized Officers be and they hereby are authorized, for, in the name and on behalf of the Company, to execute, acknowledge and deliver the Third Supplemental Indenture and the Fourth Supplemental Indenture with such changes therein as the Authorized Officers executing the same shall approve, such approval to be conclusively evidenced by such officers' execution and delivery thereof; and further

RESOLVED, that the Authorized Officers be and they hereby are authorized for, in the name and on behalf of the Company, to enter into a distribution agreement for the Series B Notes (the "Distribution Agreement") with an investment banking firm or firms or broker-dealer or broker-dealers as an agent or agents (the "Note Agents") that authorizes, among other things, (i) the Note Agents to use their reasonable efforts to solicit purchases of the Series B Notes, (ii) the purchase of the Series B Notes by the Note Agents acting as principal or (iii) a firm underwriting of the sale of the Series B Notes by the Note Agents, such Distribution Agreement to be in such form as may be approved by an Authorized Officer, such approval to be conclusively evidenced by such officer's execution and delivery thereof; and further

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

RESOLVED, that notwithstanding the provisions of the preceding resolutions relating to the execution of a Distribution Agreement and the appointment of one or more Note Agents and Additional Agents, the Company reserves the right:

(i) on its own behalf; to sell the Series B Notes directly from time to time, in which event no commissions will be owed or paid in connection therewith;

(ii) to sell the Series B Notes through any member or members of a group comprised of one or more Note Agents and any Additional Agents to the exclusion of any other Note Agents or Additional Agents and in such event no commission or other remuneration shall be owed to the latter Note Agents or Additional Agents; and

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

RESOLVED, that prior to sale of the Series B Notes, from time to time and subject to the terms of the preceding resolutions, any duly Authorized Officer shall on behalf of the Company have the authority to determine:

(i) the aggregate principal amount and maturities of the Series B Notes to be offered and the initial offering price of the Series B Notes;

(ii) whether such Series B Notes are to be Fixed Rate Notes, Floating Rate Notes or OID Notes (including zero coupon obligations) and, if interest bearing, appropriate Interest Record Dates and Interest Payment Dates and, if OID Notes, appropriate discount rates with respect thereto;

(iii) whether the Series B Notes are to be Indexed Notes or Amortizing Notes;

(iv) whether the Series B Notes are to be subject to redemption at the option of the Company and the terms thereof; if subject to redemption;

(v) whether the Series B Notes will be subject to repayment by the Company at the option of the Holders thereof prior to the stated maturity of the Series B Notes, and the terms thereof, including, without limitation, designating Optional Repayment Dates;

(vi) the amount of any discounts, allowances or commissions to be paid or allowed to the Note Agents and to any Additional Agents; and

(vii) any other terms of the Series B Notes and of the offering and sale thereof that are not inconsistent with this and the preceding resolutions;

and thereafter to cause an appropriate Prospectus Supplement and appropriate Pricing Supplements to the Prospectus contained in the Second Registration Statement to be prepared, filed with the Commission and delivered to investors and one or more Authentication Requests to be delivered to the Trustee for action in keeping therewith.

DRESSER INDUSTRIES, INC.
(Issuer and Guarantor)

AND

TEXAS COMMERCE BANK NATIONAL ASSOCIATION
(Trustee)

Second Supplemental Indenture

Dated as of October 30, 1997

8% Guaranteed Senior Notes due 2003

SECOND SUPPLEMENTAL INDENTURE dated as of October 30, 1997, by and between DRESSER INDUSTRIES, INC. ("Successor"), a corporation incorporated and existing under the laws of the State of Delaware and TEXAS COMMERCE BANK NATIONAL ASSOCIATION, (the "Trustee"), a national banking association.

RECITALS

A. Baroid Corporation (the "Company"), a corporation incorporated and existing under the laws of the State of Delaware, has heretofore executed and delivered to the Trustee a certain Indenture dated as of April 22, 1993, as supplemented as of August 4, 1994, (the Indenture, as supplemented herein called the "Indenture") providing for the issue of $150,000,000 principal amount of its 8% Guaranteed Senior Notes due 2003 (the "Securities"). All terms used in this Second Supplemental Indenture which are defined in the Indenture and not defined herein shall have the same meanings assigned to them in the Indenture.

B. Pursuant to the Certificate and Articles of Dissolution and Plan of Dissolution dated as of October 30, 1997, by the Company and the Successor, the Company was dissolved and its assets distributed to Successor, and Successor assumed all the Company's liabilities and obligations as of that date (the "Dissolution") pursuant to the laws of Delaware.

C. Section 4.01 of the Indenture provides that in the event that the Company shall sell, assign, transfer or lease all or substantially all of its assets to a successor company, the successor company shall expressly assume by supplemental indenture all the obligations of the Company under the Securities and the Indenture.

D. Section 8.01 of the Indenture provides that a supplemental indenture may be entered into by the Company and the Trustee without the consent of any Holders to comply with Article 4.

E. The Company has furnished the Trustee with an Officers' Certificate stating that the Dissolution and this Second Supplemental Indenture comply with clauses (1) through (3) of Article 4 of the Indenture.

AGREEMENT

NOW THEREFORE, for and in consideration of the foregoing premises, the parties hereto do hereby mutually covenant and agree as follows:

SECTION 1. The Successor hereby expressly assumes, from and after the consummation of the Dissolution, all the obligations and liabilities of the Company under the Securities and the Indenture.

SECTION 2. The Successor shall, from and after the consummation of the Dissolution, by virtue of the aforesaid assumption and the delivery of this Second Supplemental Indenture, succeed to, and be substituted for, and may exercise every right and power of, the Company under the Indenture with the same effect as if the Successor had been named as the Company in the Indenture.

SECTION 3. Pursuant to Section 9.02 of the Indenture, any notice or communication provided or permitted by the Indenture to be made upon, given or furnished to, or filed with the Company shall be addressed to Dresser Industries, Inc. at P.O. Box 718, Dallas, Texas 75221, Attention: Treasurer.

SECTION 4. In case any provision in this Second Supplemental Indenture shall be invalid, illegal or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired hereby.

SECTION 5. This Second Supplemental Indenture supplements the Indenture and shall be a part and subject to all the terms thereof. Except as supplemented hereby, the Indenture shall continue in full force and effect.

SECTION 6. This Second Supplemental Indenture shall be construed in accordance with and governed by the laws of the State of New York.

SECTION 7. This Second Supplemental Indenture may be executed in one or more counterparts each of which shall be deemed to be an original, but all of which together shall constitute one and the same instruments.

IN WITNESS WHEREOF, the parties hereto have caused this Second Supplemental Indenture to be duly executed as of the 30th day of October, 1997.

DRESSER INDUSTRIES, INC.

Attest:

/s/ George H. Juetten

By: George H. Juetten
Senior Vice President and
Chief Financial Officer

/s/ Rebecca R. Morris
- ---
Secretary

TEXAS COMMERCE BANK NATIONAL ASSOCIATION

/s/ Letha Glover

By: Letha Glover
Assistant Vice President and
Trust Officer

THIRD SUPPLEMENTAL INDENTURE

dated as of September 29, 1998

among

DRESSER INDUSTRIES, INC.
(as Issuer and Guarantor),

HALLIBURTON COMPANY,
(as Guarantor)

and

CHASE BANK OF TEXAS, NATIONAL ASSOCIATION
(as Trustee)

(Baroid Note Indenture)

This Third Supplemental Indenture dated as of September 29, 1998 is among Dresser Industries, Inc., a corporation incorporated and existing under the laws of the State of Delaware ("Dresser"), Halliburton Company, a corporation incorporated and existing under the laws of the State of Delaware (the "Guarantor"), and Chase Bank of Texas, National Association (formerly Texas Commerce Bank National Association), a national banking association, as trustee (the "Trustee").

RECITALS:

Baroid Corporation, a corporation incorporated under the laws of the State of Delaware ("Baroid"), duly authorized the creation of its 8% Senior Notes due 2003 (the "Securities") and the execution and delivery of the Indenture dated as of April 22, 1993 between Baroid and the Trustee (the "Original Indenture") and issued the Securities pursuant to the Original Indenture.

Following the acquisition of Baroid by Dresser, Baroid, Dresser and the Trustee, thereunto duly authorized, entered into a Supplemental Indenture dated as of August 4, 1994 (the "First Supplemental Indenture") pursuant to which, among other things, Dresser fully and unconditionally guaranteed the payment of the principal, premium, if any, and interest on the Securities and the performance of Baroid's obligations under the Original Indenture.

On October 30, 1997, Baroid was liquidated through distribution of its assets to and assumption of its liabilities by Dresser and was dissolved through the filing of a Certificate of Dissolution with the Secretary of State of Delaware.

As of October 30, 1997, Dresser and the Trustee, thereunto duly authorized, entered into a Second Supplemental Indenture (the "Second Supplemental Indenture") pursuant to which Dresser assumed and succeeded to all of Baroid's obligations under the Original Indenture, as theretofore supplemented.

On September 29, 1998, a wholly owned subsidiary of the Guarantor merged with and into Dresser as a result of which Dresser, as the surviving corporation, became a wholly owned subsidiary of the Guarantor.

The Guarantor has duly authorized the full and unconditional guarantee of the Securities on the terms hereinafter set forth and has duly authorized the execution and delivery of this Third Supplemental Indenture.

Each of Dresser and the Trustee has duly authorized the execution and delivery of this Third Supplemental Indenture.

NOW, THEREFORE, in consideration of the premises, the covenants herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, the parties hereto covenant and agree as follows:

ARTICLE I.

Section 1.01. Definitions. As used hereinafter:

(a) the term "Indenture" shall mean the Indenture as supplemented by the First, Second and Third Supplemental Indentures.

(b) the term "Guarantor" shall mean Halliburton Company, a Delaware corporation, and its successors and assigns.

Section 1.02. Other capitalized terms used but not defined herein are defined in the Original Indenture or the First or Second Supplemental Indenture and are used herein with the meanings ascribed to them therein.

ARTICLE II.

Section 2.01. Amendment of Article 10. Article 10 of the Original Indenture, as supplemented by the First Supplemental Indenture and the Second Supplemental Indenture, is hereby amended so as to be and read in its entirety as follows:

ARTICLE 10

GUARANTEE OF SECURITIES

SECTION 10.01 Guarantee. The Guarantor for consideration received unconditionally and irrevocably guarantees to each Securityholder (i) the due and punctual payment of the principal of, premium, if any, and interest on such Security when and as the same shall become due and payable, whether at Stated Maturity, as a result of redemption, upon exercise by the Holder of the repurchase option upon a Change of Control, by acceleration or otherwise; (ii) the due and punctual payment of interest on overdue principal of and interest on the Securities, to the extent lawful; (iii) the due and punctual performance of all other obligations under this Indenture to the Securityholders or the Trustee in accordance with the terms of such Security and of this Indenture; and (iv) in the case of any extension of time of payment or renewal of any Securities or any such other obligations, that the same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, at Stated Maturity, at redemption, upon exercise by the Holder of the repurchase option upon a Change of Control, by acceleration or otherwise, to be paid by such Guarantor. In all respects, the Guarantor hereby agrees that its obligations hereunder shall be absolute and unconditional, irrespective of, and shall be unaffected by, any invalidity, irregularity or unenforceability of any such Security or any other Article of this Indenture, any failure to enforce or exercise, or delay in enforcing or exercising, any right, power or privilege or any of the other provisions of such Security or this Indenture, any waiver, modification or indulgence granted to the Company with respect thereto by the Securityholders or the Trustee, or any other circumstances which may otherwise constitute a legal or equitable discharge of a surety or guarantor. This Guarantee is a guarantee of payment and not of collection. The Guarantor waives diligence, presentment, filing of claims with a court in the event of

merger or bankruptcy of the Company, any right to require a proceeding or demand first against the Company, the benefit of discussion, protest or notice with respect to any such Security or the indebtedness represented thereby and all other demands whatsoever, and covenants that this Guarantee will not be discharged as to any Security except by payment in full of the amount of principal thereof, premium, if any, and interest thereon and as provided by this Indenture. The Guarantor further agrees that, as between Guarantor, on the one hand, and the Securityholders and the Trustee, on the other hand, (i) the maturity of the obligations guaranteed hereby may be accelerated as provided in Article 5 hereof for the purposes of this Guarantee, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the obligations guaranteed hereby, and (ii) in the event of any acceleration of such obligations as provided in Article 5 hereof, such obligations (whether or not due and payable) shall forthwith become due and payable by the Guarantor for the purpose of this Guarantee. In addition, without limiting the foregoing provisions, upon the effectiveness of an acceleration under Article 5, the Trustee shall promptly make a demand for payment on the Securities under the Guarantee provided for in this Article 10 and not discharged; provided that the failure by the Trustee to make any such demand shall not impair or otherwise affect the obligations of the Guarantor.

The Guarantee set forth in this Section 10.01 shall not be valid or become obligatory for any purpose with respect to any Security unless the certificate of authentication shall have been signed by the Trustee.

The obligations of Guarantor pursuant to this Guarantee shall continue to be effective or automatically reinstated, as the case may be, if at any time payment of obligations under this Indenture is rescinded or otherwise must be restored or returned upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of the Company or the Guarantor or for any reason, all as though such payment had not been made.

The Guarantor shall be subrogated to all rights of the Securityholders and the Trustee under the Securities and the Indenture; provided, however, that the Guarantor shall not be entitled to any payments arising out of such subrogation right until the principal of, premium, if any, and interest on all Securities shall have been irrevocably paid in full in accordance with the terms of such Securities, the Indenture and the Guarantee.

To the extent that any right, power or authority is available under this Indenture to the Trustee or any Securityholder to enforce the provisions of the Securities, the Trustee and each Securityholder shall have all such rights, powers and authority, not inconsistent with the express provisions of this Guarantee, necessary to enforce the provisions of this Guarantee. Each and every default to which this Guarantee applies shall give rise to a separate cause of action hereunder, and separate suits may be brought hereunder as each cause of action arises. No remedy conferred upon or reserved to the Trustee or any Securityholder is intended to be exclusive of any other remedy or remedies, but each and every remedy shall be cumulative and shall be in addition to every other remedy given under this Guarantee either now or hereafter existing at law or in equity.

SECTION 10.02 Obligations of Guarantor Unconditional. Nothing contained in this Article 10 or elsewhere in this Indenture or in any Security is intended to or shall impair, as between Guarantor, on one hand, and the Trustee and the Securityholders, on the other, the obligation of Guarantor, which is absolute and unconditional, to pay to the Securityholders and the Trustee the principal of, premium, if any, and interest on the Securities as and when the same shall become due and payable in accordance with the provisions of this Guarantee, nor shall anything herein or therein prevent the Trustee or any Securityholder from exercising all remedies otherwise permitted by applicable law upon an Event of Default under this Indenture.

SECTION 10.03 Execution of Guarantee. To evidence its guarantee to the Securityholders and the Trustee, the Guarantor hereby agrees to execute a notation relating to the guarantee on each Security authenticated and made available after the date of the Third Supplemental Indenture for delivery by the Trustee. Such notation may take the form of the Guaranty attached to the Third Supplemental Indenture as Annex A. The Guarantor hereby agrees that its Guarantee set forth in Section 10.01 shall remain in full force and effect notwithstanding any failure to endorse on each Security a notation of such Guarantee.

ARTICLE III.

Section 3.01. Effectiveness. This Third Supplemental Indenture shall, upon execution and delivery hereof by all the parties hereto, become effective as of the date hereof. From and after the effectiveness of this Third Supplemental Indenture, the Indenture, as hereby supplemented, amended and modified, shall remain in full force and effect.

Section 3.02. References. Each reference in the Indenture or this Third Supplemental Indenture to any article, section, term or provision of the Indenture shall mean and be deemed to refer to such article, section, term or provision of the Indenture, as modified by this Third Supplemental Indenture, except where the context otherwise indicates.

Section 3.03. Benefit. All the covenants, provisions, stipulations and agreements contained in this Third Supplemental Indenture are and shall be for the sole and exclusive benefit of the parties hereto, their successors and assigns, and of the holders and registered owners from time to time of the Securities issued and outstanding from time to time under the Indenture.

Section 3.04. Counterparts. This Third Supplemental Indenture may be executed in any number of counterparts, each of which shall be deemed an original and all of which taken together shall be deemed to be a single instrument.

Section 3.05. Governing Law. This Third Supplemental Indenture shall be deemed to be a contract under the laws of the State of New York, and for all purposes shall be construed in accordance with the laws of such state without regard to principles of conflicts of laws, except as may otherwise be required by mandatory provisions of law.

Section 3.06. Headings. The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

IN WITNESS WHEREOF, the said Halliburton Company, Dresser Industries, Inc. and Chase Bank of Texas, National Association have each caused this Third Supplemental Indenture to be executed in its corporate name by the officer whose name is subscribed below, thereunto duly authorized, and its corporate seal to be hereunto affixed and, in the cases of Halliburton Company and Dresser Industries, Inc., attested by its Secretary or Assistant Secretary, all as of the day and year first above written.

HALLIBURTON COMPANY

By /s/ Lester L. Coleman

Name: Lester L. Coleman
Title: Executive Vice President and General Counsel

Attest:

By /s/ John M. Allen

Name: John M. Allen
Title: Assistant Secretary

DRESSER INDUSTRIES, INC.

By /s/ Lester L. Coleman

Name: Lester L. Coleman
Title: Senior Vice President

Attest:

By /s/ John M. Allen

Name: John M. Allen
Title: Assistant Secretary

CHASE BANK OF TEXAS,
NATIONAL ASSOCIATION

By /s/ Letha Glover

Name: Letha Glover
Title: Assistant Vice President and Trust Officer

ANNEX A

GUARANTEE

Halliburton Company (the "Guarantor") has, pursuant to the within mentioned Indenture, unconditionally guaranteed that (a) the principal of, premium, if any, and interest on the Securities, if lawful, and all other obligations of the Company to the Holders or the Trustee will be paid in full or performed, all in accordance with the terms hereof and set forth in the Indenture, and (b) in the case of any extension of time of payment or renewal of any Securities or any such other obligations, the same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, at Stated Maturity, at redemption, by acceleration or otherwise. The Guarantee will be binding upon the Guarantor and its successors and assigns and will inure to the benefit of the successors and assigns of the Trustee and the Holders and, in the event of any transfer or assignment of rights by any Holder or the Trustee, the rights and privileges conferred upon that party will automatically extend to and be vested in such transferee or assignee, all subject to the terms and conditions contained in the Indenture. The Guarantee will not be valid or obligatory for any purpose with respect to a Security unless the certificate of authentication on the Security has been signed by the Trustee.

HALLIBURTON COMPANY

By: /s/ Lester L. Coleman

Lester L. Coleman
Executive Vice President and
General Counsel

HALLIBURTON COMPANY
1993 STOCK AND LONG-TERM INCENTIVE PLAN
As Amended and Restated February 19, 1998

I. PURPOSE

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

II. DEFINITIONS

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

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

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

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

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

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

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

(g) "Company" means Halliburton Company.

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

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

(j) "Fair Market Value" means, as of any specified date, the closing price of the Common Stock on the New York Stock Exchange (or, if the Common Stock is not then listed on such exchange, such other national securities exchange on which the Common Stock is then listed) on that date, or if no prices are reported on that date, on the last preceding date on which such prices of the Common Stock are so reported. If the Common Stock is not then listed on any national securities exchange but is traded over the counter at the time a determination of its Fair Market Value is required to be made

hereunder, its Fair Market Value shall be deemed to be equal to the average between the reported high and low sales prices of Common Stock on the most recent date on which Common Stock was publicly traded. If the Common Stock is not publicly traded at the time a determination of its value is required to be made hereunder, the determination of its Fair Market Value shall be made by the Committee in such manner as it deems appropriate.

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

(l) "Immediate Family" means, with respect to a particular Holder, the Holder's spouse, children and grandchildren (including adopted and step children and grandchildren).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

III. EFFECTIVE DATE AND DURATION OF THE PLAN

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

IV. ADMINISTRATION

(a) Composition of Committee. The Plan shall be administered by a committee which shall be (i) appointed by the Board and (ii) constituted so as to permit the Plan to comply with Rule 16b-3 and regulations promulgated under section 162(m) of the Code.

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

(c) Additional Powers. The Committee shall have such additional powers as are delegated to it by the other provisions of the Plan. Subject to the express provisions of the Plan, the Committee is authorized to construe the Plan and the respective agreements executed thereunder, to prescribe such rules and regulations relating to the Plan as it may deem advisable to carry out the Plan, and to determine the terms, restrictions and provisions of each Award, including such terms, restrictions and provisions as shall be requisite in the judgment of the Committee to cause designated Options to qualify as Incentive Stock Options, and to make all other determinations necessary or advisable for administering the Plan. The Committee may correct any defect or supply any omission or reconcile any inconsistency in any agreement relating to an Award in the manner and to the extent the Committee shall deem expedient to carry the Award into effect. The determinations of the Committee on the matters referred to in this Article IV shall be conclusive.

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

(a) Award Limits. The Committee may from time to time grant Awards to one or more employees determined by it to be eligible for participation in the Plan in accordance with the provisions of Article VI. The aggregate number of shares of Common Stock that may be issued under the Plan shall not exceed 27,000,000 shares, of which no more than 4,000,000 may be issued in the form of Restricted Stock Awards and no more than 4,000,000 may be issued pursuant to Performance Share Awards. Notwithstanding anything contained herein to the contrary, the number of Option shares or Stock Appreciation Rights, singly or in combination, granted to any employee in any one calendar year shall not in the aggregate exceed 500,000. Any of such shares which remain unissued and which are not subject to outstanding Options or Awards at the termination of the Plan shall cease to be subject to the Plan, but, until termination of the Plan, the Company shall at all times reserve a sufficient number of shares to meet the requirements of the Plan. Shares shall be deemed to have been issued under the Plan only to the extent actually issued and delivered pursuant to an Award. To the extent that an Award lapses or the rights of its Holder terminate or the Award is paid in cash, any shares of Common Stock subject to such Award shall again be available for the grant of an Award. The aggregate number of shares which may be issued under the Plan shall be subject to adjustment in the same manner as provided in Article XII with respect to shares of Common Stock subject to Options then outstanding. Separate stock certificates shall be issued by the Company for those shares acquired pursuant to the exercise of an Incentive Stock Option and for those shares acquired pursuant to the exercise of any Option which does not constitute an Incentive Stock Option.

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

VI. ELIGIBILITY

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

VII. STOCK OPTIONS

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

shall provide that the Option may not be exercised earlier than six months from the date of grant and shall specify the effect of termination of employment on the exercisability of the Option.

(b) Option Period. The term of each Option shall be as specified by the Committee at the date of grant; provided that, in no case, shall the term of an Option exceed ten years.

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

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

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

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

VIII. STOCK APPRECIATION RIGHTS

(a) Stock Appreciation Rights. A Stock Appreciation Right is the right to receive an amount equal to the Spread with respect to a share of Common Stock upon the exercise of such Stock Appreciation Right. Stock Appreciation Rights may be granted in connection with the grant of an Option, in which case the Option Agreement will provide that exercise of Stock Appreciation Rights will result in the surrender of the right to purchase the shares under the Option as to which the Stock Appreciation Rights were exercised. Alternatively, Stock Appreciation Rights may be granted independently of Options in which case each Award of Stock Appreciation Rights shall be evidenced by a Stock Appreciation Rights Agreement between the Company and the Holder which shall contain such terms and conditions as may be approved by the Committee. The terms and conditions of the respective Stock Appreciation Rights Agreements need not be identical. The Spread with respect to a Stock Appreciation Right may be payable either in cash, shares of Common Stock with a Fair Market Value equal to the Spread or in a combination of cash and shares of Common Stock. With respect to

stock Appreciation Rights that are subject to Section 16 of the Exchange Act, however, the Committee shall, except as provided in Paragraphs (e) and (f) of Article XII, retain sole discretion (i) to determine the form in which payment of the Stock Appreciation Right will be made (i.e., cash, securities or any combination thereof) or (ii) to approve an election by a Holder to receive cash in full or partial settlement of Stock Appreciation Rights. Upon the exercise of any Stock Appreciation Rights granted hereunder, the number of shares reserved for issuance under the Plan shall be reduced only to the extent that shares of Common Stock are actually issued in connection with the exercise of such Right. Each Stock Appreciation Rights Agreement shall provide that the Stock Appreciation Rights may not be exercised earlier than six months from the date of grant and shall specify the effect of termination of employment on the exercisability of the Stock Appreciation Rights.

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

(c) Exercise Period. The term of each Stock Appreciation Right shall be as specified by the Committee at the date of grant; provided that, in no case, shall the term of a Stock Appreciation Right exceed ten years.

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

IX. RESTRICTED STOCK AWARDS

(a) Restricted Period To Be Established by the Committee. At the time a Restricted Stock Award is made, the Committee shall establish a period of time (the "Restriction Period") applicable to such Award; provided, however, that, except as set forth below and as permitted by Paragraph (b) of this Article IX, such Restriction Period shall not be less than three (3) years from the date of grant (the "Minimum Criteria"). An award which provides for the lapse of restrictions on shares applicable to such Award in equal annual installments over a period of at least three (3) years from the date of grant shall be deemed to meet the Minimum Criteria. The foregoing notwithstanding, with respect to Restricted Stock Awards of up to an aggregate 550,000 shares (subject to adjustment as set forth in Article XII), the Minimum Criteria shall not apply and the Committee may establish such lesser Restriction Periods applicable to such Awards as it shall determine in its discretion. Subject to the foregoing, each Restricted Stock Award may have a different Restriction Period, in the discretion of the Committee. The Restriction Period applicable to a particular Restricted Stock Award shall not be changed except as permitted by Paragraph (b) of this Article or by Article XII.

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

pertaining to the termination of employment (by retirement, disability, death or otherwise) of a Holder prior to expiration of the Restriction Period.

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

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

X. PERFORMANCE SHARE AWARDS

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

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

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

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

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

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

XI. STOCK VALUE EQUIVALENT AWARDS

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

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

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

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

(e) Termination of Employment. The Committee shall determine the effect of termination of employment during the applicable vesting period on an employee's Stock Value Equivalent Award.

XII. RECAPITALIZATION OR REORGANIZATION

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

(b) The existence of the Plan and the Awards granted hereunder shall not affect in any way the right or power of the Board or the stockholders of the Company to make or authorize any adjustment, recapitalization, reorganization or

other change in the Company's capital structure or its business, any merger or consolidation of the Company, any issue of debt or equity securities having any priority or preference with respect to or affecting Common Stock or the rights thereof, the dissolution or liquidation of the Company or any sale, lease, exchange or other disposition of all or any part of its assets or business or any other corporate act or proceeding.

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

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

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

(f) In the event of a Corporate Change, then no later than (i) two business days prior to any Corporate Change referenced in Clause (i), (ii), (iii) or (v) of the definition thereof or (ii) ten business days after any Corporate Change referenced in Clause (iv) of the definition thereof, the Committee, acting in its sole discretion without the consent or approval of any Holder of a Stock

Appreciation Right, shall act to effect one or more of the following alternatives with respect to outstanding Stock Appreciation Rights which acts may vary among individual Holders, may vary among Stock Appreciation Rights held by individual Holders and, with respect to acts taken pursuant to Clause (ii) above, may be contingent upon effectuation of the Corporate Change (A) accelerate the time at which Stock Appreciation Rights then outstanding may be exercised so that such Stock Appreciation Rights may be exercised in full for a limited period of time on or before a specified date (before or after such Corporate Change) fixed by the Committee, after which specified date all unexercised Stock Appreciation Rights and all rights of Holders thereunder shall terminate, (B) require the mandatory surrender to the Company by selected Holders of Stock Appreciation Rights of some or all of the outstanding Stock Appreciation Rights held by such Holders (irrespective of whether such Stock Appreciation Rights are then exercisable under the provisions of the Plan) as of a date (before or after such Corporate Change) specified by the Committee, in which event the Committee shall thereupon cancel such Stock Appreciation Rights and pay to each Holder an amount of cash equal to the Spread with respect to such Stock Appreciation Rights with the Fair Market Value of the Common Stock at such time to be deemed to be the Change of Control Value or (C) make such adjustments to Stock Appreciation Rights then outstanding as the Committee deems appropriate to reflect such Corporate Change (provided, however, that the Committee may determine in its sole discretion that no adjustment is necessary to Stock Appreciation Rights then outstanding).

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

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

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

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

XIII. AMENDMENT OR TERMINATION OF THE PLAN

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

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

XIV. OTHER

(a) No Right To An Award. Neither the adoption of the Plan nor any action of the Board or of the Committee shall be deemed to give an employee any right to be granted an Option, a Stock Appreciation Right, a right to a Restricted Stock Award or a right to a Performance Share Award or Stock Value Equivalent Award or any other rights hereunder except as may be evidenced by an Award or by an Option Agreement duly executed on behalf of the Company, and then only to the extent of and on the terms and conditions expressly set forth therein. The Plan shall be unfunded. The Company shall not be required to establish any special or separate fund or to make any other segregation of funds or assets to assure the payment of any Award.

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

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

(d) No Restriction on Corporate Action. Nothing contained in the Plan shall be construed to prevent the Company or any Subsidiary from taking any corporate action which is deemed by the Company or such Subsidiary to be appropriate or in its best interest, whether or not such action would have an adverse effect on

the Plan or any Award made under the Plan. No employee, beneficiary or other person shall have any claim against the Company or any Subsidiary as a result of any such action.

(e) Restrictions on Transfer. An Award shall not be transferable otherwise than by will or the laws of descent and distribution or pursuant to a "qualified domestic relations order" as defined by the Code or Title I of the Employee Retirement Income Security Act of 1974, as amended, and shall be exercisable during the lifetime of the Holder only by such Holder, the Holder's guardian or legal representative, a transferee under a qualified domestic relations order or a transferee as described below; provided, however, that the Committee shall have the authority, in its discretion, to grant (or to sanction by way of amendment to an existing grant) Options (other than Incentive Stock Options) which may be transferred by the Holder for no consideration to or for the benefit of the Holder's Immediate Family, to a trust solely for the benefit of the Holder and his Immediate Family, or to a partnership or limited liability company whose only partners or shareholders are the Holder and members of his Immediate Family, in which case the Option Agreement shall so state. A transfer of an Option pursuant to this paragraph (e) shall be subject to such rules and procedures as the Committee may establish. In the event an Option is transferred as contemplated in this paragraph (e), (i) such Option may not be subsequently transferred by the transferee except by will or the laws of descent and distribution, and (ii) such Option shall continue to be governed by and subject to the terms and limitations of the Plan and the relevant Option Agreement and the transferee shall be entitled to the same rights as the Holder under Articles XII and XIII hereof as if no transfer had taken place.

The Option Agreement, Stock Appreciation Rights Agreement or other written instrument evidencing an Award shall specify the effect of the death of the Holder on the Award.

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

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

HALLIBURTON COMPANY

SENIOR EXECUTIVES'

DEFERRED COMPENSATION PLAN

AS AMENDED AND RESTATED

EFFECTIVE JANUARY 1, 1999

TABLE OF CONTENTS

HALLIBURTON COMPANY

SENIOR EXECUTIVES'

DEFERRED COMPENSATION PLAN

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

ARTICLE I

Purpose of the Plan

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

ARTICLE II

Definitions

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

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

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

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

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

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

(F1)"Compensation Limited Participant" shall mean an Employee whose compensation from the Employer for an Allocation Year is in excess of the limit set forth in Section 401(a)(17) of the Code for such Allocation Year.

(G) "Company" shall mean Halliburton Company.

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

(I) "Employee" shall mean any employee of the Employer. The term does not include independent contractors or persons who are retained by an Employer as consultants only.

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

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

(K) "ERISA Restoration Account" shall mean an individual account for each Participant on the books of such Participant's Employer to which is credited amounts allocated for the benefit of such Participant pursuant to the provisions of Article IV, Paragraphs (G), (G1) and (G2). Such amount shall include amounts allocated to a Participant's "Excess Benefit Account" prior to January 1, 1995.

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

(M) "Participant" shall mean a Compensation Limited Participant or a Senior Executive Participant.

(M1)"Pension Equalizer Contribution" shall have the meaning set forth in the Halliburton Retirement and Savings Plan.

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

(N1) "Senior Executive" shall mean an Employee who is a senior executive, including an officer, of an Employer (whether or not he is also a director thereof), who is employed by an Employer on a full-time basis, who is compensated for such employment by a regular salary and who, in the opinion of the Compensation Committee, is one of the key personnel of an Employer in a position to contribute materially to its continued growth and development and to its future financial success.

(N2) "Senior Executive Participant" shall mean a Senior Executive who is selected as a Senior Executive Participant for an Allocation Year pursuant to Article IV, Paragraph (A).

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

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

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

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

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

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

ARTICLE III

Administration of the Plan

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

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

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

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

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

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

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

ARTICLE IV

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

(A) Only Employees shall be eligible to be Participants in the Plan. The Compensation Committee shall be the sole judge of who shall be eligible to be a Senior Executive Participant for any Allocation Year. The selection of a Senior Executive to be a Senior Executive Participant for a particular Allocation Year shall not constitute him a Senior Executive Participant for another Allocation Year unless he is selected to be a Senior Executive Participant for such other Allocation Year by the Compensation Committee. Eligibility to participate as a Compensation Limited Participant for an Allocation Year shall be based on an Employee's compensation for such Allocation Year. An Employee may be both a Senior Executive Participant and a Compensation Limited Participant for the same Allocation Year.

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

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

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

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

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

(G) The Administrative Committee shall allocate to the credit of each Compensation Limited Participant for each Allocation Year an amount equal to the reduction in such Compensation Limited Participant's allocations of Employer discretionary contributions and forfeitures under qualified defined contribution plans sponsored by the Employers for such Allocation Year by reason of the application of Section 401(a)(17) of the Code. In addition, for each Allocation Year during which each such Compensation Limited Participant has made the maximum elective contributions under qualified defined contribution plans sponsored by the Employers pursuant to Section 402(g) of the Code, the Administrative Committee shall allocate to the credit of each such Participant under the Plan an amount equal to 4% of such Participant's compensation (as such term is defined in the applicable qualified defined contribution plan) in excess of the compensation limit under Section 401(a)(17) of the Code for such Allocation Year.

(G1) The Administrative Committee shall determine for each Allocation Year which Senior Executive Participants' allocations of Employer discretionary contributions, Employer matching contributions and forfeitures under qualified defined contribution plans sponsored by the Employers have been reduced for such Allocation Year by reason of the application of Section 415 of the Code, and shall allocate to the credit of each such Senior Executive Participant under the Plan an amount equal to the amount of such reductions applicable to such Senior Executive Participant; provided, that the total amount allocated to the credit of a Senior Executive Participant under this Paragraph and Paragraph (G) above shall not exceed the total reduction in such Senior Executive Participant's allocations of Employer discretionary contributions, Employer matching contributions and forfeitures for such Allocation Year under qualified defined contribution plans sponsored by the Employers by reason of the application of both Section 401(a)(17) and Section 415 of the Code.

(G2) The Administrative Committee shall determine for each Allocation Year which Senior Executive Participants' allocations of Employer discretionary contributions, Pension Equalizer Contributions and forfeitures under qualified defined contribution plans sponsored by the Employers have been reduced for such Allocation Year by reason of elective deferrals under the Halliburton Elective Deferral Plan (determined as if Section 401(a)(17) and Section 415 did not apply to such qualified defined contribution plans), and shall allocate to the credit of each such Senior Executive Participant under the Plan an amount equal to the amount of such reductions applicable to such Senior Executive Participant.

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

(I) Allocations to Participants under the Plan shall be made by crediting their respective Accounts on the books of their Employers as of the last day of the Allocation Year, except that an allocation under Paragraph (H) shall be credited to a Participant on the date the amount would have been paid to the Participant had it not been deferred pursuant to the provisions of Paragraph (H). Allocations under Paragraph (E) above shall be credited to the Participants' Deferred Compensation Accounts, allocations under Paragraphs (G), (G1) and (G2) above shall be credited to the Participants' ERISA Restoration Accounts and allocations under Paragraph (H) above shall be credited to the Participants' Excess Remuneration Account. Accounts of Participants shall also be credited with interest as of the last day of each Allocation Year, at the rate set forth in Paragraph (J) below, on the average monthly credit balance of the Account being calculated by using the balance of each Account on the first day of each month. Prior to Termination of Service, the annual interest shall accumulate as a part of the Account balance. After Termination of Service, the annual interest for such Allocation Year may be paid as more particularly set forth hereinafter.

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

ARTICLE V

Non-Assignability of Awards

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

ARTICLE VI

Vesting

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

ARTICLE VII

Distribution of Awards

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

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

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

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

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

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

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

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

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

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

ARTICLE VIII

Nature of Plan

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

ARTICLE IX

Funding of Obligation

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

ARTICLE X

Amendment or Termination of Plan

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

ARTICLE XI

General Provisions

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

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

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

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

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

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

ARTICLE XII

Effective Date

This amendment and restatement of the Plan shall be effective from and after January 1, 1999 and shall continue in force during subsequent years unless amended or revoked by action of the Compensation Committee.

EXECUTIVE EMPLOYMENT AGREEMENT

This Executive Employment Agreement ("Agreement"), is entered into by and between Halliburton Company ("Employer"), a Delaware corporation and Lester L. Coleman, ("Employee"), to be effective on September 29, 1998 (the "Effective Date").

W I T N E S S E T H:

WHEREAS, Employee is currently employed by Employer; and

WHEREAS, Employer is desirous of continuing the employment of Employee after the Effective Date pursuant to the terms and conditions and for the consideration set forth in this Agreement, and Employee is desirous of continuing in the employ of Employer pursuant to such terms and conditions and for such consideration.

NOW, THEREFORE, for and in consideration of the mutual promises, covenants, and obligations contained herein, Employer and Employee agree as follows:

ARTICLE 1: EMPLOYMENT AND DUTIES:

1.1. Employer agrees to employ Employee, and Employee agrees to be employed by Employer, beginning as of the Effective Date and continuing until the date of termination of Employee's employment pursuant to the provisions of Article 3 (the "Term"), subject to the terms and conditions of this Agreement.

1.2. Beginning as of the Effective Date, Employee shall be employed as Executive Vice President and General Counsel of Employer. Employee agrees to serve in the assigned position or in such other executive capacities as may be requested from time to time by Employer and to perform diligently and to the best of Employee's abilities the duties and services appertaining to such positions as reasonably determined by Employer, as well as such additional or different duties and services appropriate to such positions which Employee from time to time may be reasonably directed to perform by Employer.

1.3. Employee shall at all times comply with and be subject to such policies and procedures as Employer may establish from time to time, including, without limitation, the Halliburton Company Code of Business Conduct (the "Code of Business Conduct").

1.4. Employee shall, during the period of Employee's employment by Employer, devote Employee's full business time, energy, and best efforts to the business and affairs of Employer. Employee may not engage, directly or indirectly, in any other business, investment, or activity that interferes with Employee's performance of Employee's duties hereunder, is contrary to the interest of Employer or any of its affiliated subsidiaries and divisions (collectively, the "Halliburton Entities" or, individually, a "Halliburton Entity"), or requires any significant portion of Employee's business time. The foregoing notwithstanding, the parties recognize and agree that Employee may engage in passive personal investments and other business activities which do not conflict with the business and affairs of the Halliburton Entities or interfere with Employee's performance of his or her duties hereunder. Employee may not serve on the board of directors of any entity other than a Halliburton Entity during the Term without the approval thereof in accordance with Employer's policies and procedures regarding such service. Employee shall be permitted to retain any compensation received for approved service on any unaffiliated corporation's board of directors.

1.5. Employee acknowledges and agrees that Employee owes a fiduciary duty of loyalty, fidelity and allegiance to act at all times in the best interests of the Employer and the other Halliburton Entities and to do no act which would, directly or indirectly, injure any such entity's business, interests, or reputation. It is agreed that any direct or indirect interest in, connection with, or benefit from any outside activities, particularly commercial activities, which interest might in any way adversely affect Employer, or any Halliburton Entity, involves a possible conflict of interest. In keeping with Employee's fiduciary duties to Employer, Employee agrees that Employee shall not knowingly become involved in a conflict of interest with Employer or the Halliburton Entities, or upon discovery thereof, allow such a conflict to continue. Moreover, Employee shall not engage in any activity which might involve a possible conflict of interest without first obtaining approval in accordance with Employer's policies and procedures.

1.6 Nothing contained herein shall be construed to preclude the transfer of Employee's employment to another Halliburton Entity ("Subsequent Employer") as of, or at any time after, the Effective Date and no such transfer shall be deemed to be a termination of employment for purposes of Article 3 hereof; provided, however, that, effective with such transfer, all of Employer's obligations hereunder shall be assumed by and be binding upon, and all of Employer's rights hereunder shall be assigned to, such Subsequent Employer and the defined term "Employer" as used herein shall thereafter be deemed amended to mean such Subsequent Employer. Except as otherwise provided above, all of the terms and conditions of this Agreement, including without limitation, Employee's

rights and obligations, shall remain in full force and effect following such transfer of employment.

ARTICLE 2: COMPENSATION AND BENEFITS:

2.1. Employee's base salary during the Term shall be not less than $450,000 per annum which shall be paid in accordance with the Employer's standard payroll practice for its executives. Employee's base salary may be increased from time to time with the approval of the Compensation Committee of Employer's Board of Directors (the "Compensation Committee") or its delegate, as applicable. Such increased base salary shall become the minimum base salary under this Agreement and may not be decreased thereafter without the written consent of Employee.

2.2. During the Term, Employee shall participate in the Halliburton Annual Performance Pay Plan, or any successor annual incentive plan approved by the Compensation Committee; provided, however, that all determinations relating

to Employee's participation, including, without limitation, those relating to the performance goals applicable to Employee and Employee's level of participation and payout opportunity, shall be made in the sole discretion of the person or committee to whom such authority has been granted pursuant to such plan's terms.

2.3 Employer shall grant to Employee under the Halliburton Company 1993 Stock and Long-Term Incentive Plan (the "1993 Plan") 10,000 shares of Employer's common stock subject to restrictions.

2.4. During the Term, Employer shall pay or reimburse Employee for all actual, reasonable and customary expenses incurred by Employee in the course of his or her employment; including, but not limited to, travel, entertainment, subscriptions and dues associated with Employee's membership in professional, business and civic organizations; provided that such expenses are incurred and accounted for in accordance with Employer's applicable policies and procedures.

2.5. While employed by Employer, Employee shall be allowed to participate, on the same basis generally as other executive employees of Employer, in all general employee benefit plans and programs, including improvements or modifications of the same, which on the Effective Date or thereafter are made available by Employer to all or substantially all of Employer's similarly situated executive employees. Such benefits, plans, and programs may include, without limitation, medical, health, and dental care, life insurance, disability protection, and qualified and non-qualified retirement plans. Except as specifically provided herein, nothing in this Agreement is to be construed or interpreted to increase or alter in any way the rights, participation, coverage, or benefits under such benefit plans or programs than provided to similarly situated executive employees pursuant to the terms and conditions of such benefit plans and programs. While employed by Employer, Employee shall be eligible to receive awards under the 1993 Plan or any successor stock-related plan adopted by Employer's Board of Directors; provided, however, that the foregoing shall not be construed as a guarantee with respect to the type, amount or frequency of such awards, if any, such decisions being solely within the discretion of the Compensation Committee or its delegate, as applicable.

2.6. Except as otherwise provided in Section 2.2 hereof, Employer shall not, by reason of this Article 2, be obligated to institute, maintain, or refrain from changing, amending or discontinuing, any incentive compensation, employee benefit or stock or stock option program or plan, so long as such actions are similarly applicable to covered employees generally.

2.7. Employer may withhold from any compensation, benefits, or amounts payable under this Agreement all federal, state, city, or other taxes as may be required pursuant to any law or governmental regulation or ruling.

ARTICLE 3: TERMINATION OF EMPLOYMENT AND EFFECTS OF SUCH TERMINATION:

3.1. Employee's employment with Employer shall be terminated (i) upon the death of Employee, (ii) upon Employee's Retirement (as defined below), (iii) upon Employee's Permanent Disability (as defined below), or (iv) at any time by Employer upon notice to Employee, or by Employee upon thirty (30) days' notice to Employer, for any or no reason.

3.2. If Employee's employment is terminated by reason of any of the following circumstances, Employee shall not be entitled to receive the benefits set forth in Section 3.3 hereof:

(i) Death.

(ii) Retirement. "Retirement" shall mean either (a) Employee's retirement at or after normal retirement age (either voluntarily or pursuant to Employer's retirement policy) or (b) the voluntary termination of Employee's employment by Employee in accordance with Employer's early retirement policy for other than Good Reason (as defined below).

(iii) Permanent Disability. "Permanent Disability" shall mean Employee's physical or mental incapacity to perform his or her usual duties with such condition likely to remain continuously and permanently as determined by the Compensation Committee.

(iv) Voluntary Termination. "Voluntary Termination" shall mean a termination of employment in the sole discretion and at the election of Employee for other than Good Reason. "Good Reason" shall mean (a) a termination of employment by Employee because of a material breach by Employer of any material provision of this Agreement which remains uncorrected for thirty (30) days following notice of such breach by Employee to Employer, provided such termination occurs within sixty (60) days after the expiration of the notice period or (b) a termination of employment by Employee within six (6) months after a material reduction in Employee's rank or responsibility with Employer.

(v) Termination for Cause. Termination of Employee's employment by Employer for Cause. "Cause" shall mean any of the following: (a) Employee's gross negligence or willful misconduct in the performance of the duties and services required of Employee pursuant to this Agreement, (b) Employee's final conviction of a felony, (c) a material violation of the Code of Business Conduct or (d) Employee's material breach of any material provision of this Agreement which remains uncorrected for thirty (30) days following

notice of such breach to Employee by Employer. Determination as to whether or not Cause exists for termination of Employee's employment will be made by the Compensation Committee.

In the event Employee's employment is terminated under any of the foregoing circumstances, all future compensation to which Employee is otherwise entitled and all future benefits for which Employee is eligible shall cease and terminate as of the date of termination, except as specifically provided in this Section 3.2. Employee, or his or her estate in the case of Employee's death, shall be entitled to pro rata base salary through the date of such termination and shall be entitled to any individual bonuses or individual incentive compensation not yet paid but payable under Employer's plans for years prior to the year of Employee's termination of employment, but shall not be entitled to any bonus or incentive compensation for the year in which he or she terminates employment or any other payments or benefits by or on behalf of Employer except for those which may be payable pursuant to the terms of Employer's employee benefit plans (as defined in Section 3.4), stock, stock option or incentive plans, or the applicable agreements underlying such plans.

3.3 If Employee's employment is terminated by Employer for any reason other than as set forth in Section 3.2 above Employee shall be entitled to each of the following:

(i) To the extent not otherwise specifically provided in any underlying restricted stock agreements, all shares of Halliburton common stock previously granted to Employee under the Halliburton Company Career Executive Incentive Stock Plan, the 1993 Plan, and any similar plan adopted by Employer in the future, which at the date of termination of employment are subject to restrictions (the "Restricted Shares") will be treated in a manner consistent with Employer's past practices for treatment of Restricted Shares held by executives whose employment was involuntarily terminated by Employer for reasons other than Cause, which, in most instances, have been to forfeit the Restricted Shares and pay to such executive a lump sum cash payment equal to the value of the Restricted Shares (based on the closing price of Halliburton common stock on the New York Stock Exchange on the date of termination of employment); although in some cases, Employer has, in lieu of, or in combination with, the foregoing and in its discretion, caused the forfeiture restrictions with respect to all or a portion of the Restricted Shares to lapse and provided for the retention of such shares by such executive.

(ii) Subject to the provisions of Section 3.4, Employer shall pay to Employee a severance benefit consisting of a single lump sum cash payment equal to two years' of Employee's base salary as in effect at the date of Employee' termination of employment. Such severance benefit shall be paid no later than sixty (60) days following Employee's termination of employment.

(iii) Employee shall be entitled to any individual bonuses or individual incentive compensation not yet paid but payable under Employer's plans for years prior to the year of

Employee's termination of employment. Such amounts shall be paid to Employee in a single lump sum cash payment no later than sixty (60) days following Employee's termination of employment.

(iv) Employee shall be entitled to any individual bonuses or individual incentive compensation under Employer's plans for the year of Employee's termination of employment determined as if Employee had remained employed by the Employer for the entire year. Such amounts shall be paid to Employee at the time that such amounts are paid to similarly situated employees except that no portion of such amounts shall be deferred to future years.

3.4. The severance benefit paid to Employee pursuant to Section 3.3 shall be in consideration of Employee's continuing obligations hereunder after such termination, including, without limitation, Employee's obligations under Article 4. Further, as a condition to the receipt of such severance benefit, Employer, in its sole discretion, may require Employee to first execute a release, in the form established by Employer, releasing Employer and all other Halliburton Entities, and their officers, directors, employees, and agents, from any and all claims and from any and all causes of action of any kind or character, including, but not limited to, all claims and causes of action arising out of Employee's employment with Employer and any other Halliburton Entities or the termination of such employment. The performance of Employer's obligations under Section 3.3 and the receipt of the severance benefit provided thereunder by Employee shall constitute full settlement of all such claims and causes of action. Employee shall not be under any duty or obligation to seek or accept other employment following a termination of employment pursuant to which a severance benefit payment under Section 3.3 is owing and the amounts due Employee pursuant to Section 3.3 shall not be reduced or suspended if Employee accepts subsequent employment or earns any amounts as a self-employed individual. Employee's rights under Section 3.3 are Employee's sole and exclusive rights against the Employer or its affiliates and the Employer's sole and exclusive liability to Employee under this Agreement, in contract, tort or otherwise, for the termination of his or her employment relationship with Employer. Employee agrees that all disputes relating to Employee's termination of employment, including, without limitation, any dispute as to "Cause" or "Voluntary Termination" and any claims or demands against Employer based upon Employee's employment for any monies other than those specified in Section 3.3, shall be resolved through the Halliburton Dispute Resolution Plan as provided in Section 5.6 hereof; provided, however, that decisions as to whether "Cause" exists for termination of the employment relationship with Employee and whether and as of what date Employee has become permanently disabled are delegated to the Compensation Committee for determination and any dispute of Employee with any such decision shall be limited to whether the Compensation Committee reached such decision in good faith. Nothing contained in this Article 3 shall be construed to be a waiver by Employee of any benefits accrued for or due Employee under any employee benefit plan (as such term is defined in the Employees'

Retirement Income Security Act of 1974, as amended) maintained by Employer, except that Employee shall not be entitled to any severance benefits pursuant to any severance plan or program of the Employer.

3.5. Termination of the employment relationship does not terminate those obligations imposed by this Agreement which are continuing obligations, including, without limitation, Employee's obligations under Article 4.

ARTICLE 4: OWNERSHIP AND PROTECTION OF INTELLECTUAL PROPERTY AND CONFIDENTIAL INFORMATION:

4.1. All information, ideas, concepts, improvements, discoveries, and inventions, whether patentable or not, which are conceived, made, developed or acquired by Employee, individually or in conjunction with others, during Employee's employment by Employer or any of its affiliates (whether during business hours or otherwise and whether on Employer's premises or otherwise) which relate to the business, products or services of Employer or its affiliates (including, without limitation, all such information relating to corporate opportunities, research, financial and sales data, pricing and trading terms, evaluations, opinions, interpretations, acquisition prospects, the identity of customers or their requirements, the identity of key contacts within the customer's organizations or within the organization of acquisition prospects, or marketing and merchandising techniques, prospective names, and marks), and all writings or materials of any type embodying any of such items, shall be the sole and exclusive property of Employer or its affiliates, as the case may be.

4.2. Employee acknowledges that the businesses of Employer and its affiliates are highly competitive and that their strategies, methods, books, records, and documents, their technical information concerning their products, equipment, services, and processes, procurement procedures and pricing techniques, the names of and other information (such as credit and financial data) concerning their customers and business affiliates, all comprise confidential business information and trade secrets which are valuable, special, and unique assets which Employer or its affiliates use in their business to obtain a competitive advantage over their competitors. Employee further acknowledges that protection of such confidential business information and trade secrets against unauthorized disclosure and use is of critical importance to Employer and its affiliates in maintaining their competitive position. Employee hereby agrees that Employee will not, at any time during or after his or her employment by Employer, make any unauthorized disclosure of any confidential business information or trade secrets of Employer or its affiliates, or make any use thereof, except in the carrying out of his or her employment responsibilities hereunder. Confidential business information shall not include information in the public domain (but only if the same becomes part of the public domain through a means other than a disclosure prohibited hereunder). The above notwithstanding, a disclosure shall not be unauthorized if (i) it is required by law or by a court of competent jurisdiction or (ii) it is in connection with any judicial, arbitration, dispute resolution or other legal proceeding in which Employee's legal rights and obligations as an employee or under this Agreement are at issue; provided, however, that Employee shall, to the extent practicable and lawful in any such events, give prior notice to

Employer of his or her intent to disclose any such confidential business information in such context so as to allow Employer or its affiliates an opportunity (which Employee will not oppose) to obtain such protective orders or similar relief with respect thereto as may be deemed appropriate.

4.3. All written materials, records, and other documents made by, or coming into the possession of, Employee during the period of Employee's employment by Employer which contain or disclose confidential business information or trade secrets of Employer or its affiliates shall be and remain the property of Employer, or its affiliates, as the case may be. Upon termination of Employee's employment by Employer, for any reason, Employee promptly shall deliver the same, and all copies thereof, to Employer.

4.4 For purposes of this Article 4, "affiliates" shall mean entities in which Employer has a 20% or more direct or indirect equity interest.

ARTICLE 5: MISCELLANEOUS:

5.1. Except as otherwise provided in Section 4.4 hereof, for purposes of this Agreement, the terms "affiliate" or "affiliated" means an entity who directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with Employer or in which Employer or has a 50% or more equity interest.

5.2. For purposes of this Agreement, notices and all other communications provided for herein shall be in writing and shall be deemed to have been duly given when received by or tendered to Employee or Employer, as applicable, by pre-paid courier or by United States registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to Employer, to Halliburton Company at 3600 Lincoln Plaza, 500 North Akard Street, Dallas, Texas 75201-3391, to the attention of the General Counsel.

If to Employee, to his or her last known personal residence.

5.3. This Agreement shall be governed by and construed and enforced, in all respects in accordance with the law of the State of Texas, without regard to principles of conflicts of law, unless preempted by federal law, in which case federal law shall govern; provided, however, that the Halliburton Dispute Resolution Plan and the Federal Arbitration Act shall govern in all respects with regard to the resolution of disputes hereunder.

5.4. No failure by either party hereto at any time to give notice of any breach by the other party of, or to require compliance with, any condition or provision of this Agreement shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time.

5.5. It is a desire and intent of the parties that the terms, provisions, covenants, and remedies contained in this Agreement shall be enforceable to the fullest extent permitted by law. If any such term, provision, covenant, or remedy of this Agreement or the application thereof to any person, association, or entity or circumstances shall, to any extent, be construed to be invalid or unenforceable in whole or in part, then such term, provision, covenant, or remedy shall be construed in a manner so as to permit its enforceability under the applicable law to the fullest extent permitted by law. In any case, the remaining provisions of this Agreement or the application thereof to any person, association, or entity or circumstances other than those to which they have been held invalid or unenforceable, shall remain in full force and effect.

5.6. It is the mutual intention of the parties to have any dispute concerning this Agreement resolved out of court. Accordingly, the parties agree that any such dispute shall, as the sole and exclusive remedy, be submitted for resolution through the Halliburton Dispute Resolution Plan; provided, however, that the Employer, on its own behalf and on behalf of any of the Halliburton Entities, shall be entitled to seek a restraining order or injunction in any court of competent jurisdiction to prevent any breach or the continuation of any breach of the provisions of Article 4 and Employee hereby consents that such restraining order or injunction may be granted without the necessity of the Employer posting any bond. The parties agree that the resolution of any such dispute through such Plan shall be final and binding.

5.7. This Agreement shall be binding upon and inure to the benefit of Employer, to the extent herein provided and any other person, association, or entity which may hereafter acquire or succeed to all or substantially all of the business or assets of Employer by any means whether direct or indirect, by purchase, merger, consolidation, or otherwise. Employee's rights and obligations under this Agreement are personal and such rights, benefits, and obligations of Employee shall not be voluntarily or involuntarily assigned, alienated, or transferred, whether by operation of law or otherwise, without the prior written consent of Employer, other than in the case of death or incompetence of Employee.

5.8. Except for any stock option and restricted stock agreements and any agreements pertaining to intellectual property or confidential information of Employer, which agreements remain in full force and effect, this Agreement replaces and merges any previous agreements and discussions pertaining to the subject matter covered herein. This Agreement constitutes the entire agreement of the parties with regard to the terms of Employee's employment, termination of employment and severance benefits, and contains all of the covenants, promises, representations, warranties, and agreements between the parties with respect to such matters. Each party to this Agreement acknowledges that no representation, inducement, promise, or agreement, oral or written, has been made by either party with respect to the foregoing matters which is not embodied herein, and that no agreement, statement, or promise relating to the employment of Employee by Employer that is not contained in this Agreement shall be valid or binding. Any modification of this Agreement will be effective only if it is in writing and signed by each party whose rights hereunder are affected thereby, provided

that any such modification must be authorized or approved by the Compensation Committee or its delegate, as appropriate.

IN WITNESS WHEREOF, Employer and Employee have duly executed this Agreement in multiple originals to be effective on the Effective Date.

HALLIBURTON COMPANY

By: /s/ David J. Lesar

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

EMPLOYEE

/s/ Lester L. Coleman

Lester L. Coleman

EXECUTIVE EMPLOYMENT AGREEMENT

This Executive Employment Agreement ("Agreement"), is entered into by and between Halliburton Energy Services, Inc. ("Employer"), Halliburton Company, a Delaware corporation ("Halliburton"), and David A. Reamer, ("Employee"), to be effective on September 29, 1998 (the "Effective Date").

W I T N E S S E T H:

WHEREAS, Employee is currently employed by Employer; and

WHEREAS, Employer is desirous of continuing the employment of Employee after the Effective Date pursuant to the terms and conditions and for the consideration set forth in this Agreement, and Employee is desirous of continuing in the employ of Employer pursuant to such terms and conditions and for such consideration.

NOW, THEREFORE, for and in consideration of the mutual promises, covenants, and obligations contained herein, Employer, Halliburton and Employee agree as follows:

ARTICLE 1: EMPLOYMENT AND DUTIES:

1.1. Employer agrees to employ Employee, and Employee agrees to be employed by Employer, beginning as of the Effective Date and continuing until the date of termination of Employee's employment pursuant to the provisions of Article 3 (the "Term"), subject to the terms and conditions of this Agreement.

1.2. Beginning as of the Effective Date, Employee shall be employed as Senior Vice President - Shared Services Division of Employer. Employee agrees to serve in the assigned position or in such other executive capacities as may be requested from time to time by Employer and to perform diligently and to the best of Employee's abilities the duties and services appertaining to such positions as reasonably determined by Employer, as well as such additional or different duties and services appropriate to such positions which Employee from time to time may be reasonably directed to perform by Employer.

1.3. Employee shall at all times comply with and be subject to such policies and procedures as Halliburton or Employer may establish from time to time, including, without limitation, the Halliburton Company Code of Business Conduct (the "Code of Business Conduct").

1.4. Employee shall, during the period of Employee's employment by Employer, devote Employee's full business time, energy, and best efforts to the business and affairs of Employer. Employee may not engage, directly or indirectly, in any other business, investment, or activity that interferes with Employee's performance of Employee's duties hereunder, is contrary to the interest of Halliburton or any of its affiliated subsidiaries and divisions, including Employer (collectively, the "Halliburton Entities" or, individually, a "Halliburton Entity"), or requires any significant portion of Employee's business time. The foregoing notwithstanding, the parties recognize and agree that Employee may engage in passive personal investments and other business activities which do not conflict with the business and affairs of the Halliburton Entities or interfere with Employee's performance of his or her duties hereunder. Employee may not serve on the board of directors of any entity other than a Halliburton Entity during the Term without the approval thereof in accordance with Halliburton's policies and procedures regarding such service. Employee shall be permitted to retain any compensation received for approved service on any unaffiliated corporation's board of directors.

1.5. Employee acknowledges and agrees that Employee owes a fiduciary duty of loyalty, fidelity and allegiance to act at all times in the best interests of the Employer and the other Halliburton Entities and to do no act which would, directly or indirectly, injure any such entity's business, interests, or reputation. It is agreed that any direct or indirect interest in, connection with, or benefit from any outside activities, particularly commercial activities, which interest might in any way adversely affect Employer, or any Halliburton Entity, involves a possible conflict of interest. In keeping with Employee's fiduciary duties to Employer, Employee agrees that Employee shall not knowingly become involved in a conflict of interest with Employer or the Halliburton Entities, or upon discovery thereof, allow such a conflict to continue. Moreover, Employee shall not engage in any activity which might involve a possible conflict of interest without first obtaining approval in accordance with Halliburton's policies and procedures.

1.6. Nothing contained herein shall be construed to preclude the transfer of Employee's employment to another Halliburton Entity ("Subsequent Employer") as of, or at any time after, the Effective Date and no such transfer shall be deemed to be a termination of employment for purposes of Article 3 hereof; provided, however, that, effective with such transfer, all of Employer's obligations hereunder shall be assumed by and be binding upon, and all of Employer's rights hereunder shall be assigned to, such Subsequent Employer and the defined term "Employer" as used herein shall thereafter be deemed amended to mean such Subsequent Employer. Except as otherwise provided above, all of the terms and conditions of this Agreement, including without limitation, Employee's rights and obligations, shall remain in full force and effect following such transfer of employment.

ARTICLE 2: COMPENSATION AND BENEFITS:

2.1. Employee's base salary during the Term shall be not less than $325,000 per annum which shall be paid in accordance with the Employer's standard payroll practice for its executives. Employee's base salary may be increased from time to time with the approval of the Compensation Committee of Halliburton's Board of Directors (the "Compensation Committee") or its delegate, as applicable. Such increased base salary shall become the minimum base salary under this Agreement and may not be decreased thereafter without the written consent of Employee.

2.2. During the Term, Employee shall participate in the Halliburton Annual Performance Pay Plan, or any successor annual incentive plan approved by

the Compensation Committee; provided, however, that all determinations relating to Employee's participation, including, without limitation, those relating to the performance goals applicable to Employee and Employee's level of participation and payout opportunity, shall be made in the sole discretion of the person or committee to whom such authority has been granted pursuant to such plan's terms.

2.3 Halliburton shall grant to Employee under the Halliburton Company 1993 Stock and Long-Term Incentive Plan (the "1993 Plan") 7,500 shares of Halliburton's common stock subject to restrictions.

2.4. During the Term, Employer shall pay or reimburse Employee for all actual, reasonable and customary expenses incurred by Employee in the course of his or her employment; including, but not limited to, travel, entertainment, subscriptions and dues associated with Employee's membership in professional, business and civic organizations; provided that such expenses are incurred and accounted for in accordance with Employer's applicable policies and procedures.

2.5. While employed by Employer, Employee shall be allowed to participate, on the same basis generally as other executive employees of Employer, in all general employee benefit plans and programs, including improvements or modifications of the same, which on the Effective Date or thereafter are made available by Employer to all or substantially all of Employer's similarly situated executive employees. Such benefits, plans, and programs may include, without limitation, medical, health, and dental care, life insurance, disability protection, and qualified and non-qualified retirement plans. Except as specifically provided herein, nothing in this Agreement is to be construed or interpreted to increase or alter in any way the rights, participation, coverage, or benefits under such benefit plans or programs than provided to similarly situated executive employees pursuant to the terms and conditions of such benefit plans and programs. While employed by Employer, Employee shall be eligible to receive awards under the 1993 Plan or any successor stock-related plan adopted by Halliburton's Board of Directors; provided, however, that the foregoing shall not be construed as a guarantee with respect to the type, amount or frequency of such awards, if any, such decisions being solely within the discretion of the Compensation Committee or its delegate, as applicable.

2.6. Except as otherwise provided in Section 2.2 hereof, neither Halliburton nor Employer shall by reason of this Article 2 be obligated to institute, maintain, or refrain from changing, amending or discontinuing, any incentive compensation, employee benefit or stock or stock option program or plan, so long as such actions are similarly applicable to covered employees generally.

2.7. Employer may withhold from any compensation, benefits, or amounts payable under this Agreement all federal, state, city, or other taxes as may be required pursuant to any law or governmental regulation or ruling.

ARTICLE 3: TERMINATION OF EMPLOYMENT AND EFFECTS OF SUCH TERMINATION:

3.1. Employee's employment with Employer shall be terminated (i) upon the death of Employee, (ii) upon Employee's Retirement (as defined below), (iii) upon Employee's Permanent Disability (as defined below), or (iv) at any time by Employer upon notice to Employee, or by Employee upon thirty (30) days' notice to Employer, for any or no reason.

3.2. If Employee's employment is terminated by reason of any of the following circumstances, Employee shall not be entitled to receive the benefits set forth in Section 3.3 hereof:

(i) Death.

(ii) Retirement. "Retirement" shall mean either (a) Employee's retirement at or after normal retirement age (either voluntarily or pursuant to Halliburton's retirement policy) or (b) the voluntary termination of Employee's employment by Employee in accordance with Employer's early retirement policy for other than Good Reason (as defined below).

(iii) Permanent Disability. "Permanent Disability" shall mean Employee's physical or mental incapacity to perform his or her usual duties with such condition likely to remain continuously and permanently as determined by the Compensation Committee.

(iv) Voluntary Termination. "Voluntary Termination" shall mean a termination of employment in the sole discretion and at the election of Employee for other than Good Reason. "Good Reason" shall mean (a) a termination of employment by Employee because of a material breach by Employer of any material provision of this Agreement which remains uncorrected for thirty (30) days following notice of such breach by Employee to Employer, provided such termination occurs within sixty (60) days after the expiration of the notice period or (b) a termination of employment by Employee within six (6) months after a material reduction in Employee's rank or responsibility with Employer.

(v) Termination for Cause. Termination of Employee's employment by Employer for Cause. "Cause" shall mean any of the following: (a) Employee's gross negligence or willful misconduct in the performance of the duties and services required of Employee pursuant to this Agreement, (b) Employee's final conviction of a felony, (c) a material violation of the Code of Business Conduct or (d) Employee's material breach of any material provision of this Agreement which remains uncorrected for thirty (30) days following notice of such breach to Employee

by Employer. Determination as to whether or not Cause exists for termination of Employee's employment will be made by the Compensation Committee.

In the event Employee's employment is terminated under any of the foregoing circumstances, all future compensation to which Employee is otherwise entitled and all future benefits for which Employee is eligible shall cease and terminate as of the date of termination, except as specifically provided in this Section 3.2. Employee, or his or her estate in the case of Employee's death, shall be entitled to pro rata base salary through the date of such termination and shall be entitled to any individual bonuses or individual incentive compensation not yet paid but payable under Employer's or Halliburton's plans for years prior to the year of Employee's termination of employment, but shall not be entitled to any bonus or incentive compensation for the year in which he or she terminates employment or any other payments or benefits by or on behalf of Employer except for those which may be payable pursuant to the terms of Employer's or Halliburton's employee benefit plans (as defined in Section 3.4), stock, stock option or incentive plans, or the applicable agreements underlying such plans.

3.3 If Employee's employment is terminated by Employer for any reason other than as set forth in Section 3.2 above Employee shall be entitled to each of the following:

(i) To the extent not otherwise specifically provided in any underlying restricted stock agreements, all shares of Halliburton common stock previously granted to Employee under the Halliburton Company Career Executive Incentive Stock Plan, the 1993 Plan, and any similar plan adopted by Halliburton in the future, which at the date of termination of employment are subject to restrictions (the "Restricted Shares") will be treated in a manner consistent with Halliburton's past practices for treatment of Restricted Shares held by executives whose employment was involuntarily terminated by a Halliburton Entity for reasons other than Cause, which, in most instances, have been to forfeit the Restricted Shares and pay to such executive a lump sum cash payment equal to the value of the Restricted Shares (based on the closing price of Halliburton common stock on the New York Stock Exchange on the date of termination of employment); although in some cases, Halliburton has, in lieu of, or in combination with, the foregoing and in its discretion, caused the forfeiture restrictions with respect to all or a portion of the Restricted Shares to lapse and provided for the retention of such shares by such executive.

(ii) Subject to the provisions of Section 3.4, Employer shall pay to Employee a severance benefit consisting of a single lump sum cash payment equal to two years' of Employee's base salary as in effect at the date of Employee's termination of employment. Such severance benefit shall be paid no later than sixty (60) days following Employee's termination of employment.

(iii) Employee shall be entitled to any individual bonuses or individual incentive compensation not yet paid but payable under Employer's or Halliburton's plans for years prior to the year of Employee's termination of employment. Such amounts shall be paid to Employee in a single lump sum cash payment no later than sixty (60) days following Employee's termination of employment.

(iv) Employee shall be entitled to any individual bonuses or individual incentive compensation under Employer's or Halliburton's plans for the year of Employee's termination of employment determined as if Employee had remained employed by the Employer for the entire year. Such amounts shall be paid to Employee at the time that such amounts are paid to similarly situated employees except that no portion of such amounts shall be deferred to future years.

3.4. The severance benefit paid to Employee pursuant to Section 3.3 shall be in consideration of Employee's continuing obligations hereunder after such termination, including, without limitation, Employee's obligations under Article 4. Further, as a condition to the receipt of such severance benefit, Employer, in its sole discretion, may require Employee to first execute a release, in the form established by Employer, releasing Employer and all other Halliburton Entities, and their officers, directors, employees, and agents, from any and all claims and from any and all causes of action of any kind or character, including, but not limited to, all claims and causes of action arising out of Employee's employment with Employer and any other Halliburton Entities or the termination of such employment. The performance of Employer's obligations under Section 3.3 and the receipt of the severance benefit provided thereunder by Employee shall constitute full settlement of all such claims and causes of action. Employee shall not be under any duty or obligation to seek or accept other employment following a termination of employment pursuant to which a severance benefit payment under Section 3.3 is owing and the amounts due Employee pursuant to Section 3.3 shall not be reduced or suspended if Employee accepts subsequent employment or earns any amounts as a self-employed individual. Employee's rights under Section 3.3 are Employee's sole and exclusive rights against the Employer or its affiliates and the Employer's sole and exclusive liability to Employee under this Agreement, in contract, tort or otherwise, for the termination of his or her employment relationship with Employer. Employee agrees that all disputes relating to Employee's termination of employment, including, without limitation, any dispute as to "Cause" or "Voluntary Termination" and any claims or demands against Employer or Halliburton based upon Employee's employment for any monies other than those specified in Section 3.3, shall be resolved through the Halliburton Dispute Resolution Plan as provided in Section 5.6 hereof; provided, however, that decisions as to whether "Cause" exists for termination of the employment relationship with Employee and whether and as of what date Employee has become permanently disabled are delegated to the Compensation Committee for determination and any dispute of Employee with any such decision shall be limited to whether the Compensation Committee reached such decision in good faith. Nothing contained in this Article 3 shall be construed to be a waiver by

Employee of any benefits accrued for or due Employee under any employee benefit plan (as such term is defined in the Employees' Retirement Income Security Act of 1974, as amended) maintained by Employer or Halliburton, except that Employee shall not be entitled to any severance benefits pursuant to any severance plan or program of the Employer or Halliburton.

3.5. Termination of the employment relationship does not terminate those obligations imposed by this Agreement which are continuing obligations, including, without limitation, Employee's obligations under Article 4.

ARTICLE 4: OWNERSHIP AND PROTECTION OF INTELLECTUAL PROPERTY AND CONFIDENTIAL INFORMATION:

4.1. All information, ideas, concepts, improvements, discoveries, and inventions, whether patentable or not, which are conceived, made, developed or acquired by Employee, individually or in conjunction with others, during Employee's employment by Employer or any of its affiliates (whether during business hours or otherwise and whether on Employer's premises or otherwise) which relate to the business, products or services of Employer or its affiliates (including, without limitation, all such information relating to corporate opportunities, research, financial and sales data, pricing and trading terms, evaluations, opinions, interpretations, acquisition prospects, the identity of customers or their requirements, the identity of key contacts within the customer's organizations or within the organization of acquisition prospects, or marketing and merchandising techniques, prospective names, and marks), and all writings or materials of any type embodying any of such items, shall be the sole and exclusive property of Employer or its affiliates, as the case may be.

4.2. Employee acknowledges that the businesses of Employer and its affiliates are highly competitive and that their strategies, methods, books, records, and documents, their technical information concerning their products, equipment, services, and processes, procurement procedures and pricing techniques, the names of and other information (such as credit and financial data) concerning their customers and business affiliates, all comprise confidential business information and trade secrets which are valuable, special, and unique assets which Employer or its affiliates use in their business to obtain a competitive advantage over their competitors. Employee further acknowledges that protection of such confidential business information and trade secrets against unauthorized disclosure and use is of critical importance to Employer and its affiliates in maintaining their competitive position. Employee hereby agrees that Employee will not, at any time during or after his or her employment by Employer, make any unauthorized disclosure of any confidential business information or trade secrets of Employer or its affiliates, or make any use thereof, except in the carrying out of his or her employment responsibilities hereunder. Confidential business information shall not include information in the public domain (but only if the same becomes part of the public domain through a means other than a disclosure prohibited hereunder). The above notwithstanding, a disclosure shall not be unauthorized if (i) it is required by law or by a court of competent jurisdiction or (ii) it is in

connection with any judicial, arbitration, dispute resolution or other legal proceeding in which Employee's legal rights and obligations as an employee or under this Agreement are at issue; provided, however, that Employee shall, to the extent practicable and lawful in any such events, give prior notice to Employer of his or her intent to disclose any such confidential business information in such context so as to allow Employer or its affiliates an opportunity (which Employee will not oppose) to obtain such protective orders or similar relief with respect thereto as may be deemed appropriate.

4.3. All written materials, records, and other documents made by, or coming into the possession of, Employee during the period of Employee's employment by Employer which contain or disclose confidential business information or trade secrets of Employer or its affiliates shall be and remain the property of Employer, or its affiliates, as the case may be. Upon termination of Employee's employment by Employer, for any reason, Employee promptly shall deliver the same, and all copies thereof, to Employer.

4.4 For purposes of this Article 4, "affiliates" shall mean entities in which Employer or Halliburton has a 20% or more direct or indirect equity interest.

ARTICLE 5: MISCELLANEOUS:

5.1. Except as otherwise provided in Section 4.4 hereof, for purposes of this Agreement, the terms "affiliate" or "affiliated" means an entity who directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with Employer or Halliburton or in which Employer or Halliburton or has a 50% or more equity interest.

5.2. For purposes of this Agreement, notices and all other communications provided for herein shall be in writing and shall be deemed to have been duly given when received by or tendered to Employee, Halliburton or Employer, as applicable, by pre-paid courier or by United States registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to Employer or Halliburton, to Halliburton Company at 3600 Lincoln Plaza, 500 North Akard Street, Dallas, Texas 75201-3391, to the attention of the General Counsel.

If to Employee, to his or her last known personal residence.

5.3. This Agreement shall be governed by and construed and enforced, in all respects in accordance with the law of the State of Texas, without regard to principles of conflicts of law, unless preempted by federal law, in which case federal law shall govern; provided, however, that the Halliburton Dispute Resolution Plan and the Federal Arbitration Act shall govern in all respects with regard to the resolution of disputes hereunder.

5.4. No failure by either party hereto at any time to give notice of any breach by the other party of, or to require compliance with, any condition or provision of this Agreement shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time.

5.5. It is a desire and intent of the parties that the terms, provisions, covenants, and remedies contained in this Agreement shall be enforceable to the fullest extent permitted by law. If any such term, provision, covenant, or remedy of this Agreement or the application thereof to any person, association, or entity or circumstances shall, to any extent, be construed to be invalid or unenforceable in whole or in part, then such term, provision, covenant, or remedy shall be construed in a manner so as to permit its enforceability under the applicable law to the fullest extent permitted by law. In any case, the remaining provisions of this Agreement or the application thereof to any person, association, or entity or circumstances other than those to which they have been held invalid or unenforceable, shall remain in full force and effect.

5.6. It is the mutual intention of the parties to have any dispute concerning this Agreement resolved out of court. Accordingly, the parties agree that any such dispute shall, as the sole and exclusive remedy, be submitted for resolution through the Halliburton Dispute Resolution Plan; provided, however, that the Employer, on its own behalf and on behalf of any of the Halliburton Entities, shall be entitled to seek a restraining order or injunction in any court of competent jurisdiction to prevent any breach or the continuation of any breach of the provisions of Article 4 and Employee hereby consents that such restraining order or injunction may be granted without the necessity of the Employer posting any bond. The parties agree that the resolution of any such dispute through such Plan shall be final and binding.

5.7. This Agreement shall be binding upon and inure to the benefit of Employer, to the extent herein provided, Halliburton and any other person, association, or entity which may hereafter acquire or succeed to all or substantially all of the business or assets of Employer or Halliburton by any means whether direct or indirect, by purchase, merger, consolidation, or otherwise. Employee's rights and obligations under this Agreement are personal and such rights, benefits, and obligations of Employee shall not be voluntarily or involuntarily assigned, alienated, or transferred, whether by operation of law or otherwise, without the prior written consent of Employer, other than in the case of death or incompetence of Employee.

5.8. Except for any stock option and restricted stock agreements and any agreements pertaining to intellectual property or confidential information of Employer or Halliburton, as the case may be, which agreements remain in full force and effect, this Agreement replaces and merges any previous agreements and discussions pertaining to the subject matter covered herein. This Agreement constitutes the entire agreement of the parties with regard to the terms of Employee's employment, termination of employment and severance benefits, and contains all of the covenants, promises, representations, warranties, and agreements between the parties with respect to such matters. Each party to this Agreement acknowledges that no representation, inducement,

promise, or agreement, oral or written, has been made by either party with respect to the foregoing matters which is not embodied herein, and that no agreement, statement, or promise relating to the employment of Employee by Employer that is not contained in this Agreement shall be valid or binding. Any modification of this Agreement will be effective only if it is in writing and signed by each party whose rights hereunder are affected thereby, provided that any such modification must be authorized or approved by the Compensation Committee or its delegate, as appropriate.

IN WITNESS WHEREOF, Employer, Halliburton and Employee have duly executed this Agreement in multiple originals to be effective on the Effective Date.

HALLIBURTON ENERGY SERVICES, INC.

By: /s/ David J. Lesar

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

HALLIBURTON COMPANY

By: /s/ David J. Lesar

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

EMPLOYEE

/s/ David A. Reamer

David A. Reamer

EXECUTIVE EMPLOYMENT AGREEMENT

This Executive Employment Agreement ("Agreement"), is entered into by and between Halliburton Company ("Employer"), a Delaware corporation and Lewis W. Powers, ("Employee"), to be effective on September 29, 1998 (the "Effective Date").

W I T N E S S E T H:

WHEREAS, Employee is currently employed by Employer; and

WHEREAS, Employer is desirous of continuing the employment of Employee after the Effective Date pursuant to the terms and conditions and for the consideration set forth in this Agreement, and Employee is desirous of continuing in the employ of Employer pursuant to such terms and conditions and for such consideration.

NOW, THEREFORE, for and in consideration of the mutual promises, covenants, and obligations contained herein, Employer and Employee agree as follows:

ARTICLE 1: EMPLOYMENT AND DUTIES:

1.1. Employer agrees to employ Employee, and Employee agrees to be employed by Employer, beginning as of the Effective Date and continuing until the date of termination of Employee's employment pursuant to the provisions of Article 3 (the "Term"), subject to the terms and conditions of this Agreement.

1.2. Beginning as of the Effective Date, Employee shall be employed as Senior Vice President - Strategic Account Management of Employer. Employee agrees to serve in the assigned position or in such other executive capacities as may be requested from time to time by Employer and to perform diligently and to the best of Employee's abilities the duties and services appertaining to such positions as reasonably determined by Employer, as well as such additional or different duties and services appropriate to such positions which Employee from time to time may be reasonably directed to perform by Employer.

1.3. Employee shall at all times comply with and be subject to such policies and procedures as Employer may establish from time to time, including, without limitation, the Halliburton Company Code of Business Conduct (the "Code of Business Conduct").

1.4. Employee shall, during the period of Employee's employment by Employer, devote Employee's full business time, energy, and best efforts to the business and affairs of Employer. Employee may not engage, directly or indirectly, in any other business, investment, or activity that interferes with Employee's performance of Employee's duties hereunder, is contrary to the interest of Employer or any of its affiliated subsidiaries and divisions (collectively, the "Halliburton Entities" or, individually, a "Halliburton Entity"), or requires any significant portion of Employee's business time. The foregoing notwithstanding, the parties recognize and agree that Employee may engage in passive personal investments and other business activities which do not conflict with the business and affairs of the Halliburton Entities or interfere with Employee's performance of his or her duties hereunder. Employee may not serve on the board of directors of any entity other than a Halliburton Entity during the Term without the approval thereof in accordance with Employer's policies and procedures regarding such service. Employee shall be permitted to retain any compensation received for approved service on any unaffiliated corporation's board of directors.

1.5. Employee acknowledges and agrees that Employee owes a fiduciary duty of loyalty, fidelity and allegiance to act at all times in the best interests of the Employer and the other Halliburton Entities and to do no act which would, directly or indirectly, injure any such entity's business, interests, or reputation. It is agreed that any direct or indirect interest in, connection with, or benefit from any outside activities, particularly commercial activities, which interest might in any way adversely affect Employer, or any Halliburton Entity, involves a possible conflict of interest. In keeping with Employee's fiduciary duties to Employer, Employee agrees that Employee shall not knowingly become involved in a conflict of interest with Employer or the Halliburton Entities, or upon discovery thereof, allow such a conflict to continue. Moreover, Employee shall not engage in any activity which might involve a possible conflict of interest without first obtaining approval in accordance with Employer's policies and procedures.

1.6 Nothing contained herein shall be construed to preclude the transfer of Employee's employment to another Halliburton Entity ("Subsequent Employer") as of, or at any time after, the Effective Date and no such transfer shall be deemed to be a termination of employment for purposes of Article 3 hereof; provided, however, that, effective with such transfer, all of Employer's obligations hereunder shall be assumed by and be binding upon, and all of Employer's rights hereunder shall be assigned to, such Subsequent Employer and the defined term "Employer" as used herein shall thereafter be deemed amended to mean such Subsequent Employer. Except as otherwise provided above, all of the terms and conditions of this Agreement, including without limitation, Employee's rights and obligations, shall remain in full force and effect following such

transfer of employment.

ARTICLE 2: COMPENSATION AND BENEFITS:

2.1. Employee's base salary during the Term shall be not less than $325,000 per annum which shall be paid in accordance with the Employer's standard payroll practice for its executives. Employee's base salary may be increased from time to time with the approval of the Compensation Committee of Employer's Board of Directors (the "Compensation Committee") or its delegate, as applicable. Such increased base salary shall become the minimum base salary under this Agreement and may not be decreased thereafter without the written consent of Employee.

2.2. During the Term, Employee shall participate in the Halliburton Annual Performance Pay Plan, or any successor annual incentive plan approved by the Compensation Committee; provided, however, that all determinations relating to Employee's participation, including, without limitation, those relating to

the performance goals applicable to Employee and Employee's level of participation and payout opportunity, shall be made in the sole discretion of the person or committee to whom such authority has been granted pursuant to such plan's terms.

2.3 Employer shall grant to Employee under the Halliburton Company 1993 Stock and Long-Term Incentive Plan (the "1993 Plan") 10,000 shares of Employer's common stock subject to restrictions.

2.4. During the Term, Employer shall pay or reimburse Employee for all actual, reasonable and customary expenses incurred by Employee in the course of his or her employment; including, but not limited to, travel, entertainment, subscriptions and dues associated with Employee's membership in professional, business and civic organizations; provided that such expenses are incurred and accounted for in accordance with Employer's applicable policies and procedures.

2.5. While employed by Employer, Employee shall be allowed to participate, on the same basis generally as other executive employees of Employer, in all general employee benefit plans and programs, including improvements or modifications of the same, which on the Effective Date or thereafter are made available by Employer to all or substantially all of Employer's similarly situated executive employees. Such benefits, plans, and programs may include, without limitation, medical, health, and dental care, life insurance, disability protection, and qualified and non-qualified retirement plans. Except as specifically provided herein, nothing in this Agreement is to be construed or interpreted to increase or alter in any way the rights, participation, coverage, or benefits under such benefit plans or programs than provided to similarly situated executive employees pursuant to the terms and conditions of such benefit plans and programs. While employed by Employer, Employee shall be eligible to receive awards under the 1993 Plan or any successor stock-related plan adopted by Employer's Board of Directors; provided, however, that the foregoing shall not be construed as a guarantee with respect to the type, amount or frequency of such awards, if any, such decisions being solely within the discretion of the Compensation Committee or its delegate, as applicable.

2.6. Except as otherwise provided in Section 2.2 hereof, Employer shall not, by reason of this Article 2, be obligated to institute, maintain, or refrain from changing, amending or discontinuing, any incentive compensation, employee benefit or stock or stock option program or plan, so long as such actions are similarly applicable to covered employees generally.

2.7. Employer may withhold from any compensation, benefits, or amounts payable under this Agreement all federal, state, city, or other taxes as may be required pursuant to any law or governmental regulation or ruling.

ARTICLE 3: TERMINATION OF EMPLOYMENT AND EFFECTS OF SUCH TERMINATION:

3.1. Employee's employment with Employer shall be terminated (i) upon the death of Employee, (ii) upon Employee's Retirement (as defined below), (iii) upon Employee's Permanent Disability (as defined below), or (iv) at any time by Employer upon notice to Employee, or by Employee upon thirty (30) days' notice to Employer, for any or no reason.

3.2. If Employee's employment is terminated by reason of any of the following circumstances, Employee shall not be entitled to receive the benefits set forth in Section 3.3 hereof:

(i) Death.

(ii) Retirement. "Retirement" shall mean either (a) Employee's retirement at or after normal retirement age (either voluntarily or pursuant to Employer's retirement policy) or (b) the voluntary termination of Employee's employment by Employee in accordance with Employer's early retirement policy for other than Good Reason (as defined below).

(iii) Permanent Disability. "Permanent Disability" shall mean Employee's physical or mental incapacity to perform his or her usual duties with such condition likely to remain continuously and permanently as determined by the Compensation Committee.

(iv) Voluntary Termination. "Voluntary Termination" shall mean a termination of employment in the sole discretion and at the election of Employee for other than Good Reason. "Good Reason" shall mean (a) a termination of employment by Employee because of a material breach by Employer of any material provision of this Agreement which remains uncorrected for thirty (30) days following notice of such breach by Employee to Employer, provided such termination occurs within sixty (60) days after the expiration of the notice period or (b) a termination of employment by Employee within six (6) months after a material reduction in Employee's rank or responsibility with Employer.

(v) Termination for Cause. Termination of Employee's employment by Employer for Cause. "Cause" shall mean any of the following: (a) Employee's gross negligence or willful misconduct in the performance of the duties and services required of Employee pursuant to this Agreement, (b) Employee's final conviction of a felony, (c) a material violation of the Code of Business Conduct or (d) Employee's material breach of any material provision of this Agreement which remains uncorrected for thirty (30) days following notice of such breach to Employee by Employer. Determination

as to whether or not Cause exists for termination of Employee's employment will be made by the Compensation Committee.

In the event Employee's employment is terminated under any of the foregoing circumstances, all future compensation to which Employee is otherwise entitled and all future benefits for which Employee is eligible shall cease and terminate as of the date of termination, except as specifically provided in this Section 3.2. Employee, or his or her estate in the case of Employee's death, shall be entitled to pro rata base salary through the date of such termination and shall be entitled to any individual bonuses or individual incentive compensation not yet paid but payable under Employer's plans for years prior to the year of Employee's termination of employment, but shall not be entitled to any bonus or incentive compensation for the year in which he or she terminates employment or any other payments or benefits by or on behalf of Employer except for those which may be payable pursuant to the terms of Employer's employee benefit plans (as defined in Section 3.4), stock, stock option or incentive plans, or the applicable agreements underlying such plans.

3.3 If Employee's employment is terminated by Employer for any reason other than as set forth in Section 3.2 above Employee shall be entitled to each of the following:

(i) To the extent not otherwise specifically provided in any underlying restricted stock agreements, all shares of Halliburton common stock previously granted to Employee under the Halliburton Company Career Executive Incentive Stock Plan, the 1993 Plan, and any similar plan adopted by Employer in the future, which at the date of termination of employment are subject to restrictions (the "Restricted Shares") will be treated in a manner consistent with Employer's past practices for treatment of Restricted Shares held by executives whose employment was involuntarily terminated by Employer for reasons other than Cause, which, in most instances, have been to forfeit the Restricted Shares and pay to such executive a lump sum cash payment equal to the value of the Restricted Shares (based on the closing price of Halliburton common stock on the New York Stock Exchange on the date of termination of employment); although in some cases, Employer has, in lieu of, or in combination with, the foregoing and in its discretion, caused the forfeiture restrictions with respect to all or a portion of the Restricted Shares to lapse and provided for the retention of such shares by such executive.

(ii) Subject to the provisions of Section 3.4, Employer shall pay to Employee a severance benefit consisting of a single lump sum cash payment equal to two years' of Employee's base salary as in effect at the date of Employee's termination of employment. Such severance benefit shall be paid no later than sixty (60) days following Employee's termination of employment.

(iii) Employee shall be entitled to any individual bonuses or individual incentive compensation not yet paid but payable under Employer's plans for years prior to the year of

Employee's termination of employment. Such amounts shall be paid to Employee in a single lump sum cash payment no later than sixty (60) days following Employee's termination of employment.

(iv) Employee shall be entitled to any individual bonuses or individual incentive compensation under Employer's plans for the year of Employee's termination of employment determined as if Employee had remained employed by the Employer for the entire year. Such amounts shall be paid to Employee at the time that such amounts are paid to similarly situated employees except that no portion of such amounts shall be deferred to future years.

3.4. The severance benefit paid to Employee pursuant to Section 3.3 shall be in consideration of Employee's continuing obligations hereunder after such termination, including, without limitation, Employee's obligations under Article 4. Further, as a condition to the receipt of such severance benefit, Employer, in its sole discretion, may require Employee to first execute a release, in the form established by Employer, releasing Employer and all other Halliburton Entities, and their officers, directors, employees, and agents, from any and all claims and from any and all causes of action of any kind or character, including, but not limited to, all claims and causes of action arising out of Employee's employment with Employer and any other Halliburton Entities or the termination of such employment. The performance of Employer's obligations under Section 3.3 and the receipt of the severance benefit provided thereunder by Employee shall constitute full settlement of all such claims and causes of action. Employee shall not be under any duty or obligation to seek or accept other employment following a termination of employment pursuant to which a severance benefit payment under Section 3.3 is owing and the amounts due Employee pursuant to Section 3.3 shall not be reduced or suspended if Employee accepts subsequent employment or earns any amounts as a self-employed individual. Employee's rights under Section 3.3 are Employee's sole and exclusive rights against the Employer or its affiliates and the Employer's sole and exclusive liability to Employee under this Agreement, in contract, tort or otherwise, for the termination of his or her employment relationship with Employer. Employee agrees that all disputes relating to Employee's termination of employment, including, without limitation, any dispute as to "Cause" or "Voluntary Termination" and any claims or demands against Employer based upon Employee's employment for any monies other than those specified in Section 3.3, shall be resolved through the Halliburton Dispute Resolution Plan as provided in Section 5.6 hereof; provided, however, that decisions as to whether "Cause" exists for termination of the employment relationship with Employee and whether and as of what date Employee has become permanently disabled are delegated to the Compensation Committee for determination and any dispute of Employee with any such decision shall be limited to whether the Compensation Committee reached such decision in good faith. Nothing contained in this Article 3 shall be construed to be a waiver by Employee of any benefits accrued for or due Employee under any employee benefit plan (as such term is defined in the Employees'

Retirement Income Security Act of 1974, as amended) maintained by Employer, except that Employee shall not be entitled to any severance benefits pursuant to any severance plan or program of the Employer.

3.5. Termination of the employment relationship does not terminate those obligations imposed by this Agreement which are continuing obligations, including, without limitation, Employee's obligations under Article 4.

ARTICLE 4: OWNERSHIP AND PROTECTION OF INTELLECTUAL PROPERTY AND CONFIDENTIAL INFORMATION:

4.1. All information, ideas, concepts, improvements, discoveries, and inventions, whether patentable or not, which are conceived, made, developed or acquired by Employee, individually or in conjunction with others, during Employee's employment by Employer or any of its affiliates (whether during business hours or otherwise and whether on Employer's premises or otherwise) which relate to the business, products or services of Employer or its affiliates (including, without limitation, all such information relating to corporate opportunities, research, financial and sales data, pricing and trading terms, evaluations, opinions, interpretations, acquisition prospects, the identity of customers or their requirements, the identity of key contacts within the customer's organizations or within the organization of acquisition prospects, or marketing and merchandising techniques, prospective names, and marks), and all writings or materials of any type embodying any of such items, shall be the sole and exclusive property of Employer or its affiliates, as the case may be.

4.2. Employee acknowledges that the businesses of Employer and its affiliates are highly competitive and that their strategies, methods, books, records, and documents, their technical information concerning their products, equipment, services, and processes, procurement procedures and pricing techniques, the names of and other information (such as credit and financial data) concerning their customers and business affiliates, all comprise confidential business information and trade secrets which are valuable, special, and unique assets which Employer or its affiliates use in their business to obtain a competitive advantage over their competitors. Employee further acknowledges that protection of such confidential business information and trade secrets against unauthorized disclosure and use is of critical importance to Employer and its affiliates in maintaining their competitive position. Employee hereby agrees that Employee will not, at any time during or after his or her employment by Employer, make any unauthorized disclosure of any confidential business information or trade secrets of Employer or its affiliates, or make any use thereof, except in the carrying out of his or her employment responsibilities hereunder. Confidential business information shall not include information in the public domain (but only if the same becomes part of the public domain through a means other than a disclosure prohibited hereunder). The above notwithstanding, a disclosure shall not be unauthorized if (i) it is required by law or by a court of competent jurisdiction or (ii) it is in connection with any judicial, arbitration, dispute resolution or other legal proceeding in which Employee's legal rights and obligations as an employee or under this Agreement are at issue; provided, however, that Employee shall, to the extent practicable and lawful in any such events, give prior notice to

Employer of his or her intent to disclose any such confidential business information in such context so as to allow Employer or its affiliates an opportunity (which Employee will not oppose) to obtain such protective orders or similar relief with respect thereto as may be deemed appropriate.

4.3. All written materials, records, and other documents made by, or coming into the possession of, Employee during the period of Employee's employment by Employer which contain or disclose confidential business information or trade secrets of Employer or its affiliates shall be and remain the property of Employer, or its affiliates, as the case may be. Upon termination of Employee's employment by Employer, for any reason, Employee promptly shall deliver the same, and all copies thereof, to Employer.

4.4 For purposes of this Article 4, "affiliates" shall mean entities in which Employer has a 20% or more direct or indirect equity interest.

ARTICLE 5: MISCELLANEOUS:

5.1. Except as otherwise provided in Section 4.4 hereof, for purposes of this Agreement, the terms "affiliate" or "affiliated" means an entity who directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with Employer or in which Employer or has a 50% or more equity interest.

5.2. For purposes of this Agreement, notices and all other communications provided for herein shall be in writing and shall be deemed to have been duly given when received by or tendered to Employee or Employer, as applicable, by pre-paid courier or by United States registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to Employer, to Halliburton Company at 3600 Lincoln Plaza, 500 North Akard Street, Dallas, Texas 75201-3391, to the attention of the General Counsel.

If to Employee, to his or her last known personal residence.

5.3. This Agreement shall be governed by and construed and enforced, in all respects in accordance with the law of the State of Texas, without regard to principles of conflicts of law, unless preempted by federal law, in which case federal law shall govern; provided, however, that the Halliburton Dispute Resolution Plan and the Federal Arbitration Act shall govern in all respects with regard to the resolution of disputes hereunder.

5.4. No failure by either party hereto at any time to give notice of any breach by the other party of, or to require compliance with, any condition or provision of this Agreement shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time.

5.5. It is a desire and intent of the parties that the terms, provisions, covenants, and remedies contained in this Agreement shall be enforceable to the fullest extent permitted by law. If any such term, provision, covenant, or remedy of this Agreement or the application thereof to any person, association, or entity or circumstances shall, to any extent, be construed to be invalid or unenforceable in whole or in part, then such term, provision, covenant, or remedy shall be construed in a manner so as to permit its enforceability under the applicable law to the fullest extent permitted by law. In any case, the remaining provisions of this Agreement or the application thereof to any person, association, or entity or circumstances other than those to which they have been held invalid or unenforceable, shall remain in full force and effect.

5.6. It is the mutual intention of the parties to have any dispute concerning this Agreement resolved out of court. Accordingly, the parties agree that any such dispute shall, as the sole and exclusive remedy, be submitted for resolution through the Halliburton Dispute Resolution Plan; provided, however, that the Employer, on its own behalf and on behalf of any of the Halliburton Entities, shall be entitled to seek a restraining order or injunction in any court of competent jurisdiction to prevent any breach or the continuation of any breach of the provisions of Article 4 and Employee hereby consents that such restraining order or injunction may be granted without the necessity of the Employer posting any bond. The parties agree that the resolution of any such dispute through such Plan shall be final and binding.

5.7. This Agreement shall be binding upon and inure to the benefit of Employer, to the extent herein provided and any other person, association, or entity which may hereafter acquire or succeed to all or substantially all of the business or assets of Employer by any means whether direct or indirect, by purchase, merger, consolidation, or otherwise. Employee's rights and obligations under this Agreement are personal and such rights, benefits, and obligations of Employee shall not be voluntarily or involuntarily assigned, alienated, or transferred, whether by operation of law or otherwise, without the prior written consent of Employer, other than in the case of death or incompetence of Employee.

5.8. Except for any stock option and restricted stock agreements and any agreements pertaining to intellectual property or confidential information of Employer, which agreements remain in full force and effect, this Agreement replaces and merges any previous agreements and discussions pertaining to the subject matter covered herein. This Agreement constitutes the entire agreement of the parties with regard to the terms of Employee's employment, termination of employment and severance benefits, and contains all of the covenants, promises, representations, warranties, and agreements between the parties with respect to such matters. Each party to this Agreement acknowledges that no representation, inducement, promise, or agreement, oral or written, has been made by either party with respect to the foregoing matters which is not embodied herein, and that no agreement, statement, or promise relating to the employment of Employee by Employer that is not contained in this Agreement shall be valid or binding. Any modification of this Agreement will be effective only

if it is in writing and signed by each party whose rights hereunder are affected thereby, provided that any such modification must be authorized or approved by the Compensation Committee or its delegate, as appropriate.

IN WITNESS WHEREOF, Employer and Employee have duly executed this Agreement in multiple originals to be effective on the Effective Date.

HALLIBURTON COMPANY

By: /s/ David J. Lesar

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

EMPLOYEE

/s/ Lewis W. Powers

Lewis W. Powers

EXECUTIVE EMPLOYMENT AGREEMENT

This Executive Employment Agreement ("Agreement"), is entered into by and between Halliburton Company ("Employer"), a Delaware corporation and Gary V. Morris, ("Employee"), to be effective on September 29, 1998 (the "Effective Date").

W I T N E S S E T H:

WHEREAS, Employee is currently employed by Employer; and

WHEREAS, Employer is desirous of continuing the employment of Employee after the Effective Date pursuant to the terms and conditions and for the consideration set forth in this Agreement, and Employee is desirous of continuing in the employ of Employer pursuant to such terms and conditions and for such consideration.

NOW, THEREFORE, for and in consideration of the mutual promises, covenants, and obligations contained herein, Employer and Employee agree as follows:

ARTICLE 1: EMPLOYMENT AND DUTIES:

1.1. Employer agrees to employ Employee, and Employee agrees to be employed by Employer, beginning as of the Effective Date and continuing until the date of termination of Employee's employment pursuant to the provisions of Article 3 (the "Term"), subject to the terms and conditions of this Agreement.

1.2. Beginning as of the Effective Date, Employee shall be employed as Executive Vice President and Chief Financial Officer of Employer. Employee agrees to serve in the assigned position or in similar executive capacities as may be requested from time to time by Employer and to perform diligently and to the best of Employee's abilities the duties and services appertaining to such positions as reasonably determined by Employer, as well as such additional or different duties and services appropriate to such positions which Employee from time to time may be reasonably directed to perform by Employer.

1.3. Employee shall at all times comply with and be subject to such policies and procedures as Employer may establish from time to time, including, without limitation, the Halliburton Company Code of Business Conduct (the "Code of Business Conduct").

1.4. Employee shall, during the period of Employee's employment by Employer, devote Employee's full business time, energy, and best efforts to the business and affairs of Employer. Employee may not engage, directly or indirectly, in any other business, investment, or activity that interferes with Employee's performance of Employee's duties hereunder, is contrary to the interest of Employer or any of its affiliated subsidiaries and divisions (collectively, the "Halliburton Entities" or, individually, a "Halliburton Entity"), or requires any significant portion of Employee's business time. The foregoing notwithstanding, the parties recognize and agree that Employee may engage in passive personal investments and other business activities which do not conflict with the business and affairs of the Halliburton Entities or interfere with Employee's performance of his or her duties hereunder. Employee may not serve on the board of directors of any entity other than a Halliburton Entity during the Term without the approval thereof in accordance with Employer's policies and procedures regarding such service. Employee shall be permitted to retain any compensation received for approved service on any unaffiliated corporation's board of directors.

1.5. Employee acknowledges and agrees that Employee owes a fiduciary duty of loyalty, fidelity and allegiance to act at all times in the best interests of the Employer and the other Halliburton Entities and to do no act which would, directly or indirectly, injure any such entity's business, interests, or reputation. It is agreed that any direct or indirect interest in, connection with, or benefit from any outside activities, particularly commercial activities, which interest might in any way adversely affect Employer, or any Halliburton Entity, involves a possible conflict of interest. In keeping with Employee's fiduciary duties to Employer, Employee agrees that Employee shall not knowingly become involved in a conflict of interest with Employer or the Halliburton Entities, or upon discovery thereof, allow such a conflict to continue. Moreover, Employee shall not engage in any activity which might involve a possible conflict of interest without first obtaining approval in accordance with Employer's policies and procedures.

1.6 Nothing contained herein shall be construed to preclude the transfer of Employee's employment to another Halliburton Entity ("Subsequent Employer") as of, or at any time after, the Effective Date and no such transfer shall be deemed to be a termination of employment for purposes of Article 3 hereof; provided, however, that, effective with such transfer, all of Employer's obligations hereunder shall be assumed by and be binding upon, and all of Employer's rights hereunder shall be assigned to, such Subsequent Employer and the defined term "Employer" as used herein shall thereafter be deemed amended to mean such Subsequent Employer. Except as otherwise provided above, all of the terms and conditions of this Agreement, including without limitation, Employee's rights and obligations, shall remain in full force and effect following such transfer of employment.

ARTICLE 2: COMPENSATION AND BENEFITS:

2.1. Employee's base salary during the Term shall be not less than $450,000 per annum which shall be paid in accordance with the Employer's standard payroll practice for its executives. Employee's base salary may be increased from time to time with the approval of the Compensation Committee of Employer's Board of Directors (the "Compensation Committee") or its delegate, as applicable. Such increased base salary shall become the minimum base salary under this Agreement and may not be decreased thereafter without the written consent of Employee.

2.2. During the Term, Employee shall participate in the Halliburton Annual Performance Pay Plan, or any successor annual incentive plan approved by the Compensation Committee; provided, however, that all determinations relating

to Employee's participation, including, without limitation, those relating to the performance goals applicable to Employee and Employee's level of participation and payout opportunity, shall be made in the sole discretion of the person or committee to whom such authority has been granted pursuant to such plan's terms.

2.3 Employer shall grant to Employee under the Halliburton Company 1993 Stock and Long-Term Incentive Plan (the "1993 Plan") 15,000 shares of Employer's common stock subject to restrictions.

2.4. During the Term, Employer shall pay or reimburse Employee for all actual, reasonable and customary expenses incurred by Employee in the course of his or her employment; including, but not limited to, travel, entertainment, subscriptions and dues associated with Employee's membership in professional, business and civic organizations; provided that such expenses are incurred and accounted for in accordance with Employer's applicable policies and procedures.

2.5. While employed by Employer, Employee shall be allowed to participate, on the same basis generally as other executive employees of Employer, in all general employee benefit plans and programs, including improvements or modifications of the same, which on the Effective Date or thereafter are made available by Employer to all or substantially all of Employer's similarly situated executive employees. Such benefits, plans, and programs may include, without limitation, medical, health, and dental care, life insurance, disability protection, and qualified and non-qualified retirement plans. Except as specifically provided herein, nothing in this Agreement is to be construed or interpreted to increase or alter in any way the rights, participation, coverage, or benefits under such benefit plans or programs than provided to similarly situated executive employees pursuant to the terms and conditions of such benefit plans and programs. While employed by Employer, Employee shall be eligible to receive awards under the 1993 Plan or any successor stock-related plan adopted by Employer's Board of Directors; provided, however, that the foregoing shall not be construed as a guarantee with respect to the type, amount or frequency of such awards, if any, such decisions being solely within the discretion of the Compensation Committee or its delegate, as applicable.

2.6. Except as otherwise provided in Section 2.2 hereof, Employer shall not, by reason of this Article 2, be obligated to institute, maintain, or refrain from changing, amending or discontinuing, any incentive compensation, employee benefit or stock or stock option program or plan, so long as such actions are similarly applicable to covered employees generally.

2.7. Employer may withhold from any compensation, benefits, or amounts payable under this Agreement all federal, state, city, or other taxes as may be required pursuant to any law or governmental regulation or ruling.

ARTICLE 3: TERMINATION OF EMPLOYMENT AND EFFECTS OF SUCH TERMINATION:

3.1. Employee's employment with Employer shall be terminated (i) upon the death of Employee, (ii) upon Employee's Retirement (as defined below), (iii) upon Employee's Permanent Disability (as defined below), or (iv) at any time by Employer upon notice to Employee, or by Employee upon thirty (30) days' notice to Employer, for any or no reason.

3.2. If Employee's employment is terminated by reason of any of the following circumstances, Employee shall not be entitled to receive the benefits set forth in Section 3.3 hereof:

(i) Death.

(ii) Retirement. "Retirement" shall mean either (a) Employee's retirement at or after normal retirement age (either voluntarily or pursuant to Employer's retirement policy) or (b) the voluntary termination of Employee's employment by Employee in accordance with Employer's early retirement policy for other than Good Reason (as defined below).

(iii) Permanent Disability. "Permanent Disability" shall mean Employee's physical or mental incapacity to perform his or her usual duties with such condition likely to remain continuously and permanently as determined by the Compensation Committee.

(iv) Voluntary Termination. "Voluntary Termination" shall mean a termination of employment in the sole discretion and at the election of Employee for other than Good Reason. "Good Reason" shall mean (a) a termination of employment by Employee because of a material breach by Employer of any material provision of this Agreement which remains uncorrected for thirty (30) days following notice of such breach by Employee to Employer, provided such termination occurs within sixty (60) days after the expiration of the notice period or (b) a termination of employment by Employee within six (6) months after a material reduction in Employee's rank or responsibility with Employer.

(v) Termination for Cause. Termination of Employee's employment by Employer for Cause. "Cause" shall mean any of the following: (a) Employee's gross negligence or willful misconduct in the performance of the duties and services required of Employee pursuant to this Agreement, (b) Employee's final conviction of a felony, (c) a material violation of the Code of Business Conduct or (d) Employee's material breach of any material provision of this Agreement which remains uncorrected for thirty (30) days following notice of such breach to Employee

by Employer. Determination as to whether or not Cause exists for termination of Employee's employment will be made by the Compensation Committee.

In the event Employee's employment is terminated under any of the foregoing circumstances, all future compensation to which Employee is otherwise entitled and all future benefits for which Employee is eligible shall cease and terminate as of the date of termination, except as specifically provided in this Section 3.2. Employee, or his or her estate in the case of Employee's death, shall be entitled to pro rata base salary through the date of such termination and shall be entitled to any individual bonuses or individual incentive compensation not yet paid but payable under Employer's plans for years prior to the year of Employee's termination of employment, but shall not be entitled to any bonus or incentive compensation for the year in which he or she terminates employment or any other payments or benefits by or on behalf of Employer except for those which may be payable pursuant to the terms of Employer's employee benefit plans (as defined in Section 3.4), stock, stock option or incentive plans, or the applicable agreements underlying such plans.

3.3 If Employee's employment is terminated by Employee for Good Reason or by Employer for any reason other than as set forth in Section 3.2 above Employee shall be entitled to each of the following:

(i) To the extent not otherwise specifically provided in any underlying restricted stock agreements, all shares of Halliburton common stock previously granted to Employee under the Halliburton Company Career Executive Incentive Stock Plan, the 1993 Plan, and any similar plan adopted by Employer in the future, which at the date of termination of employment are subject to restrictions (the "Restricted Shares") will be treated in a manner consistent with Employer's past practices for treatment of Restricted Shares held by executives whose employment was involuntarily terminated by Employer for reasons other than Cause, which, in most instances, have been to forfeit the Restricted Shares and pay to such executive a lump sum cash payment equal to the value of the Restricted Shares (based on the closing price of Halliburton common stock on the New York Stock Exchange on the date of termination of employment); although in some cases, Employer has, in lieu of, or in combination with, the foregoing and in its discretion, caused the forfeiture restrictions with respect to all or a portion of the Restricted Shares to lapse and provided for the retention of such shares by such executive.

(ii) Subject to the provisions of Section 3.4, Employer shall pay to Employee a severance benefit consisting of a single lump sum cash payment equal to two years' of Employee's base salary as in effect at the date of Employee's termination of employment. Such severance benefit shall be paid no later than sixty (60) days following Employee's termination of employment.

(iii) Employee shall be entitled to any individual bonuses or individual incentive compensation not yet paid but payable under Employer's plans for years prior to the year of Employee's termination of employment. Such amounts shall be paid to Employee in a single lump sum cash payment no later than sixty (60) days following Employee's termination of employment.

(iv) Employee shall be entitled to any individual bonuses or individual incentive compensation under Employer's plans for the year of Employee's termination of employment determined as if Employee had remained employed by the Employer for the entire year. Such amounts shall be paid to Employee at the time that such amounts are paid to similarly situated employees except that no portion of such amounts shall be deferred to future years.

3.4. The severance benefit paid to Employee pursuant to Section 3.3 shall be in consideration of Employee's continuing obligations hereunder after such termination, including, without limitation, Employee's obligations under Article 4. Further, as a condition to the receipt of such severance benefit, Employer, in its sole discretion, may require Employee to first execute a release, in the form established by Employer, releasing Employer and all other Halliburton Entities, and their officers, directors, employees, and agents, from any and all claims and from any and all causes of action of any kind or character, including, but not limited to, all claims and causes of action arising out of Employee's employment with Employer and any other Halliburton Entities or the termination of such employment. The performance of Employer's obligations under Section 3.3 and the receipt of the severance benefit provided thereunder by Employee shall constitute full settlement of all such claims and causes of action. Employee shall not be under any duty or obligation to seek or accept other employment following a termination of employment pursuant to which a severance benefit payment under Section 3.3 is owing and the amounts due Employee pursuant to Section 3.3 shall not be reduced or suspended if Employee accepts subsequent employment or earns any amounts as a self-employed individual. Employee's rights under Section 3.3 are Employee's sole and exclusive rights against the Employer or its affiliates and the Employer's sole and exclusive liability to Employee under this Agreement, in contract, tort or otherwise, for the termination of his or her employment relationship with Employer. Employee agrees that all disputes relating to Employee's termination of employment, including, without limitation, any dispute as to "Cause" or "Voluntary Termination" and any claims or demands against Employer based upon Employee's employment for any monies other than those specified in Section 3.3, shall be resolved through the Halliburton Dispute Resolution Plan as provided in Section 5.6 hereof; provided, however, that decisions as to whether "Cause" exists for termination of the employment relationship with Employee and whether and as of what date Employee has become permanently disabled are delegated to the Compensation Committee for determination and any dispute of Employee with any such decision shall be limited to whether the Compensation Committee reached such decision in good faith. Nothing contained in this Article 3 shall be construed to be a waiver by Employee of any benefits accrued for or due Employee

under any employee benefit plan (as such term is defined in the Employees' Retirement Income Security Act of 1974, as amended) maintained by Employer, except that Employee shall not be entitled to any severance benefits pursuant to any severance plan or program of the Employer.

3.5. Termination of the employment relationship does not terminate those obligations imposed by this Agreement which are continuing obligations, including, without limitation, Employee's obligations under Article 4.

ARTICLE 4: OWNERSHIP AND PROTECTION OF INTELLECTUAL PROPERTY AND CONFIDENTIAL INFORMATION:

4.1. All information, ideas, concepts, improvements, discoveries, and inventions, whether patentable or not, which are conceived, made, developed or acquired by Employee, individually or in conjunction with others, during Employee's employment by Employer or any of its affiliates (whether during business hours or otherwise and whether on Employer's premises or otherwise) which relate to the business, products or services of Employer or its affiliates (including, without limitation, all such information relating to corporate opportunities, research, financial and sales data, pricing and trading terms, evaluations, opinions, interpretations, acquisition prospects, the identity of customers or their requirements, the identity of key contacts within the customer's organizations or within the organization of acquisition prospects, or marketing and merchandising techniques, prospective names, and marks), and all writings or materials of any type embodying any of such items, shall be the sole and exclusive property of Employer or its affiliates, as the case may be.

4.2. Employee acknowledges that the businesses of Employer and its affiliates are highly competitive and that their strategies, methods, books, records, and documents, their technical information concerning their products, equipment, services, and processes, procurement procedures and pricing techniques, the names of and other information (such as credit and financial data) concerning their customers and business affiliates, all comprise confidential business information and trade secrets which are valuable, special, and unique assets which Employer or its affiliates use in their business to obtain a competitive advantage over their competitors. Employee further acknowledges that protection of such confidential business information and trade secrets against unauthorized disclosure and use is of critical importance to Employer and its affiliates in maintaining their competitive position. Employee hereby agrees that Employee will not, at any time during or after his or her employment by Employer, make any unauthorized disclosure of any confidential business information or trade secrets of Employer or its affiliates, or make any use thereof, except in the carrying out of his or her employment responsibilities hereunder. Confidential business information shall not include information in the public domain (but only if the same becomes part of the public domain through a means other than a disclosure prohibited hereunder). The above notwithstanding, a disclosure shall not be unauthorized if (i) it is required by law or by a court of competent jurisdiction or (ii) it is in connection with any judicial, arbitration, dispute resolution or other legal

proceeding in which Employee's legal rights and obligations as an employee or under this Agreement are at issue; provided, however, that Employee shall, to the extent practicable and lawful in any such events, give prior notice to Employer of his or her intent to disclose any such confidential business information in such context so as to allow Employer or its affiliates an opportunity (which Employee will not oppose) to obtain such protective orders or similar relief with respect thereto as may be deemed appropriate.

4.3. All written materials, records, and other documents made by, or coming into the possession of, Employee during the period of Employee's employment by Employer which contain or disclose confidential business information or trade secrets of Employer or its affiliates shall be and remain the property of Employer, or its affiliates, as the case may be. Upon termination of Employee's employment by Employer, for any reason, Employee promptly shall deliver the same, and all copies thereof, to Employer.

4.4 For purposes of this Article 4, "affiliates" shall mean entities in which Employer has a 20% or more direct or indirect equity interest.

ARTICLE 5: MISCELLANEOUS:

5.1. Except as otherwise provided in Section 4.4 hereof, for purposes of this Agreement, the terms "affiliate" or "affiliated" means an entity who directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with Employer or in which Employer or has a 50% or more equity interest.

5.2. For purposes of this Agreement, notices and all other communications provided for herein shall be in writing and shall be deemed to have been duly given when received by or tendered to Employee or Employer, as applicable, by pre-paid courier or by United States registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to Employer, to Halliburton Company at 3600 Lincoln Plaza, 500 North Akard Street, Dallas, Texas 75201-3391, to the attention of the General Counsel.

If to Employee, to his or her last known personal residence.

5.3. This Agreement shall be governed by and construed and enforced, in all respects in accordance with the law of the State of Texas, without regard to principles of conflicts of law, unless preempted by federal law, in which case federal law shall govern; provided, however, that the Halliburton Dispute Resolution Plan and the Federal Arbitration Act shall govern in all respects with regard to the resolution of disputes hereunder.

5.4. No failure by either party hereto at any time to give notice of any breach by the other party of, or to require compliance with, any condition or provision of this Agreement shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time.

5.5. It is a desire and intent of the parties that the terms, provisions, covenants, and remedies contained in this Agreement shall be enforceable to the fullest extent permitted by law. If any such term, provision, covenant, or remedy of this Agreement or the application thereof to any person, association, or entity or circumstances shall, to any extent, be construed to be invalid or unenforceable in whole or in part, then such term, provision, covenant, or remedy shall be construed in a manner so as to permit its enforceability under the applicable law to the fullest extent permitted by law. In any case, the remaining provisions of this Agreement or the application thereof to any person, association, or entity or circumstances other than those to which they have been held invalid or unenforceable, shall remain in full force and effect.

5.6. It is the mutual intention of the parties to have any dispute concerning this Agreement resolved out of court. Accordingly, the parties agree that any such dispute shall, as the sole and exclusive remedy, be submitted for resolution through the Halliburton Dispute Resolution Plan; provided, however, that the Employer, on its own behalf and on behalf of any of the Halliburton Entities, shall be entitled to seek a restraining order or injunction in any court of competent jurisdiction to prevent any breach or the continuation of any breach of the provisions of Article 4 and Employee hereby consents that such restraining order or injunction may be granted without the necessity of the Employer posting any bond. The parties agree that the resolution of any such dispute through such Plan shall be final and binding.

5.7. This Agreement shall be binding upon and inure to the benefit of Employer, to the extent herein provided and any other person, association, or entity which may hereafter acquire or succeed to all or substantially all of the business or assets of Employer by any means whether direct or indirect, by purchase, merger, consolidation, or otherwise. Employee's rights and obligations under this Agreement are personal and such rights, benefits, and obligations of Employee shall not be voluntarily or involuntarily assigned, alienated, or transferred, whether by operation of law or otherwise, without the prior written consent of Employer, other than in the case of death or incompetence of Employee.

5.8. Except for any stock option and restricted stock agreements and any agreements pertaining to intellectual property or confidential information of Employer, which agreements remain in full force and effect, this Agreement replaces and merges any previous agreements and discussions pertaining to the subject matter covered herein. This Agreement constitutes the entire agreement of the parties with regard to the terms of Employee's employment, termination of employment and severance benefits, and contains all of the covenants, promises, representations, warranties, and agreements between the parties with respect to such matters. Each party to this Agreement acknowledges that no representation, inducement, promise, or agreement, oral or written, has been made by either party with respect to the foregoing matters which is not embodied herein, and that no agreement, statement, or promise relating to the employment of Employee by Employer that is not contained in this Agreement shall be valid or binding. Any modification of this Agreement will be effective only if it is in writing and signed by each party whose rights hereunder are affected thereby, provided

that any such modification must be authorized or approved by the Compensation Committee or its delegate, as appropriate.

IN WITNESS WHEREOF, Employer and Employee have duly executed this Agreement in multiple originals to be effective on the Effective Date.

HALLIBURTON COMPANY

By: /s/ David J. Lesar

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

EMPLOYEE

/s/ Gary V. Morris

Gary V. Morris

September 29, 1998

Mr. Ken R. LeSuer
Vice Chairman
Halliburton Company
2500 Halliburton Center
5151 San Felipe
Houston, Texas 77056

Dear Ken:

You have announced your intention to take early retirement from the employ of the Company effective January 1, 1999. We appreciate your almost 40 years of loyal and dedicated service to the Company. I especially appreciate the advice and support you have given to me over the past three years since I joined the Company.

Our discussions have included the terms of your continued employment prior to your retirement, the performance by you of certain consulting services following your retirement and your forbearance from taking certain actions, all as more particularly set forth below. As used in succeeding paragraphs of this agreement, the "Company" means Halliburton Company and its affiliates. It is our mutual understanding that the terms of agreement are as hereinafter set forth.

I

CONTINUED EMPLOYMENT; EARLY RETIREMENT

A. Position and Salary; Retirement. During the period from the date of your execution of this agreement (the "Effective Date") through the closing date (the "Closing Date") of the merger transaction with Dresser Industries, Inc. you will continue to be employed as Vice Chairman of the Company and will continue as a member of the Executive Committee of the Company. Effective on the Closing Date, you will voluntarily resign as an officer of the Company and from all other positions, posts, offices and assignments with the Company or any of the Company's affiliates (including, but not limited to, your service as a member of the Executive Committee and as a Trustee of the Halliburton Foundation, Inc.), except for those which the Chief Executive Officer of the Company specifically requests your service thereon to continue, but in no case after January 1, 1999. Following the Closing Date, you will be provided with an office located on the 25th floor of Halliburton Center and you will vacate your current office within 10 business days after being informed of the location of your new office. During the period beginning with the Closing Date through January 1, 1999, you will continue to be employed as an employee of the Company, on which latter date your employment will terminate. Your salary during the period from the Effective Date

hereof through January 1, 1999 (the "Employment Period") will continue at the present rate per month, payable twice monthly following performance of service. You will also be paid your accrued vacation through December 31, 1998. All such payments shall be less customary withholding for taxes and applicable deductions, and shall be subject to any elections under the Halliburton Elective Deferral Plan (the "Elective Deferral Plan"). You acknowledge that the payments made pursuant to this paragraph A and paragraph C below of this Section I are in full satisfaction of all wages, benefits and other compensation owed by the Company and its affiliates for your employment or service to your retirement date.

Since your employment during 1999 will be limited to one day, you agree to waive any right you may have for vacation pay for 1999 and not to assert any claim with respect thereto. You further understand and agree that you will not be designated as a participant in the Performance Pay Plan (as defined below) or the Deferred Compensation Plan (as defined below) for the 1999 plan year.

As of the close of business on January 1, 1999, you will take early retirement as an employee of the Company and promptly thereafter vacate your office space at Halliburton Center in Houston.

B. Senior Executives' Deferred Compensation Plan. On December 31, 1998 your Deferred Compensation Account ("SERP Account") in the Senior Executives' Deferred Compensation Plan (the "Deferred Compensation Plan") will be credited with $625,000 in supplemental retirement benefits for the 1998 plan year. The applicable accounts under such Plan will also be credited for such period with amounts equal to (i) reductions in contributions to which you would be entitled under the Halliburton Profit Sharing and Savings Plan by reason of the limitations imposed under the Internal Revenue Code or by reason of elective deferrals under the Elective Deferral Plan, ("ERISA Offset Account") and (ii) interest earned on account balances in accordance with the provisions of such Plan. Upon approval of the administrative committee appointed to administer the Deferred Compensation Plan, you will receive the amounts in your accounts in monthly installments over a 10-year period commencing after the 1998 allocations to your SERP and ERISA Offset Accounts have been made.

C. Annual Performance Pay Plan. You will receive the amount of any Reward that may be payable under the Halliburton Annual Performance Pay Plan ("Performance Pay Plan") for the 1998 Plan Year, such Reward to be paid in accordance with the applicable provisions of such Plan. You will also receive the unpaid amounts of any Rewards for prior Plan Years which will be paid as

provided under the Plan. Such payments will be subject to any elections under the Elective Deferral Plan and customary withholding for taxes.

D. Vesting of Restricted Stock. Effective with your retirement and on such date, restrictions on shares of Common Stock issued to you under the Halliburton Company Career Executive Incentive Stock Plan and the Halliburton Company 1993 Stock and Long-Term Incentive Plan (the "1993 Plan") which have not theretofore lapsed will lapse in their entirety.

E. Vesting of Stock Options. Your stock options granted under the 1993 Plan will vest in accordance with the terms of your respective stock option agreements.

F. Retiree Medical Plan. Following your retirement, you will be eligible to participate in the Halliburton Retiree Medical Plan under the same terms and conditions as other Company early retirees.

G. Other Benefit Programs. Payments, benefits or accruals set forth in paragraphs A through F above are in addition to any payments, benefits or accruals to which you may be entitled under the Halliburton Profit Sharing and Savings Plan, the Halliburton Retirement Plan, the Elective Deferral Plan and any welfare benefit plans in accordance with their respective terms.

II

CONSULTING SERVICES FOR THE COMPANY AND ITS AFFILIATES

A. Consultation and Business Promotion. During the period beginning January 2, 1999 and ending December 31, 2000 ("Consulting Period"), you will be retained as a consultant to the Company and its affiliates. You will, during the Consulting Period, fulfill all of your prior customer commitments and, as reasonably requested by the Chief Executive Officer of the Company, aid in business promotion, cooperate in customer entertainment, assist with respect to special problems or projects and consult with and advise the Chief Executive Officer of the Company or other members of management of the Company and its business units in your particular areas of expertise. In assisting the Company and the aforesaid units, you will not be required to devote more than one-third of your time thereto, although travel outside Texas may be required. Your status while performing duties hereunder will be that of an independent contractor and not that of a Company employee.

B. Furtherance of Company Interests. During the Consulting Period, you will use your best efforts to enhance the image of the Company, its business units and their respective managements (provided that such efforts, when combined with the services specified in paragraph A of this Section II do not require you to devote more than one-third of your time thereto) and to refrain from taking any action or making any statements inconsistent therewith.

C. Entering Into Competition and Conflicts of Interest. Without the prior written approval of the Chief Executive Officer of the Company, you will not, during the Consulting Period, accept payment from, be employed by, become an officer, director, partner, principal, employee or consultant to or have a substantial equity ownership in, any corporation, partnership or business in competition with the Company or any of its affiliated companies. Once granted, any such approval may be subsequently withdrawn if (i) it is determined by the Chief Executive Officer of the Company, in his sole discretion, that the nature of your relationship with such competitor is in conflict with the Company's or any of its affiliates' interests; (ii) you are notified in writing of such determination and (iii) you do not immediately following receipt of such notice terminate your relationship with such competitor. Upon withdrawal of such approval, the Company's obligation to pay consulting fees as set forth in paragraph E below will terminate. Because of the nature and scope of your duties with the Company during your employment, we have agreed that it is necessary and

reasonable for the prohibition set forth in the first sentence of this paragraph to be applied nationwide. After the end of the Consulting Period, you may engage in the prohibited activities described in this paragraph to the extent that such activities are consistent with your remaining obligations under paragraph D of Section II of this agreement. The purchase by you, directly or indirectly, for investment of the publicly traded stock of a competitor of the Company or any of its affiliates representing not more than one percent (1%) of the total outstanding stock of such competitor or the holding thereof will not be deemed to constitute the acquisition or holding of a substantial equity ownership in such competitor for the purposes of this paragraph.

D. Confidential Information. You will not at any time after your retirement, without prior written approval of the Chief Executive Officer of the Company, disclose to any unauthorized person or competitor any confidential information or confidential knowledge as to the business and affairs of the Company or any of its affiliates which you have received during the course of your employment with the Company or which you may receive in the course of consulting or advising hereunder.

E. Consulting Fees. In consideration of the foregoing but expressly subject to the provisions of paragraph F below, during the Consulting Period, you will receive consulting fees in monthly payments of $20,834 on the last business day in the month for which payment is to be made.

F. Conditions Precedent to Payment of Consulting Fees; Death. Notwithstanding anything to the contrary contained in this agreement, payment of consulting fees pursuant to paragraph E of this Section will be made only if the conditions set forth in paragraphs A, B, C and D of this Section are fully satisfied at the time the payment is payable. Should you become disabled and, therefore, be unable to devote up to one-third of your time to the performance of consulting services as you may be required to perform pursuant to paragraph A of this Section and such disability shall continue for a three-month period, the Company's obligation to pay consulting fees as set forth in paragraph E of this Section will terminate at the end of such three-month period.

If during the Consulting Period, you should die, any amounts of consulting fees then unpaid for any period of time prior to your death, will be paid to your estate or personal representative, plus the amount of any unpaid expenses.

G. Participation in Other Benefit Programs. Payments to be received pursuant to Paragraph E of this Section II are in addition to any payments which you may be receiving or which you are entitled to receive under the Deferred Compensation Plan, the Halliburton Profit Sharing and Savings Plan, the Halliburton Retirement Plan, the Elective Deferral Plan and the Performance Pay Plan.

H. Office Space, Secretarial Support, Expenses, Etc. During the Consulting Period and expressly contingent on your not being in breach of any of the conditions specified in paragraphs A, B, C and D of this Section II, you will be entitled to:

1. Office space and part-time secretarial support in Company owned or leased office space as may be mutually agreeable to you and the Company or, failing

mutual agreement at any time as to Company owned or leased space, $1,750 per month (prorated as appropriate) as an allowance for rental office space and part-time secretarial support.

2. Office furnishings and equipment (including computer equipment for access to the Company's network).

3. Reimbursement for reasonable and necessary travel, entertainment and office expenses which you incur in performance of the duties specified in paragraph A of this Section promptly following your submission to the Company of an appropriately documented expense claim.

III

RELEASE

A. Representation. You represent, warrant and agree that you have not filed any claims, appeals, complaints, charges or lawsuits against the Company, its affiliates or any of their respective employees, officers, directors, shareholders, agents and representatives (collectively, the "Halliburton Parties") with any governmental agency or court and that you will not file or permit to be filed or accept benefit from any claim, complaint or petition filed with any court by you or on your behalf at any time hereafter; provided, however, this shall not limit you from filing an action for the sole purpose of enforcing your rights under this agreement. Further, you represent and warrant that no other person or entity has any interest in, or assignment of, any claims or causes of action you may have against any Halliburton Party and which you now release in their entirety.

B. Release. You agree to release, acquit and discharge and do hereby release, acquit and discharge the Company, its affiliates, and all Halliburton Parties, collectively and individually, from any and all claims and from any and all causes of action, of any kind or character, whether now known or not known, you may have against any of them, including, but not limited to, (i) any claim for benefits, compensation, remuneration, salary, or wages, and the costs, damages and expenses related thereto; and (ii) all claims or causes of action arising from your employment, termination of employment, or any alleged discriminatory employment practices, including but not limited to any and all claims or causes of action arising under the Age Discrimination in Employment Act, as amended ("ADEA"), 29 U.S.C. ss. 621, et seq. and any and all claims or causes of action arising under any other federal, state or local laws pertaining to discrimination in employment or equal employment opportunity; except that the parties agree that your release, acquittal and discharge shall not relieve the Company from its obligations under this agreement. This release also applies to any claims or causes of action of the types specified in clauses (i) and (ii) above which are brought by any person or agency or class action under which you may have a right or benefit.

C. Further Release. In recognition that your employment will continue through January 1, 1999, you agree to execute and deliver on your retirement date a separate release containing language substantially similar to that set forth in Paragraph B of this Section, in order to release any claim that may arise during the Employment Period.

IV

GENERAL PROVISIONS

A. Non-assignability. This agreement shall be binding upon and inure to the benefit of the respective successors in interests of the parties hereto. Notwithstanding the foregoing, the rights to receive payments hereunder pursuant to Section II hereof are hereby expressly declared to be personal, non-assignable and non-transferable except by will or intestacy, and in the event of any attempted assignment or transfer of any such rights contrary to the provisions hereof, the Company will have no further liability for payments with respect thereto hereunder.

B. Injunctive and Other Relief. You recognize that the services to be rendered hereunder are unique and that in the event of your breach of the conditions to be performed by you under paragraphs A and B of Section II hereof or in the event that you take such actions as are prohibited hereunder in paragraphs C and D of such Section, the Company will be entitled, if it so elects, to institute and prosecute proceedings in any court of competent jurisdiction, in law or in equity, to obtain damages for any breach of this agreement or to enforce the specific performance thereof or to enjoin you from taking the actions prohibited in paragraphs C and D of Section II hereof.

C. Governing Law and Amendment. This letter contains the entire agreement between the parties and will be governed under the laws of the State of Texas. It may not be amended orally, but only by agreement in writing signed by each of the parties.

If you agree that the above constitutes our understanding relating to your employment during the Employment Period and the performance of consulting services during the Consulting Period, please so indicate by dating and signing both duplicate originals of this letter and return one duplicate original to me.

Very truly yours,

/s/ Dick Cheney

ACCEPTED AND AGREED TO:

/s/ Ken R. LeSuer
- ----------
Ken R. LeSuer

Dated: October 20, 1998

September 29, 1998

Mr. Dale P. Jones
Vice Chairman
Halliburton Company
500 North Akard Street
3600 Lincoln Plaza
Dallas, TX 75201

Dear Dale:

You have announced your intention to take early retirement from the employ of the Company on October 2, 1998 and to resign as a Director of the Company on the earlier of October 2, 1998 or the effective date of the Dresser merger. We appreciate your more than 33 years of loyal and dedicated service to the Company. I especially appreciate the counsel and support you have given to me over the past three years since I joined the Company.

Our discussions have included the terms of certain consulting services to be performed by you following your retirement and your forbearance from taking certain actions, all as more particularly set forth below. As used in succeeding paragraphs of this agreement, the "Company" means Halliburton Company. It is our mutual understanding that the terms of agreement are as hereinafter set forth.

I

EARLY RETIREMENT

A. Retirement. On October 2, 1998, you will retire from the service of the Company and will voluntarily resign as an officer of the Company and from all other positions, posts, offices and assignments with the Company or any of the Company's affiliates, including, but not limited to, your service as a member of the Executive Committee and as a Trustee of the Halliburton Foundation, Inc. You will also voluntarily resign as a member of the Company's Board of Directors on the earlier to occur of October 2, 1998 or the closing date of the merger transaction with Dresser Industries, Inc.

Your salary will continue through your retirement date at the present rate per month, payable twice monthly following performance of service. You will also be paid your accrued vacation through such date. All such payments shall be less customary withholding for taxes and applicable deductions, and shall be subject to any elections under the Halliburton Elective Deferral Plan (the

"Elective Deferral Plan"). You agree that, within 5 business days after your retirement date, you will vacate your office space at 3600 Lincoln Plaza.

B. Senior Executives' Deferred Compensation Plan. On December 31, 1998 your Deferred Compensation Account ("SERP Account") in the Senior Executives' Deferred Compensation Plan (the "Deferred Compensation Plan") will be credited with $500,000 in supplemental retirement benefits for the 1998 plan year. The applicable accounts under such Plan will also be credited for such period with amounts equal to (i) reductions in contributions to which you would be entitled under the Halliburton Profit Sharing and Savings Plan by reason of the limitations imposed under the Internal Revenue Code or by reason of elective deferrals under the Elective Deferral Plan, ("ERISA Offset Account") and (ii) interest earned on account balances in accordance with the provisions of such Plan. Upon approval of the administrative committee appointed to administer the Deferred Compensation Plan, you will receive the amounts in your accounts in monthly installments over a 24-month period commencing after the 1998 allocations to your SERP and ERISA Offset Accounts have been made.

C. Annual Performance Pay Plan. The amount of any Reward earned under the Halliburton Annual Performance Pay Plan ("Performance Pay Plan") for the 1998 Plan Year shall be prorated through the date of your retirement and paid in accordance with the applicable provisions of such Plan. Any adjustments made by the Compensation Committee of Directors to the performance goals previously established by such Committee for the 1998 Plan Year will be applicable to the calculation of your Reward for such Plan Year. You will also receive the unpaid amounts of any Rewards for prior Plan Years which will be paid as provided under the Plan. Such payments will be subject to any elections under the Elective Deferral Plan and customary withholding for taxes.

D. Vesting of Restricted Stock. Effective with your retirement and on such date, restrictions on shares of Common Stock issued to you under the Halliburton Company Career Executive Incentive Stock Plan and the Halliburton Company 1993 Stock and Long-Term Incentive Plan (the "1993 Plan") which have not theretofore lapsed will lapse in their entirety.

E. Vesting of Stock Options. Your stock options granted under the 1993 Plan will vest in accordance with the terms of your respective stock option agreements. To the extent that, after the date of your retirement, the Compensation Committee of Directors approves any changes to outstanding stock options applicable to your stock option grants such option grants will be amended to reflect any such changes or, if amendment thereof is not legally or administratively feasible, you will receive a cash payment in an amount reasonably determined to be the present value of such change as it relates to

your outstanding stock options.

F. Retiree Medical Plan. You will be eligible to participate in the Halliburton Retiree Medical Plan under the same terms and conditions as other Company early retirees.

G. Other Benefit Programs. Payments, benefits or accruals set forth in paragraphs A through F above are in addition to any payments, benefits or

accruals to which you may be entitled under the Halliburton Profit Sharing and Savings Plan, the Halliburton Retirement Plan, the Elective Deferral Plan and any welfare benefit plans in accordance with their respective terms.

II

CONSULTING SERVICES FOR THE COMPANY AND ITS AFFILIATES

A. Consultation and Business Promotion. During the period beginning October 2, 1998 through September 30, 2000 ("Consulting Period"), you will be retained as a consultant to the Company and its affiliates. You will, during the Consulting Period, fulfill all of your prior customer commitments and, as reasonably requested by the Chief Executive Officer of the Company, aid in business promotion, cooperate in customer entertainment, assist with respect to special problems or projects and consult with and advise the Chief Executive Officer of the Company or other members of management of the Company and its business units in your particular areas of expertise. In assisting the Company and the aforesaid units, you will not be required to devote more than one-third of your time thereto, although travel outside Texas may be required. Your status while performing duties hereunder will be that of an independent contractor and not that of a Company employee.

B. Furtherance of Company Interests. During the Consulting Period, you will use your best efforts to enhance the image of the Company, its business units and their respective managements (provided that such efforts, when combined with the services specified in paragraph A of this Section II do not require you to devote more than one-third of your time thereto) and to refrain from taking any action or making any statements inconsistent therewith.

C. Entering Into Competition and Conflicts of Interest. Without the prior written approval of the Chief Executive Officer of the Company, you will not, during the Consulting Period, accept payment from, be employed by, become an officer, director, partner, principal, employee or consultant to or have a substantial equity ownership in, any corporation, partnership or business in competition with the Company or any of its affiliated companies. Once granted, any such approval may be subsequently withdrawn if (i) it is determined by the Chief Executive Officer of the Company, in his sole discretion, that the nature of your relationship with such competitor is in conflict with the Company's or any of its affiliates' interests; (ii) you are notified in writing of such determination and (iii) you do not immediately following receipt of such notice terminate your relationship with such competitor. Upon withdrawal of such approval, the Company's obligation to pay consulting fees as set forth in paragraph E below will terminate. Because of the nature and scope of your duties with the Company during your employment, we have agreed that it is necessary and reasonable for the prohibition set forth in the first sentence of this paragraph to be applied nationwide. After the end of the Consulting Period, you may engage in the prohibited activities described in this paragraph to the extent that such activities are consistent with your remaining obligations under paragraph D of Section II of this agreement. The purchase by you, directly or indirectly, for investment of the publicly traded stock of a competitor of the Company or any of its affiliates representing not more than one percent (1%) of the total outstanding stock of such competitor or the holding thereof will not be deemed

to constitute the acquisition or holding of a substantial equity ownership in such competitor for the purposes of this paragraph.

D. Confidential Information. You will not at any time after your retirement, without prior written approval of the Chief Executive Officer of the Company, disclose to any unauthorized person or competitor any confidential information or confidential knowledge as to the business and affairs of the Company or any of its affiliates which you have received during the course of your employment with the Company or which you may receive in the course of consulting or advising hereunder.

E. Consulting Fees. In consideration of the foregoing but expressly subject to the provisions of paragraph F below, during the Consulting Period, you will receive consulting fees in monthly payments of $20,834 on the last business day in the month for which payment is to be made.

F. Conditions Precedent to Payment of Consulting Fees; Death. Notwithstanding anything to the contrary contained in this agreement, payment of consulting fees pursuant to paragraph E of this Section will be made only if the conditions set forth in paragraphs A, B, C and D of this Section are fully satisfied at the time the payment is payable. Should you become disabled and, therefore, be unable to devote up to one-third of your time to the performance of consulting services as you may be required to perform pursuant to paragraph A of this Section and such disability shall continue for a three-month period, the Company's obligation to pay consulting fees as set forth in paragraph E of this Section will terminate at the end of such three-month period.

If during the Consulting Period, you should die, any amounts of consulting fees then unpaid for any period of time prior to your death, will be paid to your estate or personal representative, plus the amount of any unpaid expenses.

G. Participation in Other Benefit Programs. Payments to be received pursuant to Paragraph E of this Section II are in addition to any payments which you may be receiving or which you are entitled to receive under the Deferred Compensation Plan, the Halliburton Profit Sharing and Savings Plan, the Halliburton Retirement Plan, the Elective Deferral Plan and the Performance Pay Plan.

H. Office Space, Secretarial Support, Club Memberships, Expenses, Etc. During the Consulting Period and expressly contingent on your not being in breach of any of the conditions specified in paragraphs A, B, C and D of this Section II, you will be entitled to:

1. $1,750 per month as an allowance for office space and part-time secretarial support.

2. Office furnishings and equipment (including computer equipment for access to the Company's network).

3. Retention, at the Company's expense, of memberships in the Dallas Country Club and the Dallas Petroleum Club.

4. During each 12-month period, one customer trip to the Company's facilities at Duck Key, Florida, and one hunting trip for Company customers.

5. Reimbursement for reasonable and necessary travel, entertainment and office expenses which you incur in performance of the duties specified in paragraph A of this Section promptly following your submission to the Company of an appropriately documented expense claim.

III

RELEASE

A. Representation. You represent, warrant and agree that you have not filed any claims, appeals, complaints, charges or lawsuits against the Company, its affiliates or any of their respective employees, officers, directors, shareholders, agents and representatives (collectively, the "Halliburton Parties") with any governmental agency or court and that you will not file or permit to be filed or accept benefit from any claim, complaint or petition filed with any court by you or on your behalf at any time hereafter; provided, however, this shall not limit you from filing an action for the sole purpose of enforcing your rights under this agreement. Further, you represent and warrant that no other person or entity has any interest in, or assignment of, any claims or causes of action you may have against any Halliburton Party and which you now release in their entirety.

B. Release. You agree to release, acquit and discharge and do hereby release, acquit and discharge the Company, its affiliates, and all Halliburton Parties, collectively and individually, from any and all claims and from any and all causes of action, of any kind or character, whether now known or not known, you may have against any of them, including, but not limited to, (i) any claim for benefits, compensation, remuneration, salary, or wages, and the costs, damages and expenses related thereto; and (ii) all claims or causes of action arising from your employment, termination of employment, or any alleged discriminatory employment practices, including but not limited to any and all claims or causes of action arising under the Age Discrimination in Employment Act, as amended ("ADEA"), 29 U.S.C. ss. 621, et seq. and any and all claims or causes of action arising under any other federal, state or local laws pertaining to discrimination in employment or equal employment opportunity; except that the parties agree that your release, acquittal and discharge shall not relieve the Company from its obligations under this agreement. This release also applies to any claims or causes of action of the types specified in clauses (i) and (ii) above which are brought by any person or agency or class action under which you may have a right or benefit.

IV

GENERAL PROVISIONS

A. Non-assignability. This agreement shall be binding upon and inure to the benefit of the respective successors in interests of the parties hereto.

Notwithstanding the foregoing, the rights to receive payments hereunder pursuant to Section II hereof are hereby expressly declared to be personal, non-assignable and non-transferable except by will or intestacy, and in the event of any attempted assignment or transfer of any such rights contrary to the provisions hereof, the Company will have no further liability for payments with respect thereto hereunder.

B. Injunctive and Other Relief. You recognize that the services to be rendered hereunder are unique and that in the event of your breach of the conditions to be performed by you under paragraphs A and B of Section II hereof or in the event that you take such actions as are prohibited hereunder in paragraphs C and D of such Section, the Company will be entitled, if it so elects, to institute and prosecute proceedings in any court of competent jurisdiction, in law or in equity, to obtain damages for any breach of this agreement or to enforce the specific performance thereof or to enjoin you from taking the actions prohibited in paragraphs C and D of Section II hereof.

C. Governing Law and Amendment. This letter contains the entire agreement between the parties and will be governed under the laws of the State of Texas. It may not be amended orally, but only by agreement in writing signed by each of the parties.

If you agree that the above constitutes our understanding relating to your retirement and the performance of consulting services during the Consulting Period, please so indicate by dating and signing both duplicate originals of this letter and return one duplicate original to me.

Very truly yours,

/s/ Dick Cheney

ACCEPTED AND AGREED TO:

/s/ Dale P. Jones
- --------------------------
Dale P. Jones

Dated: 9/29/98

Exhibit 21

HALLIBURTON COMPANY
SUBSIDIARIES OF THE REGISTRANT
DECEMBER 31, 1998

NAME OF COMPANY	OWNERSHIP PERCENTAGE	STATE OR COUNTRY OF INCORPORATION
2W Underwater Contractors Limited	100.0	United Kingdom
American Thai Barite Limited	100.0	Thailand
AOC Australia Pty. Ltd.	100.0	Australia
AOC International Limited	100.0	United Kingdom
AOC Wood Contractors Limited	50.0	United Kingdom
Asian Marine Contractors Limited	100.0	Mauritius
Atlantic Minerals and Products Corporation	100.0	Florida
AVA (U.K.) Limited	100.0	England
AVA S.A.R.L.	100.0.	France
Avalon Financial Services, Ltd.	100.0	Cayman Islands
Axelson Pump Company	100.0	Delaware
Axelson, Inc.	100.0	Delaware
Baroid (Far East) Pte. Ltd.	100.0	Singapore
Baroid Caribbean Limited	50.0	Cayman Islands
Baroid Corporation	100.0	England
Baroid Corporation of Canada Ltd.	100.0	Canada
Baroid de Venezuela, S.A.	99.73	Venezuela
Baroid Equipment, Inc.	100.0	California
Baroid GmbH	100.0	Germany
Baroid International Inc.	100.0	Delaware
Baroid International Trading Corporation	100.0	Delaware
Baroid Limited	100.0	England
Baroid Middle East, Inc.	100.0	Delaware
Baroid Nigeria, Inc.	100.0	Delaware
Baroid of Nigeria Limited	60.0	Nigeria
Baroid Sales Export Corporation	100.0	Delaware
Baroid Technology, Inc.	100.0	Delaware
Basin Surveys, Inc.	100.0	West Virginia
Breswater Marine Contracting BV	100.0	Netherlands
Brown & Root (Overseas) Limited	100.0	United Kingdom
Brown & Root AOC Limited	100.0	United Kingdom
Brown & Root Condor SPA	49.0	Algeria
Brown & Root Ealing Technical Services Limited	100.0	United Kingdom
Brown & Root Energy Services A/S	100.0	Norway
Brown & Root Energy Services Pty. Ltd.	100.0	Australia
Brown & Root Far East Engineers Pte. Ltd.	100.0	Delaware
Brown & Root Highlands Fabricators Limited	100.0	United Kingdom
Brown & Root Holdings, Inc.	100.0	Delaware
Brown & Root International, Inc.	100.0	Delaware

Exhibit 21

HALLIBURTON COMPANY
SUBSIDIARIES OF THE REGISTRANT
DECEMBER 31, 1998

NAME OF COMPANY	OWNERSHIP PERCENTAGE	STATE OR COUNTRY OF INCORPORATION
Brown & Root International, Inc.	100.0	Panama
Brown & Root Limited	100.0	United Kingdom
Brown & Root McDermott Fabricators	50.0	United Kingdom
Brown & Root NA Limited	50.0	British Virgin Islands
Brown & Root Projects Limited	100.0	United Kingdom
Brown & Root Pty Limited	100.0	Australia
Brown & Root Saudi Limited Co.	49.0	Saudi Arabia
Brown & Root Services Corporation	100.0	Delaware
Brown & Root Technical Services, Inc.	100.0	Delaware
Brown & Root Technology Limited	100.0	United Kingdom
Brown & Root, Inc.	100.0	Delaware
Canadian Baroid Sales Ltd.	100.0	Canada
CEBO International B.V.	50.0	Netherlands
Compania Transandina de Exportacion, Inc.	100.0	Delaware
Conkel, S. de R.L. de C.V.	100.0	Mexico
Dawson Group Pty. Ltd.	100.0	Australia
DB Stratabit GmbH	100.0	Germany
DB Stratabit Limited	100.0	Scotland
DB Stratabit Pte. Ltd.	100.0	Singapore
DB Stratabit S. A. R. L.	100.0	Tunisia
DB Stratabit S.A.	100.0	Belgium
DBS - Tunisie	100.0	Tunisia
Devonport Royal Dockyard Limited	51.0	United Kingdom
Dorhold Limited	51.0	United Kingdom

Dressbi, L.L.C.	100.0	Texas
Dresser (Algeria), Inc.	100.0	Delaware
Dresser (Holdings) Limited	100.0	England
Dresser Acquisitions Limited	100.0	England
Dresser AG	100.0	Liechtenstein
Dresser Anstalt	100.0	Liechtenstein
Dresser Argentina S.A.	100.0	Argentina
Dresser AS	100.0	Norway
Dresser Australia Pty. Ltd.	100.0	Australia
Dresser B.V.	100.0	Netherlands
Dresser Canada, Inc.	100.0	Canada
Dresser Caspian, Inc.	100.0	Delaware
Dresser Corporation	100.0	Nevada
Dresser de Venezuela, C.A.	100.0	Venezuela
Dresser Europe S.A.	100.0	Belgium

Exhibit 21

HALLIBURTON COMPANY
SUBSIDIARIES OF THE REGISTRANT
DECEMBER 31, 1998

NAME OF COMPANY	OWNERSHIP PERCENTAGE	STATE OR COUNTRY OF INCORPORATION
Dresser Far East, Inc.	100.0	Delaware
Dresser Foreign Sales Corporation Limited	100.0	Guam
Dresser Group Pension Trustee Limited	100.0	England
Dresser Holding, Inc.	100.0	Delaware
Dresser Holmes Limited	100.0	England
Dresser Industria e Comercio Ltda.	100.0	Brazil
Dresser Industrial Products B.V.	100.0	Netherlands
Dresser International Sales Corporation	100.0	Delaware
Dresser International, Ltd.	100.0	Delaware
Dresser Investments N.V.	100.0	Netherlands Antilles
Dresser Ireland Finance Company	100.0	Ireland
Dresser Italia S.p.A.	100.0	Italy
Dresser Japan Ltd.	100.0	Japan
Dresser Kellogg Energy Services Limited	100.0	England
Dresser Kellogg Energy Services, Inc.	100.0	Delaware
Dresser Korea, Inc.	100.0	Korea
Dresser Minerals International, Inc.	100.0	Texas
Dresser Netherlands B.V.	100.0	Netherlands
Dresser Oil Tools, Inc.	100.0	Delaware
Dresser Oilfield Gabon S.a.r.L.	100.0	Gabon
Dresser Oilfield Operations (Nigeria) Limited	100.0	Nigeria
Dresser Oilfield Operations (Nigeria), Inc.	100.0	Delaware
Dresser Oilfield Services B.V.	100.0	Netherlands
Dresser Oilfield Services, Inc.	100.0	Delaware
Dresser Polska Sp. z o. o	100.0	Poland
Dresser Produits Industriels	100.0	France
Dresser Russia, Inc.	100.0	Delaware
Dresser Services, Inc.	100.0	Delaware
Dresser Singapore Pte. Ltd.	100.0	Singapore
Dresser South Africa (Pty.) Ltd.	100.0	South Africa
Dresser U.K. Limited	100.0	England
Dresser U.K. Pensions Limited	100.0	England
Dresser Wayne AB	100.0	Sweden
Dresser-Nagano, Inc.	71.04	Delaware
Dresser-Rand (Nigeria) Ltd.	60.0	Nigeria
Dresser-Rand (U.K.) Ltd.	100.0	England
Dresser-Rand A/S	100.0	Norway
Dresser-Rand B.V.	100.0	Netherlands
Dresser-Rand Canada, Inc.	51.0	Canada

Exhibit 21

HALLIBURTON COMPANY
SUBSIDIARIES OF THE REGISTRANT
DECEMBER 31, 1998

NAME OF COMPANY	OWNERSHIP PERCENTAGE	STATE OR COUNTRY OF INCORPORATION
Dresser-Rand Company (Partnership)	51.0	New York
Dresser-Rand Compression Services, S.A.	100.0	Switzerland
Dresser-Rand de Venezuela S.A.	100.0	Venezuela
Dresser-Rand GmbH	100.0	Germany
Dresser-Rand Holding Company	100.0	Delaware
Dresser-Rand International B.V.	100.0	Netherlands
Dresser-Rand Italia S.r.L.	100.0	Italy
Dresser-Rand Japan Ltd.	100.0	Japan
Dresser-Rand Overseas Sales Company	100.0	Delaware
Dresser-Rand Power, Inc.	100.0	Delaware
Dresser-Rand S.A.	100.0	France
Dresser-Rand Sales Company, S.A.	100.0	Switzerland
Dresser-Rand Services B.V.	100.0	Netherlands
DRSS Company (Partnership)	100.0	New York
European Marine Contractors Limited	50.0	United Kingdom
Fann Instrument Company	100.0	Delaware
G&H Management Company	100.0	Delaware
GAZDMD Avtomatika	100.0	Russia
GeoGraphix, Inc.	100.0	Colorado
Granherne (Holdings) Ltd.	100.0	England
Granherne Information Systems Limited	100.0	England
Granherne International (Holdings) Ltd.	100.0	England
Granherne International Limited	100.0	England
Granherne Limited	100.0	England
Grove Foreign Sales Corporation	100.0	Barbados
Halliburton (Proprietary) Limited	100.0	South Africa
Halliburton A/S	100.0	Norway
Halliburton Affiliates Corporation	100.0	Delaware
Halliburton Argentina SA	100.0	Argentina
Halliburton Australia Pty. Ltd.	100.0	Australia
Halliburton BV	100.0	Netherlands
Halliburton Canada Inc.	100.0	Canada
Halliburton Company Germany GmbH	100.0	Germany
Halliburton de Mexico, SA de CV	100.0	Mexico
Halliburton Delaware, Inc.	100.0	Delaware
Halliburton Denmark A/S	100.0	Denmark
Halliburton Energy Services Nigeria Limited	80.0	Nigeria
Halliburton Energy Services, Inc.	100.0	Delaware
Halliburton Equipment Company SAE	75.0	Egypt

Exhibit 21

HALLIBURTON COMPANY
SUBSIDIARIES OF THE REGISTRANT
DECEMBER 31, 1998

NAME OF COMPANY	OWNERSHIP PERCENTAGE	STATE OR COUNTRY OF INCORPORATION
Halliburton Global, Ltd.	100.0	Cayman Islands
Halliburton Holdings Limited	100.0	United Kingdom
Halliburton Holdings, Inc.	100.0	Delaware
Halliburton International, Inc.	100.0	Delaware
Halliburton Italiana SpA	100.0	Italy
Halliburton Latin America SA	100.0	Panama
Halliburton Limited	100.0	United Kingdom
Halliburton Manufacturing and Services Limited	100.0	United Kingdom
Halliburton Norway, Inc.	100.0	Delaware
Halliburton NUS Corporation	100.0	Delaware
Halliburton Offshore Services, Inc.	100.0	Delaware
Halliburton Overseas Limited	100.0	Cayman Islands
Halliburton Products & Services Limited	100.0	Cayman Islands
Halliburton SAS	100.0	France
Halliburton Servicos Ltda.	100.0	Brazil
Halliburton Singapore Pte. Ltd.	100.0	Singapore
Halliburton Trinidad Limited	100.0	Trinidad
Halliburton West Africa Ltd.	100.0	Delaware
Halliburton Worldwide Limited	100.0	Cayman Islands
HBR Energy, Inc.	100.0	Delaware
Howard Humphreys & Partners Limited	100.0	United Kingdom
Howard Humphreys Group Limited	100.0	United Kingdom
Hunting-Brae Limited	31.0	United Kingdom
Intercontinental Services Limited	100.0	Virgin Islands
International Administrative Services, Ltd.	100.0	Cayman Islands
K.R.S.A. Limited	100.0	England
KCI Constructors, Inc.	100.0	Delaware
Kellogg (Malaysia) Sdn. Bhd.	100.0	Malaysia
Kellogg Algeria, Inc.	100.0	Delaware
Kellogg Cardon, C.A.	100.0	Venezuela
Kellogg China, Inc.	100.0	Delaware
Kellogg Construction Limited	100.0	England
Kellogg Development Corporation	100.0	Delaware
Kellogg Far East, Inc.	100.0	Delaware
Kellogg Foreign Sales Corporation	100.0	Barbados
Kellogg Holland B.V.	100.0	Netherlands
Kellogg India Limited	100.0	Delaware
Kellogg Indonesia, Inc.	100.0	Delaware
Kellogg International Corporation	100.0	Delaware

HALLIBURTON COMPANY
SUBSIDIARIES OF THE REGISTRANT
DECEMBER 31, 1998

NAME OF COMPANY	OWNERSHIP PERCENTAGE	STATE OR COUNTRY OF INCORPORATION
Kellogg International Services Corporation	100.0	Delaware
Kellogg International Services Limited	100.0	Cayman Islands
Kellogg Iran, Inc.	100.0	Delaware
Kellogg ISL Limited	100.0	Cayman Islands
Kellogg Italy, Inc.	100.0	Delaware
Kellogg Korea, Inc.	100.0	Delaware
Kellogg Malaysia, Inc.	100.0	Delaware
Kellogg Mexico, Inc.	100.0	Delaware
Kellogg Middle East Limited	100.0	Delaware
Kellogg Middle East Services, Inc.	100.0	Delaware
Kellogg Nigeria, Inc.	100.0	Delaware
Kellogg Offshore Limited	100.0	England
Kellogg Overseas Construction Corporation	100.0	Delaware
Kellogg Overseas Corporation	100.0	Delaware
Kellogg Overseas Services Corporation	100.0	Panama
Kellogg Pan American Corporation	100.0	Delaware
Kellogg Pan American, C.A.	100.0	Venezuela
Kellogg Plant Services Limited	100.0	England
Kellogg Plant Services, Inc.	100.0	Delaware
Kellogg Rust Services, Inc.	100.0	Delaware
Kellogg Rust Synfuels, Inc.	100.0	Delaware
Kellogg Saudi Arabia Limited	100.0	Delaware
Kellogg Services, Inc.	100.0	Delaware
KESA Limited	100.0	England
Kinhill Holdings Pty. Ltd.	100.0	Australia
KPA, S.A. de C.V.	100.0	Mexico
KRW Energy Systems, Inc.	80.0	Delaware
Kuwait Kellogg Ltd.	100.0	Delaware
Landmark America Latina, SA	100.0	Delaware
Landmark EAME, Limited	100.0	United Kingdom
Landmark Graphics Corporation	100.0	Delaware
Landmark Graphics Europe/Africa, Inc.	100.0	Delaware
Landmark Graphics International, Inc.	100.0	Texas
Landmark Sales Corporation	100.0	Barbados
Laurel Financial Services BV	100.0	Netherlands
M. W. Kellogg Company Limited	100.0	Canada
M. W. Kellogg Constructors, Inc.	100.0	Delaware
M. W. Kellogg Holdings, Inc.	100.0	Delaware
M. W. Kellogg Technology Company	100.0	Delaware

HALLIBURTON COMPANY
SUBSIDIARIES OF THE REGISTRANT
DECEMBER 31, 1998

NAME OF COMPANY	OWNERSHIP PERCENTAGE	STATE OR COUNTRY OF INCORPORATION
M. W. Kellogg-Delaware, Inc.	100.0	Delaware
M.W. Kellogg (Eastern Hemisphere) Limited	100.0	England
M.W. Kellogg (Pensions) Limited_	100.0	England
M.W. Kellogg Group Limited	100.0	England
M.W. Kellogg International Limited	100.0	England
M.W. Kellogg Limited	100.0	England
Malaysian Barite Sdn. Bhd.	100.0	Malaysia
Management Logistics, Inc.	100.0	Delaware
Masoneilan (S.E.A.) Private Limited	100.0	Singapore
Masoneilan HP + HP GmbH	100.0	Germany
Masoneilan Interacional, S.A. de C.V.	100.0	Mexico
Masoneilan International, Inc.	100.0	Delaware
Masoneilan S.A.	100.0	Spain
Middle East Technologies, Inc.	100.0	Delaware
MIHC, Inc.	100.0	Delaware
Mono Group	100.0	Scotland
Mono Pumps (Australia) Pty. Limited	100.0	Australia
Mono Pumps (Manufacturing) Limited	100.0	England
Mono Pumps Limited	100.0	England
Monoflo, Inc.	100.0	Delaware
MWKL Field Services Limited	100.0	Cayman Islands
MWKL Middle East Limited	100.0	England
NMR Corporation	100.0	Delaware
Norsk Modifikajon og Vedikehold Service AS	100.0	Norway
North Sea Assets Limited	100.0	Scotland
NUMAR Corporation	100.0	Pennsylvania
NUMAR Oilfield Services, Inc.	100.0	Pennsylvania
OGC International	100.0	United Kingdom
Overseas Marine Leasing Company	100.0	Delaware
Petroleum Information & Equipment Services Pte. Ltd.	100.0	Singapore
Property and Casualty Insurance Ltd. - U.S.	100.0	Vermont
Property and Casualty Insurance, Limited	100.0	Bermuda
PT Gema Sembrown	45.0	Indonesia
PT Halliburton Drilling Systems Indonesia	80.0	Indonesia
PT Halliburton Indonesia	80.0	Indonesia
PT Halliburton Logging Services Indonesia	80.0	Indonesia
Pullman Incorporated Capital Corporation	100.0	Delaware
Pullman Kellogg Plant Services Algeria, Inc.	100.0	Delaware

Exhibit 21

HALLIBURTON COMPANY
SUBSIDIARIES OF THE REGISTRANT
DECEMBER 31, 1998

NAME OF COMPANY	OWNERSHIP PERCENTAGE		STATE OR COUNTRY OF INCORPORATION
Quimicas do Brazil Limitada	100.0		Brazil
Rockwater Holdings Limited	100.0		United Kingdom
Rockwater Limited	100.0		United Kingdom
Rockwater Offshore Contractors 2 BV	100.0		Netherlands
Rockwater, Inc.	100.0		Delaware
Seaforth Maritime Limited	100.0		United Kingdom
Security DBS B.V.	100.0		Netherlands
Servicios Halliburton de Venezuela, SA	100.0		Delaware
Societe Kellogg	100.0		Delaware
Southwest Industries, Inc.	100.0		Delaware
Sperry-Sun (U.K.) Limited	100.0		England
Sperry-Sun International, Inc.	100.0		Delaware
Sperry-Sun Saudia Company Limited	75.0	(3)	Saudi Arabia
Studebaker-Worthngton (U.K.) Limited	100.0		England
Sub Sea International, Inc.	100.0		Delaware
Sub Sea Offshore (Holdings) Limited	100.0		England
Sub Sea Offshore Limited	100.0		England
Sub Sea Offshore Pte. Ltd.	100.0		Singapore
Symington Wayne Overseas, Ltd.	100.0		Canada
T. K. Valve Holdings	100.0		England
The M. W. Kellogg Company	100.0		Delaware
TK Valve Limited	100.0		England
TSKJ Nigeria, Limited	100.0		Nigeria
Turbodyne Electric Power Corporation	100.0		Delaware
Wellstream International, Inc.	100.0		Delaware
Wellstream, Inc.	100.0		Delaware
Wheatley Pump Incorporated	100.0		Delaware
Worthington-Simpson Ltd.	100.0		England

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

(2) The names of approximately 270 subsidiaries have been omitted since the unnamed subsidiaries considered in the aggregate would not constitute a significant subsidiary as defined by Item 601(b)(21).

(3) Shares held in trust by NL Industries, Inc.

Exhibit 23.1

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our reports dated January 25, 1999, included in this Form 10-K into the Company's previously filed registration statement on Form S-3 (No. 33-65772).

/s/ Arthur Andersen LLP

ARTHUR ANDERSEN LLP

Dallas, Texas,
March 22, 1999

Exhibit 23.2

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Prospectuses constituting part of the Registration Statements on Form S-3 (Nos. 33-65777, 33-65772, and 333-32731) and the Registration Statements on Form S-8 (Nos. 33-54881, 333-40717, 333-37533, 333-13475, 333-65373, and 333-55747) of Halliburton Company of our report dated November 26, 1997 appearing on page 27 of Dresser Industries, Inc.'s Annual Report on Form 10-K for the year ended October 31, 1997 and included as Exhibit 99.1 of this Form 10-K.

/s/ PriceWaterhouseCoopers LLP
- ----------------------------------
PRICEWATERHOUSECOOPERS LLP

Dallas, Texas,
March 22, 1999

Exhibit 24.3

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that I, the undersigned, a Director of Halliburton Company, do hereby constitute and appoint Richard B. Cheney, David J. Lesar, Gary V. Morris 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 1998 and for all subsequent years until revoked by me or otherwise cancelled, and to any instruments or documents filed as a part of or in connection therewith; and I hereby ratify and confirm all that said attorneys or attorney shall do or cause to be done by virtue hereof.

IN TESTIMONY WHEREOF, witness my hand this 5th day of October, 1998.

/s/ William E. Bradford

William E. Bradford

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that I, the undersigned, a Director of Halliburton Company, do hereby constitute and appoint Richard B. Cheney, David J. Lesar, Gary V. Morris 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 1998 and for all subsequent years until revoked by me or otherwise cancelled, and to any instruments or documents filed as a part of or in connection therewith; and I hereby ratify and confirm all that said attorneys or attorney shall do or cause to be done by virtue hereof.

IN TESTIMONY WHEREOF, witness my hand this 6th day of October, 1998.

/s/ Lawrence S. Eagleburger

Lawrence S. Eagleburger

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that I, the undersigned, a Director of Halliburton Company, do hereby constitute and appoint Richard B. Cheney, David J. Lesar, Gary V. Morris 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 1998 and for all subsequent years until revoked by me or otherwise cancelled, and to any instruments or documents filed as a part of or in connection therewith; and I hereby ratify and confirm all that said attorneys or attorney shall do or cause to be done by virtue hereof.

IN TESTIMONY WHEREOF, witness my hand this 7th day of October, 1998.

/s/ Ray L. Hunt

Ray L. Hunt

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that I, the undersigned, a Director of Halliburton Company, do hereby constitute and appoint Richard B. Cheney, David J. Lesar, Gary V. Morris 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 1998 and for all subsequent years until revoked by me or otherwise cancelled, and to any instruments or documents filed as a part of or in connection therewith; and I hereby ratify and confirm all that said attorneys or attorney shall do or cause to be done by virtue hereof.

IN TESTIMONY WHEREOF, witness my hand this 7th day of October, 1998.

/s/ J. Landis Martin

J. Landis Martin

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that I, the undersigned, a Director of Halliburton Company, do hereby constitute and appoint Richard B. Cheney, David J. Lesar, Gary V. Morris 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 1998 and for all subsequent years until revoked by me or otherwise cancelled, and to any instruments or documents filed as a part of or in connection therewith; and I hereby ratify and confirm all that said attorneys or attorney shall do or cause to be done by virtue hereof.

IN TESTIMONY WHEREOF, witness my hand this 7th day of October, 1998.

/s/ Jay A. Precourt

Jay A. Precourt

The schedule contains summary financial information extracted from the Halliburton Company consolidated financial statements for the twelve months ended December 31, 1998, and is qualified in its entirety by reference to such financial statements.

1,000,000
USD

12-mos
Dec-31-1998
Jan-1-1998
Dec-31-1998
1
203
0
3,937
77
1,302
6,083
6,850
3,929
11,112
4,004
1,370
0
0
1,115
2,947
11,112
5,070
17,353
4,318
16,357
0
0
137
279
244
(15)
0
0
0
(15)
(0.03)
(0.03)

REPORT OF INDEPENDENT ACCOUNTANTS

In our opinion, the balance sheet, the statements of income, of cash flows and of shareholders' equity of Dresser Industries, Inc. and subsidiaries (not presented separately herein) present fairly in all material respects its financial position at October 31, 1997, and the results of its operations and its cash flows for each of the two years in the period ended October 31, 1997, in conformity with generally accepted accounting principles. 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 audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

/s/ PriceWaterhouseCoopers LLP
- ---------------------------------
PRICEWATERHOUSECOOPERS LLP

Dallas, Texas,
November 26, 1997