FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

[X] Quarterly Report Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934
For the quarterly period ended June 30, 1999

OR

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

Commission File Number 1-3492

HALLIBURTON COMPANY

(a Delaware Corporation)
75-2677995

3600 Lincoln Plaza
500 N. Akard
Dallas, Texas 75201

Telephone Number - Area Code (214) 978-2600

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes X No ___

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common stock, par value $2.50 per share:
Outstanding at July 30, 1999 - 441,220,000

HALLIBURTON COMPANY

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Exhibits: Financial data schedule for the six months ended June 30, 1999 (included only in the copy of this report filed electronically with the Commission)

PART I. FINANCIAL INFORMATION
Item 1. Financial Statements

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

	Three Months Ended June 30		Six Months Ended June 30	
	1999	1998	1999	1998
Revenues:				
Services	$ 2,693	$ 3,256	$ 5,565	$ 6,266
Sales	933	1,269	1,957	2,461
Equity in earnings of unconsolidated affiliates	44	60	72	113
Total revenues	$ 3,670	$ 4,585	$ 7,594	$ 8,840
Operating costs and expenses:				
Cost of services	$ 2,588	$ 2,870	$ 5,349	$ 5,599
Cost of sales	803	1,114	1,707	2,119
General and administrative	130	165	237	325
Special charge credits	(47)	-	(47)	-
Total operating costs and expenses	3,474	4,149	7,246	8,043
Operating income	196	436	348	797
Interest expense	(34)	(31)	(70)	(61)
Interest income	6	7	38	14
Foreign currency gains (losses), net	4	(2)	3	(2)
Other nonoperating, net	(26)	(1)	(24)	(1)
Income before taxes, minority interest and change in accounting method	146	409	295	747
Provision for income taxes	(53)	(153)	(113)	(281)
Minority interest in net income of subsidiaries	(10)	(13)	(18)	(20)
Income before accounting change	83	243	164	446
Cumulative effect of change in accounting method, net	-	-	(19)	-
Net income	$ 83	$ 243	$ 145	$ 446
Basic income per share:				
Before change in accounting method	$ 0.19	$ 0.55	$ 0.37	$ 1.02
Change in accounting method	-	-	(0.04)	-
Net income	$ 0.19	$ 0.55	$ 0.33	$ 1.02
Diluted income per share:				
Before change in accounting method	$ 0.19	$ 0.55	$ 0.37	$ 1.01
Change in accounting method	-	-	(0.04)	-
Net income	$ 0.19	$ 0.55	$ 0.33	$ 1.01
Cash dividends per share *	$ 0.125	$ 0.125	$ 0.25	$ 0.25
Basic average common shares outstanding	440	438	440	438
Diluted average common shares outstanding	444	443	443	443

* The 1998 cash dividends per share represent amounts paid by Halliburton Company prior to the merger with Dresser Industries, Inc. See notes to quarterly financial statements.

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

	June 30 1999	December 31 1998
Assets		
Current assets:		
Cash and equivalents	$ 336	$ 203
Receivables:		
Notes and accounts receivable	2,939	3,345
Unbilled work on uncompleted contracts	538	515
Total receivables	3,477	3,860
Inventories	1,223	1,302
Deferred income taxes, current	324	432
Other current assets	231	286
Total current assets	5,591	6,083
Property, plant and equipment:		
Less accumulated depreciation of $3,956 and $3,929	2,847	2,922
Equity in and advances to related companies	552	587
Excess of cost over net assets acquired	760	770
Deferred income taxes, noncurrent	363	337
Other assets	374	413
Total assets	$ 10,487	$ 11,112
Liabilities and Shareholders' Equity		
Current liabilities:		
Short-term notes payable	$ 625	$ 515
Current maturities of long-term debt	364	59
Accounts payable	1,179	1,009
Accrued employee compensation and benefits	204	402
Advance billings on uncompleted contracts	292	513
Income taxes payable	167	246
Accrued special charges	166	426
Other current liabilities	699	834
Total current liabilities	3,696	4,004
Long-term debt	1,064	1,370
Employee compensation and benefits	971	1,007
Other liabilities	504	500
Minority interest in consolidated subsidiaries	162	170
Total liabilities	6,397	7,051
Shareholders' equity:		
Common shares, par value $2.50 per share - Authorized 600 shares, issued 447 and 446 shares	1,118	1,115
Paid-in capital in excess of par value	43	8
Deferred compensation	(47)	(51)
Accumulated other comprehensive income	(195)	(149)
Retained earnings	3,271	3,236
	4,190	4,159
Less 6 shares of treasury stock, at cost in both periods	100	98
Total shareholders' equity	4,090	4,061
Total liabilities and shareholders' equity	$ 10,487	$ 11,112

See notes to quarterly financial statements.

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

	Six Months Ended June 30 1999	Six Months Ended June 30 1998
Cash flows from operating activities:		
Net income	$ 145	$ 446
Adjustments to reconcile net income to net cash from operations:		
Depreciation, depletion and amortization	290	291
Provision (benefit) for deferred income taxes	82	(8)
Change in accounting methods	19	-
Distributions from (advances to) related companies, net of equity in (earnings) losses	(14)	(133)
Change in accrued special charges	(260)	(13)
Other non-cash items	92	25
Other changes, net of non-cash items:		
Receivables and unbilled work	103	(366)
Inventories	78	(149)
Accounts payable	140	178
Other working capital, net	(521)	(170)
Other, net	(161)	43
Total cash flows from operating activities	(7)	144
Cash flows from investing activities:		
Capital expenditures	(267)	(470)
Sales of property, plant and equipment	100	54
Dispositions (acquisitions) of businesses	273	(36)
Other investing activities	(3)	(1)
Total cash flows from investing activities	103	(453)
Cash flows from financing activities:		
Payments on long-term borrowings	(8)	(11)
Net borrowings of short-term debt	119	370
Payments of dividends to shareholders	(110)	(133)
Proceeds from exercises of stock options	33	40
Payments to re-acquire common stock	(3)	(17)
Other financing activities	-	(5)
Total cash flows from financing activities	31	244
Effect of exchange rate changes on cash	6	-
Increase (decrease) in cash and equivalents	133	(65)
Cash and cash equivalents at beginning of period	203	346
Cash and equivalents at end of period	$ 336	$ 281
Supplemental disclosure of cash flow information: Cash payments during the period for:		
Interest	$ 70	$ 51
Income taxes	$ 106	$ 195

See notes to quarterly financial statements.

HALLIBURTON COMPANY
Notes to Quarterly Financial Statements
(Unaudited)

Note 1. Management Representations

We employ accounting policies that are in accordance with generally accepted accounting principles in the United States. In preparing financial statements in conformity with generally accepted accounting principles our management must make estimates and assumptions that affect:

- the reported amounts of assets and liabilities,
- the 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.

The accompanying unaudited condensed consolidated financial statements were prepared using generally accepted accounting principles for interim financial information and the instructions to Form 10-Q and applicable rules of Regulation S-X. Accordingly, these financial statements do not include all information or footnotes required by generally accepted accounting principles for complete financial statements and should be read in conjunction with our 1998 Annual Report on Form 10-K.

In our opinion, the condensed consolidated financial statements present fairly our financial position as of June 30, 1999, and the results of our operations for the three and six months ended June 30, 1999 and 1998 and our cash flows for the six months then ended. The results of operations for the three and six months ended June 30, 1999 and 1998 may not be indicative of results for the full year. Additionally, prior year amounts have been reclassified to conform to the current year presentation.

Note 2. Business Segment Information

We have three business segments.

The Energy Services Group contains Halliburton Energy Services, Brown & Root Energy Services and Landmark Graphics Corporation. Halliburton Energy Services 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. Brown & Root Energy Services provides upstream oil and gas engineering, construction and maintenance services, specialty pipe coating, insulation, and underwater engineering services. Landmark Graphics Corporation provides integrated exploration and production information systems and related professional services to the petroleum industry.

The Engineering and Construction Group includes Kellogg Brown & Root and Brown & Root Services. This group provides engineering, procurement, construction, project management, and facilities operation and maintenance for hydrocarbon processing and other industrial and governmental customers.

The Dresser Equipment Group designs, manufactures and markets highly engineered products and systems. These include compressors, valves, motors, engines, pumps, generators, blowers, fuel dispensing systems, and instrumentation equipment principally for oil and gas producers, transporters, processors, distributors and petroleum users throughout the world.

Our equity in pretax income or losses of related companies is included in revenues and operating income of each applicable segment. Intersegment revenues included in the revenues of the other business segments are immaterial.

The table below presents revenues and operating income by segment.

Millions of dollars	Three Months Ended June 30 1999	Three Months Ended June 30 1998	Six Months Ended June 30 1999	Six Months Ended June 30 1998
Revenues:				
Energy Services Group	$ 1,681	$ 2,381	$ 3,434	$ 4,666
Engineering and Construction Group	1,372	1,438	2,880	2,785
Dresser Equipment Group	617	766	1,280	1,389
Total	$ 3,670	$ 4,585	$ 7,594	$ 8,840
Operating income:				
Energy Services Group	$ 49	$ 304	$ 106	$ 587
Engineering and Construction Group	64	74	122	133
Dresser Equipment Group	53	77	107	116
Special charge credits	47	-	47	-
General corporate	(17)	(19)	(34)	(39)
Total	$ 196	$ 436	$ 348	$ 797

Note 3. Acquisitions and Dispositions

On September 29, 1998, we completed the acquisition of Dresser Industries, Inc. The outstanding Dresser common stock was converted into our common stock. 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, our 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 was changed to Halliburton's calendar year-end.

The results of operations for Halliburton and Dresser prior to the merger and the combined amounts are presented below:

Millions of dollars	Three Months Ended June 30 1998	Six Months Ended June 30 1998
Revenues:		
Halliburton	$ 2,476	$ 4,831
Dresser	2,109	4,009
Combined	$ 4,585	$ 8,840
Net income:		
Halliburton	$ 136	$ 254
Dresser	107	192
Combined	$ 243	$ 446

In connection with the Dresser merger, we sold our worldwide logging-while-drilling business and related measurement-while-drilling business in March 1999. The sale was in compliance with a consent decree with the United States Department of Justice. The financial impact of the sale was reflected in the third quarter 1998 special charge. This business was previously a part of the Energy Services Group.

We sold our 36% interest in M-I L.L.C. in August, 1998. This sale completed our commitment to the U.S. Department of Justice to sell our interest in M-I in connection with the merger with Dresser. The purchase price of $265 million was paid with a non-interest bearing promissory note due and collected in April, 1999. M-I was previously a part of the Energy Services Group and was accounted for using the equity method.

Note 4. Inventories

Millions of dollars	June 30 1999	December 31 1998
Finished products and parts	$ 630	$ 638
Raw materials and supplies	314	250
Work in process	405	562
Progress payments	(126)	(148)
Total	$ 1,223	$ 1,302

The cost of U.S. manufacturing and U.S. field service inventories is determined using the last-in, first-out method. If the last-in, first-out method had not been used, the cost of total inventories would have been about $110 million higher than reported at June 30, 1999, and $111 million higher than reported at December 31, 1998.

Note 5. Dresser Financial Information

Since becoming a wholly-owned subsidiary, Dresser has ceased filing periodic reports with the Securities and Exchange Commission. Dresser's 8% senior notes remain outstanding and are fully and unconditionally guaranteed by Halliburton. As long as these notes remain outstanding, summarized financial information of Dresser will be presented in our periodic reports filed on Form 10-K and Form 10-Q. We have not presented separate financial statements and other disclosures concerning Dresser because management has determined this information is not material to holders of these notes.

In January 1999, as part of a reorganization associated with the merger, Halliburton Delaware, Inc., a first tier holding company subsidiary, was merged into Dresser. The majority of our operating assets and activities are now included within Dresser Industries, Inc. and its subsidiaries.

Dresser Industries, Inc.
Financial Position

Millions of dollars	June 30 1999	December 31 1998
Current assets	$ 5,320	$ 2,417
Noncurrent assets	5,718	2,614
Total	$ 11,038	$ 5,031
Current liabilities	$ 2,910	$ 1,389
Noncurrent liabilities	1,896	1,544
Minority interest	162	154
Shareholders' equity	6,070	1,944
Total	$ 11,038	$ 5,031

Dresser Industries, Inc.
Operating Results

Millions of dollars	Three Months Ended June 30 1999	Three Months Ended June 30 1998	Six Months Ended June 30 1999	Six Months Ended June 30 1998
Revenues	$ 3,670	$ 2,109	$ 7,594	$ 4,009
Operating income	$ 154	$ 198	$ 311	$ 355
Income before taxes and minority interest	$ 79	$ 180	$ 215	$ 320
Income taxes	(31)	(65)	(87)	(115)
Minority interest	(10)	(9)	(18)	(13)
Change in accounting method	-	-	(19)	-
Net income	$ 38	$ 106	$ 91	$ 192

Note 6. Commitments and Contingencies

Asbestosis Litigation. Since 1976, Dresser has been involved in litigation with people who allege that they have sustained injuries and damage from the inhalation of asbestos fibers. The injuries and damages are alleged to arise from products manufactured by Dresser and its former divisions or subsidiaries or companies acquired by Dresser. Dresser has approximately 74,000 pending claims at June 30, 1999. Settlements, previously reported, covering approximately 12,500 claims, are carried as pending until releases are signed. We have an additional 10,200 asbestos claims pending which have arisen as a result of construction and renovation work performed by the Engineering and Construction Group segment. During the first six months of 1999, approximately 20,500 claims were filed and approximately 6,800 claims against us were settled or otherwise resolved. The settlements reached during the first six months of 1999 were consistent with our historical experience. Based on our experience, we continue to believe that provisions recorded are adequate to cover the estimated loss from asbestosis litigation.

Dispute with Global Industrial Technologies, Inc. An agreement was entered into at the time of the spin-off of Global Industrial Technologies, Inc., formerly INDRESCO, Inc., with Dresser. Under the agreement, Global assumed liability for all asbestos related claims filed against Dresser after July 31, 1992 relating to refractory products manufactured or marketed by the former Harbison-Walker Refractories Division of Dresser. Those business operations were transferred to Global in the spin-off. These asbestos claims are subject to agreements with Dresser's insurance carriers that cover expense and indemnity payments. However, the insurance coverage is incomplete and Global has to date paid any uncovered portion of those asbestos claims with its own funds.

Global now disputes that it assumed liability for any of these asbestos claims based on Dresser's negligence, the acts of Harbison-Walker prior to its merger with Dresser in 1967, or punitive damages.

In order to resolve this dispute, Global invoked the dispute resolution provisions of the 1992 agreement, which require binding arbitration. Global has not claimed a specific amount of damages. We expect that Global's claim for reimbursement will be in excess of $40 million. In addition, Global is seeking relief from responsibility for pending claims based on Dresser's negligence, the pre-1967 acts of Harbison-Walker, punitive damages, and for all similar future claims.

Dresser and Global are selecting an arbitrator. We expect the arbitration to start in late 1999. We believe that the assertions by Global are without merit and Dresser intends to vigorously defend against them. On February 19, 1999 Dresser filed suit in the Delaware Chancery Court seeking an injunction to restrain the arbitration as being barred by the statute of limitation. On July 13, 1999 the Delaware Chancery Court dismissed the lawsuit and found that the Court had no jurisdiction to hear the lawsuit. Separately Dresser learned that Global had threatened to sue Continental Insurance Company, one of Dresser's insurers, over insurance proceeds. Dresser filed a lawsuit in Texas state court on April 9, 1999 seeking an injunction to prevent Global from suing Continental. The Texas court granted a temporary injunction on April 29, 1999. A trial date of December 6, 1999 has been set to hear arguments regarding a permanent injunction. Global has appealed the temporary injunction. A submission date of September 21, 1999 has been set for oral argument before the appellate court.

Environmental. Some of our subsidiaries are involved as potentially responsible parties in remedial activities to clean up various "Superfund" sites under federal law. Federal law imposes joint and several liability, if the harm is indivisible, 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, our management believes that any liability of our subsidiaries for all but one site will not have a material adverse effect on the results of operations. The Environmental Protection Agency has named our subsidiary Kellogg Brown & Root, Inc. as a potentially responsible party for the Jasper County Superfund Site. Regarding this site, sufficient information has not been developed to permit our management to make a liability determination. Management believes the process of determining the nature and extent of remediation at the Jasper County Superfund Site and the total costs will be lengthy. In addition to the Superfund issues, the State of Missouri has indicated that it may claim natural resource damage against the potentially responsible parties at the Jasper County Superfund Site. We cannot determine the extent of Kellogg Brown & Root's liability, if any, for remediation costs or natural resource damages on any reasonably practicable basis.

Other. We, along with our subsidiaries, are parties to various other legal proceedings. We believe any liabilities we may owe will not be material to our consolidated financial position and results of operations.

Note 7. Income Per Share

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. Options to purchase 3.0 million shares of common stock which were outstanding during the six months ended June 30, 1999 were not included in the computation of diluted net income per share because the option exercise price was greater than the average market price of the common shares.

Millions of dollars and shares except per share data	Three Months Ended June 30		Six Months Ended June 30	
	1999	1998	1999	1998
Income before accounting change	$ 83	$ 243	$ 164	$ 446
Basic weighted average shares	440	438	440	438
Effect of common stock equivalents	4	5	3	5
Diluted weighted average shares	444	443	443	443
Income per common share before change in accounting method:				
Basic	$ 0.19	$ 0.55	$ 0.37	$ 1.02
Diluted	$ 0.19	$ 0.55	$ 0.37	$ 1.01

Note 8. Comprehensive Income

Millions of dollars	Three Months Ended June 30		Six Months Ended June 30	
	1999	1998	1999	1998
Net income	$ 83	$ 243	$ 145	$ 446
Cumulative translation adjustment, net of tax	(15)	(7)	(39)	(16)
Minimum pension liability adjustment	-	-	(7)	-
Total comprehensive income	$ 68	$ 236	$ 99	$ 430

The cumulative translation adjustment of certain foreign entities and minimum pension liability adjustment are the only comprehensive income adjustments recorded.

Accumulated other comprehensive income at June 30, 1999 and December 31, 1998 consisted of the following:

Millions of dollars	June 30 1999	December 31 1998
Cumulative translation adjustment	$ (181)	$ (142)
Minimum pension liability	(14)	(7)
Total accumulated other comprehensive income	$ (195)	$ (149)

Note 9. Special Charges

During the third and fourth quarters of 1998, we incurred special charges totaling $980 million to provide for costs associated with the merger and industry downturn due to declining oil and gas prices. During the second quarter of 1999, we reversed $47 million of the 1998 charge based on the most recent assessment of total costs to be incurred associated with the merger and industry downturn.

The table below includes the components of the pretax special charge and the amounts utilized and adjusted through June 30, 1999.

Millions of dollars	Asset Related Charges	Personnel Charges	Facility Consolidation Charges	Merger Transaction Charges	Other Charges	Total
1998 Charges to Expense by Business Segment:						
Energy Services Group	$ 453	$ 157	$ 93	$ -	$ 18	$ 721
Engineering & Construction Group	8	19	8	-	5	40
Dresser Equipment Group	18	1	2	-	-	21
General corporate	30	58	23	64	23	198
Total	509	235	126	64	46	980
Utilized in 1998	(442)	(45)	(3)	(60)	(4)	(554)
Balance December 31, 1998	67	190	123	4	42	426
Utilized in 1999	(43)	(119)	(40)	(3)	(8)	(213)
Adjustments to 1998 charges	-	(30)	(16)	(1)	-	(47)
Balance June 30, 1999	$ 24	$ 41	$ 67	$ -	$ 34	$ 166

We utilized $43 million of asset related reserves during the first six months of 1999. Until the assets are disposed of, normal depreciation and amortization will continue to be charged against our results of operations.

The following summarizes reductions of employees, consultants and contract personnel related to the 1998 special charge through June 30, 1999:

- 1998 4,400 including 3,800 within the Energy Services Group
- 1999 4,400 including 3,500 within the Energy Services Group

We now estimate 10,100 personnel reductions will occur as accrued for in the 1998 special charge. Of this amount, 1,300 have not yet taken place. These reductions will occur in the second half of 1999 as projects are completed and facilities are closed. During the second quarter we reversed $30 million in personnel charges primarily due to a reduction in estimated legal costs associated with employee layoffs, lower than anticipated average severance per person and fewer than expected terminations due to voluntary employee resignations.

Through June 30, 1999, we have sold or returned to the owner 145 service and administrative facilities related to the 1998 special charge. As of June 30, 1999, we had vacated an additional 123 properties which we are in the process of selling, subleasing or returning to the owner. The majority of the sold, returned or vacated properties are located within North America. Until the properties included in the facility consolidation charges are vacated, we plan to continue normal depreciation, lease costs and operating expenses, which will be charged against our results of operations. The majority of these facilities are within the Energy Services Group. We have scheduled these properties to be vacated by the end of this year. Our most recent assessment of facilities consolidation activities indicates that fewer facilities than initially estimated will be exited in conjunction with the 1998 special charge resulting in an estimated $7 million reduction in facilities consolidation costs. This revised estimate combined with other factors including more favorable exit costs than anticipated resulted in a $16 million adjustment to facility consolidation charges during the second quarter.

Halliburton and Dresser merger transaction costs were estimated to be $64 million. During the second quarter, we determined that $1 million of the estimated merger transaction costs would not be utilized, primarily as a result of lower than previously estimated legal and other professional costs. We included this amount in our second quarter special charge adjustments.

During the first six months of 1999, we incurred $8 million in other special charge costs. The balance will be utilized during 1999 and possibly 2000 in connection with our renegotiation of agency agreements, supplier and other contracts and elimination of other duplicate capabilities.

Note 10. Change in Accounting Method

In April 1998, the American Institute of Certified Public Accountants issued Statement of Position 98-5 "Reporting on the Costs of Start-Up Activities." This Statement requires costs of start-up activities and organization costs to be expensed as incurred. We adopted Statement of Position 98-5 effective January 1, 1999 and recorded expense of $30 million pretax or $19 million after tax or $0.04 per diluted share. These costs, which relate to the Energy Services Group segment, were recognized for previously capitalized business mobilization costs and facility start-up costs associated with a new manufacturing facility in the U.K.

Note 11. Investment in Bufete

Kellogg Brown & Root, Inc., a subsidiary within the Engineering and Construction Group, has a net investment of $26 million in Bufete Industriale, S.A. de C.V., a large firm in Mexico specializing in engineering, procurement and construction. This investment is accounted for using the cost method and reported on the "Equity in and advances to related companies" line of our consolidated balance sheets. Bufete's financial condition deteriorated in 1999. On July 13, 1999, Bufete announced it would default on $100 million in Eurobonds due July 15, 1999. We believe our investment is impaired and consequently wrote off the entire amount in the second quarter of 1999. The expense for Bufete was reported on the "Other nonoperating, net" line of the consolidated income statement.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

In this section, we discuss the operating results and general financial condition of Halliburton and its subsidiaries. We explain:

- what factors impact our business;
- why our earnings and expenses for the second quarter of 1999 differ from the second quarter of last year;
- why our earnings and expenses in January through June of 1999 differ from the same period in 1998;
- what our capital expenditures were;
- what our ending cash balance was; and
- any other items that materially affect our financial condition or earnings.

FORWARD-LOOKING INFORMATION

As provided by the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, we caution that forward-looking statements involve risks and uncertainties that may impact our actual results of operations. Statements in this quarterly report and elsewhere, which are forward-looking and which provide other than historical information, involve those risks and uncertainties. Our forward-looking information reflects our best judgement based on current information. However, forward-looking information involves a number of risks and uncertainties and there can be no assurance that other factors will not affect the accuracy of our forward-looking information. While it is not possible to identify all factors, we continue 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;
- 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;
- unsettled political conditions, war, civil unrest, currency controls and governmental actions in the numerous countries in which we operate;
- operations in countries with significant amounts of political risk, for example, Russia, Algeria and Nigeria;
- the effects of severe weather conditions, including hurricanes and tornadoes, on operations and facilities;
- the impact of prolonged mild weather conditions on the demand for and price of oil and natural gas;
- the magnitude of governmental spending for military and logistical support of the type that we provide;
- changes in capital spending by customers in the hydrocarbon industry for exploration, development, production, processing, refining, and pipeline delivery networks;
- changes in capital spending by governments for infrastructure projects of the sort that we perform;
- changes in capital spending by customers in the wood pulp and paper industries for plants and equipment;
- consolidation of customers in the oil and gas industry;
- technological and structural changes in the industries that we serve;
- changes in the price of oil and natural gas;
- changes in the price of commodity chemicals that we use;

- risks that result from entering into fixed fee engineering, procurement and construction projects of the types that we provide 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;
- claim negotiations with customers on cost variances on major projects;
- computer software, hardware and other equipment utilizing computer technology used by governmental entities, service providers, vendors, customers and Halliburton which may be impacted by the Y2K issue;
- the risk inherent in the use of derivative instruments of the sort that we use which could cause a change in value of the derivative instruments as a result of adverse movements in foreign exchange rates;
- increased competition in the hiring and retention of employees in competitive areas, for example, accounting, treasury and Y2K remediation; and
- integration of acquired businesses, including Dresser Industries, Inc. and its subsidiaries, into Halliburton.

In addition, future trends for pricing, margins, revenues and profitability remain difficult to predict in the industries that we serve.

BUSINESS ENVIRONMENT

We operate 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 we serve are highly competitive with many substantial competitors. Unsettled political conditions, expropriation or other governmental actions, exchange controls and currency devaluations may affect operations in some countries. We believe the geographic diversification of our business activities reduces the risk that loss of operations in any one country would be material to our consolidated results of operations.

The majority of our revenues are derived from the sale of services and products, including construction activities, to the energy industry. We offer a comprehensive range of integrated and discrete services and products as well as project management for oil and natural gas activities throughout the world.

Declines in energy industry activities that started in 1998 continued into the second quarter of 1999, particularly in the areas of exploration and development of hydrocarbons. The average worldwide rotary rig count in the first half of 1999 was 34% lower than in the first half of 1998. The average U.S. rotary rig count in the first quarter of 1999 was 43% lower compared to the first quarter of 1998 and this decline continued into the second quarter of 1999. The average U.S. rotary rig count in the second quarter of 1999 was nearly 40% lower than the second quarter of 1998. These declines in activity and reduced capital spending by our customers negatively impacted our results for the first half of 1999, particularly within the Energy Services Group segment.

The downstream portion of the oil and gas business is serviced by both the Engineering and Construction Group and the Dresser Equipment Group. The downturn in activity in the first quarter of 1999 did not affect these segments as severely as the Energy Services Group due to the longer term nature of projects and continuing maintenance requirements. In the second quarter of 1999, however, the effects of project delays and deferral of new awards began to negatively impact the Engineering and Construction Group. The deferrals of projects and lack of new awards are expected to affect the segment during the remainder of the year due to the long-term nature of most projects. The Dresser Equipment Group also experienced a decline in activity due to industry conditions and faces increased competition for a reduced level of available business.

Other major changes in the energy industry include the announced mergers of several major oil companies that have further delayed capital spending programs by these companies. We have seen some effects of these mergers in the first half of 1999 result in delayed projects and reduced use of software products. Longer-term effects will depend on the spending patterns of our customers.

We still believe:

- the long-term fundamentals of the energy industry are positive,
- steadily rising population and greater industrialization efforts will continue to propel global growth, particularly in developing nations, and
- these factors will cause increasing demand for oil and natural gas to produce refined products, petrochemicals, fertilizers and power.

We are encouraged about the remainder of this year, given:

- the recent strengthening of oil and gas prices,
- a 20% increase in the U.S. rotary rig count from its April low, and

o continuing increases in the level of customer inquiries.

We look forward to a recovery in 2000 after our customers approve new capital budgets.

RESULTS OF OPERATIONS - 1999 COMPARED TO 1998

Second Quarter of 1999 Compared with the Second Quarter of 1998

REVENUES	Second Quarter		Increase
Millions of dollars	1999	1998	(decrease)
Energy Services Group	$ 1,681	$ 2,381	$ (700)
Engineering and Construction Group	1,372	1,438	(66)
Dresser Equipment Group	617	766	(149)
Total revenues	$ 3,670	$ 4,585	$ (915)

Consolidated revenues decreased 20% to $3,670 million in the second quarter of 1999 compared with $4,585 million in the same quarter of the prior year. International revenues for the second quarter of 1999 were 70% of total revenue, up from 64% in the second quarter of 1998.

Energy Services Group revenues were $1,681 million for the second quarter of 1999 reflecting a 29% decrease from the same quarter of the prior year, while drilling activity, as measured by the worldwide rotary rig count, decreased 33%. International revenues were 73% of total Energy Services Group revenues for the quarter, compared to 68% for the prior year quarter. The Energy Services Group includes Halliburton Energy Services, Brown & Root Energy Services and Landmark Graphics Corporation.

Revenues for all product service lines within Halliburton Energy Services were 25-35% lower compared to the prior year quarter. Halliburton Energy Services' U.S. revenues were down 45% versus a decrease in the U.S. average rotary rig count of nearly 40%. Halliburton Energy Services' international revenues were down 27%, which approximated the related rig count reduction. As in the first quarter of 1999, the largest declines in revenues were in North America and Latin America with revenues decreasing by 35-40%. Declines in revenue reflect reduced unit volume levels and continued pricing pressures, particularly in North America.

Brown & Root Energy Services, which operates in the upstream oil and gas engineering and construction services, experienced a decline in revenues of 18% from the same period of the prior year. The decrease reflects the industry downturn in activity caused by low oil prices. Reduced activity levels particularly impacted the U.K. sector of the North Sea. However, increased activity in Asia Pacific partially offset the decline in the North Sea.

Revenues from Landmark, which provides integrated exploration and production information systems, decreased 25% compared to the second quarter of 1998. Decreases in software and hardware sales were partially offset by increased customer service and maintenance revenues. Many customers for our information system product lines have put off software purchases due to customer mergers and lower activity levels.

Engineering and Construction Group revenues decreased slightly to $1,372 million in the second quarter of 1999 compared to $1,438 million in the same quarter of the prior year. The Engineering and Construction Group is made up of Kellogg Brown & Root and Brown & Root Services. International revenues were 68% of total revenues for the group, compared to 61% for the prior year second quarter.

Higher revenues from activities at the Devonport Dockyard in the U.K. and from the contract to provide logistical support services to U.S. military peacekeeping efforts in the Balkans partially offset revenue declines from industrial customers due to project delays.

Dresser Equipment Group revenues decreased nearly 20% to $617 million for the second quarter of 1999, as compared to $766 million for the second quarter of 1998. International revenues were 64% of total Dresser Equipment Group revenues. Revenues declined in all product lines reflecting lower spending by customers due to market conditions. Revenues from the compression and pumping line were lower by about 25-30%. Lower complete unit shipments of compression and pumping products were partially offset by increased product services volumes. Revenues from the measurement product line were lower by 10-15% from the prior year second quarter. Flow control and power systems combined had about 10% lower revenues.

OPERATING INCOME Millions of dollars	Second Quarter 1999	 1998	Increase (decrease)
Energy Services Group	$ 49	$ 304	$ (255)
Engineering and Construction Group	64	74	(10)
Dresser Equipment Group	53	77	(24)
Special charge credits	47	-	47
General corporate	(17)	(19)	2
Operating income	$ 196	$ 436	$ (240)

Consolidated operating income for the second quarter of 1999 of $196 million declined 55% compared with $436 million in the same quarter of the prior year.

Energy Services Group operating income decreased 84% to $49 million in the second quarter of 1999 compared with $304 million in the same quarter of the prior year. The operating margin for the second quarter of 1999 was 2.9%, compared to the prior year second quarter operating margin of 12.8%.

In spite of aggressive cost reduction efforts to reduce excess personnel and facilities, Halliburton Energy Services operating income was down 87%. Lower activity and higher discounts reduced operating income for all Halliburton Energy Services' product service lines. Decreased margins for Halliburton Energy Services were caused by the lowest rig count since 1944 in the U.S. and decreased activity levels outside the U.S. Lower rig counts led to excess capacity in the oil field services sector. This excess capacity continued through the second quarter especially within the U.S. As a result of pricing pressures, Halliburton Energy Services' average discounts in the U.S. increased six to eight percentage points over the second quarter of 1998 when pricing first started to soften. In spite of pricing pressures and increased discounting in the U.S., all product service lines except logging and drilling were able to maintain positive operating income in the second quarter of 1999.

Operating income and margins from Brown & Root Energy Services' upstream oil and gas engineering and construction activities declined 65% from the prior year second quarter. The major factors contributing to this decrease were lower activity levels and performance issues related to two technically difficult projects on which losses of $23 million were recorded.

Landmark experienced a small loss for the quarter. The loss was caused by declines in software sales volumes and severance payments to employees terminated due to industry conditions.

Engineering and Construction Group operating income decreased 14% to $64 million in the second quarter of 1999 compared to $74 million in the second quarter of the prior year. Operating margins were 4.7% in the second quarter of 1999 compared to 5.1% in the prior year second quarter. Included in the second quarter of 1998 was the settlement on a Middle East construction project. Excluding this settlement in 1998, margins for the current year of 4.7% are higher than the prior year's margins of 4.1%.

The second quarter benefited from higher activity related to supporting U.S. military peacekeeping efforts in the Balkans and income recognition on U.K. toll road projects.

Dresser Equipment Group operating income for the second quarter was $53 million, a decrease of 31% from the prior year second quarter of $77 million. All product lines experienced a decrease in operating income primarily as a result of lower activity levels and increased discounting in some product lines.

Special charge credits of $47 million are the result of a change in estimate to the 1998 merger special charges for the acquisition of Dresser and industry downturns recorded in 1998. We have been monitoring the actual costs incurred and have re-examined our estimates of future costs. In the second quarter of 1999, we concluded that these costs, particularly for severance and facility exit costs, were lower than previously estimated. Therefore, we reversed a portion of the $980 million that was originally recorded.

General corporate expenses were lower by $2 million from the prior year second quarter. The reduction of expense is the result of combining two corporate offices into one office.

NONOPERATING ITEMS

Interest expense increased by $3 million to $34 million in the second quarter of 1999 compared to the same quarter of the prior year due primarily to increased short-term borrowings and additional long-term borrowings under our medium-term note program. The increased borrowings were used to fund working capital requirements and special charge costs, including, severance and property exit costs.

Interest income in the second quarter of 1999 decreased slightly to $6 million from $7 million in the second quarter of 1998.

Foreign currency gains (losses), net was a net $4 million gain for the second quarter of 1999. This net gain compares to a net loss of $2 million in the same period of 1998. The gain in 1999 is primarily attributable to devaluation of the Euro.

Other nonoperating, net in the second quarter of 1999 includes a $26 million charge for the write-off of our net investment in Bufete Industriale, S.A. de C.V., a large specialty engineering, procurement and construction company in Mexico. See Note 11 to the condensed consolidated financial statements for additional information on Bufete.

The effective income tax rate excluding special charge credits was about 39% for the second quarter of 1999, as compared to about 37% for the second quarter of 1998. The rate for the quarter was adversely affected by foreign income taxes and is expected to range between 38% and 40% for the year of 1999, excluding the special charge credits.

Net income was $83 million, or 19 cents per diluted share, a decrease of 66% from net income of $243 million, or 55 cents per diluted share in the second quarter of 1998.

First Six Months of 1999 Compared with the First Six Months of 1998

REVENUES	First Six Months		Increase
Millions of dollars	1999	1998	(decrease)
Energy Services Group	$ 3,434	$ 4,666	$ (1,232)
Engineering and Construction Group	2,880	2,785	95
Dresser Equipment Group	1,280	1,389	(109)
Total revenues	$ 7,594	$ 8,840	$ (1,246)

Consolidated revenues decreased 14% to $7,594 million in the first six months of 1999 compared with $8,840 million in the first six months of the prior year. International revenues for the first six months of 1999 were 69% of total revenue, compared to 65% of total revenue in 1998. Only the Engineering and Construction Group had higher revenues in the first six months of 1999 compared to 1998.

Energy Services Group revenues were $3,434 million for the first six months of 1999, reflecting a 26% decrease from the first six months of the prior year, while drilling activity as measured by the worldwide rotary rig count decreased 34%. International revenues were 72% of total Energy Services Group revenues for the first six months compared to 69% for the prior year first six months.

Revenues for all Halliburton Energy Services product service lines were lower than the prior year. The largest declines in revenues were in North America and Latin America with revenues decreasing about 37%. Declines in revenue reflect reduced unit volume levels and continued pricing pressures, particularly in North America. Halliburton Energy Services' U.S. revenues were about 40% lower than in the first six months of 1998, which is consistent with the reduction in the average rotary rig count in the U.S. during the same period. Halliburton Energy Services' international revenues were 25% lower in 1999 than in the first half of 1998. The international average rotary rig count for the same time period was 28% lower. The completion product service line had the smallest percentage decline in revenues of about 20% for the first six-month period of 1999 compared to 1998. Other product service lines within Halliburton Energy Services experienced a 28-33% decrease from the same period in the prior year.

Revenues from Brown & Root Energy Services' upstream oil and gas engineering and construction services decreased 18% from the same period of the prior year reflecting the industry downturn in activity caused by low oil prices. Reduced activity levels particularly impacted the U.K. sector of the North Sea. Revenues from projects in North America and Asia/Pacific were higher than in the prior year.

Revenues from Landmark's integrated exploration and production information systems decreased 19% compared to the first six months of 1998. Decreases in software and hardware sales were partially offset by increased customer service revenues. Many customers for our information system product lines have put off software purchases due to lower activity levels. Customer mergers have also resulted in purchase delays.

Engineering and Construction Group total revenues increased 3% to $2,880 million in the first six months of 1999 compared to $2,785 million in the first six months of the prior year. International revenues increased approximately 20%.

Revenues from Kellogg Brown & Root were flat in the first half of 1999 compared to 1998. Europe/Africa was the most active region with major projects in Algeria, Norway and Nigeria.

Brown & Root Services revenues for the first six months of 1999 were up 15% over the prior year. The increase in revenues was due to increased activities at the Devonport Dockyard in the U.K. and from logistics support services to military peacekeeping efforts in the Balkans.

Dresser Equipment Group revenues decreased 8% to $1,280 million for the first six months of 1999 as compared to $1,389 million for the first six months of 1998. Revenues declined in all product lines reflecting reduced demand. The compression and pumping product line had approximately 5% lower revenues due to lower complete unit sales. The lower volume on complete unit sales was partially offset by increased product service volume. The measurement product line's revenues were about 14% lower than the prior year due to lower spending levels and delayed maintenance spending by multinational oil companies and other customers. Revenues from flow control products were down 7% compared to 1998 due to low upstream and downstream activity levels. Power systems' revenues were 10% lower than the first six months of 1998. The decrease in power systems' revenues was due to reductions in the original equipment and aftermarket sales related to lower gas production, higher gas storage levels and decreased equipment utilization.

OPERATING INCOME	First Six Months		Increase
Millions of dollars	1999	1998	(decrease)
Energy Services Group	$ 106	$ 587	$ (481)
Engineering and Construction Group	122	133	(11)
Dresser Equipment Group	107	116	(9)
Special charge credits	47	-	47
General corporate	(34)	(39)	5
Operating income	$ 348	$ 797	$ (449)

Consolidated operating income for the first six months of 1999 of $348 million declined 56% compared with $797 million in the first six months of the prior year.

Energy Services Group operating income decreased 82% to $106 million in the first six months of 1999 compared with $587 million in the first six months of the prior year. The operating margin for the first six months of 1999 was 3.1% compared to the prior year's first six months operating margin of 12.6%.

In spite of significant cost reduction efforts to reduce excess personnel and consolidate facilities, operating income for all Halliburton Energy Services product service lines was significantly lower in the first six months of 1999 due to lower activity and higher discounts. Overall, Halliburton Energy Services' operating income declined 82% from the first half of 1998. Except for logging and drilling, all product service lines earned positive operating income in a very difficult environment.

Operating income from Brown & Root Energy Services' upstream oil and gas engineering and construction activities declined 77% due to lower levels of business activity and lower manufacturing activities which carry large fixed costs. Major project losses of $27 million were recorded in the first six months of 1999 on two technically difficult projects. In addition, the prior year's first six months benefited from about $40 million of project incentives. Brown & Root Energy Services continues to address challenges on some fixed fee contracts for which we recorded losses in the fourth quarter of 1998. Claims discussions with customers should bring these jobs to resolution in the second half of the year.

Landmark experienced a small loss for the first six months of 1999. The loss was caused by lower software sales volumes and severance payments to employees terminated due to industry conditions.

Engineering and Construction Group operating income decreased 8% to $122 million in the first six months of 1999 compared to $133 million in the first six months of the prior year. Operating margins were 4.2% in the first six months of 1999 compared to 4.8% in the prior year first six months. Included in the first six months of 1998 was the settlement on a Middle East construction project. Excluding this settlement in 1998, margins for 1999 of 4.2% are the same as the prior year's first six months.

Dresser Equipment Group operating income for the first six months of 1999 was $107 million, a decrease of 8% from the prior year's first six months of $116 million. Cost reduction initiatives allowed us to maintain operating margins at about 8.4% in the first six months of both 1999 and 1998 in spite of lower sales volumes in 1999.

Special charge credits are the result of a change in estimate to the 1998 merger special charges for the acquisition of Dresser and industry downturns. We have been monitoring the actual costs incurred and have re-examined our estimates of future costs. In the second quarter of 1999, we concluded that these costs, particularly for severance and facility exit costs, were lower than previously estimated. Therefore, we reversed $47 million of the $980 million that was originally recorded.

General corporate expenses were lower by $5 million from the prior year's first six months. The reduction of expense is the result of combining two corporate offices into one office.

NONOPERATING ITEMS

Interest expense increased to $70 million in the first six months of 1999 compared to $61 million in the first six months of the prior year due primarily to increased short-term borrowings and additional long-term borrowings under our medium-term note program. The increased borrowings were used to fund working capital requirements and special charge costs, including, severance and property exit costs.

Interest income in the first six months of 1999 increased to $38 million from $14 million in the first six months of 1998. The increase in interest income was due primarily to imputed interest income on the note receivable from the sale of our interest in M-I L.L.C. and interest earned on settlement of income tax issues in the U.S. and U.K.

Other nonoperating, net in the first six months of 1999 includes a $26 million charge for the write-off of our net investment in Bufete Industriale, S.A. de C.V., a large specialty engineering, procurement and construction company in Mexico. See Note 11 to the condensed consolidated financial statements for additional information on Bufete.

The effective income tax rate excluding special charge credits was about 39.5% for the first six months of 1999 compared to 37.6% for the first six months of 1998. The rate for the first six months was adversely affected by foreign income taxes and is expected to range between 38% and 40% for the year of 1999, excluding the special charge credits.

Cumulative effect of change in accounting method of $19 million after tax or 4 cents per diluted share reflects our adoption of Statement of Position 98-5. Estimated annual expense for 1999 under Statement of Position 98-5 after recording the cumulative effect of the change is not expected to be materially different from amounts expensed under the prior accounting treatment. See Note 10 to the condensed consolidated financial statements for additional information.

LIQUIDITY AND CAPITAL RESOURCES

We ended the second quarter of 1999 with cash and equivalents of $336 million, an increase of $133 million from the end of 1998. Beginning in 1998 we changed Dresser's fiscal year-end to Halliburton's calendar year-end. Dresser's cash flows in 1998 are measured from December 31, 1997, rather than from the October 31, 1997 balances as reported on the consolidated balance sheets in our 1998 Annual Report.

Operating activities. Cash flows from operating activities used $7 million in the first six months of 1999, as compared to $144 million provided by operating activities in the first six months of 1998. Working capital items, which consists of receivables, inventories, accounts payable and other working capital, net, used $201 million in the current year compared to $507 million in the prior year period. In 1999 working capital requirements were lower than the prior year due to lower levels of business activity. Other, net, which includes noncurrent assets and liabilities, used $161 million of operating cash in the first six months of 1999. Included in these changes to working capital and other, net, are cash outflows for special charges for personnel reductions, facility closures and integration costs which required approximately $168 million of cash in the first six months of the current year.

Investing activities. Capital expenditures were $267 million for the first six months of 1999, a decrease of 43% from the same period of the prior year. The decrease in capital spending primarily reflects the current operating environment. Capital spending was mostly for equipment and infrastructure for the Energy Services Group. We also continued our planned investments in our enterprise-wide information system. Cash flows from investing activities includes $254 million of the $265 million receivable from the sale of our 36% interest in M-I L.L.C. that was collected in the second quarter of 1999. Imputed interest on this receivable of $11 million is included in operating cash flows.

Financing activities. Cash flows from financing activities were $31 million in the first six months of 1999 compared to $244 million in the first six months of 1998. We borrowed $119 million, net of repayments, in short-term funds consisting of commercial paper and bank loans in the first six months of 1999. In the same period of 1998, we borrowed $370 million in short-term funds, net of repayments, consisting of commercial paper and bank loans. Proceeds from exercises of stock options provided cash flows of $33 million in the first six months of 1999 compared to $40 million in the same period of the prior year.

We believe we have sufficient borrowing capacity to fund our cash needs. As of June 1999, we have committed short-term lines of credit totaling $650 million available and unused, an increase of $100 million from the prior quarter. We also have other short-term lines totaling $315 million. There were no borrowings outstanding under any of these facilities. Our combined short-term notes payable and long-term debt was 33.4% of total capitalization at June 30, 1999 compared to 32.4% at December 31, 1998.

FINANCIAL INSTRUMENT MARKET RISK

We are 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, we selectively hedged our foreign currency exposure through the use of currency derivative instruments. The objective of our hedging is to protect our cash flows related to sales or purchases of goods or services from fluctuations in currency rates. The use of derivative instruments include the following types of market risk:

- volatility of the currency rates,
- tenor or time horizon of the derivative instruments,
- market cycles, and
- the type of derivative instruments used.

We do not use derivative instruments for trading purposes.

We use 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. Changes in value 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 June 30, 1999. The resulting value at risk of $2 million estimates, with a 95% confidence interval, the potential loss we could incur in a one-day period from foreign exchange derivative instruments due to adverse foreign exchange rate changes.

Our interest rate exposures at June 30, 1999 were not materially changed from December 31, 1998.

RESTRUCTURING ACTIVITIES

During the third and fourth quarters of 1998 we incurred special charges totaling $980 million related to the Dresser merger and industry downturn. The charges included amounts for asset, personnel, facility, merger transaction and other related charges. The 1998 special charges include actions necessary to more efficiently meet the needs of our customers, to eliminate duplicate capabilities and excess capacity and to position us for the future. These actions were also taken to integrate our operations into three business segments, supported by a shared services organization across the entire company.

All business segments, shared services and corporate offices have been impacted since the Dresser merger by the restructuring activities, including:

- integration of two corporate offices,
- integration of operational and shared services officers and management teams,
- personnel reductions necessary to match the new business structure and industry environment,
- integration of businesses and product service lines, including:
  - Halliburton Energy Services' drilling operations into Sperry-Sun,
  - Dresser Oil Tools into Halliburton Energy Services completion products,
  - SubSea, Rockwater and Wellstream within Brown & Root Energy Services, and
  - M.W. Kellogg and Brown & Root Engineering and Construction into Kellogg Brown & Root,
- integration of facilities across business units and the entire company,
- impairments or write-offs of intangible assets and software,
- impairments or write-offs of excess or duplicate machinery, equipment, and inventory, and
- integration of shared service support functions.

We believe the management and employees have remained focused on the needs of our customers during this transitional period, although transitional demands have required considerable amounts of time, energy and resources. At the time of the merger, our senior management was named. Operational and shared service managers were named quickly thereafter. By the end of the second quarter of 1999, merger integration activities were substantially complete.

We expect most restructuring activities accrued for in the 1998 special charges to be completed and expended by the end of 1999. The exceptions are reserves for losses on the disposal of facilities held for sale and any actions, which may require negotiations with outside parties extending past the end of the year. Through June 30, 1999, we used $278 million in cash for items associated with the 1998 special charges. We estimate that the unutilized special charge reserve balance at June 30, 1999 will result in future cash outlays of approximately $130 million over the remainder of 1999 and possibly into 2000.

During the second quarter of 1999, we concluded that the total estimated costs of items included in the special charges, particularly severance and facility exit costs, were lower than previously estimated. Therefore, we reversed $47 million of the 1998 special charges.

We have in process a program to exit approximately 500 service, administrative and manufacturing facilities, including approximately 400 accrued for in the 1998 special charges. Most of these properties are within the Energy Services Group.

Since July 1998, approximately 16,200 employees, consultants and contract personnel have left Halliburton, while approximately 4,100 new personnel have been hired, resulting in net total personnel reductions of approximately 12,100 through June 30, 1999. A majority of the new personnel were related to projects, the largest being expansion of the contract to support U.S. military peacekeeping activities in the Balkans. Approximately 8,800 of the total personnel reductions through the second quarter of 1999 are associated with the special charge.

We feel the benefits of the Dresser merger and restructuring activities are evidenced by our ability to profitably operate in spite of oil and gas industry conditions that have existed since the second half of 1998. As a result of the initiatives discussed above, we feel we will ultimately reduce our costs by an estimated $500 million on an annual basis. We are accomplishing these reductions primarily through reduced personnel and facility requirements, enhanced technologies and the efficiencies of common shared services, for example, procurement, treasury, legal, tax, and accounting.

See Note 9 to the condensed consolidated financial statements for information on accrued special charges incurred in 1998.

OTHER MERGER RELATED ACTIVITIES

We expect to incur total merger related incremental costs of approximately $125 million that do not qualify as special charges. These expenses include $24 million incurred in the fourth quarter of 1998 and approximately $42 million incurred during the first six months of 1999. These costs include:

- additional reductions in personnel;
- additional disposal of properties;
- relocating 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.

During the second quarter of 1999, both Halliburton Energy Services and Landmark made additional reductions in personnel outside the 1998 special charge plan.

YEAR 2000 ISSUES

The Year 2000 or 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. The Year 2000 issue is a problem for most companies due to the pervasive use of computer systems. Failures by our software and hardware or that of government entities, service providers, suppliers and customers could result in interruptions of our business which could have a material adverse impact on the results of our operations.

Failure to address Year 2000 issues could result in business disruption that could materially affect our operations. In an effort to minimize potential business interruptions we continue to develop and refine our Year 2000 contingency plans. Halliburton's Year 2000 program is designed to:

- prevent or minimize the occurrence of Year 2000 problems, and
- limit Halliburton's exposure to potential third party legal actions to the extent reasonably possible.

Our Year 2000 program. In response to the Year 2000 issue we have implemented an enterprise-wide Year 2000 program. The program was expanded after the merger to include Dresser, which had a similar program. The program is designed to identify, assess and address significant Year 2000 issues in our key business operations, including among other things:

- products;
- services;
- suppliers;
- business applications;
- engineering applications;
- information technology systems;
- non-information technology systems including systems embedded in delivery tools and devices and in equipment that controls or monitors other systems;
- facilities;
- infrastructure; and
- joint venture projects.

Systems. We operate in over 120 countries worldwide, and in over 1,000 locations including offices, manufacturing facilities, warehouses and field camps. We maintain a Year 2000 database of over 15,000 individual information technology and non-information technology systems. Non-information technology items tracked in the database include systems embedded in tools and devices used to deliver our services, and in equipment that controls or monitors other systems. We believe that approximately 90 out of the more than 15,000 systems in our database are significant based upon discussions with managers and our wide use of the systems. These significant systems are all being addressed through our Year 2000 program.

Year 2000 progress. For the purposes of this report we have divided our Year 2000 progress into four phases. The assessment phase includes inventory and identification of all of our systems and the assessment of the criticality of each system. The remediation phase includes strategy, planning, and execution for remediating, upgrading or replacing all of our systems that are not Year 2000 ready. The testing phase includes both unit testing and system testing where applicable. The deployment and certification phase includes delivery of systems to our locations and certification of the readiness of the systems as deployed in each location.

As of June 30, 1999 we have completed approximately:

- 99% of the assessment phase;
- 92% of the remediation phase;
- 88% of the testing phase; and
- 71% of the deployment and certification phase.

As of June 30, 1999 we assess our overall completion of Year 2000 related tasks at approximately 84%.

The assessment phase was substantially complete on June 30, 1998. We estimate the dates of substantial completion of the remaining phases of our Year 2000 program as follows:

Remediation phase	September 30, 1999
Testing phase	October 31, 1999
Deployment and certification phase	November 30, 1999

Year 2000 issue budget and costs. Our Year 2000 program does not depend upon the allocation of Year 2000 budget funds that could limit necessary spending. Instead, our management is required to spend the funds necessary to achieve Year 2000 readiness. We expect to spend between 10% and 15% of our annual information technology budget on Year 2000 remediation and deployment costs.

All Year 2000 expenditures are funded from operations and expensed in the year incurred.

As of June 30, 1999, approximately $35 million has been spent on our Year 2000 program. That amount does not include costs (1) associated with initiatives that are independent of Year 2000 issues, or (2) associated with our global implementation of an enterprise-wide business information system which will replace many of our key finance, administrative, and marketing software systems during 1999 and 2000. Also not included are any costs associated with our replacement and standardization of desktop computing equipment and information technology infrastructure.

We do not maintain precise breakdowns of costs for remediation of software and remediation of non-information technology systems. Of the approximately $35 million, pre-tax, spent through June 30, 1999, we estimate the cost of remediation of software and non-information technology systems as follows:

remediation of software systems	$25 million

- remediation of non-software information technology items — $ 6 million
- remediation of non-information technology systems — $ 4 million

We estimate that by January 1, 2000 we will have spent approximately $48 million on Year 2000 issues.

Third party liability. After reviewing our third party liability exposure related to Year 2000 issues, including:

- an overall assessment of our Year 2000 program performance to date,
- the nature and duration of the warranties and other limitations on liability traditionally offered, excluded and received by Halliburton's business units, and
- Year 2000 standards adopted by Halliburton's business units for new contracts,

we believe that our Year 2000 liability to third parties will not be material to our business, results of operations or financial condition.

International exposure. Our potential Year 2000 exposure in international operations is being addressed in two primary ways:

- our international locations are being specifically evaluated for Year 2000 readiness as part of our overall Year 2000 program; and
- through our continuing process of business continuity planning by location, we are specifically addressing the higher risks associated with infrastructure providers in less developed countries.

Our goal is to prevent any material failure of internal systems or, to the extent commercially reasonable, of third parties' systems through preemptive measures. Many of the goods and services that we provide are delivered at remote locations not directly tied to basic local infrastructure. We believe that our business continuity planning process will allow us to provide our customers at remote locations with goods and services without material adverse impact on our results of operations.

Suppliers. We utilize more than 20,000 suppliers worldwide. To date, we have mailed Year 2000 readiness questionnaires to approximately 8,000 suppliers. We will continue to mail questionnaires through the third and fourth quarters of 1999.

As of June 30, 1999 the overall rate of response to worldwide supplier inquiries is approximately 35%. Most suppliers respond with a standard response providing some insight into the nature of the supplier's Year 2000 efforts but providing no assurances of readiness.

We have identified approximately 600 significant suppliers as being suppliers that meet one or more of the following criteria:

- the supplier represents over $1 million annually in sales volume to us,
- the supplier is the source of a commodity or product deemed essential, or
- the supplier is deemed critical to our operations.

Questionnaires regarding Year 2000 readiness have been or will be sent to each significant supplier. To date approximately 75% of our significant suppliers have responded to our questionnaire. Follow-up attempts are made to solicit responses from every significant supplier. Approximately 450 of the 600 significant suppliers have been requested to participate in our Year 2000 supplier meetings. Significant suppliers that participate in our Year 2000 meetings are required to meet with our personnel and to present details of their world wide Year 2000 readiness effort. Our personnel who are qualified to evaluate the quality and appropriateness of significant suppliers' Year 2000 efforts attend each meeting. Through June 30, 1999, approximately 230 significant suppliers have attended our Year 2000 meetings.

Approximately 20 of our most critical suppliers have been visited by our personnel. Those visits include audits related to the supplier's progress toward Year 2000 readiness. We expect to conduct additional audits in the remainder of the year.

For any supplier who we feel has a high risk of not being Year 2000 ready, our businesses are required to take appropriate action and to include risk mitigation steps in their business continuity plans. Our actions may include the selection of alternate suppliers or the stockpiling of products or commodities supplied by high risk suppliers.

Customers. We have more than 7,000 customers in over 120 countries. No customer outside of our top twenty customers represents more than 1% of our annual revenue. In 1998 none of our customers exceeded 7% of our annual revenue. Accordingly, we believe that our top twenty customers are our significant customers.

Approximately half of our top twenty customers are major oil companies with operations in numerous countries. The other half is made up primarily of large national oil companies, governments and a large international chemical company. Through a combination of face-to-face meetings and review of available public and web site information, we have not identified any top twenty customer whose Year 2000 readiness, based upon public disclosures or disclosures made to our personnel, appears to be in substantial jeopardy. However, we have not been able to obtain as much information from governmental customers and national oil companies as we have from other customers. We have not identified any top twenty customer that is expected to suffer Year 2000 disruptions that would have a material impact on our business, results of operations or financial condition.

Worst case scenario for Year 2000 issues. With operations in over 120 countries, we recognize that some Year 2000 risk is inherent in operating in less developed countries. Based on our reviews and experience we believe our most reasonably likely worst case Year 2000 scenario to be failure of basic local infrastructure providers in less developed areas of the world. We do not believe that Year 2000 readiness of infrastructure providers, including electricity, gas, water, and communications, in some less developed parts of the world can be determined with any precision. We believe increased risk to be most likely in less developed areas of Africa, Asia, and Latin America where, without regard to Year 2000 issues, periodic infrastructure failures are relatively common. No one country has been identified as being particularly likely to suffer increased Year 2000 risk.

Our management believes that Halliburton's overall Year 2000 risk is reduced by our widely dispersed operations since an infrastructure failure in one country is not likely to directly impact another country. It is possible that some of our significant suppliers might not be able to meet their supply obligations to us in the face of widespread failures of infrastructure providers in less developed countries. Our results of operations could be materially harmed in the event of widespread or cascading infrastructure failures.

Business continuity planning. We are preparing to handle our most reasonably likely worst-case scenario, and lesser disruptions, as well as any failure within the Company, through business continuity plans. These plans are designed to provide for development of plans and actions prior to the end of the year to provide for the continuity of operations, without material disruptions. Business continuity plans have been or are being prepared by each physical location worldwide. Our business continuity planning process is expected to be a continuing process through the end of the year.

Our business continuity planning process includes the possibility that significant suppliers may not be able to meet supply obligations to us. Alternative sources of supply have been or are being identified. In addition, the option of maintaining larger-than-usual inventories of supplies in late 1999 and being correspondingly less dependent on January 2000 deliveries is being considered where appropriate as part of our business continuity planning process.

Forward-looking statements relating to the Year 2000. Our discussion related to the Year 2000 issue includes a number of forward-looking statements that are based on our best assumptions and estimates as of today. Assumptions and estimates, which are not necessarily all of the assumptions and estimates, include our statements concerning:

- estimated timetables for completing the phases of our Year 2000 project;
- estimates of the percentages of work that remains to be performed in each phase;
- estimates of costs for work that remains to be performed;
- assessments as to which systems are significant;
- identification of potential failures related to Year 2000 issues;
- assessments of the risk of our relationships with third parties; and
- implementation of our business continuity plans.

Year 2000 risk factors. The work that we are doing under our Year 2000 program is focused on risk identification and mitigation, most likely worst case analyses, and business continuity plans involving significant systems and relationships with third parties. There are, however, an almost infinite number of additional risks which are simply not assessable and for which contingency plans cannot be established. There are risks of failure, for Year 2000 reasons, of one or more systems or third party relationships which we do not judge to be individually significant. These failures could cause a cascade of other failures, which could have a material impact on our results of operation. Actual results of our Year 2000 effort could differ materially from the estimates expressed in our forward-looking statements, due to a number of factors. Factors, which are not necessarily all of the factors that could cause different results, include:

- our failure to accurately judge which of our systems and relationships are significant;
- our ability to obtain and retain staff and third party assistance required to complete work that remains to be performed;
- our ability to complete the work that remains to be performed within the timetables that we established;
- our ability to locate and correct or replace computer code and systems embedded in equipment that controls or monitors our operating assets;
- our inability or failure to identify significant Year 2000 issues not now contemplated or understood; and
- the failure, including infrastructure failures, of third parties to achieve Year 2000 readiness.

ENVIRONMENTAL MATTERS

Some of our subsidiaries are involved as potentially responsible parties in remedial activities to clean up several "Superfund" sites under federal law. Federal law imposes joint and several liability, if the harm is indivisible, without regard to fault, the legality of the original disposal or ownership of the site. It is very difficult to estimate a value for the potential impact of compliance with environmental protection laws. However, our management believes that any liability of our subsidiaries for all but one site will not have a material adverse effect on our results of operations. See Note 6 to the condensed consolidated financial statements for additional information on the one site.

ACCOUNTING PRONOUNCEMENTS

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and for Hedging Activities". 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. In June 1999, the FASB deferred the effective date of Standard No. 133 for one year. Standard No. 133 is now effective for Halliburton beginning January 1, 2001. We are currently evaluating Standard No. 133 to identify implementation and compliance methods and have not yet determined the effect, if any, on its results of operations or financial position.

PART II. OTHER INFORMATION

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

At our Annual Meeting of Stockholders held on May 18, 1999, stockholders were asked to consider and act upon (1) the election of Directors for the ensuing year and (2) a proposal to ratify the appointment of Arthur Andersen LLP as independent accountants to examine the financial statements and books and records of Halliburton for 1999. The following table sets out, for each matter where applicable, the number of votes cast for, against or withheld, as well as the number of abstentions and broker non-votes.

(1) Election of Directors:

Name of Nominee	Votes For	Votes Withheld
Anne L. Armstrong	381,186,509	1,673,529
William E. Bradford	381,280,592	1,579,446
Richard B. Cheney	381,358,018	1,502,020
Lord Clitheroe	381,269,315	1,590,723
Robert L. Crandall	381,186,444	1,673,594
Charles J. DiBona	381,227,294	1,632,744
Lawrence S. Eagleburger	377,167,172	5,692,866
W. R. Howell	381,088,385	1,771,653
Ray L. Hunt	381,112,533	1,747,505
Delano E. Lewis	381,229,169	1,630,869
J. Landis Martin	381,156,784	1,703,254
Jay A. Precourt	381,426,046	1,433,992
C. J. Silas	381,294,377	1,565,661
Richard J. Stegemeier	381,187,387	1,672,651

(2) Proposal to ratify the appointment of Arthur Andersen LLP as independent accountants to examine the financial statements and books and records of Halliburton for 1999:

Number of Votes For	382,004,973
Number of Votes Against	455,186
Number of Votes Abstaining	399,879
Number of Broker Non-Votes	0

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

* 10 Halliburton Company Elective Deferral Plan as amended and restated effective June 1, 1999.

* 27 Financial data schedule for the six months ended June 30, 1999.

* Filed with this Form 10-Q

Item 6. Exhibits and Reports on Form 8-K (continued)

(b) Reports on Form 8-K

During the second quarter of 1999:

Date Filed	Date of Earliest Event	Description of Event
April 6, 1999	March 29, 1999	Item 5. Other Events for a press release announcing that Halliburton has sold its logging-while-drilling and related measurement-while-drilling business to W-H Energy Services, Inc.
April 21, 1999	April 13, 1999	Item 5. Other Events for a press release announcing substantial completion of major workforce reductions.
April 28, 1999	April 21, 1999	Item 5. Other Events for a press release announcing Brown & Root Services provides logistics services to support U.S. forces in Albania.
April 28, 1999	April 26, 1999	Item 5. Other Events for a press release announcing 1999 first quarter earnings.
May 20, 1999	May 18, 1999	Item 5. Other Events for a press release announcing the 1999 shareholders' meeting and declaration of the second quarter dividend.
June 9, 1999	May 24, 1999	Item 5. Other Events for a press release announcing that Brown & Root Services has been awarded a contract by the U.S. Department of State to perform security improvements at U.S. embassies and consulates.
June 9, 1999	June 4, 1999	Item 5. Other Events for a press release announcing the filing of Form S-4 with the SEC to acquire all of the ordinary shares of PES (International) Limited common stock.
June 29, 1999	June 16, 1999	Item 5. Other Events for a press release announcing Brown & Root Services has been selected as the sole preferred bidder to negotiate a U.S. $782.4 million contract to design, build, finance and operate a railway linking Alice Springs in central Australia to the northern port city of Darwin.

During the third quarter of 1999 to date:

Date Filed	Date of Earliest Event	Description of Event
July 19, 1999	July 15, 1999	Item 5. Other Events for a press release announcing declaration of the third quarter dividend.
July 26, 1999	July 22, 1999	Item 5. Other Events for a press release announcing 1999 second quarter earnings.
Aug 13, 1999	Aug 12, 1999	Item 5. Other Events for a press release announcing the receipt of offers from Ingersoll-Rand Company to sell all interests in two joint ventures, Dresser-Rand and Ingersoll-Dresser Pump.

SIGNATURES

As required by the Securities Exchange Act of 1934, the registrant has authorized this report to be signed on behalf of the registrant by the undersigned authorized individuals.

HALLIBURTON COMPANY

Date August 13, 1999

By: /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
(Principal Accounting Officer)

INDEX TO EXHIBITS

Exhibit	Description
10	Halliburton Company Elective Deferral Plan as amended and restated effective June 1, 1999
27	Financial data schedule for the six months ended June 30, 1999

HALLIBURTON ELECTIVE DEFERRAL PLAN

As Amended and Restated
Effective June 1, 1999

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HALLIBURTON ELECTIVE DEFERRAL PLAN

W I T N E S S E T H :

WHEREAS, Halliburton Company (the "Company"), desiring to aid certain of its employees in making more adequate provision for their retirement, has decided to adopt the following Halliburton Elective Deferral Plan (the "Plan"); and

WHEREAS, the Plan has been amended in several respects, and the Company desires to restate the Plan to include all prior amendments;

NOW THEREFORE, the Plan is hereby restated to read as follows, effective as of June 1, 1999:

I.

Definitions and Construction

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

(1) Account: A memorandum bookkeeping account established on the records of the Employer for a Participant that is credited with amounts determined in accordance with Article III of the Plan. As of any determination date, a Participant's benefit under the Plan shall be equal to the amount credited to his Account as of such date. A Participant shall have a 100% nonforfeitable interest in his Account at all times.

(2) Act: The Employee Retirement Income Security Act of 1974, as amended.

(3) Affiliate: Any entity of which an aggregate of 50% or more of the ownership interest is owned of record or beneficially, directly or indirectly, by the Company or any other Affiliate.

(4) Base Salary: The base rate of cash compensation paid by the Employer to or for the benefit of a Participant for services rendered or labor performed while a Participant, including base pay a Participant could have received in cash in lieu of (A) deferrals pursuant to Section 3.1 and (B) contributions made on his behalf to any qualified plan maintained by the Employer or to any cafeteria plan under section 125 of the Code maintained by the Employer.

(5) Bonus Compensation: With respect to any Participant for a Plan Year, the amount awarded under a bonus plan maintained by the Employer.

(6) Code: The Internal Revenue Code of 1986, as amended.

(7) Compensation Committee: The Compensation Committee of the Directors.

(8) Committee: The administrative committee appointed by the Compensation Committee to administer the Plan.

(9) Company: Halliburton Company.

(10) Directors: The Board of Directors of the Company.

(11) Effective Date: January 1, 1995.

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

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

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

(15) Plan Year: The twelve-consecutive month period commencing January 1 of each year.

(16) Retirement: The date the Participant retires in accordance with the terms of his Employer's retirement policy as in effect at that time.

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

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

(19) Trust Fund: The funds and properties, if any, held pursuant to the provisions of the Trust Agreement, together with all income, profits and increments thereto.

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

(21) Unforeseeable Emergency: A severe financial hardship to the Participant resulting from a sudden and unexpected illness or accident of the Participant or of a dependent (as defined in section 152(a) of the Code) of the Participant, loss of the Participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant.

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

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

II.

Participation

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

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

III.

Account Credits

3.1 Base Salary Deferrals.

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

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

3.2 Bonus Compensation Deferrals. Any Participant may elect to defer receipt of an integral percentage of from 5% to 90% of his Bonus Compensation, in 5% increments, for any Plan Year. A Participant's election to defer receipt of a percentage of his Bonus Compensation for any Plan Year shall be made on or before the last day of the preceding Plan Year. Notwithstanding the foregoing, if any individual initially becomes a Participant other than on the first day of a Plan Year, such Participant's election to defer receipt of a percentage of his Bonus Compensation for such Plan Year may be made no later than 30 days after he becomes a Participant, but such election shall apply only to a pro rata portion of his Bonus Compensation for such Plan Year based upon the number ofcomplete months remaining in such Plan Year divided by twelve. If Bonus Compensation for a Plan Year is payable in more than one future Plan Year under the applicable bonus plan, a Participant shall make a separate election under this Section with respect to such Bonus Compensation for each Plan Year in which such Bonus Compensation is payable. Bonus Compensation for a Plan Year not deferred by a Participant pursuant to this Section shall be received by such Participant except as provided by any other plan maintained by the Employer. Deferrals of Bonus Compensation under this Plan shall be made before elective deferrals or contributions of Bonus Compensation under any other plan maintained by the Employer. Bonus Compensation deferrals made by a Participant shall be credited to such Participant's Account as of the date the Bonus Compensation deferred would have been received by such Participant had no deferral been made pursuant to this Section 3.2. Deferral elections for a Plan Year pursuant to this Section shall be irrevocable.

3.3 Earnings Credits. For each Plan Year, a Participant's Account shall be credited semi-annually on June 30 and December 31 with an amount of earnings based on the weighted average balance of such Account during the preceding six months and the Moody's corporate bond average annual yield for long-term investment grade bonds during the six-month period ended seven months prior to each semi-annual earnings credit date, plus 2%. (For example, the rate earned for the six months ended December 31, 1995, would be based on the average Moody's rate for the six months ended May 31, 1995, plus 2%). So long as there is any balance in any Account, such Account shall continue to receive earnings credits pursuant to this Section.

IV.

Withdrawals

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

V.

Payment of Benefits

5.1 Payment Election Generally. In conjunction with each deferral election made by a Participant pursuant to Article III for a Plan Year, such Participant shall elect, subject to Sections 5.4, 5.5, 5.7 and 5.8, the time and the form of payment with respect to such deferral and the earnings credited thereto. A Participant may revise his election regarding the time and form of payment of deferred amounts, but such revised election shall not be effective until one year from the date of the revised election and shall be effective only if payment has not been made or commenced pursuant to Section 5.2 prior to the expiration of such one-year period.

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

(a) Retirement; or

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

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

(a) A lump sum; or

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

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

5.4 Total and Permanent Disability. If a Participant becomes totally and permanently disabled while employed by the Employer, payment of the amounts credited to such Participant's Account shall commence on the first business day of the second calendar quarter following the date the Committee makes a determination that the Participant is totally and permanently disabled, in the form of payment determined in accordance with Section 5.3. The above notwithstanding, if such Participant is already receiving payments pursuant to Section 5.2(b) and Section 5.3(b), such payments shall continue. For purposes of the Plan, a Participant shall be considered totally and permanently disabled if the Committee determines, based on a written medical opinion (unless waived by the Committee as unnecessary), that such Participant is permanently incapable of performing his job for physical or mental reasons.

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

5.6 Designation of Beneficiaries.

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

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

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

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

5.7 Other Termination of Employment. If a Participant terminates his employment with the Employer before Retirement for a reason other than total and permanent disability or death, the amounts credited to such Participant's Account shall be paid to the Participant in a lump sum no less than thirty days and no more than one year after the Participant's date of termination of employment. For purposes of this Section, transfers of employment between and among the Company and its Affiliates shall not be considered a termination of employment.

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

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

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

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

VI.

Administration of the Plan

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

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

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

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

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

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

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

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

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

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

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

(a) State the specific reason or reasons for the denial or modification;

(b) Provide specific reference to pertinent Plan provisions on which the denial or modification is based;

(c) Provide a description of any additional material or information necessary for the Participant, his beneficiary, or representative to perfect the claim and an explanation of why such material or information is necessary; and

(d) Explain the Plan's claim review procedure as contained herein.

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

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

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

VII.

Administration of Funds

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

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

VIII.

Nature of the Plan

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

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

IX.

Participating Employers

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

X.

Miscellaneous

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

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

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

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

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

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

This schedule contains summary financial information extracted from the Halliburton Company consolidated financial statements for the six months ended June 30, 1999, and is qualified in its entirety by reference to such financial statements.

1,000,000
U.S. Dollars

6-mos
Dec-31-1999
Jan-1-1999
Jun-30-1999
1
336
0
3,477
0
1,223
5,591
6,803
3,956
10,487
3,696
1,064
0
0
1,118
2,972
10,487
1,957
7,594
1,707
7,009
0
0
70
295
113
164
0
0
19
145
0.33
0.33