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

(Mark One)
[X] Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 For the fiscal year ended December 31, 2000

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

Commission File Number 1-3492

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

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

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

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

Title of each class	Name of each Exchange on which registered
Common Stock par value $2.50 per share	New York Stock Exchange
Baroid Corporation 8% Guaranteed Senior Notes due 2003	New York Stock Exchange

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

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

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

The aggregate market value of Common Stock held by nonaffiliates on February 28, 2001, determined using the per share closing price on the New York Stock Exchange Composite tape of $39.82 on that date was approximately $17,029,000,000.

As of February 28, 2001, there were 428,468,110 shares of Halliburton Company Common Stock $2.50 par value per share outstanding.

Portions of the Halliburton Company Proxy Statement dated March 20, 2001, are incorporated by reference into Part III of this report.

PART I

Item 1. Business.

General development of business. Halliburton Company's predecessor was established in 1919 and incorporated under the laws of the State of Delaware in 1924. Halliburton Company provides a variety of services, equipment, maintenance, and engineering and construction to energy, industrial and governmental customers. Information related to acquisitions and dispositions is set forth in Note 2 to the financial statements of this annual report. Financial information about business segments. We operate in two business segments:

- Energy Services Group; and
- Engineering and Construction Group.

Dresser Equipment Group is currently presented as discontinued operations resulting from the decision of the Board of Directors to sell Dresser Equipment Group as it does not fit our core business goals and objectives. See Note 4 to the financial statements for financial information about our business segments.

Description of services and products. Our ability to mix, bundle or integrate products and services to meet the varied needs of our customers is of increasing importance in the highly competitive environment in which we operate. We believe that, based upon our customers' requirements, our future success will depend, in part, upon our ability to offer total capabilities and solutions on a global, industry-encompassing scale as well as discrete services and products. Our business strategy is focused on continuing to maintain global leadership in providing our customers discrete services, products, engineering, construction and maintenance which can be combined with our project management capabilities to provide our customers a wide range of integrated solutions. This strategy is dependent upon four key goals: - technological leadership;

- operational excellence;
- innovative business relationships; and
- a dynamic workforce.

We offer a broad suite of products and services through the two business segments which operate globally as five business units. The following summary describes our services and products for each business segment and unit.

ENERGY SERVICES GROUP

The Energy Services Group segment consists of Halliburton Energy Services, Brown & Root Energy Services, and Landmark Graphics. This segment provides a wide range of discrete services and products and integrated solutions to customers for the exploration, development and production of oil and gas. The segment serves independent, integrated, and national oil companies.

Halliburton Energy Services provides discrete products and services and integrated solutions for oil and gas exploration, development and production throughout the world. Products and services range from the initial evaluation of producing formations to drilling, completion, production and well maintenance for a single well or an entire field. Major product and service line offerings include:

- pressure pumping, including:
  - cementing,
  - production enhancement (fracturing and acidizing), and
  - tools and testing;
- logging;
- drilling systems;
- drilling fluids systems;
- drill bits; and
- specialized completion and production equipment and services, and well control products and services.

Cementing is the process used to bond the well and well casing while isolating fluid zones and maximizing wellbore stability. This is accomplished by pumping cement and chemical additives to fill the space between the casing and the side of the wellbore. Our cementing service line also provides casing equipment and services.

Production enhancement optimizes oil and gas reservoirs through a variety of pressure pumping services, including: fracturing and acidizing, sand control, coiled tubing, well control, nitrogen services, and specialty services. These services are used to clean out a formation or to fracture formations to allow increased oil and gas production.

Tools and testing includes tubing-conveyed perforating products and services, drill stem and other well testing tools, data acquisition services and production applications.

Logging products and services include our Magnetic Resonance Imaging Logging (MRIL(R)), high-temperature logging as well as traditional open-hole and cased-hole logging tools. MRIL(R) tools apply medical diagnostic magnetic resonance imaging technology to the evaluation of subsurface rock formations in newly drilled oil and gas wells. Our high temperature logging tools combine advanced electronic and mechanical tool designs, quality materials and a telemetry system to operate in high temperature and high pressure downhole environments. Open-hole tools provide information on well visualization, formation evaluation (including resistivity, porosity, lithology and temperature), rock mechanics and sampling. Cased-hole tools provide cementing evaluation, reservoir monitoring, pipe evaluation, pipe recovery and perforating.

Drilling systems and services are provided by Sperry-Sun Drilling Systems. These services include directional and horizontal drilling, measurement-while-drilling, logging-while-drilling, multilateral wells and related completion systems, and rig site information systems.

Drilling fluids systems are provided by Baroid Drilling Fluids. These services provide fluid systems and performance additives for oil and gas drilling, completion and workover operations. In addition, Baroid sells products for a wide variety of industrial customers.

Drill bits, offered by Security DBS, include roller cone rock bits, fixed cutter bits, coring equipment and services, and other downhole tools used to drill wells.

Completion products include subsurface safety valves and flow control equipment, surface safety systems, packers and specialty completion equipment, production automation, well screens, well control services, and slickline equipment and services.

Halliburton Energy Services also provides fully integrated oilfield management and technical expertise in the following areas:

- integrated solutions; and
- reservoir description.

Integrated solutions provides value-added oilfield project management and solutions to independent, integrated, and national oil companies. Integrated solutions enhance field deliverability and maximize the customer's return on investment. These services leverage all Halliburton Energy Services product service lines and technologies as well as overall project management capabilities.

Reservoir description is composed of two groups - geoscience and engineering, and computed products. The geoscience and engineering group provides a comprehensive suite of products including opportunity assessment, reservoir characterization, field development planning, production enhancement, reservoir surveillance, and reservoir management. The computed products group provides interpretation for wellbore imaging, waveform sonics, cement evaluation, production, and a variety of open and cased-hole information evaluation logs. By combining reservoir description with field service capabilities and technology, Halliburton Energy Services provides complete reservoir solutions.

Brown & Root Energy Services provides worldwide engineering and construction services to the upstream oil and gas industry. Projects for our customers are executed on a cost reimbursable or lump-sum, turnkey basis. Brown & Root Energy Services offers deepwater and floating production solutions including deepwater riser solutions, floating production technologies and project management systems tailored to the specific needs of our customers. The offshore group integrates capabilities required to plan, engineer, construct and operate offshore production facilities. The group includes front-end engineering, detailed engineering, project management, procurement and construction, fabrication, and production services. Capabilities include the engineering, procurement and construction of offshore drilling and production platforms, process skids and modules, subsea components, turret mooring systems and production manifolds, structural pipe/caissons, semi-drilling rig components and prefabricated components.

Brown & Root Energy Services' divisions provide both onshore and offshore support to customers.

- Halliburton Subsea provides construction and installation capabilities, including a comprehensive fleet of semi-submersibles, remotely-operated vehicles and support vessels. These vehicles and vessels are used to install subsea manifolds, templates, spools, fixed risers, dynamic risers, mechanical connections, pilings and flexible pipelines. Halliburton Subsea also provides trenching and repair operations.
- Wellstream manufactures and supplies flexible pipe. Flexible pipe is used primarily in the offshore oil and gas industry for both topside and subsea applications.
- Fabrication products and services are provided by Brown & Root Energy Services at one facility and Brown & Root Energy Services and a joint venture partner at two additional facilities.
- Pipeline services provided by our European Marine Contractors joint venture includes full turnkey pipeline services to offshore customers.
- Pipecoating services are provided by our joint venture, Bredero-Shaw.
- Granherne capabilities include feasibility, conceptual and front-end engineering and design, detailed engineering, procurement, construction site management, commissioning, startup and de-bottlenecking of both onshore and offshore facilities.

Landmark Graphics provides integrated exploration and production software information systems and professional services. Landmark's software transforms vast quantities of seismic, well log and other data into detailed computer models of petroleum reservoirs to optimize exploration, development and production decisions. Landmark's products and services integrate data workflows and operational processes across disciplines including geophysics, geology, drilling, engineering, production, economics, finance and corporate planning, and key partners and suppliers.

ENGINEERING AND CONSTRUCTION GROUP

The Engineering and Construction Group segment, consisting of Kellogg Brown & Root and Brown & Root Services, provides a wide range of services to energy and industrial customers and government entities worldwide.

Kellogg Brown & Root is a global provider of technology-based engineering and construction services using proprietary processes including project development, technology licensing and development, consulting, project management, engineering, procurement, construction, operations and maintenance services. Projects for our customers are often executed on a lump-sum, turnkey basis, including:

- engineering, procurement and construction services for:
  - liquefied natural gas and gas processing facilities;
  - ammonia plant design and technology;
  - olefins, polymer and phenol plants; and
  - forest products facilities;
- industrial maintenance services to private sector customers; and
- planning, process technologies and engineering, procurement and construction services in the construction of refineries utilizing proprietary techniques in fluid catalytic cracking, hydroprocessing, and residuum processing.

Brown & Root Services is a global provider to the private (primarily non-energy) and government sectors offering planning, design, construction, operations, maintenance, asset management and decommissioning of infrastructure, facilities and installations. The following summarizes the business unit's product service lines and their distinctive capabilities:

- management and engineering - consulting and civil engineering services providing master planning and consulting, design, engineering, project and construction management, and facility start-up;
- construction - management of large infrastructure and building projects. Other services include on-call construction and facilities modification and repair;

- operations, maintenance and logistics - operation of government facilities and installations, including the provisioning of food and housing services for the life-cycle of large scale projects, weapons demilitarization, aircraft servicing, fuels handling and management, refuse collection, equipment maintenance and operations, public works support, and transportation services; and
- investment management - participation in the design, building, financing and operation and ownership of toll roads, marine, and other public sector facilities.

DRESSER EQUIPMENT GROUP

The Dresser Equipment Group, now accounted for as discontinued operations, is made up of the operating divisions that design, manufacture and market equipment used by the energy industry to complete the process of finding, extracting, processing, and delivering petroleum and its related products. Dresser Equipment Group products are also used by a multitude of other industries that serve all sectors of the economy.

Product service lines in this segment include:

- compression and pumping;
- measurement;
- flow control; and
- power systems.

The compression and pumping product service line included two joint ventures: Dresser-Rand and Ingersoll-Dresser Pump. Dresser-Rand manufactures and services gas turbines; centrifugal, reciprocating and axial compressors; stem turbines; electric motors and generators. Ingersoll-Dresser Pump provides a wide range of pumps for use in process and petrochemical industries, power generation, pulp and paper, water resources, mining, pipeline, marine, general industry and agriculture. In October 1999, we decided to sell our interests in Dresser-Rand and Ingersoll-Dresser Pump to Ingersoll-Rand. Ingersoll-Dresser Pump was sold on December 30, 1999. Dresser-Rand was sold on February 2, 2000.

The measurement product service line includes the DMD-Roots, Instrument and Wayne Divisions. DMD produces gas meters, electronic products for gas systems, pipe fittings, couplings and repair devices for gas and water utilities and other industries. Roots manufactures rotary-lobe and centrifugal air and gas handling blowers as well as vacuum pumps. Instrument products include gauges, thermometers, switches, transducers, transmitters and instrument isolators for pressure and temperature measurement and control. Wayne manufactures and supplies retail automation control and fuel dispensing systems worldwide.

The flow control product service line includes the Dresser Valve division which manufactures ball, gate, check, butterfly, plug, safety relief, automated globe, rotary control and specialty valves; chemical injection pumps; regulators; surge relievers and actuators.

The power systems product service line includes the Waukesha Engine Division. Waukesha manufactures spark ignited gaseous fueled engines and packaged engine-driven generator sets used in field gas compression.

In April 2000, we determined that the remaining parts of our Dresser Equipment Group business did not closely fit our core businesses and at that time we announced our intention to sell this business. See Note 3 to the financial statements for additional information on the sale of our interests in these activities.

Markets and competition. We are one of the world's largest diversified energy services and engineering and construction services companies. Our services and products are sold in highly competitive markets throughout the world. Competitive factors impacting sales of our services and products include: price, service (including the ability to deliver services and products on an "as needed, where needed" basis), product quality, warranty and technical proficiency. While we provide a wide range of discrete services and products, a number of customers have indicated a preference for integrated services and solutions. In the case of the Energy Services Group, integrated services and solutions relate to all phases of exploration, development and production of oil and gas. In the case of the Engineering and Construction Group, integrated services and solutions relate to all phases of design, procurement, construction, project management and maintenance of a facility. Demand for these types of integrated services and solutions is based primarily upon quality of service, technical proficiency and value created.

We conduct business worldwide in over 120 countries. Since the markets for our services and products are so large and cross so many geographic lines, a meaningful estimate of the number of competitors cannot be made. The industries we serve are highly competitive and we have many substantial competitors. Generally, our services and products are marketed through our own servicing and sales organizations. A small percentage of sales of the Energy Service Group's

and Dresser Equipment Group's products is made through supply stores and third-party representatives.

Operations in some countries may be adversely affected by unsettled political conditions, expropriation or other governmental actions, and exchange control and currency problems. We believe the geographic diversification of our business activities reduces the risk that loss of operations in any one country would be material to the conduct of our operations taken as a whole. Information regarding our exposures to foreign currency fluctuations, risk concentration, and financial instruments used to minimize risk is included on page 17 under the caption "Financial Instrument Market Risk" and in Note 17 to the financial statements.

Customers and backlog. In 2000, 1999, and 1998, respectively, 84%, 83% and 87% of our revenues from continuing operations were derived from the sale of products and services to the energy industry. The following schedule summarizes the backlog from continuing operations of engineering and construction projects at December 31, 2000 and 1999:

Millions of dollars	2000	1999
Firm orders	$7,652	$8,829
Government orders firm but not yet funded, letters of intent and contracts awarded but not signed	1,751	316
Total	$9,403	$9,145

We estimate that 50% of the total backlog existing at December 31, 2000 will be completed during 2001. Our backlog excludes contracts for recurring hardware and software maintenance and support services. Backlog does not indicate what future operating results will be because backlog figures are subject to substantial fluctuations. Arrangements included in backlog are in many instances extremely complex, nonrepetitive in nature and may fluctuate in contract value and timing. Many contracts do not provide for a fixed amount of work to be performed and are subject to modification or termination by the customer. The termination or modification of any one or more sizeable contracts or the addition of other contracts may have a substantial and immediate effect on backlog.

Raw materials. Raw materials essential to our business are normally readily available. Where we are dependent on a single supplier for materials essential to our business, we are confident that we could make satisfactory alternative arrangements in the event of an interruption in supply.

Research, development and patents. We maintain an active research and development program. The program improves existing products and processes, develops new products and processes and improves engineering standards and practices that serve the changing needs of our customers. Information relating to our expenditures for research and development is included in Note 1 and Note 4 to the financial statements.

We own a large number of patents and have pending a substantial number of patent applications covering various products and processes. We are also licensed under patents owned by others. We do not consider a particular patent or group of patents to be material to our business.

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

Employees. At December 31, 2000, we employed approximately 93,000 people worldwide including about 9,000 related to discontinued operations. At December 31, 1999, we employed approximately 103,000 people worldwide including about 15,000 related to discontinued operations.

Environmental regulation. We are subject to various environmental laws and regulations. Compliance with these requirements has not substantially increased capital expenditures, adversely affected our competitive position or materially affected our earnings. We do not anticipate any material adverse effects in the foreseeable future as a result of existing environmental laws and regulations. See Note 9 to the financial statements.

Item 2. Properties.

We own or lease hundreds of properties throughout the world. The following are the locations of our principal facilities, the facility types and their square footage for the continuing operations of our industry segments:

Energy Services Group		Floor Area (Sq. Ft.)		Number of Facilities	
Location	Type of Facility	Leased	Owned	Leased	Owned
Texas	Engineering & Design	-	10,000	-	1
Mexico, Canada, Scotland, and other foreign locations	Engineering & Design	67,000	281,000	4	4
Texas	Manufacturing	-	1,736,000	-	9
Oklahoma	Manufacturing	-	878,000	-	1
Florida, Colorado, Missouri, Louisiana, and other locations in the U.S.	Manufacturing	267,000	103,000	9	2
Colombia, Canada, England, Scotland, Australia and other foreign locations	Manufacturing	158,000	978,000	5	9
Texas	Research & Development	70,000	480,000	2	2
Oklahoma	Research & Development	-	207,000	-	1
Colorado	Research & Development	35,000	-	1	-
Netherlands	Research & Development	11,000	-	1	-
Texas, Oklahoma and Florida	Warehouse & Other	38,000	232,000	2	5
Mexico	Warehouse & Other	528,000	-	3	-
Colombia	Warehouse & Other	148,000	841,000	2	3
Norway and other foreign locations	Warehouse & Other	414,000	78,000	13	2
Texas, Oklahoma and other locations in the U.S.	Administrative Center	415,000	998,000	10	7
Algeria	Administrative Center	113,000	-	1	-
Norway, Scotland, Germany, England and other foreign locations	Administrative Center	955,000	766,000	51	7
Total Energy Services Group		3,219,000	7,588,000	104	53

Engineering and Construction Group		Floor Area (Sq. Ft.)		Number of Facilities	
Location	Type of Facility	Leased	Owned	Leased	Owned

Canada	Fabricating	-	100,000	-	1
Texas, Alabama and Florida	Engineering & Design	899,000	736,000	3	5
Mexico, Canada, England and Australia	Engineering & Design	221,000	165,000	19	2
Virginia, Florida, Texas and other locations in the U.S.	Administrative Center	82,000	-	10	-
England, Canada and other foreign locations	Administrative Center	16,000	251,000	6	5
Total Engineering and Construction Group		1,218,000	1,252,000	38	13

(continued on next page)

General corporate

Location	Type of Facility	Floor Area (Sq. Ft.) Leased	Floor Area (Sq. Ft.) Owned	Number of Facilities Leased	Number of Facilities Owned
Texas and Washington, D.C.	Administrative Center	383,000	984,000	8	10
England and other foreign locations	Administrative Center	49,000	-	4	-
Total general corporate		432,000	984,000	12	10

In addition to the above listed properties, we own or lease:

- marine fabrication facilities covering approximately 790 acres in Texas, England, and Scotland;
- mineral grinding facilities in Wyoming, Brazil, Colombia, Peru, and Venezuela covering approximately 660 acres;
- 160 acre employee recreational facility in Oklahoma;
- outdoor storage and undeveloped land covering 134 acres in Texas, Scotland, Australia, and Algeria; and
- service centers, sales offices and field warehouses at approximately 220 locations in the United States, almost all of which are owned, and at approximately 250 locations outside the United States in both the Eastern and Western Hemispheres.

We also have mineral rights to proven and prospective reserves of barite and bentonite. These rights include leaseholds, mining claims and property owned in fee. Based on the number of tons of each of the above minerals consumed in fiscal 2000, we estimate our proven reserves are sufficient for operations for the foreseeable future. All properties that we currently occupy are deemed suitable for their intended use.

Among the properties listed in the tables above that are currently vacant or sublet:

- 160 acre marine fabrication facility in Nigg, Scotland;
- 408,000 square foot manufacturing facility in Fort Worth, Texas;
- 54,000 square foot office facility in Arlington, Texas; and
- 204,000 square foot administrative facility in Dallas, Texas.

The properties listed in the tables above exclude the discontinued operations of Dresser Equipment Group.

Item 3. Legal Proceedings.

Information relating to various commitments and contingencies is described in Note 9 to the financial statements.

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

There were no matters submitted to a vote of security holders during the fourth quarter of 2000.

Executive Officers of the Registrant.

The following table indicates the names and ages of the executive officers of the registrant as of February 1, 2001, along with a listing of all offices held by each during the past five years:

Name and Age	Offices Held and Term of Office
Jerry H. Blurton (Age 56)	Vice President and Treasurer, since July 1996 Vice President - Finance & Administration of Halliburton Energy Services, August 1995 to July 1996

Margaret E. Carriere (Age 49)	Vice President Human Resources, since August 2000 Vice President and Associate General Counsel of Halliburton Energy Services, Inc., February 2000 to August 2000 Law Department Manager of Integration & Development of Halliburton Energy Services, Inc., October 1998 to February 2000 Region Chief Counsel (London) Europe/Africa Law Department of Halliburton Energy Services, Inc., May 1994 to September 1998
Lester L. Coleman (Age 58)	Executive Vice President and General Counsel, since May 1993
Robert F. Heinemann (Age 47)	Vice President and Chief Technology Officer, since February 2000 Vice President of Mobil Technology Company and General Manager of Mobil Exploration and Producing Technical Center, 1997 to February 2000 Manager of Surface Engineering and Upstream Strategic Research of Mobil Technology Company, 1996 to 1997 Manager of Upstream Strategic Research of Mobil Technology Company, 1995 to 1996
Arthur D. Huffman (Age 48)	Vice President and Chief Information Officer, since August 2000 Chief Information Officer of Group Air Liquide, 1997 to August 2000 Vice President - Information Technology of Air Liquide America Corporation, 1995 to 1997
John W. Kennedy (Age 50)	Executive Vice President - Global Business Development, since April 2000 Chief Operating Office of Brown & Root Energy Services, 1998 to April 2000 President of Dresser Enterprises, an internal marketing group of Dresser Industries, Inc., 1997 to 1998 President and Chief Operating Officer of Kellogg Oil & Gas Services Limited, 1995 to 1997
* David J. Lesar (Age 47)	Chairman of the Board, President and Chief Executive Officer, since August 2000 President and Chief Operating Officer, May 1997 to August 2000 Executive Vice President and Chief Financial Officer, August 1995 to May 1997 President and Chief Executive Officer of Kellogg Brown & Root, Inc., September 1996 to January 1999

Name and Age	Offices Held and Term of Office
Gary V. Morris (Age 47)	Executive Vice President and Chief Financial Officer, since May 1997 Senior Vice President - Finance, February 1997 to May 1997 Senior Vice President, May 1996 to February 1997 Vice President - Finance of Brown & Root, Inc., June 1995 to May 1996
R. Charles Muchmore, Jr. (Age 47)	Vice President and Controller, since August 1996 Finance & Administration Director - Europe/Africa of Halliburton Energy Services, September 1995 to August 1996
David A. Reamer (Age 48)	Senior Vice President, since May 2000 Senior Vice President-Shared Services Division of

		Halliburton Energy Services, Inc., since May 1998
		Senior Vice President-Shared Services of Halliburton Company, May 1998 to October 1998
		Senior Vice President-Global Delivery of Products, Services and Solutions of Halliburton Energy Services, September 1997 to May 1998
		Vice President-Global Delivery of Products, Services and Solutions of Halliburton Energy Services, April 1997 to September 1997
		Vice President-Integrated Solutions of Halliburton Energy Services, August 1995 to April 1997
*	Donald C. Vaughn (Age 64)	Vice Chairman, since September 1998
		President and Chief Operating Officer of Dresser Industries, Inc., December 1996 to September 1998
		Executive Vice President, Dresser Industries, Inc., November 1995 to December 1996
		Senior Vice President - Operations, Dresser Industries, Inc., January 1992 to November 1995
		Chairman, President and Chief Executive Officer of M. W. Kellogg, Inc., June 1995 to June 1996
		Chairman and Chief Executive Officer of The M. W. Kellogg Company, September 1986 to June 1996

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

PART II

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

Halliburton Company's common stock is traded on the New York Stock Exchange and the Swiss Exchange. Information relating to market prices of common stock and quarterly dividend payment is included under the caption "Quarterly Data and Market Price Information" on page 64 of this annual report. Cash dividends on common stock for 2000 and 1999 were paid in March, June, September and December of each year. Our board of directors intends to consider the payment of quarterly dividends on the outstanding shares of our common stock in the future. The declaration and payment of future dividends, however, will be at the discretion of the board of directors and will depend upon, among other things, our:

- future earnings;
- general financial condition;
- success in business activities;
- capital requirements; and
- general business conditions.

At December 31, 2000, there were approximately 25,800 shareholders of record. In calculating the number of shareholders, we consider clearing agencies and security position listings as one shareholder for each agency or listing.

Item 6. Selected Financial Data.

Information relating to selected financial data is included on pages 61 through 63 of this annual report.

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

Information relating to management's discussion and analysis of financial condition and results of operations is included on pages 12 through 20 of this annual report.

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

Information relating to market risk is included in management's discussion and analysis of financial condition and results of operations under the caption "Financial Instrument Market Risk" on page 17 of this annual report.

Item 8. Financial Statements and Supplementary Data.

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

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

None.

HALLIBURTON COMPANY

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 Company and its subsidiaries. We explain:

- factors and risks that impact our business;
- why our earnings and expenses for the year 2000 differ from the years 1999 and 1998;
- capital expenditures;
- factors that impacted our cash flows; and
- other items that materially affect our financial condition or earnings.

BUSINESS ENVIRONMENT

Our continuing business is organized around two business segments:

- Energy Services Group; and
- Engineering and Construction Group.

We also report the results of a third business segment, Dresser Equipment Group, as discontinued operations.

As the largest provider of products and services to the petroleum and energy industries, the majority of the consolidated revenues are derived from the sale of services and products to large oil and gas companies. We conduct business in over 120 countries with energy, industrial and governmental customers. These services and products are used in the earliest phases of exploration and development of oil and gas reserves through the refining and distribution process. The industries we serve are highly competitive with many substantial competitors for each segment.

No country other than the United States or the United Kingdom accounts for more than 10% of our operations. Unsettled political conditions, expropriation or other governmental actions, exchange controls and currency devaluations may result in increased business risk in any one country, including, among others, Algeria, Angola, Libya, Nigeria, and Russia. We believe the geographic diversification of our business activities reduces the risk that loss of business in any one country would be material to our consolidated results of operations.

Halliburton Company

The year 2000 showed increased activity in the North American energy services environment. The international recovery from 1999 levels is expected to materialize in 2001. The engineering and construction business remains hampered by lower customer commitments; however, we believe the long-term fundamentals remain sound. Rising populations in many countries and greater industrialization efforts should continue to propel worldwide economic expansion, especially in developing nations. We expect these factors to cause increasing demand for oil and gas needed for refined products, petrochemicals, fertilizers, power, and other needs.

Energy Services Group

During 2000, the demand for the group's oilfield services and products recovered from lower levels in 1999 and late 1998. Consistent with past history, the activity levels in the United States were the first to rebound with increased demand for products and services and an improved pricing environment. International activity began to improve in the second half of 2000. Growth in our business was driven primarily by increased rotary rig count on natural gas wells in North America. The rotary rig count, which is an indicator of activity, hit near-term record highs for the third and fourth quarters after a brief drop in the first half of the year. Some experts project that the average rig count for 2001 will increase over 20% as compared to 2000. If forecasts prove to be accurate, this would be the highest level of activity in North America since 1985. This growth should have a favorable impact for the Energy Services Group.

Crude oil prices remained at or near record highs throughout 2000, with West Texas Intermediate ending the year at over $32 per barrel. Natural gas prices continued to climb as a result of North America experiencing the coldest weather in recent years and low volumes of gas in storage. Henry Hub gas prices averaged $6.20/MCF in the fourth quarter of 2000 and $8.12/MCF for the month of December with occasional spikes over $10.00/MCF during the month. For the year, Henry Hub gas prices averaged $4.20/MCF compared to $2.27/MCF in 1999. We believe the continued high commodity prices bode well for the industry and should encourage our customers to increase investments in exploration and production.

Internationally, our business activity levels have not increased as much as in North America, although customers who are focused on oil projects are now starting to increase their global capital spending. The turnaround in international rig activity continued in the fourth quarter, with the highest average rig count since 1998 at 710 rigs working compared to 576 in 1999. However, we do not expect to see any significant increase in larger capital-intensive field development projects outside North America until the second half of 2001. The merger and consolidation activities of a number of large customers over the past two years have affected the demand for our products and services. The companies that have merged continue to evaluate their oil and gas properties, refining and distribution facilities, and organizations. This evaluation process has translated into a short-term reluctance to undertake new investments resulting in a lower demand for some of our products and services in 2000, especially outside North America.

Engineering and Construction Group

Most of the factors that adversely affected the Energy Services Group in 1999 and 1998 also affected the Engineering and Construction Group since over half of the group's revenues come from customers in the oil and gas industry. We believe the higher rig counts experienced in the second half of 2000 and expected for 2001 should positively impact the Engineering and Construction Group, but much later in the cycle than the Energy Services Group. Customers of the group are more reluctant to start large capital projects, including refineries and petrochemical plants, during periods of uncertain oil prices. Merged customers rationalizing and optimizing their existing capabilities have further delayed project starts. The group has seen a number of large potential projects deferred because of uncertain prices for petroleum products. The group is beginning to experience an increase in inquiries for bids and proposals for potential new projects, including several large international liquefied natural gas projects. The Engineering and Construction Group has continued to expand its services to the military - both in the United States and abroad. The group sees improving opportunities to provide additional support services to other United

States agencies and to government agencies of other countries, including the United Kingdom. The demand for these services is expected to grow as governments at all levels seek to control costs and improve services by outsourcing various functions.

RESULTS OF OPERATIONS IN 2000 COMPARED TO 1999 AND 1998
REVENUES

Millions of dollars	2000	1999	1998
Energy Services Group	$ 7,916	$ 6,999	$ 9,009
Engineering and Construction Group	4,028	5,314	5,495
Total revenues	$ 11,944	$ 12,313	$ 14,504

Revenues for 2000 were $11,944 million, a decrease of 3% from 1999 revenues of $12,313 million and a decrease of 18% from 1998 revenues of $14,504 million. In regard to 2000 compared to 1999, lower levels of engineering and construction revenues in both segments were partially offset by increased oilfield services revenues within the Energy Services Group, particularly in the United States. In regard to 2000 compared to 1998, the decline was experienced in both segments. While our oilfield services business recovered substantially during 2000, activity levels were still about 10% lower than in 1998. The 2000 total engineering and construction activity within both segments was off almost 25% as compared to 1998 as customers continued to postpone most major new investments. International revenues were 66% of our consolidated revenues in 2000, compared with 70% in 1999 and 68% in 1998.

Energy Services Group revenues were $7,916 million for 2000, an increase of 13% from 1999 revenues of $6,999 million and a decrease of 12% from 1998 revenues of $9,009 million. International revenues were 66% of total segment revenues in 2000 compared with 71% in 1999 and 67% in 1998. Revenues for the group were positively impacted in late 1999 and throughout 2000 by increased rig counts and customer spending, particularly within North America, following increases in oil and gas prices that began in 1999. Increased demand for natural gas and increased drilling activity positively benefited our oilfield services product service lines. The pressure pumping and logging product service lines achieved revenue growth of 30% and 27%, respectively, compared to 1999. Drilling fluids increased over 20%, while drill bits and completion products service lines increased about 14%. Drilling systems service line revenues increased by 7%. Geographically, strong North American activity resulted in revenue growth of 43%, with growth experienced across all product service lines in that region

compared to 1999. North America generated 52% of total oilfield service product service line revenues for 2000 compared to 44% in 1999. Pressure pumping accounted for approximately 50% of the increase in revenues within North America, reflecting higher activity levels in all work areas, particularly the Gulf of Mexico, South Texas, Canada, and Rocky Mountains. Revenues in the Middle East and Latin America regions increased 16% and 12%, respectively, compared to 1999. Europe/Africa revenues were up slightly while revenues in the Asia Pacific region declined by 3%. Activity was slower to increase internationally throughout 2000 despite higher oil and gas prices. The turnaround in international rig activity, which started late in the second quarter of 2000, continued into the fourth quarter of 2000 when international rig counts reached the highest levels since late 1998. Revenues also increased across all regions outside North America during the fourth quarter of 2000, as customer spending for exploration and production began to increase outside North America.

Revenues from upstream oil and gas engineering and construction services declined 2% in 2000 compared to 1999 and about 20% compared to 1998. The decrease in 2000 reflects the continued delay in engineering and construction project spending by our customers. Upstream engineering and construction business revenues benefited in 2000 from deepwater projects in Latin America, particularly Mexico, and Africa, reflecting the continued shift in work out of the North Sea and into Latin America, Africa and Asia Pacific. In 1998, revenues from upstream oil and gas engineering and construction services benefited from large projects and from activities in the subsea, pipecoating and flexible pipe product service lines.

Revenues for integrated exploration and production information systems reached record high levels in 2000, breaking the previous high set in 1998.

Revenues from integrated exploration and production information systems increased 13% compared to 1999, and increased slightly over 1998. Increases in software and professional services revenues were partially offset by lower hardware revenues, which have been de-emphasized. Software sales contributed just over 19% in revenue growth, while professional services increased over 7% compared to 1999. In 1999 many customers for our information system product lines put off software purchases due to customers' consolidations, lower activity levels and internal focus on Year 2000 issues.

Engineering and Construction Group revenues were $4,028 million for 2000, down 24% from $5,314 million in 1999 and down 27% from 1998 revenues of $5,495 million. Higher oil and gas prices during 2000 did not translate into customers proceeding with new awards of large downstream projects. Many other large projects, primarily gas and liquefied natural gas projects, were also delayed, continuing a trend that started in 1999. In 1999 the group increased logistics support services to military peacekeeping efforts in the Balkans and increased activities at the Devonport Dockyard in the United Kingdom. The logistics support services to military peacekeeping efforts in the Balkans peaked in the fourth quarter of 1999 as the main construction and procurement phases of the contract were completed. These increases partially offset lower revenues from engineering and construction projects, particularly major projects in Europe and Africa, which were winding down. Revenues for the group in 1998 reflect higher liquefied natural gas project revenues in Asia and Africa, an enhanced oil recovery project in Africa, and a major ethylene project in Singapore.

OPERATING INCOME

Millions of dollars	2000	1999	1998
Energy Services Group	$ 526	$ 222	$ 971
Engineering and Construction Group	14	203	237
General corporate	(78)	(71)	(79)
Special charges and credits	-	47	(959)
Operating income	$ 462	$ 401	$ 170

Operating income was $462 million for 2000 compared to $401 million for 1999 and $170 million for 1998. Business segment results include restructuring charges of $36 million in 2000 related to the restructuring of the engineering and construction businesses. See Note 11. Excluding special credits of $47 million in 1999 and special charges of $959 million during 1998, operating income for 2000 increased by 31% from 1999 and decreased 59% from 1998. See Note 12.

Energy Services Group operating income in 2000 was $526 million, an increase of 137% from 1999 operating income of $222 million and a decrease of 46% compared to 1998 operating income of $971 million. Operating margins were 6.6% in 2000, up from 3.2% in 1999 and down from 10.8% in 1998. Approximately 33% of the Energy Services Group's operating income was derived from international activities for 2000, compared with 54% in 1999 and 1998. During 2000, strengthening North American drilling and oilfield activity resulted in increased equipment utilization and improved pricing within the oilfield services product service lines. Pressure pumping operating income increased about 135% compared to 1999 levels, which were down about 70% compared to 1998, while logging services operating income increased by over 200% compared to 1999. Drilling fluids, drilling systems and completion products were impacted by slow recovery in international activity. During the fourth quarter of 2000, oilfield services recorded an $8 million reversal of bad debts related to claims settled by the United Nations against Iraq dating from the invasion of Kuwait in 1990. Geographically, strong oil and gas prices throughout 2000 led to higher levels of deepwater and onshore gas drilling within North America. Activity increases in the Gulf of Mexico, South Texas, Canada, and Rocky Mountain work areas were greater than most other areas. Operating income outside North America continued to lag the performance noted within North America, reflecting continued delays in international exploration and production for oil and gas. On a positive note, fourth quarter 2000 operating income increased across all international geographic regions compared to the third quarter, reflecting increased international spending by our customers.

Operating income in 2000 for upstream oil and gas engineering and construction activities declined by 5% compared to 1999 and 73% compared to 1998. Projects and workloads are increasingly shifting from the North Sea to Latin America, Africa and Asia Pacific. Operating income benefited in 2000 from a third quarter $88 million gain on sale of two semi-submersible vessels and one multipurpose support vessel. Lower activity levels in the North Sea, particularly in the United Kingdom sector, negatively impacted operating income in 2000 and 1999 through lower utilization of engineering staff, as well as under utilization of manufacturing and fabricating capacity and subsea equipment and vessels, which carry large fixed costs. Given the number and technical complexity of the engineering and construction projects we perform, some project losses are normal occurrences. However, the environment for negotiations with customers on claims and change orders has become more difficult in the past few years. This environment, combined with performance issues on a few large, technically complex jobs, contributed to unusually high job losses on major projects of $82 million in 2000, including $48 million in the fourth quarter, $77 million in 1999 and $99 million in 1998. In addition, the upstream oil and gas engineering and construction business recorded $11 million of restructuring charges in 2000.

Operating income from integrated exploration and production information systems in 2000 increased almost 200% compared to 1999. Operating income in 2000 and 1999 was lower than 1998 due to lower software sales volumes in 1999 and change in the software license product mix from perpetual license sales for which income is recognized at the time of sale to annual access licenses where income is recognized over the license period.

Engineering and Construction Group operating income for 2000 of $14 million decreased $189 million, or 93% from 1999 and about $223 million, or 94% from 1998. The operating margin was just above zero in 2000 down from 3.8% in 1999 and 4.3% for 1998. Operating margins in 2000 declined both internationally and in North America due to losses on projects as a result of higher than estimated costs on selected jobs and claims negotiations on other jobs not progressing as anticipated. In the fourth quarter of 2000, job losses of $109 million were recorded as a result of these conditions. At the same time, the group recorded $25 million of restructuring charges. Lower activity due to the trend in delayed new projects, which continued through the year, also negatively impacted operating income. Operating income in 1999 benefited from higher activity levels supporting United States military peacekeeping efforts in the Balkans, offset by reduced engineering and construction project profits due to the timing of project awards and revenue recognition. Operating income in 1998 includes $16 million favorable settlement of a claim on a Middle Eastern construction project.

Special credits in 1999 are the result of a change in estimate on some components of the 1998 special charges. We continuously monitor the actual costs incurred and reexamine our estimates of future costs. In the second quarter of 1999, we concluded that total costs, particularly for severance and facility exit costs, were lower than previously estimated. Therefore, we reversed $47 million of the $959 million special charge that was originally recorded. See Note 12.

General corporate expenses for 2000 were $78 million, an increase of $7 million from 1999 and down $1 million compared to 1998. In 2000 general corporate expenses increased primarily as a result of costs related to the early retirement of our previous chairman and chief executive officer. In 1998 general corporate expenses of $79 million included expenses for operating Dresser's corporate offices as well as our corporate offices. As a percent of consolidated revenues, general corporate expenses were 0.7% in 2000, 0.6% in 1999 and 0.5% in 1998.

NONOPERATING ITEMS

Interest expense was $146 million for 2000 compared to $141 million in 1999 and $134 million in 1998. Interest expense was up in 2000 due to higher average interest rates on short-term borrowings and additional short-term debt used to repurchase $759 million of our common stock under our share repurchase program, mostly during the fourth quarter. These increases offset the benefits from our lower borrowings earlier in 2000 due to the use of the proceeds from the sale of Ingersoll-Dresser Pump and Dresser-Rand to repay short-term debt.

Interest income of $25 million declined $49 million from 1999 and was about the same as 1998. Interest income in 1999 included settlement of income tax issues in the United States and United Kingdom and imputed interest income on the note receivable from the sale of our ownership in M-I L.L.C.

Foreign currency gains (losses) netted to a loss of $5 million, down from losses of $8 million in 1999 and $10 million in 1998. The losses in 2000 were primarily in Asia Pacific currencies and the euro. Losses in 1999 occurred primarily in Russian and Latin American currencies. Losses in 1998 occurred primarily in Asia Pacific currencies.

Other, net in 2000 was a net loss of $1 million compared to a net loss of $19 million in 1999 and a net gain of $3 million in 1998. The net loss in 1999 includes a $26 million charge in the second quarter relating to an impairment of Kellogg Brown & Root's net investment in Bufete Industriale, S.A. de C.V., a large specialty engineering, procurement and construction company in Mexico.

Provision for income taxes on continuing operations was $129 million for an effective tax rate of 38.5%, compared to 37.8% in 1999 and 281.8% in 1998. Excluding our special charges and related taxes, the effective rate was 38.8% in 1999 and 37.8% in 1998.

Minority interest in net income of subsidiaries was $18 million in 2000 compared to $17 million in 1999 and $20 million in 1998.

Income from continuing operations was $188 million in 2000 and $174 million in 1999. In 1998 continuing operations was a loss of $120 million.

Income from discontinued operations was $98 million in 2000, $124 million in 1999 and $105 million in 1998.

Gain on disposal of discontinued operations resulting from the sale of our 51% interest in Dresser-Rand was $215 million after-tax or $0.48 per diluted share in 2000. In 1999 we recorded a gain on the sale of our 49% interest in Ingersoll-Dresser Pump of $159 million after-tax or $0.36 per diluted share.

Cumulative effect of change in accounting method in 1999 of $19 million after-tax, or $0.04 per diluted share, reflects our adoption of Statement of Position 98-5, "Reporting on the Costs of Start-Up Activities." See Note 13.

Net income in 2000 was $501 million or $1.12 per diluted share and in 1999 was $438 million or $0.99 per diluted share. In 1998 the net loss of $15 million resulted in $0.03 loss per diluted share.

LIQUIDITY AND CAPITAL RESOURCES

We ended 2000 with cash and equivalents of $231 million compared with $466 million in 1999 and $203 million in 1998.

Cash flows from operating activities used $57 million for 2000 compared to $58 million used for 1999 and provided $150 million for 1998. Working capital items, which include receivables, inventories, accounts payable and other working capital, net, used $563 million of cash in 2000 compared to providing $2 million in 1999 and using $533 million in 1998. Included in changes to working capital and other net changes are special charge usage for personnel reductions, facility closures, merger transaction costs, and integration costs of $54 million in 2000 and $202 million in 1999 and $112 million in 1998.

Cash flows used in investing activities were $411 million for 2000, $107 million for 1999 and $790 million for 1998. Capital expenditures of $578 million in 2000 were about 11% higher than in 1999 and about 31% lower than in 1998. Capital spending was mostly for equipment for Halliburton Energy Services, which included investing in cementing equipment designed to integrate our pumping and mixing systems with new safety and technological features. Cash flows from investing activities in 1999 include $254 million collected on the receivables from the sale of our 36% interest in M-I L.L.C. Imputed interest on this receivable of $11 million is included in operating cash flows. In 1998, net cash used for investing activities includes various acquisitions of businesses of approximately $40 million.

Cash flows from financing activities used $584 million in 2000 and provided $189 million in 1999 and $267 million in 1998. We repaid $308 million on our long-term debt in 2000. Net short-term borrowings consisting of commercial paper and bank loans provided $629 million in 2000. Proceeds from exercises of stock options provided cash flows of $105 million in 2000 compared to $49 million in 1999 and 1998. Dividends to shareholders used $221 million of cash in 2000 and 1999. In April 2000 our Board of Directors approved a plan to implement a share repurchase program. As of December 31, 2000 we had repurchased over 20 million shares at a cost of $759 million. In addition, we repurchased $10 million of common stock both in 2000 and 1999 and $20 million in 1998 from employees to settle their income tax liabilities primarily for restricted stock lapses. We may periodically repurchase our common stock as we deem appropriate.

Cash flows from discontinued operations provided $826 million in 2000 as compared to $234 million and $235 million in 1999 and 1998, respectively. Cash flows for 2000 include proceeds from the sale of Dresser-Rand and Ingersoll-Dresser Pump of approximately $913 million.

Capital resources from internally generated funds and access to capital markets are sufficient to fund our working capital requirements, share repurchases and investing activities. Our combined short-term notes payable and long-term debt was 40%, 35% and 32% of total capitalization at the end of 2000, 1999 and 1998, respectively. In 2000, we reduced our short-term debt with proceeds from the sales of Ingersoll-Dresser Pump and Dresser-Rand joint ventures early in the year and increased short-term debt in the fourth quarter to fund share repurchases. We plan to use proceeds from the Dresser Equipment Group sale to pay down debt recently incurred for the repurchase of our shares. This should return the debt-to-capitalization ratio to the 30% to 35% range by the end of the second quarter of 2001.

FINANCIAL INSTRUMENT MARKET RISK

We are exposed to financial instrument market risk from changes in foreign currency exchange rates, interest rates and to a limited extent, commodity prices. We selectively hedge these exposures through the use of derivative instruments to mitigate our market risk from these exposures. 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. Our use of derivative instruments includes the following types of market risk:

- volatility of the currency rates;
- 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 do not consider any of our hedging activities to be material. See Note 1 for additional information on our accounting policies on derivative instruments. See Note 17 for additional disclosures related to derivative instruments.

RESTRUCTURING ACTIVITIES

While oil and gas prices have continued to maintain the strength that provides positive uplift to our oilfield services and integrated exploration and production information systems businesses, our engineering and construction businesses continue to experience delays in customer commitments for new upstream and downstream projects. With the exception of deepwater projects, short-term prospects for increased engineering and construction activities in either the upstream or downstream businesses are not positive. The continued delays of upstream and downstream projects, and the resulting decrease in our backlog and levels of work, will make it difficult to achieve acceptable margins in 2001 in our engineering and construction businesses. Accordingly, in the fourth quarter of 2000 we approved a plan to re-combine all of our engineering and construction businesses into one business unit. As a result of the

reorganization of the engineering and construction businesses, we took actions to rationalize our operating structure including write-offs of equipment, engineering reference designs and capitalized software of $20 million and recorded severance costs of $16 million.

During the third and fourth quarters of 1998, we incurred special charges totaling $980 million related to the Dresser merger and industry downturn, of which $21 million has been recorded in discontinued operations. During the second quarter of 1999, we reversed $47 million of our 1998 special charges based on our reassessment of total costs to be incurred to complete the actions covered in the charges.

We have in process a program to exit approximately 500 properties, including service, administrative and manufacturing facilities. We accrued expenses to exit approximately 400 of these properties in the 1998 special charges. Most of these properties are within the Energy Services Group. Through December 31, 2000 we have vacated 97% of the approximate 500 total facilities. We have sold or returned to the owner 94% of the vacated properties.

ENVIRONMENTAL MATTERS

We are subject to numerous environmental legal and regulatory requirements related to our operations worldwide. As a result of those obligations, we are involved in specific environmental litigation and claims, the clean up of properties we own or have operated, and efforts to meet or correct compliance-related matters. See Note 9.

FORWARD-LOOKING INFORMATION

The Private Securities Litigation Reform Act of 1995 provides safe harbor provisions for forward-looking information. Forward-looking information is based on projections and estimates, not historical information. Some statements in this annual report are forward-looking. We may also provide oral or written forward-looking information in other materials we release to the public. Forward-looking information involves risks and uncertainties. Forward-looking information we provide reflects our best judgement based on current information. Our results of operations can be affected by inaccurate assumptions we make or by known or unknown risks and uncertainties. In addition, other factors may affect the accuracy of our forward-looking information. As a result, no forward-looking information can be guaranteed. Actual events and the results of operations may vary materially.

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 our forward-looking statements including:

Geopolitical and legal.

- trade restrictions and economic embargoes imposed by the United States and other countries;
- 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, including, for example, Algeria, Angola, Libya, Nigeria, and Russia;
- changes in foreign exchange rates;
- changes in governmental regulations in the numerous countries in which we operate including, for example, regulations that:
  - encourage or mandate hiring local contractors; and
  - require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction;
- litigation, including, for example, asbestos litigation and environmental litigation; and
- environmental laws, including, for example, those that require emission performance standards for facilities;

Weather related.

- the effects of severe weather conditions, including, for example, hurricanes and tornadoes, on operations and facilities; and
- the impact of prolonged severe or mild weather conditions on the demand for and price of oil and natural gas;

Customers and vendors.

- the magnitude of governmental spending and outsourcing for military and logistical support of the type that we provide;
- changes in capital spending by customers in the oil and gas 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;
- consolidation of customers in the oil and gas industry; and
- claim negotiations with engineering and construction customers on cost variances and change orders on major projects;

Industry.

- technological and structural changes in the industries that we serve;
- changes in the price of oil and natural gas, including:
  - OPEC's ability to set and maintain production levels and prices for oil;
  - the level of oil production by non-OPEC countries;
  - the policies of governments regarding exploration for and production and development of their oil and natural gas reserves; and
  - the level of demand for oil and natural gas;
- changes in the price or the availability of commodities 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 our expected profit margins;
- risks that result from entering into complex business arrangements for technically demanding projects where failure by one or more parties could result in monetary penalties; and
- 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, interest rates, or commodity prices, or
  - the value and time period of the derivative being different than the exposures or cash flows being hedged;

Personnel and mergers/reorganizations/dispositions.

- increased competition in the hiring and retention of employees in specific areas, including, for example, energy services operations, accounting and finance;
- integration of acquired businesses into Halliburton, including:
  - standardizing information systems or integrating data from multiple systems;
  - maintaining uniform standards, controls, procedures and policies; and
  - combining operations and personnel of acquired businesses with ours;
- effectively reorganizing operations and personnel within Halliburton;
- replacing discontinued lines of businesses with acquisitions that add value and complement our core businesses; and
- successful completion of planned dispositions.

In addition, future trends for pricing, margins, revenues and profitability remain difficult to predict in the industries we serve. We do not assume any responsibility to publicly update any of our forward-looking statements regardless of whether factors change as a result of new information, future events or for any other reason. We do advise you to review any additional disclosures we make in our 10-Q, 8-K and 10-K reports to the Securities and Exchange Commission. We also suggest that you listen to our quarterly earnings release conference calls with financial analysts.

OTHER ISSUES

Conversion to the Euro Currency

On January 1, 1999, some member countries of the European Union established fixed conversion rates between their existing currencies and the European Union's common currency (euro). This was the first step towards transition from existing national currencies to the use of the euro as a common currency. The transition period for the introduction of the euro ends June 30, 2002. Issues resulting from the introduction of the euro include converting information technology systems, reassessing currency risk, negotiating and amending existing contracts and processing tax and accounting records. We are addressing these issues and do not expect the euro to have a material effect on our financial condition or results of operations.

Implementation of SAB 101

The Securities and Exchange Commission (SEC) issued Staff Accounting Bulletin (SAB) 101, "Revenue Recognition in Financial Statements," in December 1999. The SAB summarizes some of the SEC staff's views in applying generally accepted accounting principles to revenue recognition in financial statements. We have completed a thorough review of our revenue recognition policies and determined that our policies are consistent with SAB 101.

Accounting Change

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) No. 133, "Accounting for Derivative Instruments and for Hedging Activities," subsequently amended by SFAS No. 137 and SFAS No. 138. 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. We have completed our review of contracts for embedded derivatives and evaluated our accounting policies for derivatives and hedging activities. We adopted SFAS 133 effective January 2001 and determined the initial adoption did not have a material effect on our financial condition or results of operations.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Shareholders and Board of Directors
Halliburton Company:

We have audited the accompanying consolidated balance sheets of Halliburton Company (a Delaware corporation) and subsidiary companies as of December 31, 2000 and 1999, and the related consolidated statements of income, cash flows, and shareholders' equity for each of the three years in the period ended

December 31, 2000. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Halliburton Company and subsidiary companies as of December 31, 2000 and 1999, and the results of their operations and their cash flows for each of the three years ended December 31, 2000, in conformity with accounting principles generally accepted in the United States.

/s/ ARTHUR ANDERSEN LLP

ARTHUR ANDERSEN LLP

Dallas, Texas,
January 30, 2001 (Except with respect to the matters discussed in Notes 9 and 19, as to which the date is March 23, 2001.)

RESPONSIBILITY FOR FINANCIAL REPORTING

We are responsible for the preparation and integrity of our published financial statements. The financial statements have been prepared in accordance with accounting principles generally accepted in the United States and, accordingly, include amounts based on judgements and estimates made by our management. We also prepared the other information included in the annual report and are responsible for its accuracy and consistency with the financial statements.

The financial statements have been audited by the independent accounting firm, Arthur Andersen LLP. Arthur Andersen was given unrestricted access to all financial records and related data, including minutes of all meetings of stockholders, the Board of Directors and committees of the Board. Halliburton's Audit Committee of the Board of Directors consists of directors who, in the business judgement of the Board of Directors, are independent under the New York Exchange listing standards. The Board, operating through its Audit Committee, provides oversight to the financial reporting process. Integral to this process is the Audit Committee's review and discussion with management and the external auditors of the quarterly and annual financial statements prior to their respective filing.

We maintain a system of internal control over financial reporting, which is intended to provide reasonable assurance to our management and Board of Directors regarding the reliability of our financial statements. The system includes:

- a documented organizational structure and division of responsibility;
- established policies and procedures, including a code of conduct to foster a strong ethical climate which is communicated throughout the company; and
- the careful selection, training and development of our people.

Internal auditors monitor the operation of the internal control system and report findings and recommendations to management and the Board of Directors. Corrective actions are taken to address control deficiencies and other opportunities for improving the system as they are identified. In accordance with the Securities and Exchange Commission's new rules to improve the reliability of financial statements, our interim financial statements are reviewed by Arthur Andersen LLP.

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

We have assessed our internal control system in relation to criteria for effective internal control over financial reporting described in "Internal Control-Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based upon that assessment, we believe that, as of December 31, 2000, our system of internal control over financial reporting met those criteria.

HALLIBURTON COMPANY
by

/s/ DAVID J. LESAR	/s/ GARY V. MORRIS
David J. Lesar Chairman of the Board, President and Chief Executive Officer	Gary V. Morris Executive Vice President and Chief Financial Officer

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

	Years ended December 31		
	2000	1999	1998
Revenues:			
Services	$ 10,185	$ 10,826	$ 12,089
Sales	1,671	1,388	2,261
Equity in earnings of unconsolidated affiliates	88	99	154
Total revenues	$ 11,944	$ 12,313	$ 14,504
Operating costs and expenses:			
Cost of services	$ 9,755	$ 10,368	$ 11,127
Cost of sales	1,463	1,240	1,895
General and administrative	352	351	437
Gain on sale of marine vessels	(88)	-	-
Special charges and credits	-	(47)	875
Total operating costs and expenses	$ 11,482	$ 11,912	$ 14,334
Operating income	462	401	170
Interest expense	(146)	(141)	(134)
Interest income	25	74	26
Foreign currency losses, net	(5)	(8)	(10)
Other, net	(1)	(19)	3
Income from continuing operations before taxes, minority interest, and change in accounting method	335	307	55
Provision for income taxes	(129)	(116)	(155)
Minority interest in net income of subsidiaries	(18)	(17)	(20)
Income (loss) from continuing operations before change in accounting method	188	174	(120)
Discontinued operations:			
Income from discontinued operations, net of tax of $60, $98, and $90	98	124	105
Gain on disposal of discontinued operations, net of tax of $141 and $94	215	159	-
Income from discontinued operations	313	283	105
Cumulative effect of change in accounting method, net of tax benefit of $11	-	(19)	-
Net income (loss)	$ 501	$ 438	$ (15)
Basic income (loss) per share:			
Income (loss) from continuing operations before change in accounting method	$ 0.42	$ 0.40	$ (0.27)
Income from discontinued operations	0.22	0.28	0.24
Gain on disposal of discontinued operations	0.49	0.36	-
Change in accounting method	-	(0.04)	-
Net income (loss)	$ 1.13	$ 1.00	$ (0.03)

Diluted income (loss) per share:			
Income (loss) from continuing operations before change in accounting method	$ 0.42	$ 0.39	$ (0.27)
Income from discontinued operations	0.22	0.28	0.24
Gain on disposal of discontinued operations	0.48	0.36	-
Change in accounting method	-	(0.04)	-
Net income (loss)	$ 1.12	$ 0.99	$ (0.03)
Basic average common shares outstanding	442	440	439
Diluted average common shares outstanding	446	443	439

<FN>
See notes to annual financial statements.
</FN>

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

	December 31	
	2000	1999
Assets		
Current assets:		
Cash and equivalents	$ 231	$ 466
Receivables:		
Notes and accounts receivable (less allowance for bad debts of $125 and $94)	3,029	2,349
Unbilled work on uncompleted contracts	816	625
Total receivables	3,845	2,974
Inventories	723	723
Current deferred income taxes	235	171
Net current assets of discontinued operations	298	793
Other current assets	236	235
Total current assets	5,568	5,362
Net property, plant and equipment	2,410	2,390
Equity in and advances to related companies	400	384
Excess of cost over net assets acquired (net of accumulated amortization of $231 and $189)	597	505
Noncurrent deferred income taxes	340	398
Net noncurrent assets of discontinued operations	391	310
Other assets	397	290
Total assets	$ 10,103	$ 9,639
Liabilities and Shareholders' Equity		
Current liabilities:		
Short-term notes payable	$ 1,570	$ 939
Current maturities of long-term debt	8	308
Accounts payable	782	665
Accrued employee compensation and benefits	267	137
Advance billings on uncompleted contracts	288	286
Deferred revenues	98	44
Income taxes payable	113	120
Accrued special charges	6	69
Other current liabilities	694	465
Total current liabilities	3,826	3,033
Long-term debt	1,049	1,056
Employee compensation and benefits	662	672
Other liabilities	600	547
Minority interest in consolidated subsidiaries	38	44
Total liabilities	6,175	5,352
Shareholders' equity:		
Common shares, par value $2.50 per share - authorized 600 shares, issued 453 and 448 shares	1,132	1,120
Paid-in capital in excess of par value	259	68
Deferred compensation	(63)	(51)
Accumulated other comprehensive income	(288)	(204)
Retained earnings	3,733	3,453
	4,773	4,386
Less 26 and 6 shares of treasury stock, at cost	845	99
Total shareholders' equity	3,928	4,287
Total liabilities and shareholders' equity	$ 10,103	$ 9,639

<FN>
See notes to annual financial statements.
</FN>

HALLIBURTON COMPANY
Consolidated Statements of Shareholders' Equity
(Millions of dollars and shares)

	Years ended December 31		
	2000	1999	1998
Common stock (number of shares)			
Balance at beginning of year	448	446	454
Shares issued under compensation and incentive stock plans, net of forfeitures	4	2	1
Shares issued for acquisition	1	-	-
Cancellation of treasury stock	-	-	(9)
Balance at end of year	453	448	446
Common stock (dollars)			
Balance at beginning of year	$ 1,120	$ 1,115	$ 1,134
Shares issued under compensation and incentive stock plans, net of forfeitures	9	5	3
Shares issued for acquisition	3	-	-
Cancellation of treasury stock	-	-	(22)
Balance at end of year	$ 1,132	$ 1,120	$ 1,115
Paid-in capital in excess of par value			
Balance at beginning of year	$ 68	$ 8	$ 168
Shares issued under compensation and incentive stock plans, net of forfeitures	109	47	37
Tax benefit	38	13	12
Shares issued for acquisition	44	-	-
Cancellation of treasury stock	-	-	(209)
Balance at end of year	$ 259	$ 68	$ 8
Deferred compensation			
Balance at beginning of year	$ (51)	$ (51)	$ (45)
Current year awards, net	(12)	-	(6)
Balance at end of year	$ (63)	$ (51)	$ (51)
Accumulated other comprehensive income			
Cumulative translation adjustment	$ (275)	$ (185)	$ (142)
Pension liability adjustment	(12)	(19)	(7)
Unrealized gain on investments	(1)	-	-
Balance at end of year	$ (288)	$ (204)	$ (149)
Cumulative translation adjustment			
Balance at beginning of year	$ (185)	$ (142)	$ (127)
Conforming fiscal years	-	-	(15)
Sales of subsidiaries	11	(17)	9
Current year changes, net of tax	(101)	(26)	(9)
Balance at end of year	$ (275)	$ (185)	$ (142)

(continued on next page)
<FN>
See notes to annual financial statements.
</FN>

	Years ended December 31		
	2000	1999	1998

Pension liability adjustment			
Balance at beginning of year	$ (19)	$ (7)	$ (4)
Sale of subsidiary	7	-	-
Current year adjustment	-	(12)	(3)
Balance at end of year	$ (12)	$ (19)	$ (7)
Unrealized gain (loss) on investments			
Current year unrealized gain (loss) on investments	$ (1)	$ -	$ -
Balance at end of year	$ (1)	$ -	$ -
Retained earnings			
Balance at beginning of year	$ 3,453	$ 3,236	$ 3,563
Net income (loss)	501	438	(15)
Cash dividends paid	(221)	(221)	(254)
Cancellation of treasury stock	-	-	(61)
Conforming fiscal years	-	-	3
Balance at end of year	$ 3,733	$ 3,453	$ 3,236
Treasury stock (number of shares)			
Beginning of year	6	6	16
Shares issued under benefit, dividend reinvestment plan and incentive stock plans, net	-	-	(1)
Shares purchased	20	-	-
Cancellation of treasury stock	-	-	(9)
Balance at end of year	26	6	6
Treasury stock (dollars)			
Beginning of year	$ 99	$ 98	$ 374
Shares issued under benefit, dividend reinvestment plan and incentive stock plans, net	(23)	(9)	(26)
Shares purchased	769	10	20
Cancellation of treasury stock	-	-	(270)
Balance at end of year	$ 845	$ 99	$ 98
Comprehensive income			
Net income (loss)	$ 501	$ 438	$ (15)
Translation rate changes, net of tax	(101)	(26)	(9)
Current year adjustment to minimum pension liability	-	(12)	(3)
Unrealized gain (loss) on investments	(1)	-	-
Total comprehensive income	$ 399	$ 400	$ (27)

<FN>
See notes to annual financial statements.
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HALLIBURTON COMPANY
Consolidated Statements of Cash Flows
(Millions of dollars)

	Years ended December 31		
	2000	1999	1998
Cash flows from operating activities:			
Net income (loss)	$ 501	$ 438	$ (15)
Adjustments to reconcile net income to net cash from operations:			
Income from discontinued operations	(313)	(283)	(105)
Depreciation, depletion and amortization	503	511	500
(Benefit) provision for deferred income taxes	(6)	187	(297)
Change in accounting method, net	-	19	-
Distributions from (advances to) related companies, net of equity in (earnings) losses	(64)	24	9
Accrued special charges	(63)	(290)	359
Other non-cash items	(22)	19	5
Other changes, net of non-cash items:			
Receivables and unbilled work	(896)	616	(215)
Inventories	8	(3)	(38)
Accounts payable	170	(179)	(25)
Other working capital, net	155	(432)	(255)
Other, net	(30)	(685)	227
Total cash flows from operating activities	(57)	(58)	150
Cash flows from investing activities:			
Capital expenditures	(578)	(520)	(841)
Sales of property, plant and equipment	209	118	83
Acquisitions of businesses, net of cash acquired	(10)	(7)	(40)
Dispositions of businesses, net of cash disposed	19	291	7
Other investing activities	(51)	11	1
Total cash flows from investing activities	(411)	(107)	(790)
Cash flows from financing activities:			
Borrowings of long-term debt	-	-	150
Payments on long-term borrowings	(308)	(59)	(28)

Net borrowings of short-term debt	629	436	386
Payments of dividends to shareholders	(221)	(221)	(254)
Proceeds from exercises of stock options	105	49	49
Payments to reacquire common stock	(769)	(10)	(20)
Other financing activities	(20)	(6)	(16)
Total cash flows from financing activities	(584)	189	267
Effect of exchange rate changes on cash	(9)	5	(5)
Net cash flows from discontinued operations (1)	826	234	235
Increase (decrease) in cash and equivalents	(235)	263	(143)
Cash and equivalents at beginning of year	466	203	346
Cash and equivalents at end of year	$ 231	$ 466	$ 203
Supplemental disclosure of cash flow information:			
Cash payments during the year for:			
Interest	$ 144	$ 145	$ 137
Income taxes	$ 310	$ 98	$ 535
Non-cash investing and financing activities:			
Liabilities assumed in acquisitions of businesses	$ 95	$ 90	$ 5
Liabilities disposed of in dispositions of businesses	$ 499	$ 111	$ 24

<FN>
(1) Net cash flows from discontinued operations in 2000 include proceeds of approximately $913 million from the sales of Dresser-Rand in 2000 and Ingersoll-Dresser Pump in 1999. See Note 2.
See notes to annual financial statements.
</FN>

HALLIBURTON COMPANY
Notes to Annual Financial Statements

Note 1. Significant Accounting Policies

We employ accounting policies that are in accordance with generally accepted accounting principles in the United States. The preparation of financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions that affect:

- the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements; and
- the reported amounts of revenues and expenses during the reporting period.

Ultimate results could differ from those estimates.

Principles of consolidation. The consolidated financial statements include the accounts of our company and all of our majority-owned subsidiaries. All material intercompany accounts and transactions are eliminated. Investments in other companies in which we own a 20% to 50% interest are accounted for using the equity method. Specific prior year amounts have been reclassified to conform to the current year presentation.

Revenues and income recognition. We recognize revenues as services are rendered or products are shipped. The distinction between services and product sales is based upon the overall activity of the particular business operation. Revenues from engineering and construction contracts are reported on the percentage of completion method of accounting using measurements of progress towards completion appropriate for the work performed. All known or anticipated losses on contracts are provided for currently. Claims and change orders which are in the process of being negotiated with customers, for extra work or changes in the scope of work are included in revenue when collection is deemed probable. Post-contract customer support agreements are recorded as deferred revenues and recognized as revenue ratably over the contract period of generally one year's duration. Training and consulting service revenues are recognized as the services are performed. Sales of perpetual software licenses, net of deferred maintenance fees, are recorded as revenue upon shipment. Sales of use licenses are recognized as revenue over the license period.

Research and development. Research and development expenses are charged to income as incurred. See Note 4 for research and development expense by business segment.

Software development costs. Costs of developing software for sale are charged to expense when incurred, as research and development, until technological feasibility has been established for the product. Once technological feasibility is established, software development costs are capitalized until the software is ready for general release to customers. We capitalized costs related to software developed for resale of $7 million in 2000, $12 million in 1999 and $13 million in 1998. Amortization expense of software development costs was $12 million for 2000, $15 million for 1999 and $18 million for 1998. Once the software is ready for release, amortization of the software development costs begins. Capitalized software development costs are amortized over periods which do not exceed three years.

Income per share. Basic income per share is based on the weighted average number of common shares outstanding during the year. Diluted income per share includes additional common shares that would have been outstanding if potential common shares with a dilutive effect had been issued. See Note 10 for a reconciliation of basic and diluted income per share.

Cash equivalents. We consider all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Receivables. Our receivables are generally not collateralized. With the exception of claims and change orders which are in the process of being negotiated with customers, unbilled work on uncompleted contracts generally represents work currently billable, and this work is usually billed during normal billing processes in the next month. These claims and change orders, included in unbilled receivables, amounted to $113 million and $98 million at December 31, 2000 and 1999, respectively, and are generally expected to be collected in the following year.

Included in notes and accounts receivable are notes with varying interest rates. Notes receivable totaled $38 million at December 31, 2000 and $41 million at December 31, 1999.

Inventories. Inventories are stated at the lower of cost or market. Cost represents invoice or production cost for new items and original cost less allowance for condition for used material returned to stock. Production cost includes material, labor and manufacturing overhead. The cost of most inventories is determined using either the first-in, first-out method or the average cost method, although the cost of some United States manufacturing and field service inventories is determined using the last-in, first-out method. Inventories of sales items owned by foreign subsidiaries and inventories of operating supplies and parts are generally valued at average cost.

Property, plant and equipment. Property, plant and equipment are reported at cost less accumulated depreciation, which is generally provided on the straight-line method over the estimated useful lives of the assets. Some assets are depreciated on accelerated methods. Accelerated depreciation methods are also used for tax purposes, wherever permitted. Upon sale or retirement of an asset, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is recognized. When events or changes in circumstances indicate that assets may be impaired, an evaluation is performed. The estimated future undiscounted cash flows associated with the asset are compared to the asset's carrying amount to determine if a write-down to market value or discounted cash flow value is required. We follow the successful efforts method of accounting for oil and gas properties.

Maintenance and repairs. Expenditures for maintenance and repairs are generally expensed; expenditures for renewals and improvements are generally capitalized. We use the accrue-in-advance method of accounting for major maintenance and repair costs of marine vessel dry docking expense and major aircraft overhauls and repairs. Under this method we anticipate the need for major maintenance and repairs and charge the estimated expense to operations before the actual work is performed. At the time the work is performed, the actual cost incurred is charged against the amounts that were previously accrued with any deficiency or excess charged or credited to operating expense.

Excess of cost over net assets acquired. The excess of cost over net assets acquired is amortized on a straight-line basis over periods not exceeding 40 years. The excess of cost over net assets acquired is continually monitored for potential impairment. When negative conditions such as significant current or projected operating losses exist, a review is performed to determine if the projected undiscounted future cash flows indicate that an impairment exists. If an impairment exists, the excess of cost over net assets acquired, and, if appropriate, the associated assets are reduced to reflect the estimated discounted cash flows to be generated by the underlying business. This is consistent with methodologies in Statement of Financial Accounting Standards No. 121 "Accounting for the Impairment of Long-lived Assets and for Long-lived Assets to be Disposed of."

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

Derivative instruments. We enter into derivative financial transactions to hedge existing or projected exposures to changing foreign exchange rates, interest rates and commodity prices. We do not enter into derivative transactions for speculative or trading purposes. Derivative financial instruments to hedge exposure with an indeterminable maturity date are generally carried at fair value with the resulting gains and losses reflected in the results of operations. Gains or losses on hedges of identifiable commitments are deferred and recognized when the offsetting gains or losses on the related hedged items are recognized. Deferred gains or losses for hedges which are terminated prior to the transaction date are recognized when the underlying hedged transactions are recognized. In the event an identifiable commitment is no longer expected to be realized, any deferred gains or losses on hedges associated with the commitment are recognized currently. Costs associated with entering into these contracts are presented in other assets, while deferred gains or losses are included in other liabilities or other assets, respectively, on the consolidated balance sheets. Recognized gains or losses on derivatives entered into to manage foreign exchange risk are included in foreign currency gains and losses on the consolidated statements of income. Gains or losses on interest rate derivatives and commodity derivatives are included in interest expense and operating income, respectively. During the years ended December 31, 2000, 1999 and 1998, we did not enter into any significant transactions to hedge interest rates or commodity prices.

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

Note 2. Acquisitions and Dispositions

PES acquisition. In February 2000, our offer to acquire the remaining 74% of the shares of PES (International) Limited that we did not already own was accepted by PES shareholders. PES is based in Aberdeen, Scotland, and has developed technology that complements Halliburton Energy Services' real-time reservoir solutions. To acquire the remaining 74% of PES, we issued 1.2 million shares of Halliburton common stock. We also issued rights that will result in the issuance of between 850,000 and 2.1 million additional shares of Halliburton common stock between February 2001 and February 2003. We issued 1 million shares in February 2001 under the rights. We have preliminarily recorded, subject to the final valuation of intangible assets and other costs, $115 million of goodwill which will be amortized over 20 years. PES is part of the Energy Services Group.

Dresser merger. On September 29, 1998 we completed the acquisition of Dresser Industries, Inc. by converting the outstanding Dresser common stock into approximately 176 million shares of our common stock. We also reserved approximately 7 million shares of common stock for outstanding Dresser stock options and other employee and directors plans. The merger qualified as a tax-free exchange to Dresser's shareholders for United States federal income tax purposes and was accounted for using the pooling of interests method of accounting for business combinations. Financial statements have been restated to include the results of these Dresser operations for all periods presented.

Combined and separate company results of Halliburton Company and Dresser Industries, Inc. for the period preceding the merger are as follows:

Millions of dollars		Nine Months Ended September 30 1998
Revenues:		
Halliburton Company		$ 7,045
Dresser Industries, Inc.	$ 6,019	
Amounts reclassified to discontinued operations	(2,070)	3,949
Combined continuing operations		$ 10,994

Income (loss):		
Halliburton Company		$ 359
Dresser Industries, Inc.	$ 282	
Amounts reclassified to discontinued operations	(93)	189
1998 special charges, net of tax	(722)	
Amounts reclassified to discontinued operations	15	(707)
Combined continuing operations		$ (159)

Other acquisitions. We acquired other businesses in 2000, 1999 and 1998 for $10 million, $13 million and $42 million, respectively. These businesses did not have a significant effect on revenues or earnings.

Joint venture divestitures. In October 1999, we announced the sales of our 49% interest in the Ingersoll-Dresser Pump joint venture and our 51% interest in the Dresser-Rand joint venture to Ingersoll-Rand. See Note 3. The sales were triggered by Ingersoll-Rand's exercise of its option under the joint venture agreements to cause us to either buy their interests or sell ours. Both joint ventures were part of the Dresser Equipment Group segment. Our Ingersoll-Dresser

Pump interest was sold in December 1999 for approximately $515 million. We recorded a gain on disposition of discontinued operations of $253 million before tax, or $159 million after-tax, for a net gain of $0.36 per diluted share in 1999 from the sale of Ingersoll-Dresser Pump. Proceeds from the sale, after payment of our intercompany balance, were received in the form of a $377 million promissory note with an annual interest rate of 3.5% which was collected on January 14, 2000. On February 2, 2000 we completed the sale of our 51% interest in Dresser-Rand for a price of approximately $579 million. Proceeds from the sale, net of intercompany amounts payable to the joint venture, were $536 million, resulting in a gain on disposition of discontinued operations of $356 million before tax, or $215 million after-tax, for a net gain of $0.48 per diluted share in the first quarter of 2000. The proceeds from these sales were used to repay short-term borrowings and for other general corporate purposes.

LWD divestiture. In March 1999, in connection with the Dresser merger, we sold the majority of our pre-merger worldwide logging-while-drilling business and a portion of the pre-merger measurement-while-drilling business. The sale was in accordance 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. See Note 12. This business was previously part of the Energy Services Group. We continue to provide separate logging-while-drilling services through our Sperry-Sun Drilling Systems business line, which was acquired as part of the merger with Dresser and is now part of the Energy Services Group. In addition, we will continue to provide sonic logging-while-drilling services using technologies we had before the merger with Dresser.

M-I L.L.C. drilling divestiture. In August 1998, we sold our 36% interest in M-I L.L.C. to Smith International, Inc. for $265 million. Payment was made in the form of a non-interest-bearing promissory note which was collected in April 1999. The sale completed our commitment to the United States Department of Justice to sell our M-I interest in connection with our merger with Dresser. M-I was previously part of the Energy Services Group. We continue to offer drilling fluid products and services through our Baroid Drilling Fluids business line which was acquired as part of the merger with Dresser and is now part of the Energy Services Group.

Note 3. Discontinued Operations

The Dresser Equipment Group in 1999 was comprised of six operating divisions and two joint ventures that manufacture and market equipment used primarily in the energy, petrochemical, power and transportation industries. In late 1999 we announced our intentions to sell, and have subsequently sold, our interests in the two joint ventures within this segment. These joint ventures represented nearly half of the group's revenues and operating profit in 1999. See Note 2. The sale of our interests in the segment's joint ventures prompted a strategic review of the remaining businesses within the Dresser Equipment Group segment. As a result of this review, we determined that these businesses do not closely fit with our core businesses, long-term goals and strategic objectives. In April 2000, our Board of Directors approved plans to sell all the remaining businesses within our Dresser Equipment Group segment. In January 2001, we signed a definitive agreement and expect to close the sale of these businesses in the second quarter of 2001. Total consideration under the agreement is $1.55 billion in cash, less assumed liabilities, and is subject to adjustments at closing for changes in net assets. As part of the terms of the transaction, we will retain a 5% equity interest in Dresser Equipment Group after closing.

The financial results of the Dresser Equipment Group segment are presented as discontinued operations in our financial statements. Prior periods are restated to reflect this presentation.

Income from Operations of Discontinued Businesses Millions of dollars	Years ended December 31 2000	 1999	 1998
Revenues	$ 1,400	$ 2,585	$ 2,849
Operating income	$ 158	$ 249	$ 227
Other income and expense	-	(1)	(3)
Taxes	(60)	(98)	(90)
Minority interest	-	(26)	(29)
Net income	$ 98	$ 124	$ 105

Gain on disposal of discontinued operations reflects the gain on the sale of Dresser-Rand in February 2000 and the gain on the sale of Ingersoll-Dresser Pump in December 1999.

Gain on Disposal of Discontinued Operations Millions of dollars	2000	1999
Proceeds from sale, less intercompany settlement	$ 536	$ 377
Net assets disposed	(180)	(124)
Gain before taxes	356	253
Income taxes	(141)	(94)
Gain on disposal of discontinued operations	$ 215	$ 159

Net assets of discontinued operations at December 31, 2000 and 1999 are composed of the following items:

Millions of dollars	2000	1999
Receivables	$ 286	$ 904
Inventories	255	515
Other current assets	22	34
Accounts payable	(104)	(267)
Other current liabilities	(161)	(393)
Net current assets of discontinued operations	$ 298	$ 793
Net property, plant and equipment	$ 219	$ 401
Net goodwill	257	263
Other assets	30	74
Employee compensation and benefits	(113)	(313)
Other liabilities	(2)	(5)
Minority interest in consolidated subsidiaries	-	(110)
Net noncurrent assets of discontinued operations	$ 391	$ 310

Revenues, assets, and liabilities declined from 1999 primarily due to the sales of Dresser-Rand and Ingersoll-Dresser Pump joint ventures.

Note 4. Business Segment Information

We have two business segments. These segments are organized around the products and services provided to the customers they serve. See the following tables for information on our business segments.

The Energy Services Group segment provides pressure pumping equipment and services, logging and perforating, drilling systems and services, drilling fluids systems, drill bits, specialized completion and production equipment and services, well control, integrated solutions, and reservoir description. Also included in the Energy Services Group are upstream oil and gas engineering, construction and maintenance services, specialty pipecoating, insulation, underwater engineering services, integrated exploration and production information systems, and professional services to the petroleum industry. The Energy Services Group has three business units: Halliburton Energy Services, Brown & Root Energy Services and Landmark Graphics. The long-term performance for these business units is linked to the long-term demand for oil and gas. The products and services the group provides are designed to help discover, develop and produce oil and gas. The customers for this segment are major oil companies, national oil companies and independent oil and gas companies.

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

Our equity in pretax income or losses for unconsolidated related companies that are accounted for on the equity method is included in revenues and operating income of the applicable segment. Intersegment revenues included in the revenues of the other business segments and sales between geographic areas are immaterial. General corporate assets not included in a business segment are primarily composed of receivables, deferred tax assets and other shared assets, including the investment in an enterprise-wide information system.

The tables below present information on our continuing operations business segments.

Operations by Business Segment

	Years ended December 31		
Millions of dollars	2000	1999	1998
Revenues:			
Energy Services Group	$ 7,916	$ 6,999	$ 9,009
Engineering and Construction Group	4,028	5,314	5,495
Total	$11,944	$ 12,313	$ 14,504
Operating income:			
Energy Services Group	$ 526	$ 222	$ 971
Engineering and Construction Group	14	203	237
Special charges and credits	-	47	(959)
General corporate	(78)	(71)	(79)
Total	$ 462	$ 401	$ 170
Capital expenditures:			
Energy Services Group	$ 495	$ 414	$ 707
Engineering and Construction Group	32	34	34
General corporate and shared assets	51	72	100
Total	$ 578	$ 520	$ 841
Depreciation and amortization:			
Energy Services Group	$ 420	$ 421	$ 405
Engineering and Construction Group	36	43	49
General corporate and shared assets	47	47	46
Total	$ 503	$ 511	$ 500
Total assets:			

Energy Services Group	$ 7,148	$ 6,167	$ 6,618
Engineering and Construction Group	1,258	1,282	1,405
Net assets of discontinued operations	689	1,103	950
General corporate and shared assets	1,008	1,087	1,099
Total	$10,103	$ 9,639	$ 10,072

(continued on next page)

Operations by Business Segment (continued)

	Years ended December 31		
Millions of dollars	2000	1999	1998
Research and development:			
Energy Services Group	$ 224	$ 207	$ 220
Engineering and Construction Group	7	4	4
Total	$ 231	$ 211	$ 224
Special charges and credits:			
Energy Services Group	$ -	$ (45)	$ 721
Engineering and Construction Group	-	-	40
General corporate	-	(2)	198
Total	$ -	$ (47)	$ 959

Operations by Geographic Area

	Years ended December 31		
Millions of dollars	2000	1999	1998
Revenues:			
United States	$ 4,073	$ 3,727	$ 4,642
United Kingdom	1,512	1,656	2,153
Other areas (over 120 countries)	6,359	6,930	7,709
Total	$11,944	$12,313	$14,504
Long-lived assets:			
United States	$ 2,068	$ 1,801	$ 1,788
United Kingdom	525	684	579
Other areas (numerous countries)	776	643	920
Total	$ 3,369	$ 3,128	$ 3,287

Note 5. Inventories

Inventories to support continuing operations at December 31, 2000 and 1999 are composed of the following:

Millions of dollars	2000	1999
Finished products and parts	$ 486	$ 619
Raw materials and supplies	178	79
Work in process	59	25
Total	$ 723	$ 723

Inventories on the last-in, first-out method were $66 million at December 31, 2000 and 1999. If the average cost method had been used, total inventories would have been about $28 million higher than reported at December 31, 2000, and $35 million higher than reported at December 31, 1999.

Note 6. Property, Plant and Equipment

Property, plant and equipment to support continuing operations at December 31, 2000 and 1999 are composed of the following:

Millions of dollars	2000	1999
Land	$ 83	$ 110
Buildings and property improvements	968	959
Machinery, equipment and other	4,509	4,443
Total	5,560	5,512
Less accumulated depreciation	3,150	3,122
Net property, plant and equipment	$ 2,410	$ 2,390

At December 31, 2000 and 1999, machinery, equipment and other property includes oil and gas investments of approximately $363 million and $309 million, respectively, and software developed for an information system of $223 million and $197 million, respectively.

Note 7. Related Companies

We conduct some of our operations through various joint ventures which are in partnership, corporate and other business forms, and are principally accounted for using the equity method. Information pertaining to related companies for our continuing operations is set out below.

The larger unconsolidated entities include European Marine Contractors, Limited, and Bredero-Shaw which are both part of the Energy Services Group. European Marine Contractors, Limited, which is 50%-owned, specializes in engineering, procurement and construction of marine pipelines. Bredero-Shaw, which is 50%-owned, specializes in pipecoating.

We sold our 36% ownership interest in M-I to Smith International, Inc. on August 31, 1998. This transaction completed our commitment to the United States Department of Justice to sell our M-I interest in connection with our merger with Dresser Industries, Inc. See Note 2 for further information on the sale of M-I. Prior to the sale of our interest, we accounted for our interest in M-I on the equity method.

Combined summarized financial information for all jointly owned operations which are not consolidated is as follows:

Combined Operating Results	Years ended December 31		
Millions of dollars	2000	1999	1998
Revenues	$ 3,098	$ 3,215	$ 4,262
Operating income	$ 192	$ 193	$ 398
Net income	$ 169	$ 127	$ 276

Combined Financial Position	December 31	
Millions of dollars	2000	1999

Current assets	$ 1,604	$ 1,718
Noncurrent assets	1,307	1,455
Total	$ 2,911	$ 3,173
Current liabilities	$ 1,238	$ 1,301
Noncurrent liabilities	947	1,135
Minority interests	2	4
Shareholders' equity	724	733
Total	$ 2,911	$ 3,173

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

At December 31, 2000, we had committed short-term lines of credit totaling $1.85 billion. There were no borrowings outstanding under these lines of credit. Fees for committed lines of credit were immaterial.

Short-term debt consists primarily of $1.54 billion in commercial paper with an effective interest rate of 6.6% and $30 million of other facilities with varying rates of interest.

Long-term debt at the end of 2000 and 1999 consists of the following:

Millions of dollars	2000	1999
6.25% notes due June 2000	$ -	$ 300
7.6% debentures due August 2096	300	300
8.75% debentures due February 2021	200	200
8% senior notes due April 2003	139	139
Medium-term notes due 2002 through 2027	400	400
Term loans at LIBOR (GBP) plus 0.75% payable in semiannual installments through March 2002	11	20
Other notes with varying interest rates	7	5
Total long-term debt	1,057	1,364
Less current portion	8	308
Noncurrent portion of long-term debt	$ 1,049	$ 1,056

We repaid $300 million on our 6.25% notes which came due in June 2000. The 7.6% debentures due 2096, 8.75% debentures due 2021, and 8% senior notes due 2003 may not be redeemed prior to maturity and do not have sinking fund requirements.

At December 31, 2000, we have outstanding notes under our medium-term note program as follows:

Amount	Due	Rate	Issue Price
$ 75 million	08/2002	6.30%	Par
$ 150 million	12/2008	5.63%	99.97%
$ 50 million	05/2017	7.53%	Par
$ 125 million	02/2027	6.75%	99.78%

Each holder of the 6.75% medium-term notes has the right to require us to repay the holder's notes in whole or in part, on February 1, 2007. We may redeem the 5.63% medium-term notes in whole or in part at any time. Other notes issued under the medium-term note program may not be redeemed prior to maturity. The medium-term notes do not have sinking fund requirements.

Our debt matures as follows: $8 million in 2001; $84 million in 2002; $139 million in 2003; none in 2004 and 2005; and $826 million thereafter.

Note 9. Commitments and Contingencies

Leases. At year end 2000, we were obligated under noncancelable operating leases, expiring on various dates through 2021, principally for the use of land, offices, equipment, field facilities, and warehouses. Total rentals charged to continuing operations for noncancelable leases in 2000, 1999 and 1998 were as follows:

Millions of dollars	2000	1999	1998
Rental expense	$ 149	$ 139	$ 156

Future total rentals on noncancelable operating leases are as follows: $94 million in 2001; $80 million in 2002; $66 million in 2003; $45 million in 2004; $32 million in 2005; and $84 million thereafter.

Asbestos litigation. Since 1976, our subsidiary, Dresser Industries, Inc. and its former divisions or subsidiaries have been involved in litigation alleging some products they manufactured contained asbestos that injured persons that inhaled the fibers.

Dresser has entered into agreements with insurance carriers, that cover, in whole or in part, indemnity payments, legal fees and expenses for specific categories of claims. Dresser is negotiating with insurance carriers for coverage for the remaining categories of claims. Because these agreements are governed by exposure dates, payment type and the product involved, the covered amount varies by claim. In addition, lawsuits are pending against several carriers seeking to recover additional amounts related to these claims.

Our Engineering and Construction Group is also involved in asbestos litigation. Third parties allege they sustained injuries from the inhalation of asbestos fibers contained in some of the materials used in various construction and renovation projects involving our Brown & Root subsidiary, now named Kellogg Brown & Root, Inc. The insurance coverage for Kellogg Brown & Root for the applicable periods was written by Highlands Insurance Company. Highlands was a subsidiary of Halliburton prior to its spin-off to our shareholders in early 1996. Our negotiations with Highlands have not produced an agreement on the amount of insurance coverage for asbestos and defense costs. On April 5, 2000, Highlands filed suit in Delaware Chancery Court alleging that, as part of the spin-off in 1996, Halliburton assumed liability for all asbestos claims filed against Halliburton after the spin-off. Highlands also alleges that Halliburton did not adequately disclose to Highlands the existence of Halliburton's subsidiaries' potential asbestos liability. On August 23, 2000 Highlands issued a letter denying coverage under the policies based on the claims asserted in the Delaware action. We believe that Highlands is contractually obligated to provide insurance coverage for the asbestos claims filed against Kellogg Brown & Root and that Highlands' lawsuit and its denial of coverage are without merit. We intend to assert our right to the insurance coverage vigorously. On April 24, 2000, Halliburton filed suit against Highlands in Harris County, Texas, claiming that Highlands breached its contractual obligation to provide insurance coverage. We have asked the court to order Highlands to provide coverage for asbestos claims under the guaranteed cost policies issued by Highlands to Kellogg Brown & Root.

On March 21, 2001 the Delaware Chancery Court ruled that Highlands is not obligated to provide insurance coverage for asbestos claims filed against Kellogg Brown & Root because, in the court's opinion, the agreements entered into by Highlands and Halliburton at the time of the spin-off terminated the policies previously written by Highlands that would otherwise cover such claims. This ruling, if it is not reversed on appeal, would eliminate our primary insurance covering asbestos claims against Kellogg Brown & Root for periods prior to the spin-off. Most claims filed against Kellogg Brown & Root allege exposure to asbestos prior to the spin-off and are disposed of for less than the limits of the Highlands policies. However, we and our legal counsel, Vinson & Elkins L.L.P., believe the court's ruling is wrong. We intend to appeal the ruling to the Delaware Supreme Court as soon as possible. Vinson & Elkins has opined to us that it is very likely that the ruling of the Chancery Court will be reversed because the ruling clearly contravenes the provisions of the applicable agreements between Highlands and Halliburton. Vinson & Elkins has also opined to us that it is likely that we will ultimately prevail in this ligitation.

Since 1976, approximately 282,000 claims have been filed against various current and former divisions and subsidiaries. About 25,000 of these claims relate to Kellogg Brown & Root and the balance of these claims relate to Dresser, its former divisions and subsidiaries. Approximately 165,000 of these claims have been settled or disposed of at a gross cost of approximately $124 million, with insurance carriers paying all but approximately $32 million. Claims continue to be filed, with about 45,000 claims filed in 2000. We have established an accrual estimating our liability for known asbestos claims. Our estimate is based on our historical litigation experience, settlements and expected recoveries from insurance carriers. Our expected insurance recoveries are based on agreements with carriers or, where agreements are still under negotiation or litigation, our estimate of recoveries. We believe that the insurance carriers with which we have signed agreements will be able to meet their share of future obligations under the agreements. Prior to the Chancery Court's ruling, Highlands Insurance Group, Inc., the parent of Highlands Insurance Company, stated in its SEC filings that if it lost the litigation with us and is required to pay the asbestos claims against Kellogg Brown & Root, there could be a material adverse impact on Highlands Insurance Group's financial position. Highlands Incurance Company reported statutory capital surplus of $152 million to the Texas Insurance Commission in its Quarterly Statement as of September 30, 2000. On March 12, 2001, Highlands Insurance Group, Inc. announced that it expected to report a significant loss for the fourth quarter of 2000 and for the full year 2000. Although we do not know the extent of the impact of this loss on Highlands Insurance Company, we believe that Highlands has the ability to pay substantially all of these asbestos claims when this litigation is resolved in our favor.

At December 31, 2000, there were about 117,000 open claims, including about 23,000 associated with recoveries we expect from Highlands. Open claims at December 31, 2000 also include 9,000 for which settlements are pending. The number of open claims at the end of 2000 compares with approximately 107,700 open claims at the end of the prior year. The accrued liabilities for these claims and corresponding billed and estimated recoveries from carriers are as follows:

	December 31	
Millions of dollars	2000	1999
Accrued liability	$ 80	$ 71
Estimated insurance recoveries:		
Highlands Insurance Company	(39)	(28)
Other insurance carriers	(12)	(18)
Net asbestos liability	$ 29	$ 25

As of December 31, 2000, we have accounts receivable from Highlands Insurance Company of $11 million for payments we have made on asbestos claims. If our appeal of the Chancery Court's ruling in the Highlands litigation is unsuccessful, we will be unable to collect this account receivable or the $39 million estimated accrued recovery from Highlands for asbestos claims. This may have a material adverse impact on the results of our operations and our financial position at that time.

Accounts receivable for billings to other insurance carriers for payments made on claims were $13 million at December 31, 2000 and $9 million at December 31, 1999.

We recognize the uncertainties of litigation and the possibility that a series of adverse court rulings or new legislation affecting the claims settlement process could materially impact the expected resolution of asbestos related claims. However, based upon:

- our historical experience with similar claims;
- the time elapsed since Dresser and its former divisions or subsidiaries discontinued sale of products containing asbestos;
- the time elapsed since Kellogg Brown & Root used asbestos in any construction process; and
- our understanding of the facts and circumstances that gave rise to asbestos claims,

we believe that the pending asbestos claims will be resolved without material effect on our financial position or results of operations.

Resolution of dispute with Global Industrial Technologies, Inc. We previously reported that under an agreement entered into at the time of the spin-off of Global Industrial Technologies, Inc., formerly INDRESCO, Inc., from Dresser Industries, Inc., 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 the uncovered portion of asbestos claims with its own funds.

We also reported that a dispute arose with Global concerning those agreements, which led to arbitration and litigation proceedings. We have now resolved the dispute and agreed with Global that:

- the arbitration, and all related litigation, is dismissed;
- Global acknowledges its obligation to assume responsibility for new asbestos claims filed after the date of the spin-off;
- Global agrees to continue to cooperate with Dresser on Dresser's remaining refractory claims; and
- Dresser continues to make available its direct insurance program for the Global assumed asbestos liabilities.

Fort Ord litigation. Brown & Root Services is a defendant in civil litigation pending in federal court in Sacramento, California. The lawsuit alleges that Brown & Root Services violated provisions of the False Claims Act while performing work for the United States Army at Fort Ord in California. This lawsuit was filed by a former employee in 1997. Brown & Root Services has denied the allegations and is preparing to defend itself at trial. Further proceedings in this civil lawsuit have been stayed while the investigation referred to in the next paragraph is ongoing. We believe that it is remote that this civil litigation will result in any material amount of damages being assessed against the company, although the cost of our defense could well exceed $1 million before the matter is brought to a conclusion.

Although in 1998 the United States Department of Justice declined to join this litigation, it has advised us that Brown & Root Services is the target of a federal grand jury investigation regarding the contract administration issues raised in the civil litigation. Brown & Root Services has been served with grand jury subpoenas, which required the production of documents relating to the Fort Ord contract and similar contracts at other locations. We have also been informed that several current and former employees will be called to testify before the grand jury. We have retained independent counsel for these employees. We are cooperating in this investigation. The United States Department of Justice has not made any specific allegations against Brown & Root Services.

Environmental. We are subject to numerous environmental legal and regulatory requirements related to our operations worldwide. We take a proactive approach to evaluating and addressing the environmental impact of our operations. Each year we assess and remediate contaminated properties in order to avoid future liabilities and comply with legal and regulatory requirements. On occasion we are involved in specific environmental litigation and claims, including the clean-up of properties we own or have operated as well as efforts to meet or correct compliance-related matters.

Some of our subsidiaries and former operating entities are involved as a potentially responsible party or PRP in remedial activities to clean-up several "Superfund" sites under United States federal law and comparable state laws. Kellogg Brown & Root, Inc., one of our subsidiaries, is one of nine PRPs named at the Tri-State Mining District "Superfund" Site, also known as the Jasper County "Superfund" Site, which we have reported in the past. Based on our negotiations with federal regulatory authorities and our evaluation of our responsibility for remediation at small portions of this site, we do not believe we will be compelled to make expenditures which will have a material adverse effect on our financial position or results of operations. However, the United States Department of the Interior and the State of Missouri have indicated that they might make a separate claim against Kellogg Brown & Root for natural resource damages. Discussions with them have not been concluded and we are unable to make a judgement about the amount of damages they may seek.

We also incur costs related to compliance with ever-changing environmental legal and regulatory requirements in the jurisdictions where we operate. It is very difficult to quantify the potential liabilities. We do not expect these expenditures to have a material adverse effect on our consolidated financial position or our results of operations.

Our accrued liabilities for environmental matters were $31 million as of December 31, 2000 and $29 million as of December 31, 1999.

Other. We are a party to various other legal proceedings. We expense the cost of legal fees related to these proceedings. We believe any liabilities we may have arising from these proceedings will not be material to our consolidated financial position or our results of operations.

Note 10. Income Per Share

Millions of dollars and shares except per share data	2000	1999	1998
Income (loss) from continuing operations before change in accounting method	$ 188	$ 174	$ (120)
Basic weighted average shares	442	440	439
Effect of common stock equivalents	4	3	-
Diluted weighted average shares	446	443	439
Income (loss) per common share from continuing operations before change in accounting method:			
Basic	$ 0.42	$ 0.40	$ (0.27)
Diluted	$ 0.42	$ 0.39	$ (0.27)
Income per common share from discontinued operations:			
Basic	$ 0.71	$ 0.64	$ 0.24
Diluted	$ 0.70	$ 0.64	$ 0.24

Income per share from discontinued operations includes $0.49 and $0.36 basic and $0.48 and $0.36 diluted from the gain on the sale of discontinued operations in 2000 and 1999, respectively.

Basic income per share is 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. Included in the computation of diluted income per share are rights we issued in connection with the PES acquisition for between 850,000 and 2.1 million shares of Halliburton common stock. Excluded from the computation of diluted income per share are options to purchase 1 million shares of common stock in 2000; 2 million shares in 1999; and 1 million shares in 1998. These options were outstanding during these respective years, but were excluded because the option exercise price was greater than the average market price of the common shares. Since we incurred a loss in 1998, diluted earnings per share for that year excludes 3 million potential common shares which were antidilutive for earnings per share purposes.

Note 11. Engineering and Construction Reorganization

The table below summarizes non-recurring charges of $36 million pretax recorded in December 2000 related to the reorganization of our engineering and construction businesses.

Millions of dollars	Asset Related Charges	Personnel Charges	Total
2000 Charges to Expense by Business Segment			
Energy Services Group	$ 2	$ 9	$ 11
Engineering and Construction Group	18	7	25
Total	20	16	36
Utilized in 2000	(20)	-	(20)
Balance December 31, 2000	$ -	$ 16	$ 16

These charges were reflected in the following captions of the consolidated statements of income:

Millions of dollars	Year ended December 31 2000
Cost of services	$ 30
General and administrative	6
Total	$ 36

Asset Related Charges

As a result of the reorganization of the engineering and construction businesses, we took actions to rationalize our cost structure including write-offs of equipment, engineering reference designs and capitalized software. Cost of services includes $20 million of charges for equipment, licenses and engineering reference designs related to specific projects that were discontinued as a result of the reorganization. Equipment and licenses with a net book value of $10 million were abandoned. Engineering reference designs specific to a project with a net book value of $4 million were written off. Software developed for internal use with a net book value of $6 million which we no longer plan to use due to standardization of systems was also written off.

Personnel Charges

Personnel charges of $16 million include severance and related costs incurred for the planned reduction of approximately 30 senior management positions, most of which will be terminated in the first quarter of 2001. We expect payments under the severance arrangements to be completed by mid-2001.

Note 12. Special Charges and Credits

The table below summarizes the 1998 pretax expenses for special charges and the accrued amounts utilized and adjusted through December 31, 2000.

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
Discontinued operations	18	1	2	-	-	21
General corporate	30	58	23	64	23	198
Total	509	235	126	64	46	980
Utilized in 1998 and 1999	(509)	(196)	(77)	(63)	(19)	(864)
Adjustments to 1998 charges	-	(30)	(16)	(1)	-	(47)
Balance December 31, 1999	$ -	$ 9	$ 33	$ -	$ 27	$ 69
Utilized in 2000	-	(9)	(28)	-	(26)	(63)
Balance December 31, 2000	$ -	$ -	$ 5	$ -	$ 1	$ 6

Our 1998 results of operations reflect special charges totaling $980 million to provide for costs associated with the Dresser Industries, Inc. merger and industry downturn due to declining oil and gas prices. These charges were reflected in the following captions of the consolidated statements of income:

Millions of dollars	Year ended December 31 1998

Cost of services	$ 68
Cost of sales	16
Special charges	875
Discontinued operations	21
Total	$ 980

Most restructuring activities accrued for in the 1998 special charges were completed and expended by the end of 1999. We utilized $63 million in 2000 for sales of facilities and other actions that were initiated in 1999 but were concluded in 2000. From inception through December 31, 2000, we used $368 million in cash for items associated with the 1998 special charges. The unutilized special charge reserve balance at December 31, 2000 is expected to result in future cash outlays of $6 million. At December 31, 2000, no adjustments or reversals to the remaining accrued special charges are planned.

During the second quarter of 1999, we reversed $47 million of the 1998 special charge based on our reassessment of total costs to be incurred to complete the actions covered in our special charges. The components of the reversal are as follows:

- $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;
- $16 million in facility consolidation charges due to fewer than initially estimated facility exits, resulting in an estimated $7 million reduction in facilities consolidation costs, combined with other factors including more favorable exit costs than anticipated; and
- $1 million of merger transaction costs primarily as a result of lower than previously estimated legal and other professional costs.

Asset Related Charges

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

As a result of the merger, Halliburton Company's and Dresser Industries, Inc.'s completion products operations and formation evaluation businesses have been combined. Excluded is Halliburton's logging-while-drilling business and a portion of our measurement-while-drilling business which were required to be disposed of in connection with the United States Department of Justice consent decree. See Note 2. We recorded impairments based upon anticipated future cash flows in accordance with Statement of Financial Accounting Standards No. 121. This was based on the change in strategic direction, the outlook for the industry, the decision to standardize equipment product offerings and the expected loss on the disposition of the logging-while-drilling business. The following table summarizes the resulting write-downs of excess of cost over net assets acquired and long-lived assets associated with:

- the directional drilling and formation evaluation businesses acquired in 1993 from Smith International, Inc.;
- the formation evaluation business acquired in the 1988 acquisition of Gearhart Industries, Inc.; and
- Mono Pumps and AVA acquired in 1990 and 1992.

Millions of dollars	Excess of Cost Over Net Assets	Related Long-Lived Assets	Total
Drilling operations of pre-merger Halliburton Energy Services	$ 125	$ 96	$ 221
Logging operations of pre-merger Halliburton Energy Services	51	54	105
Mono Pump industrial and oilfield pump operations of Dresser	43	-	43
AVA completion products business of Dresser Oil Tools	34	3	37
Abandonment of a trademark	1	-	1
Total	$ 254	$ 153	$ 407

As discussed below, the merger caused management to reevaluate the realizability of excess cost over net assets acquired and related long-lived assets of these product service lines. Each business was considered to be impaired under SFAS No. 121 guidance.

The overall market assumptions on which the impairment computations were made assumed that 1999 calendar year drilling activity as measured by worldwide rig count would be 1,900 rigs which was up from the 1,700 level in the third quarter of 1998. Rig count for calendar year 2000 and beyond was assumed to increase about 3% per year based upon estimated long-term growth in worldwide demand for oil and gas. These assumptions were based on market data available at the time of the merger.

In addition to these assumptions, management utilized a 10-year timeframe for future projected cash flows, a discount rate that approximates its average cost of capital, and specific assumptions for the future performance of each product service line. The most significant assumptions are discussed below. In each case, these analyses represented management's best estimate of future results for these product service lines.

Drilling operations of pre-merger Halliburton Energy Services. Our pre-merger drilling business consisted of logging-while-drilling, measurement-while-drilling and directional drilling services. The majority of the pre-merger logging-while-drilling business and a portion of the pre-merger measurement-while-drilling business were required to be sold under the United States Department of Justice consent decree. We have integrated the remaining drilling business with the Sperry-Sun operations of Dresser. Our strategy focuses generally on operating under the Sperry-Sun name and using Sperry-Sun's superior technology, tools and industry reputation. Our remaining pre-merger drilling assets and technology are being de-emphasized as they wear out or become obsolete. These tools will not be replaced resulting in significant decreases in future cash flows and an impairment of the excess of cost over net assets and related long-lived assets.

Significant forecast assumptions included a revenue decline in the remaining pre-merger drilling business due to the measurement-while-drilling sale in the first year. Related revenue and operating income over the following 10 years were projected to decline due to reduced business opportunities resulting from our shift in focus toward Sperry-Sun's tools and technologies. We determined that there was a $125 million impairment of excess of cost over net assets acquired. In addition, related long-lived asset impairments consisted of $61 million of property and equipment and $14 million of related spare parts, the value of which was estimated using the "held for use" model during the forecast period. An impairment of $3 million was recorded related to property and equipment and $18 million of spare parts using the "held for sale" model sold in accordance with the consent decree with the United States Department of Justice. See Note 2.

Logging operations of pre-merger Halliburton Energy Services. The merger of Halliburton Company and Dresser Industries, Inc. enabled the acceleration of a formation evaluation strategy. This strategy takes advantage of Sperry-Sun's logging-while-drilling competitive position and reputation for reliability combined with our Magnetic Resonance Imaging Logging (MRIL(R)) technology acquired with the NUMAR acquisition in 1997. Prior to the merger, we were focused on growing the traditional logging business while working toward development of new systems to maximize the MRIL(R) technology. The merger allowed us to implement the new strategy and place the traditional logging business in a sustaining mode. This change in focus and strategy resulted in a shift of operating cash flows away from our traditional logging business. This created an impairment of the excess of cost over net assets and related long-lived assets related to our logging business.

Significant forecast assumptions included revenues decreasing slowly over the 10-year period, reflecting the decline in the traditional logging markets. Operating income initially was forecasted to increase due to cost cutting activity, and then decline as revenue decreased due to the significant fixed costs in this product service line. We calculated $51 million impairment of the excess of cost over net assets acquired. In addition, related long-lived asset impairments consisted of $22 million of property and equipment and $32 million of spare parts which management estimated using the "held for use" model during the forecast period.

Mono Pump operations of pre-merger Dresser. The amount of the impairment is $43 million, all of which represents excess of cost over net assets acquired associated with the business.

Our strategy for Mono Pump is to focus primarily on the oilfield business including manufacturing power sections for drilling motors. The prior strategy included emphasis on non-oilfield related applications of their pumping technology and the majority of Mono Pump revenues were related to non-oilfield sales. The change in strategy will result in reduced future cash flows resulting in an impairment of the excess of costs over net assets acquired.

Significant forecast assumptions included stable revenue for several years and then slowly declining due to decreasing emphasis of industrial market applications. Operating income was forecasted to initially be even with current levels but then decline over the period as revenues declined and fixed costs per unit increased.

AVA operations of Dresser Oil Tools. The amount of the impairment is $37 million of which $34 million relates to excess of costs over net assets acquired.

The plan for Dresser's AVA business line (which supplies subsurface safety valves and other completion equipment) was to rationalize product lines which overlap with our pre-existing completion equipment business line. The vast majority of the AVA product lines were de-emphasized except for supporting the installed base of AVA equipment and specific special order requests from customers. AVA products were generally aimed at the high-end custom completion products market. Our strategy was to focus on standardized high-end products based upon pre-merger Halliburton designs thus reducing future AVA cash flows and impairing its assets and related excess of costs over net assets acquired.

Additional asset related charges. Additional asset related charges include:

- $37 million for various excess fixed assets as a result of merging similar product lines. We have no future use for these assets and they have been scrapped;
- $33 million for other assets related to capitalized software, which became redundant with the merger. Major components included redundant computer aided design systems and capitalized costs related to a portion of our enterprise-wide information system abandoned due to changed requirements of the post merger company. The redundant computer aided design systems were used in both the Energy Services Group and the Engineering and Construction Group

and were immediately abandoned and replaced by superior systems required to meet the needs of the merged company;
- $26 million for the inventory charge relates to excess inventory as a result of merging similar product lines and/or industry downturn. This included approximately $17 million related to overlapping product lines and excess inventory in the completion products business and $9 million related to various Dresser Equipment Group divisions due to excess inventory related to industry downturn. Inventory that was overlapping due to the merger was segregated and has been scrapped. Inventory reserves were increased to cover the estimated write-down to market for inventory with future use determined to be excess as a result of the industry downturn. Any future sales are expected to approximate the new lower carrying value of the inventory;
- $5 million for the impairment of excess of cost over net assets acquired related to well construction technology that became redundant once the merger was complete due to similar but superior technology offered by Sperry-Sun. This technology will no longer be used as part of our integrated service offerings, thus reducing future cash flows. We will, however, continue to market this technology individually to third parties. An impairment based on a "held for use" model was calculated using a 10-year discounted cash flow model with a discount rate which approximates our average cost of capital; and
- $1 million write-off of excess of cost over net assets acquired related to the Steamford product line in the Dresser Equipment Group valve and control division. Management made the strategic decision to exit this product line.

Asset related charges have been reflected as direct reductions of the associated asset balances.

Personnel Charges

Personnel charges include severance and related costs incurred for announced employee reductions of 10,850 affecting all business segments, corporate and shared service functions. Personnel charges also include personnel costs related to change of control. In June 1999, management revised the planned employee reductions to 10,100 due in large part to higher than anticipated voluntary employee resignations. As of December 31, 2000, terminations of employees, consultants and contract personnel related to the 1998 special charge have been completed.

Facility Consolidation Charges

Facility consolidation charges include costs to dispose of owned properties or exit leased facilities. As a result of the merger with Dresser and the industry downturn, we recorded a charge for costs to vacate, sell or close excess and redundant service, manufacturing and administrative facilities throughout the world. The majority of these facilities are within the Energy Services Group. Expenses of $126 million included:

- $85 million write-down of owned facilities for anticipated losses on planned disposals based upon the difference between the assets' net book values and anticipated future net realizable value based upon the "to be disposed of" method;
- $37 million lease buyout costs or early lease termination cost including:
  - estimated costs to buy out leases;
  - facility refurbishment/restoration expenses as required by the lease in order to exit property;
  - sublease differentials, as applicable; and
  - related broker/agent fees to negotiate and close buyouts;
- $4 million facility maintenance costs to maintain vacated facilities between the abandonment date and the expected disposition date. Maintenance costs include lease expense, depreciation, maintenance, utilities, and third-party administrative costs.

As of December 31, 2000, we have substantially completed the work to vacate, sell or close the service, manufacturing and administrative facilities related to the 1998 special charge. The majority of the sold, returned or vacated properties are located in North America and have been eliminated from the Energy Services Group. The remaining expenditures will be made as the remaining properties are vacated and sold.

Merger Transaction Charges

Merger transaction costs include investment banking, filing fees, legal and professional fees and other merger related costs. We estimated our merger transaction costs to be $64 million.

Other Charges

Other charges of $46 million include the estimated contract exit costs associated with the elimination of duplicate agents and suppliers in various countries throughout the world. Through December 31, 2000, we have utilized substantially all of the estimated amount of other special charge costs.

Note 13. 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. The components of the $30 million pretax cost, all contained within the Energy Services Group, that were previously deferred include:

- $23 million for mobilization costs associated with specific contracts and for installation of offshore cementing equipment onto third party marine drilling rigs or vessels; and
- $7 million for costs incurred opening a new manufacturing facility in the United Kingdom.

Note 14. Income Taxes

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

	Years ended December 31		
Millions of dollars	2000	1999	1998
Current income taxes:			
Federal	$ (16)	$ 137	$ (260)
Foreign	(114)	(64)	(185)
State	(5)	(2)	(7)

Total	(135)	71	(452)
Deferred income taxes:			
Federal	(20)	(175)	293
Foreign and state	26	(12)	4
Total	6	(187)	297
Continuing operations	(129)	(116)	(155)
Discontinued operations	(60)	(98)	(90)
Disposal of discontinued operations	(141)	(94)	-
Benefit for change in accounting method	-	11	-
Total	$ (330)	$(297)	$ (245)

Included in federal income taxes for continuing operations are foreign tax credits of $113 million in 2000, $52 million in 1999 and $94 million in 1998. The United States and foreign components of income (loss) from continuing operations before income taxes and minority interests are as follows:

	Years ended December 31		
Millions of dollars	2000	1999	1998
United States	$ 128	$ 131	$ (428)
Foreign	207	176	483
Total	$ 335	$ 307	$ 55

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

	December 31	
Millions of dollars	2000	1999
Gross deferred tax assets:		
Employee benefit plans	$ 261	$ 250
Accrued liabilities	118	116
Construction contract accounting methods	117	98
Insurance accruals	109	98
Inventory	43	31
Intercompany profit	42	26
Net operating loss carryforwards	35	34
Basis in joint ventures	33	92
Intangibles	20	28
Special charges	6	25
Alternative minimum tax carryforward	-	7
All other	60	69
Total	$ 844	$ 874
Gross deferred tax liabilities:		
Depreciation and amortization	$ 128	$ 135
Unrepatriated foreign earnings	29	29
Safe harbor leases	9	10
All other	66	99
Total	232	273
Valuation allowances:		
Net operating loss carryforwards	29	31

All other	8	1
Total	37	32
Net deferred income tax asset	$ 575	$ 569

We have accrued for the potential repatriation of undistributed earnings of our foreign subsidiaries and consider earnings above the amounts on which tax has been provided to be permanently reinvested. While these additional earnings could become subject to additional tax if repatriated, repatriation is not anticipated. Any additional amount of tax is not practicable to estimate.

We have net operating loss carryforwards of $44 million which expire in 2001 through 2005. We also have net operating loss carryforwards of $75 million with indefinite expiration dates. Reconciliations between the actual provision for income taxes and that computed by applying the United States statutory rate to income from continuing operations before income taxes and minority interest are as follows:

Millions of dollars	Years ended December 31 2000	1999	1998
Provision computed at statutory rate	$ (117)	$ (99)	$ (13)
Reductions (increases) in taxes resulting from:			
Tax differentials on foreign earnings	(14)	(14)	(17)
State income taxes, net of federal income tax benefit	(3)	(1)	(7)
Special charges	-	-	(109)
Nondeductible goodwill	(11)	(10)	(11)
Other items, net	16	8	2
Continuing operations	(129)	(116)	(155)
Discontinued operations	(60)	(98)	(90)
Disposal of discontinued operations	(141)	(94)	-
Benefit for change in accounting method	-	11	-
Total	$ (330)	$ (297)	$ (245)

Note 15. Common Stock

On June 25, 1998, our shareholders voted to increase the number of authorized shares from 400 million to 600 million.

Our 1993 Stock and Long-Term Incentive Plan provides for the grant of any or all of the following types of awards:

- stock options, including incentive stock options and non-qualified stock options;
- stock appreciation rights, in tandem with stock options or freestanding;
- restricted stock;
- performance share awards; and
- stock value equivalent awards.

Under the terms of the 1993 Stock and Long-Term Incentive Plan as amended, 49 million shares of common stock have been reserved for issuance to key employees. The plan specifies that no more than 16 million shares can be awarded as restricted stock. At December 31, 2000, 27 million shares were available for future grants under the 1993 Stock and Long-Term Incentive Plan with 12.7 million shares remaining available for restricted stock awards.

In connection with the acquisition of Dresser in 1998, we assumed the outstanding stock options under the stock option plans maintained by Dresser. See Note 2. Stock option transactions summarized below include amounts for the 1993 Stock and Long-Term Incentive Plan and stock plans of Dresser and other acquired companies. No further awards are being made under the stock plans of acquired companies.

Stock Options	Number of Shares (in millions)	Exercise Price per Share	Weighted Average Exercise Price per Share

Outstanding at December 31, 1997	12.4	$ 3.10 - 61.50	$ 26.55
Granted	4.2	26.19 - 46.50	33.07
Exercised	(2.4)	3.10 - 37.88	20.84
Forfeited	(0.4)	5.40 - 54.50	33.64
Outstanding at December 31, 1998	13.8	$ 3.10 - 61.50	$ 29.37
Granted	5.6	28.50 - 48.31	36.46
Exercised	(1.7)	3.10 - 54.50	24.51
Forfeited	(0.6)	8.28 - 54.50	35.61
Outstanding at December 31, 1999	17.1	$ 3.10 - 61.50	$ 32.03
Granted	1.7	34.75 - 54.00	41.61
Exercised	(3.6)	3.10 - 45.63	25.89
Forfeited	(0.5)	12.20 - 54.50	37.13
Outstanding at December 31, 2000	14.7	$ 8.28 - 61.50	$ 34.54

Options outstanding at December 31, 2000 are composed of the following:

	Outstanding			Exercisable	
Range of Exercise Prices	Number of Shares (in millions)	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number of Shares (in millions)	Weighted Average Exercise Price
$ 8.28 - 28.13	3.8	5.8	$ 23.60	3.2	$ 22.76
28.50 - 34.75	3.8	7.5	30.58	1.8	29.50
35.00 - 39.50	5.0	8.0	39.08	2.4	38.77
39.56 - 61.50	2.1	7.6	50.42	1.4	50.87
$ 8.28 - 61.50	14.7	7.2	$ 34.54	8.8	$ 32.81

There were 9.5 million options exercisable with a weighted average exercise price of $28.96 at December 31, 1999, and 7.8 million options exercisable with a weighted average exercise price of $25.72 at December 31, 1998.

All stock options under the 1993 Stock and Long-Term Incentive Plan, including options granted to employees of Dresser since its acquisition, are granted at the fair market value of the common stock at the grant date.

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

	Assumptions				
	Risk-Free Interest Rate	Expected Dividend Yield	Expected Life (in years)	Expected Volatility	Weighted Average Fair Value of Options Granted
2000	5.2%	1.3%	5	54.0%	$ 21.57
1999	5.8%	1.3%	5	56.0%	$ 19.77
1998	4.3 - 5.3%	1.2 - 2.7%	5 - 6.5	20.1 - 38.0%	$ 11.63

Stock options generally expire 10 years from the grant date. Stock options under the 1993 Stock and Long-Term Incentive Plan vest over a three-year period, with one-third of the shares becoming exercisable on each of the first, second and third anniversaries of the grant date. Other plans have vesting periods ranging from three to 10 years. Options under the Non-Employee Directors' Plan vest after six months.

We account for the option plans in accordance with Accounting Principles Board Opinion No. 25, under which no compensation cost has been recognized for stock option awards. Compensation cost for the stock option programs calculated consistent with Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation," is set forth on a pro forma basis below:

Millions of dollars except per share data	2000	1999	1998
Net income:			
As reported	$ 501	$ 438	$ (15)
Pro forma	460	406	(43)
Diluted earnings per share:			
As reported	$ 1.12	$ 0.99	$ (0.03)
Pro forma	1.03	0.92	(0.10)

Restricted shares awarded under the 1993 Stock and Long-Term Incentive Plan were 695,692 in 2000, 352,267 in 1999 and 414,510 in 1998. The shares awarded are net of forfeitures of 69,402 in 2000, 72,483 in 1999 and 136,540 in 1998. The weighted average fair market value per share at the date of grant of shares granted was $42.25 in 2000, $43.41 in 1999 and $34.77 in 1998.

Our Restricted Stock Plan for Non-Employee Directors allows for each non-employee director to receive an annual award of 400 restricted shares of common stock as a part of compensation. We reserved 100,000 shares of common stock for issuance to non-employee directors. Under this plan we issued 3,600 restricted shares in 2000, 4,800 restricted shares in 1999 and 3,200 restricted shares in 1998. At December 31, 2000, 28,800 shares have been issued to non-employee directors under this plan. The weighted average fair market value per share at the date of grant of shares granted was $46.81 in 2000, $46.13 in 1999 and $36.31 in 1998.

Our Employees' Restricted Stock Plan was established for employees who are not officers, for which 200,000 shares of common stock have been reserved. At December 31, 2000, 152,850 shares (net of 42,550 shares forfeited) have been issued. Forfeitures were 7,450 in 2000, 8,400 in 1999 and 1,900 in 1998. No further grants are being made under this plan.

Under the terms of our Career Executive Incentive Stock Plan, 15 million shares of our common stock were reserved for issuance to officers and key employees at a purchase price not to exceed par value of $2.50 per share. At December 31, 2000, 11.7 million shares (net of 2.2 million shares forfeited) have been issued under the plan. No further grants will be made under the Career Executive Incentive Stock Plan.

Restricted shares issued under the 1993 Stock and Long-Term Incentive Plan, Restricted Stock Plan for Non-Employee Directors, Employees' Restricted Stock Plan and the Career Executive Incentive Stock Plan are limited as to sale or disposition. These restrictions lapse periodically over an extended period of time not exceeding ten years. Restrictions may also lapse for early retirement and other conditions in accordance with our established policies. The fair market value of the stock, on the date of issuance, is being amortized and charged to income (with similar credits to paid-in capital in excess of par value) generally over the average period during which the restrictions lapse. At December 31, 2000, the unamortized amount is $63 million. We recognized compensation costs in income of $18 million in 2000, $11 million in 1999 and $8 million in 1998.

Note 16. Series A Junior Participating Preferred Stock

We previously declared a dividend of one preferred stock purchase right on each outstanding share of common stock. The dividend is also applicable to each share of our common stock that was issued subsequent to adoption of the Rights Agreement entered into with Mellon Investor Services LLC. Each preferred stock purchase right entitles its holder to buy one two-hundredth of a share of our Series A Junior Participating Preferred Stock, without par value, at an exercise price of $75. These preferred stock purchase rights are subject to antidilution adjustments, which are described in the Rights Agreement entered into with Mellon. The preferred stock purchase rights do not have any voting rights and are not entitled to dividends.

The preferred stock purchase rights become exercisable in limited circumstances involving a potential business combination. After the preferred stock purchase rights become exercisable, each preferred stock purchase right will entitle its holder to an amount of our common stock, or in some circumstances, securities of the acquirer, having a total market value equal to two times the exercise price of the preferred stock purchase right. The preferred stock purchase rights are redeemable at our option at any time before they become exercisable. The preferred stock purchase rights expire on December 15, 2005. No event during 2000 made the preferred stock purchase rights exercisable.

Note 17. Financial Instruments and Risk Management

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

We hedge our currency exposure through the use of currency derivative instruments. These contracts generally have an expiration date of two years or less. Forward exchange contracts, which are commitments to buy or sell a specified amount of a foreign currency at a specified price and time, are generally used to hedge identifiable foreign currency commitments. Losses of $1 million for identifiable foreign currency commitments were deferred at December 31, 2000. Forward exchange contracts and foreign exchange option contracts, which convey the right, but not the obligation, to sell or buy a specified amount of foreign currency at a specified price, are generally used to hedge foreign currency commitments with an indeterminable maturity date. None of the forward or option contracts are exchange traded.

While hedging instruments are subject to fluctuations in value, the fluctuations are generally offset by the value of the underlying exposures being hedged. The use of some contracts may limit our ability to benefit from favorable fluctuations in foreign exchange rates. The notional amounts of open forward contracts and options for continuing operations were $281 million and $297 million at year-end 2000 and 1999, respectively. Amounts related to discontinued operations were $61 million and $96 million at December 31, 2000 and 1999, respectively. The notional amounts of our foreign exchange contracts do not generally represent amounts exchanged by the parties, and thus, are not a measure of our exposure or of the cash requirements relating to these contracts. The amounts exchanged are calculated by reference to the notional amounts and by other terms of the derivatives, such as exchange rates. We actively monitor our foreign currency exposure and adjust the amounts hedged as appropriate.

Exposures to some currencies are generally not hedged due primarily to the lack of available markets or cost considerations (non-traded currencies). We attempt to manage our working capital position to minimize foreign currency commitments in non-traded currencies and recognize that pricing for the services and products offered in these countries should cover the cost of exchange rate devaluations. We have historically incurred transaction losses in non-traded currencies.

Credit risk. Financial instruments that potentially subject us to concentrations of credit risk are primarily cash equivalents, investments and trade receivables. It is our practice to place our cash equivalents and investments in high-quality securities with various investment institutions. We derive the majority of our revenues from sales and services, including engineering and construction, to the energy industry. Within the energy industry, trade receivables are generated from a broad and diverse group of customers. There are concentrations of receivables in the United States and the United Kingdom. We maintain an allowance for losses based upon the expected collectibility of all trade accounts receivable.

There are no significant concentrations of credit risk with any individual counterparty or groups of counterparties related to our derivative contracts. We select counterparties based on creditworthiness, which we continually monitor, and on the counterparties' ability to perform their obligations under the terms of the transactions. We do not expect any counterparties to fail to meet their obligations under these contracts given their high credit ratings. Therefore, we consider the credit risk associated with our derivative contracts to be minimal.

Fair market value of financial instruments. The estimated fair market value of long-term debt at year-end 2000 and 1999 was $1,066 million and $1,352 million, respectively, as compared to the carrying amount of $1,057 million at year-end 2000 and $1,364 million at year-end 1999. The fair market value of fixed rate long-term debt is based on quoted market prices for those or similar instruments. The carrying amount of variable rate long-term debt approximates fair market value because these instruments reflect market changes to interest rates. See Note 8. The carrying amount of short-term financial instruments, cash and equivalents, receivables, short-term notes payable and accounts payable, as reflected in the consolidated balance sheets approximates fair market value due to the short maturities of these instruments. The fair market value of currency derivative instruments, generally approximates their carrying amount based upon third-party quotes. The fair market values of derivative instruments used for fair value hedging and cash flow hedging were immaterial.

Note 18. Retirement Plans

Our company and subsidiaries have various plans which cover a significant number of their employees. These plans include defined contribution plans, which provide retirement contributions in return for services rendered, provide an individual account for each participant and have terms that specify how contributions to the participant's account are to be determined rather than the amount of pension benefits the participant is to receive. Contributions to these plans are based on pretax income and/or discretionary amounts determined

on an annual basis. Our expense for the defined contribution plans for both continuing and discontinued operations totaled $182 million, $146 million, and $152 million in 2000, 1999 and 1998, respectively. Other retirement plans include defined benefit plans, which define an amount of pension benefit to be provided, usually as a function of age, years of service or compensation. These plans are funded to operate on an actuarially sound basis. Plan assets are primarily invested in cash, short-term investments, real estate, equity and fixed income securities of entities domiciled in the country of the plan's operation. Plan assets, expenses and obligations for retirement plans in the following tables include both continuing and discontinued operations.

	2000		1999	
Millions of dollars	United States	International	United States	International
Change in benefit obligation				
Benefit obligation at beginning of year	$ 413	$ 1,747	$ 430	$ 1,716
Service cost	4	53	7	66
Interest cost	20	85	30	96
Plan participants' contributions	-	13	-	15
Effect of business combinations	-	32	-	-
Amendments	5	-	5	11
Divestitures	(138)	(61)	-	-
Settlements/curtailments	(8)	-	(3)	-
Currency fluctuations	-	(163)	-	(44)
Actuarial gain/(loss)	13	(11)	(3)	(60)
Benefits paid	(21)	(58)	(53)	(53)
Benefit obligation at end of year	$ 288	$ 1,637	$ 413	$ 1,747

	2000		1999	
Millions of dollars	United States	International	United States	International
Change in plan assets				
Fair value of plan assets at beginning of year	$ 466	$ 2,134	$ 445	$ 1,817
Actual return on plan assets	18	262	65	376
Employer contribution	17	25	22	26
Settlements	(14)	-	(13)	-
Plan participants' contributions	-	13	-	15
Divestitures	(153)	(47)	-	-
Currency fluctuations	-	(199)	-	(47)
Benefits paid	(21)	(58)	(53)	(53)
Fair value of plan assets at end of year	$ 313	$ 2,130	$ 466	$ 2,134
Funded status	$ 25	$ 493	$ 53	$ 387
Unrecognized transition obligation/(asset)	(1)	17	-	(6)
Unrecognized actuarial (gain)/loss	4	(378)	(31)	(275)
Unrecognized prior service cost/(benefit)	13	(79)	7	(41)
Net amount recognized	$ 41	$ 53	$ 29	$ 65

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

	2000		1999	
Millions of dollars	United States	International	United States	International
Amounts recognized in the consolidated balance sheets				
Prepaid benefit cost	$ 54	$ 93	$ 43	$ 98
Accrued benefit liability	(28)	(49)	(38)	(40)
Intangible asset	10	1	11	1
Deferred tax asset	1	-	-	-
Accumulated other comprehensive income	4	8	13	6
Net amount recognized	$ 41	$ 53	$ 29	$ 65

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

Weighted-average assumptions	2000	1999	1998
Expected return on plan assets:			
United States plans	9.0%	9.0%	8.5% to 9.0%
International plans	3.5% to 8.0%	7.25% to 8.0%	7.0% to 11.0%
Discount rate:			
United States plans	7.5%	7.5%	7.25% to 8.0%
International plans	4.0% to 5.5%	2.5% to 7.5%	2.0% to 12.5%
Rate of compensation increase:			
United States plans	4.5%	4.5% to 5.0%	4.5% to 5.0%
International plans	3.5% to 7.6%	1.0% to 10.5%	2.0% to 11.0%

	2000		1999		1998	
Millions of dollars	United States	International	United States	International	United States	International
Components of net periodic benefit cost						
Service cost	$ 4	$ 53	$ 7	$ 66	$ 5	$ 57
Interest cost	20	85	30	96	27	111
Expected return on plan assets	(26)	(135)	(33)	(145)	(30)	(123)
Transition amount	-	-	1	(2)	1	(2)
Amortization of prior service cost	(1)	(6)	(2)	(7)	(4)	(7)
Settlements/curtailments loss/(gain)	10	-	14	-	(4)	(2)
Recognized actuarial (gain)/loss	-	(10)	(1)	(11)	-	-
Net periodic benefit cost	$ 7	$ (13)	$ 16	$ (3)	$ (5)	$ 34

The projected benefit obligation, accumulated benefit obligation, and fair value of plan assets for the pension plans with accumulated benefit obligations in excess of plan assets were $172 million, $154 million, and $82 million, respectively, as of December 31, 2000. They were $205 million, $199 million, and $183 million, respectively, as of December 31, 1999.

Postretirement medical plan. We offer postretirement medical plans to specific eligible employees. For some plans, our liability is limited to a fixed contribution amount for each participant or dependent. The plan participants share the total cost for all benefits provided above our fixed contribution and participants' contributions are adjusted as required to cover benefit payments. We have made no commitment to adjust the amount of our contributions; therefore, the computed accumulated postretirement benefit obligation amount is not affected by the expected future health care cost inflation rate.

Other postretirement medical plans are contributory but we generally absorb the majority of the costs. We may elect to adjust the amount of our contributions for these plans. As a result, the expected future health care cost inflation rate affects the accumulated postretirement benefit obligation amount. These plans have assumed health care trend rates (weighted based on the current year benefit obligation) for 2000 of 10% which are expected to decline to 5% by 2005.

Obligations and expenses for postretirement medical plans in the following tables include both continuing and discontinued operations.

Millions of dollars	2000	1999
Change in benefit obligation		
Benefit obligation at beginning of year	$ 392	$ 403
Service cost	3	5
Interest cost	20	28
Plan participants' contributions	11	8
Amendments	-	1
Acquisitions/divestitures, net	(110)	-
Settlements/curtailments	-	(1)
Actuarial gain/(loss)	11	(15)
Benefits paid	(31)	(37)
Benefit obligation at end of year	$ 296	$ 392
Change in plan assets		
Fair value of plan assets at beginning of year	$ -	$ -
Employer contribution	20	29
Plan participants' contributions	11	8
Benefits paid	(31)	(37)
Fair value of plan assets at end of year	$ -	$ -
Funded status	$ (296)	$(392)
Employer contribution	3	1
Unrecognized actuarial (gain)/loss	(20)	(72)
Unrecognized prior service cost	(78)	(98)
Net amount recognized	$ (391)	$(561)

Millions of dollars	2000	1999
Amounts recognized in the consolidated balance sheets		
Accrued benefit liability	$ (391)	$(561)
Net amount recognized	$ (391)	$(561)

Weighted-average assumptions	2000	1999	1998
Discount rate	7.50%	7.50%	7.0% to 8.0%

Millions of dollars	2000	1999	1998
Components of net periodic benefit cost			
Service cost	$ 3	$ 5	$ 4
Interest cost	20	28	28
Amortization of prior service cost	(7)	(9)	(10)
Settlements/curtailments loss/(gain)	-	(2)	-
Recognized actuarial (gain)/loss	(1)	(5)	(8)
Net periodic benefit cost	$ 15	$ 17	$ 14

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

	One-Percentage-Point	
Millions of dollars	Increase	(Decrease)
Effect on total of service and interest cost components	$ 2	$ (2)
Effect on the postretirement benefit obligation	22	(22)

Note 19. Subsequent Event

In March 2001 our offer to acquire the PGS Data Management division of Petroleum Geo-Services ASA (PGS) was accepted by the PGS shareholders. PGS Data Management has developed cost effective internet enabled storage, browsing and retrieval of large volumes of exploration and production data and information. Terms of the agreement include a cash transfer of $175 million prior to working capital contribution and a contract where Landmark will manage the seismic library of PGS for three years. PGS Data Management will become part of the Landmark Graphics business that is included in the Energy Services Group.

Note 20. Dresser Financial Information

Since becoming a wholly owned subsidiary, Dresser Industries, Inc. has ceased filing periodic reports with the Securities and Exchange Commission. Dresser's 8% guaranteed senior notes, which were initially issued by Baroid Corporation, remain outstanding and are fully and unconditionally guaranteed by Halliburton. In January 1999, as part of the legal reorganization associated with the merger, Halliburton Delaware, Inc., a first-tier holding company subsidiary, was merged into Dresser. The majority of our operating assets and activities are included in Dresser and its subsidiaries. In August 2000, the Securities and Exchange Commission released a new rule governing the financial statements of guarantors and issuers of guaranteed securities registered with the SEC. The following condensed consolidating financial information presents Halliburton and our subsidiaries on a stand-alone basis using the equity method and as if our current organizational structure were in place for all periods presented.

Condensed Consolidating Statements of Income Year ended December 31, 2000 Millions of dollars	Non-issuer/ Non-guarantor Subsidiaries	Dresser Industries, Inc. (Issuer)	Halliburton Company (Guarantor)	Consolidating Adjustments	Consolidated Halliburton Company
Total revenues	$ 11,944	$ 374	$ 699	$(1,073)	$11,944
Cost of revenues	11,218	-	-	-	11,218
General and administrative	352	-	-	-	352
Gain on sale of marine vessels	(88)	-	-	-	(88)
Interest expense	(29)	(45)	(87)	15	(146)
Interest income	21	18	1	(15)	25
Other, net	3	129	55	(193)	(6)
Income from continuing operations					

	Non-issuer/ Non-guarantor Subsidiaries	Dresser Industries, Inc. (Issuer)	Halliburton Company (Guarantor)	Consolidating Adjustments	Consolidated Halliburton Company
before taxes and minority interest	457	476	668	(1,266)	335
Provision for income taxes	(163)	8	26	-	(129)
Minority interest in net income of subsidiaries	(18)	-	-	-	(18)
Income from continuing operations	276	484	694	(1,266)	188
Income from discontinued operations	98	-	-	-	98
Gain on disposal of discontinued operations, net of tax	-	215	-	-	215
Net income	$ 374	$ 699	$ 694	$(1,266)	$ 501

Condensed Consolidating Statements of Income Year ended December 31, 1999 Millions of dollars	Non-issuer/ Non-guarantor Subsidiaries	Dresser Industries, Inc. (Issuer)	Halliburton Company (Guarantor)	Consolidating Adjustments	Consolidated Halliburton Company
Total revenues	$ 12,313	$ 571	$ 654	$(1,225)	$12,313
Cost of revenues	11,608	-	-	-	11,608
General and administrative	351	-	-	-	351
Special charges and credits	(47)	-	-	-	(47)
Interest expense	(33)	(50)	(87)	29	(141)
Interest income	77	26	-	(29)	74
Other, net	(29)	105	183	(286)	(27)
Income from continuing operations before taxes, minority interest, and change in accounting method	416	652	750	(1,511)	307
Provision for income taxes	(92)	2	(26)	-	(116)
Minority interest in net income of subsidiaries	(17)	-	-	-	(17)
Income from continuing operations before change in accounting method	307	654	724	(1,511)	174
Income from discontinued operations	124	-	-	-	124
Gain on disposal of discontinued operations, net of tax	159	-	-	-	159
Cumulative effect of change in accounting method, net of tax benefit	(19)	-	-	-	(19)
Net income	$ 571	$ 654	$ 724	$(1,511)	$ 438

Condensed Consolidating Statements of Income Year ended December 31, 1998 Millions of dollars	Non-issuer/ Non-guarantor Subsidiaries	Dresser Industries, Inc. (Issuer)	Halliburton Company (Guarantor)	Consolidating Adjustments	Consolidated Halliburton Company
Total revenues	$ 14,504	$ 158	$ (71)	$ (87)	$14,504
Cost of revenues	13,022	-	-	-	13,022
General and administrative	438	(1)	-	-	437
Special charges and credits	875	-	-	-	875
Interest expense	(20)	(225)	(52)	163	(134)
Interest income	52	4	133	(163)	26
Other, net	(1)	(1)	(5)	-	(7)
Income from continuing operations before taxes and minority interest	200	(63)	5	(87)	55
Provision for income taxes	(127)	(8)	(20)	-	(155)
Minority interest in net income of subsidiaries	(20)	-	-	-	(20)
Income from continuing operations	53	(71)	(15)	(87)	(120)
Income from discontinued operation	105	-	-	-	105
Net income (loss)	$ 158	$ (71)	$ (15)	$ (87)	$ (15)

Condensed Consolidating Balance Sheets December 31, 2000 Millions of dollars	Non-issuer/ Non-guarantor Subsidiaries	Dresser Industries, Inc. (Issuer)	Halliburton Company (Guarantor)	Consolidating Adjustments	Consolidated Halliburton Company
Assets					
Current assets:					
Cash and equivalents	$ 216	$ 11	$ 4	$ -	$ 231

Receivables:					
Notes and accounts receivable, net	2,966	63	-	-	3,029
Unbilled work on uncompleted contracts	816	-	-	-	816
Total receivables	3,782	63	-	-	3,845
Inventories	723	-	-	-	723
Other current assets	753	1	15	-	769
Total current assets	5,474	75	19	-	5,568
Property, plant and equipment, net	2,410	-	-	-	2,410
Equity in and advances to unconsolidated affiliates	258	142	-	-	400
Intercompany receivable from consolidated affiliates	68	-	2,138	(2,206)	-
Equity in and advances to consolidated affiliates	-	6,558	4,220	(10,778)	-
Net goodwill	510	87	-	-	597
Other assets	1,109	5	14	-	1,128
Total assets	$ 9,829	$ 6,867	$ 6,391	$(12,984)	$10,103
Liabilities and Shareholders' Equity					
Current liabilities:					
Accounts and notes payable	$ 756	$ 64	$ 1,540	$ -	$ 2,360
Other current liabilities	1,374	36	56	-	1,466
Total current liabilities	2,130	100	1,596	-	3,826
Long-term debt	205	444	400	-	1,049
Intercompany payable from consolidated affiliates	-	2,206	-	(2,206)	-
Other liabilities	1,118	26	118	-	1,262
Minority interest in consolidated subsidiaries	38	-	-	-	38
Total liabilities	3,491	2,776	2,114	(2,206)	6,175
Shareholders' equity:					
Common shares	391	-	1,132	(391)	1,132
Other shareholders' equity	5,947	4,091	3,145	(10,387)	2,796
Total shareholders' equity	6,338	4,091	4,277	(10,778)	3,928
Total liabilities and shareholders' equity	$ 9,829	$ 6,867	$ 6,391	$(12,984)	$ 10,103

Condensed Consolidating Balance Sheets December 31, 1999 Millions of dollars	Non-issuer/ Non-guarantor Subsidiaries	Dresser Industries, Inc. (Issuer)	Halliburton Company (Guarantor)	Consolidating Adjustments	Consolidated Halliburton Company
Assets					
Current assets:					
Cash and equivalents	$ 315	$ 44	$ 107	$ -	$ 466
Receivables:					
Notes and accounts receivable, net	2,282	61	6	-	2,349
Unbilled work on uncompleted contracts	625	-	-	-	625
Total receivables	2,907	61	6	-	2,974
Inventories	723	-	-	-	723
Other current assets	1,198	-	1	-	1,199
Total current assets	5,143	105	114	-	5,362
Property, plant and equipment, net	2,390	-	-	-	2,390
Equity in and advances to unconsolidated affiliates	384	-	-	-	384
Intercompany receivable from consolidated affiliates	-	-	2,525	(2,525)	-
Equity in and advances to consolidated affiliates	-	6,126	3,308	(9,434)	-
Net goodwill	411	94	-	-	505
Other assets	993	5	-	-	998
Total assets	$ 9,321	$ 6,330	$ 5,947	$(11,959)	$ 9,639
Liabilities and Shareholders' Equity					
Current liabilities:					
Accounts and notes payable	$ 758	$ 228	$ 926	$ -	$ 1,912
Other current liabilities	671	425	25	-	1,121
Total current liabilities	1,429	653	951	-	3,033
Long-term debt	213	443	400	-	1,056
Intercompany payable from consolidated affiliates	628	1,897	-	(2,525)	-
Other liabilities	1,136	29	54	-	1,219
Minority interest in consolidated subsidiaries	44	-	-	-	44
Total liabilities	3,450	3,022	1,405	(2,525)	5,352
Shareholders' equity:					
Common shares	391	-	1,120	(391)	1,120
Other shareholders' equity	5,480	3,308	3,422	(9,043)	3,167

Total shareholders' equity	5,871	3,308	4,542	(9,434)	4,287
Total liabilities and shareholders' equity	$ 9,321	$ 6,330	$ 5,947	$(11,959)	$ 9,639

Condensed Consolidating Statements of Cash Flows Year ended December 31, 2000 Millions of dollars	Non-issuer/ Non-guarantor Subsidiaries	Dresser Industries, Inc. (Issuer)	Halliburton Company (Guarantor)	Consolidating Adjustments	Consolidated Halliburton Company
Net cash flows from operating activities	$ (232)	$ 114	$ 61	$ -	$ (57)
Capital expenditures	(578)	-	-	-	(578)
Sales of property, plant and equipment	209	-	-	-	209
Other investing activities	(42)	-	109	(109)	(42)
Payments on long-term borrowings	(8)	(300)	-	-	(308)
Net borrowings (repayments) of short-term debt	17	-	612	-	629
Payments of dividends to shareholders	-	-	(221)	-	(221)
Proceeds from exercises of stock options	-	-	105	-	105
Payments to reacquire common stock	-	-	(769)	-	(769)
Other financing activities	(282)	153	-	109	(20)
Effect of exchange rate changes on cash	(9)	-	-	-	(9)
Net cash flows from discontinued operations	826	-	-	-	826
Increase (decrease) in cash and equivalents	$ (99)	$ (33)	$ (103)	$ -	$ (235)

Condensed Consolidating Statements of Cash Flows Year ended December 31, 1999 Millions of dollars	Non-issuer/ Non-guarantor Subsidiaries	Dresser Industries, Inc. (Issuer)	Halliburton Company (Guarantor)	Consolidating Adjustments	Consolidated Halliburton Company
Net cash flows from operating activities	$ (203)	$ 53	$ 92	$ -	$ (58)
Capital expenditures	(520)	-	-	-	(520)
Sales of property, plant and equipment	118	-	-	-	118
Other investing activities	295	-	(231)	231	295
Payments on long-term borrowings	(9)	-	(50)	-	(59)
Net borrowings (repayments) of short-term debt	(27)	-	463	-	436
Payments of dividends to shareholders	-	-	(221)	-	(221)
Proceeds from exercises of stock options	-	-	49	-	49
Payments to reacquire common stock	-	-	(10)	-	(10)
Other financing activities	237	(12)	-	(231)	(6)
Effect of exchange rate on cash	5	-	-	-	5
Net cash flows from discontinued operations	234	-	-	-	234
Increase (decrease) in cash and equivalents	$ 130	$ 41	$ 92	$ -	$ 263

Condensed Consolidating Statements of Cash Flows Year ended December 31, 1998 Millions of dollars	Non-issuer/ Non-guarantor Subsidiaries	Dresser Industries, Inc. (Issuer)	Halliburton Company (Guarantor)	Consolidating Adjustments	Consolidated Halliburton Company
Net cash flows from operating activities	$ 409	$ (337)	$ 78	$ -	$ 150
Capital expenditures	(839)	(2)	-	-	(841)
Sales of property, plant and equipment	83	-	-	-	83
Other investing activities	(23)	-	(634)	625	(32)
Borrowings of long-term debt	-	-	150	-	150
Payments on long-term borrowings	(17)	(11)	-	-	(28)
Net borrowings (repayments) of short-term debt	(77)	-	463	-	386
Payments of dividends to shareholders	-	(100)	(154)	-	(254)
Proceeds from exercises of stock options	-	-	49	-	49
Payments to reacquire common stock	-	(16)	(4)	-	(20)
Other financing activities	143	466	-	(625)	(16)
Effect of exchange rate on cash	(5)	-	-	-	(5)
Net cash flows from discontinued operations	235	-	-	-	235
Increase (decrease) in cash and equivalents	$ (91)	$ -	$ (52)	$ -	$ (143)

HALLIBURTON COMPANY
Selected Financial Data
(Unaudited)

We have restated our prior year information to display Dresser Equipment Group as discontinued operations.

Millions of dollars and shares except per share and employee data	Years ended December 31 2000	1999	1998	1997	1996
Operating results					
Net revenues					
Energy Services Group	$ 7,916	$ 6,999	$ 9,009	$ 8,505	$ 6,515
Engineering and Construction Group	4,028	5,314	5,495	4,993	4,721
Total revenues	$ 11,944	$ 12,313	$ 14,504	$ 13,498	$ 11,236
Operating income					
Energy Services Group	$ 526	$ 222	$ 971	$ 1,019	$ 698
Engineering and Construction Group	14	203	237	219	134
Special charges and credits (1)	-	47	(959)	11	(86)
General corporate	(78)	(71)	(79)	(71)	(72)
Total operating income (1)	462	401	170	1,178	674
Nonoperating income (expense), net (2)	(127)	(94)	(115)	(82)	(70)
Income from continuing operations before income taxes and minority interest	335	307	55	1,096	604
(Provision) benefit for income taxes (3)	(129)	(116)	(155)	(406)	(158)
Minority interest in net income of consolidated subsidiaries	(18)	(17)	(20)	(30)	-
Income (loss) from continuing operations	$ 188	$ 174	$ (120)	$ 660	$ 446
Income (loss) from discontinued operations	$ 313	$ 283	$ 105	$ 112	$ 112
Net income (loss)	$ 501	$ 438	$ (15)	$ 772	$ 558
Basic income (loss) per common share					
Continuing operations	$ 0.42	$ 0.40	$ (0.27)	$ 1.53	$ 1.04
Net income (loss)	1.13	1.00	(0.03)	1.79	1.30
Diluted income (loss) per common share					
Continuing operations	0.42	0.39	(0.27)	1.51	1.03
Net income (loss)	1.12	0.99	(0.03)	1.77	1.29
Cash dividends per share	0.50	0.50	0.50	0.50	0.50
Return on average shareholders' equity	12.20%	10.49%	(0.35%)	19.16%	15.25%
Financial position					
Net working capital	$ 1,742	$ 2,329	$ 2,129	$ 1,985	$ 1,501
Total assets	10,103	9,639	10,072	9,657	8,689
Property, plant and equipment, net	2,410	2,390	2,442	2,282	2,047
Long-term debt (including current maturities)	1,057	1,364	1,426	1,303	957
Shareholders' equity	3,928	4,287	4,061	4,317	3,741
Total capitalization	6,555	6,590	5,990	5,647	4,828
Shareholders' equity per share	9.20	9.69	9.23	9.86	8.78
Average common shares outstanding (basic)	442	440	439	431	429
Average common shares outstanding (diluted)	446	443	439	436	432
Other financial data					
Capital expenditures	$ (578)	$ (520)	$ (841)	$ (804)	$ (612)
Long-term borrowings (repayments), net	(308)	(59)	122	285	286
Depreciation and amortization expense	503	511	500	465	405
Payroll and employee benefits (4)	(5,260)	(5,647)	(5,880)	(5,479)	(4,674)
Number of employees (4), (5)	93,000	103,000	107,800	102,000	93,000

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HALLIBURTON COMPANY
Selected Financial Data
(Unaudited)
(continued)

We have restated our prior year information to display Dresser Equipment Group as discontinued operations.

Millions of dollars and shares except per share and employee data	Years ended December 31 1995	1994	1993	1992	1991
Operating results					
Net revenues					
Energy Services Group	$ 5,308	$ 4,978	$ 5,470	$ 5,038	$ 5,156
Engineering and Construction Group	3,737	3,562	3,675	4,410	4,721
Total revenues	$ 9,045	$ 8,540	$ 9,145	$ 9,448	$ 9,877
Operating income					
Energy Services Group	$ 544	$ 406	$ 414	$ 303	$ 378
Engineering and Construction Group	97	71	76	32	48
Special charges and credits (1)	(8)	(19)	(419)	(294)	(142)
General corporate	(71)	(56)	(63)	(58)	(56)
Total operating income (1)	562	402	8	(17)	228
Nonoperating income (expense), net (2)	(34)	333	(61)	(63)	(23)
Income from continuing operations before income taxes and minority interest	528	735	(53)	(80)	205
(Provision) benefit for income taxes (3)	(167)	(275)	(18)	(30)	(117)
Minority interest in net income of consolidated subsidiaries	(1)	(14)	(24)	(9)	(19)
Income (loss) from continuing operations	$ 360	$ 446	$ (95)	$ (119)	$ 69
Income (loss) from discontinued operations	$ 36	$ 97	$ 81	$ 49	$ 106
Net income (loss)	$ 381	$ 543	$ (14)	$ (483)	$ 182
Basic income (loss) per common share					
Continuing operations	$ 0.83	$ 1.04	$ (0.23)	$ (0.29)	$ 0.17
Net income (loss)	0.88	1.26	(0.04)	(1.18)	0.45
Diluted income (loss) per common share					
Continuing operations	0.83	1.03	(0.23)	(0.29)	0.17
Net income (loss)	0.88	1.26	(0.04)	(1.18)	0.45
Cash dividends per share	0.50	0.50	0.50	0.50	0.50
Return on average shareholders' equity	10.44%	15.47%	(0.43%)	(12.72%)	4.16%
Financial position					
Net working capital	$ 1,477	$ 2,197	$ 1,563	$ 1,423	$ 1,775
Total assets	7,723	7,774	8,087	7,480	8,029
Property, plant and equipment, net	1,865	1,631	1,747	1,741	1,754
Long-term debt (including current maturities)	667	1,119	1,129	872	927
Shareholders' equity	3,577	3,723	3,296	3,277	4,315
Total capitalization	4,378	4,905	4,746	4,179	5,266
Shareholders' equity per share	8.29	8.63	7.70	7.99	10.61
Average common shares outstanding (basic)	431	431	422	408	405
Average common shares outstanding (diluted)	432	432	422	408	406
Other financial data					
Capital expenditures	$ (474)	$ (358)	$ (373)	$ (405)	$ (572)
Long-term borrowings (repayments), net	(481)	(120)	192	(187)	460
Depreciation and amortization expense	380	387	574	470	396
Payroll and employee benefits (4)	(4,188)	(4,222)	(4,429)	(4,590)	(4,661)
Number of employees (4), (5)	89,800	86,500	90,500	96,400	104,500

(continued on next page)

<FN>

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

1999 - $47 million: reversal of a portion of the 1998 special charges.

1998 - $959 million: asset related charges ($491 million), personnel reductions ($234 million), facility consolidations ($124 million), merger transaction costs ($64 million), and other related costs ($46 million).

1997 - $11 million: merger costs ($9 million), write-downs on impaired assets and early retirement incentives ($10 million), losses from the sale of assets ($12 million), and gain on extension of joint venture ($42 million).

1996 - $86 million: merger costs ($13 million), restructuring, merger and severance costs ($62 million), and write-off of acquired in-process research and development costs ($11 million).

1995 - $8 million: restructuring costs ($5 million) and write-off of acquired in-process research and development costs ($3 million).

1994 - $19 million: merger costs ($27 million), litigation ($10 million), and litigation and insurance recoveries ($18 million).

1993 - $419 million: loss on sale of business ($322 million), merger costs ($31 million), restructuring ($5 million), litigation ($65 million), and gain on curtailment of medical plan ($4 million).

1992 - $294 million: merger costs ($273 million) and restructuring and severance ($21 million).

1991 - $142 million: restructuring ($121 million) and loss on sale of business ($21 million).

(2) Nonoperating income in 1994 includes a gain of $276 million from the sale of an interest in Western Atlas International, Inc. and a gain of $102 million from the sale of our natural gas compression business.

(3) Provision for income taxes in 1996 includes tax benefits of $44 million due to the recognition of net operating loss carryforwards and the settlement of various issues with the Internal Revenue Service.

(4) Includes employees of Dresser Equipment Group which is accounted for as discontinued operations.

(5) Does not include employees of 50% or less owned affiliated companies.
</FN>

HALLIBURTON COMPANY
Quarterly Data and Market Price Information
(Unaudited)

	Quarter				
Millions of dollars except per share data	First	Second	Third	Fourth	Year
2000					
Revenues	$ 2,859	$ 2,868	$ 3,024	$ 3,193	$11,944
Operating income (1)	81	126	248	7	462
Income (loss) from continuing operations	27	52	130	(21)	188
Income from discontinued operations	22	23	27	26	98
Gain on disposal of discontinued operations	215	-	-	-	215
Net income	264	75	157	5	501
Earnings per share:					
Basic income (loss) per common share:					
Income (loss) from continuing operations	0.06	0.12	0.29	(0.05)	0.42
Income from discontinued operations	0.05	0.05	0.06	0.06	0.22
Gain on disposal of discontinued operations	0.49	-	-	-	0.49
Net income	0.60	0.17	0.35	0.01	1.13
Diluted income (loss) per common share:					
Income (loss) from continuing operations	0.06	0.12	0.29	(0.05)	0.42
Income from discontinued operations	0.05	0.05	0.06	0.06	0.22
Gain on disposal of discontinued operations	0.48	-	-	-	0.48
Net income	0.59	0.17	0.35	0.01	1.12
Cash dividends paid per share	0.125	0.125	0.125	0.125	0.50
Common stock prices (2)					
High	44.50	51.56	54.69	50.38	54.69
Low	33.69	37.75	41.69	33.38	33.38
1999 (3)					
Revenues	$ 3,261	$ 3,053	$ 2,973	$ 3,026	$12,313
Operating income (4)	98	143	81	79	401
Income from continuing operations before change in accounting method (4)	53	55	38	28	174
Income from discontinued operations	28	28	20	48	124
Gain on disposal of discontinued operations	-	-	-	159	159
Change in accounting method	(19)	-	-	-	(19)
Net income (4)	62	83	58	235	438
Earnings per share:					
Basic income per common share:					
Income from continuing operations before change in accounting method (4)	0.12	0.13	0.09	0.06	0.40
Income from discontinued operations	0.06	0.06	0.04	0.11	0.28
Gain on disposal of discontinued operations	-	-	-	0.36	0.36
Change in accounting method	(0.04)	-	-	-	(0.04)
Net income	0.14	0.19	0.13	0.53	1.00
Diluted income per common share:					
Income from continuing operations before change in accounting method (4)	0.12	0.13	0.09	0.06	0.39
Income from discontinued operations	0.06	0.06	0.04	0.11	0.28
Gain on disposal of discontinued operations	-	-	-	0.36	0.36
Change in accounting method	(0.04)	-	-	-	(0.04)
Net income	0.14	0.19	0.13	0.53	0.99
Cash dividends paid per share	0.125	0.125	0.125	0.125	0.50
Common stock prices (2)					
High	41.19	47.94	51.44	44.13	51.44
Low	28.25	35.00	39.06	33.88	28.25

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HALLIBURTON COMPANY
Quarterly Data and Market Price Information
(Unaudited)
(continued)

<FN>
(1) Includes pretax job losses and severance for engineering and construction contracts and related restructuring of $193 million ($118 million after-tax or $0.27 per diluted share) in the fourth quarter of 2000.

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

(3) Amounts for revenues, operating income, net income, and earnings per share have been restated to show Dresser Equipment Group as discontinued operations.

(4) Includes pretax special charge credit of $47 million ($32 million after-tax or $0.07 per diluted share) in the second quarter of 1999.
</FN>

PART III

Item 10. Directors and Executive Officers of Registrant.

The information required for the directors of the Registrant is incorporated by reference to the Halliburton Company Proxy Statement dated March 20, 2001, under the caption "Election of Directors." The information required for the executive officers of the Registrant is included under Part I on pages 8 and 9 of this annual report.

Item 11. Executive Compensation.

This information is incorporated by reference to the Halliburton Company Proxy Statement dated March 20, 2001, under the captions "Compensation Committee Report on Executive Compensation," "Comparison of Five-Year Cumulative Total Return," "Summary Compensation Table," "Option Grants in Last Fiscal Year," "Aggregated Option Exercises in Last Fiscal Year and Fiscal Year-End Option Values," "Retirement Plans," "Employment Contracts and Termination of Employment and Change-in-Control Arrangements" and "Directors' Compensation, Restricted Stock Plan and Retirement Plan."

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

This information is incorporated by reference to the Halliburton Company Proxy Statement dated March 20, 2001, under the caption "Stock Ownership of Certain Beneficial Owners and Management."

Item 12(b). Security Ownership of Management.

This information is incorporated by reference to the Halliburton Company Proxy Statement dated March 20, 2001, under the caption "Stock Ownership of Certain Beneficial Owners and Management."

Item 12(c). Changes in Control.

Not applicable.

Item 13. Certain Relationships and Related Transactions.

This information is incorporated by reference to the Halliburton Company Proxy Statement dated March 20, 2001, under the caption "Certain Relationships and Related Transactions."

PART IV

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

(a) 1. Financial Statements:
The report of Arthur Andersen LLP, Independent Public Accountants, and the financial statements of the Company as required by Part II, Item 8, are included on pages 21 through 60 and pages 64 and 65 of this annual report. See index on page 11.

2. Financial Statement Schedules:

Financial Statement Schedules	Page No.
Report on supplemental schedule of Arthur Andersen LLP	75
Schedule II - Valuation and qualifying accounts for the three years ended December 31, 2000	76

Note: All schedules not filed with this report required by Regulation S-X have been omitted as not applicable or not required or the information required has been included in the notes to financial statements.

3. Exhibits:

Exhibit Number	Exhibits
3.1	Restated Certificate of Incorporation of Halliburton Company filed with the Secretary of State of Delaware on July 23, 1998 (incorporated by reference to Exhibit 3(a) to Halliburton's Form 10-Q for the quarter ended June 30, 1998).
3.2	By-laws of Halliburton revised effective May 16, 2000 (incorporated by reference to Exhibit 3 to Halliburton's Form 10-Q for the quarter ended June 30, 2000).
4.1	Form of debt security of 8.75% Debentures due February 12, 2021 (incorporated by reference to Exhibit 4(a) to the Predecessor's Form 8-K dated as of February 20, 1991).
4.2	Senior Indenture dated as of January 2, 1991 between the Predecessor and Texas Commerce Bank National Association, as trustee (incorporated by reference to Exhibit 4(b) to the Predecessor's Registration Statement on Form S-3 (File No. 33-38394) originally filed with the Securities and Exchange Commission on December 21, 1990), as supplemented and amended by the First Supplemental Indenture dated as of December 12, 1996 among the Predecessor, Halliburton and the Trustee (incorporated by reference to Exhibit 4.1 of Halliburton's Registration Statement on Form 8-B dated December 12, 1996, File No. 1-03492).
4.3	Resolutions of the Predecessor's Board of Directors adopted at a meeting held on February 11, 1991 and of the special pricing committee of the Board of Directors of the predecessor adopted at a meeting held on February 11, 1991 and the special pricing committee's consent in lieu of meeting dated February 12, 1991 (incorporated by reference to Exhibit 4(c) to the Predecessor's Form 8-K dated as of February 20, 1991).
4.4	Form of debt security of 6.75% Notes due February 1, 2027 (incorporated by reference to Exhibit 4.1 to Halliburton's Form 8-K dated as of February 11, 1997).

4.5	Second Senior Indenture dated as of December 1, 1996 between the Predecessor and Texas Commerce Bank National Association, as Trustee, as supplemented and amended by the First Supplemental Indenture dated as of December 5, 1996 between the Predecessor and the Trustee and the Second Supplemental Indenture dated as of December 12, 1996 among the Predecessor, Halliburton and the Trustee (incorporated by reference to Exhibit 4.2 of Halliburton's Registration Statement on Form 8-B dated December 12,

1996, File No. 1-03492).

4.6	Third Supplemental Indenture dated as of August 1, 1997 between Halliburton and Texas Commerce Bank National Association, as Trustee, to the Second Senior Indenture dated as of December 1, 1996 (incorporated by reference to Exhibit 4.7 to Halliburton's Form 10-K for the year ended December 31, 1998).
4.7	Fourth Supplemental Indenture dated as of September 29, 1998 between Halliburton and Chase Bank of Texas, National Association (formerly Texas Commerce Bank National Association), as Trustee, to the Second Senior Indenture dated as of December 1, 1996 (incorporated by reference to Exhibit 4.8 to Halliburton's Form 10-K for the year ended December 31, 1998).
4.8	Resolutions of Halliburton's Board of Directors adopted by unanimous consent dated December 5, 1996 (incorporated by reference to Exhibit 4(g) of Halliburton's Form 10-K for the year ended December 31, 1996).
4.9	Resolutions of Halliburton's Board of Directors adopted at a special meeting held on September 28, 1998 (incorporated by reference to Exhibit 4.10 to Halliburton's Form 10-K for the year ended December 31, 1998).
4.10	Restated Rights Agreement dated as of December 1, 1996 between Halliburton and Mellon Investor Services LLC (formerly ChaseMellon Shareholder Services, L.L.C.) (incorporated by reference to Exhibit 4.4 of the Company's Registration Statement on Form 8-B dated December 12, 1996, File No. 1-03492).
4.11	Copies of instruments that define the rights of holders of miscellaneous long-term notes of Halliburton and its subsidiaries, totaling $18 million in the aggregate at December 31, 2000, have not been filed with the Commission. Halliburton agrees to furnish copies of these instruments upon request.
4.12	Form of debt security of 7.53% Notes due May 12, 2017 (incorporated by reference to Exhibit 4.4 to Halliburton's Form 10-Q for the quarter ended March 31, 1997).
4.13	Form of debt security of 6.30% Notes due August 5, 2002 (incorporated by reference to Exhibit 4.1 to Halliburton's Form 8-K dated as of August 5, 1997).
4.14	Form of debt security of 5.63% Notes due December 1, 2008 (incorporated by reference to Exhibit 4.1 to Halliburton's Form 8-K dated as of November 24, 1998).

4.15	Form of Indenture, between Baroid Corporation and Texas Commerce Bank National Association, as Trustee, for 8% Senior Notes due 2003 (incorporated by reference to Exhibit 4.01 to the Registration Statement on Form S-3 filed by Baroid Corporation, Registration No. 33-60174), as supplemented and amended by Form of Supplemental Indenture, between Dresser, Baroid Corporation and Texas Commerce Bank N.A. as Trustee, for 8% Guaranteed Senior Notes due 2003 (incorporated by reference to Exhibit 4.3 to Registration Statement on Form S-4 filed by Baroid Corporation, Registration No. 33-53077).
4.16	Second Supplemental Indenture dated October 30, 1997 between Dresser and Texas Commerce Bank National Association, as Trustee, for 8% Senior Notes due 2003 (incorporated by reference to Exhibit 4.19 to Halliburton's Form 10-K for the year ended December 31, 1998).

4.17	Third Supplemental Indenture dated September 29, 1998 between Dresser, Halliburton, as Guarantor, and Chase Bank of Texas, National Association, as Trustee, for 8% Senior Notes due 2003 (incorporated by reference to Exhibit 4.20 to Halliburton's Form 10-K for the year ended December 31, 1998).
4.18	Form of Indenture, between Dresser and Texas Commerce Bank National Association, as Trustee, for 7.60% Debentures due 2096 (incorporated by reference to Exhibit 4 to the Registration Statement on Form S-3 as amended, Registration No. 333-01303), as supplemented and amended by Form of Supplemental Indenture, between Dresser and Texas Commerce Bank National Association, Trustee, for 7.60% Debentures due 2096 (incorporated by reference to Exhibit 4.1 to Dresser's Form 8-K filed on August 9, 1996).
10.1	Halliburton Company Career Executive Incentive Stock Plan as amended November 15, 1990 (incorporated by reference to Exhibit 10(a) to the Predecessor's Form 10-K for the year ended December 31, 1992).
10.2	Retirement Plan for the Directors of Halliburton Company as amended and restated effective May 16, 2000 (incorporated by reference to Exhibit 10.2 to Halliburton's Form 10-Q for the quarter ended September 30, 2000).
* 10.3	Halliburton Company Directors' Deferred Compensation Plan as amended and restated effective February 1, 2001.
10.4	Halliburton Company 1993 Stock and Long-Term Incentive Plan, as amended and restated effective May 16, 2000 (incorporated by reference to Exhibit 10.3 to Halliburton's Form 10-Q for the quarter ended June 30, 2000).
10.5	Halliburton Company Restricted Stock Plan for Non-Employee Directors (incorporated by reference to Appendix B of the Predecessor's proxy statement dated March 23, 1993).
10.6	Halliburton Elective Deferral Plan, as amended and restated effective January 1, 2000 (incorporated by reference to Exhibit 10.1 to Halliburton's Form 10-Q for the quarter ended March 31, 2000).
10.7	First Amendment to the Elective Deferral Plan (incorporated by reference to Exhibit 10.4 to Halliburton's Form 10-Q for the quarter ended September 30, 2000).

10.8	Employment agreement (incorporated by reference to Exhibit 10 to the Predecessor's Form 10-Q for the quarter ended September 30, 1995).
10.9	Halliburton Company Senior Executives' Deferred Compensation Plan, as amended and restated effective January 1, 1999 (incorporated by reference to Exhibit 10.8 to Halliburton's Form 10-K for the year ended December 31, 1998).
10.10	Halliburton Company Annual Performance Pay Plan, as amended and restated effective January 1, 1997 (incorporated by reference to Exhibit 10(k) to Halliburton's Form 10-K for the year ended December 31, 1996).
10.11	Employment agreement (incorporated by reference to Exhibit 10(n) to the Predecessor's Form 10-K for the year ended December 31, 1995).

	10.12	Employment agreement and amendment thereto (incorporated by reference to Exhibit 10(b) to Halliburton's Form 10-Q for the quarter ended September 30, 1998).
	10.13	Employment agreement (incorporated by reference to Exhibit 10.16 to Halliburton's Form 10-K for the year ended December 31, 1998).
	10.14	Employment agreement (incorporated by reference to Exhibit 10.17 to Halliburton's Form 10-K for the year ended December 31, 1998).
	10.15	Employment agreement (incorporated by reference to Exhibit 10.19 to Halliburton's Form 10-K for the year ended December 31, 1998).
*	10.16	Dresser Industries, Inc. Deferred Compensation Plan as amended and restated effective January 1, 2000.
	10.17	Dresser Industries, Inc. 1982 Stock Option Plan (incorporated by reference to Exhibit A to Dresser's Proxy Statement dated February 12, 1982, filed pursuant to Regulation 14A, File No. 1-4003).
	10.18	ERISA Excess Benefit Plan for Dresser Industries, Inc. as amended and restated effective June 1, 1995 (incorporated by reference to Exhibit 10.7 to Dresser's Form 10-K for the year ended October 31, 1995).
	10.19	ERISA Compensation Limit Benefit Plan for Dresser Industries, Inc., as amended and restated effective June 1, 1995 (incorporated by reference to Exhibit 10.8 to Dresser's Form 10-K for the year ended October 31, 1995).
	10.20	Supplemental Executive Retirement Plan of Dresser Industries, Inc., as amended and restated effective January 1, 1998 (incorporated by reference to Exhibit 10.9 to Dresser's Form 10-K for the year ended October 31, 1997).
	10.21	Stock Based Compensation Arrangement of Non-Employee Directors (incorporated by reference to Exhibit 4.4 to Dresser's Registration Statement on Form S-8, Registration No. 333-40829).
	10.22	Dresser Industries, Inc. Deferred Compensation Plan for Non-employee Directors, as restated and amended effective November 1, 1997 (incorporated by reference to Exhibit 4.5 to Dresser's Registration Statement on Form S-8, Registration No. 333-40829).

*	10.23	Long-Term Performance Plan for Selected Employees of The M. W. Kellogg Company, as amended and restated effective September 1, 1999.
	10.24	Dresser Industries, Inc. 1992 Stock Compensation Plan (incorporated by reference to Exhibit A to Dresser's Proxy Statement dated February 7, 1992, filed pursuant to Regulation 14A, File No. 1-4003).
	10.25	Amendments No. 1 and 2 to Dresser Industries, Inc. 1992 Stock Compensation Plan (incorporated by reference to Exhibit A to Dresser's Proxy Statement dated February 6, 1995, filed pursuant to Regulation 14A, File No. 1-4003).
	10.26	Dresser Industries, Inc. 1995 Executive Incentive Compensation Plan (incorporated by reference to Exhibit B to Dresser's Proxy Statement dated February 6, 1995, filed pursuant to Regulation 14A, File No. 1-4003).
	10.27	Special 1997 Restricted Incentive Stock Grant (incorporated by reference to Exhibit 10.26 to Dresser's

Form 10-K for the year ended October 31, 1996).

10.28 Form of Executive Life Insurance Agreement (individual as beneficiary) (incorporated by reference to Exhibit 10.22 to Dresser's Form 10-K for the year ended October 31, 1997).

10.29 Form of Executive Life Insurance Agreement (trust as beneficiary) (incorporated by reference to Exhibit 10.23 to Dresser's Form 10-K for the year ended October 31, 1997).

10.30 Amendment No. 3 to the Dresser Industries, Inc. 1992 Stock Compensation Plan (incorporated by reference to Exhibit 10.25 to Dresser's Form 10-K for the year ended October 31, 1997).

10.31 Dresser Industries, Inc. 1998 Executive Incentive Compensation Plan (incorporated by reference to Exhibit B to Dresser's Proxy Statement dated February 10, 1998, filed pursuant to Regulation 14A, File No. 1-4003).

10.32 Form of Waiver of Rights Under the Dresser Industries, Inc. Long-Term Incentive and Retention Plan (incorporated by reference to Exhibit 10.5 to Dresser's Form 10-Q for the quarter ended January 31, 1998).

10.33 Amendment No. 1 to the Supplemental Executive Retirement Plan of Dresser Industries, Inc. (incorporated by reference to Exhibit 10.1 to Dresser's Form 10-Q for the quarter ended April 30, 1998).

10.34 Halliburton Executive Performance Plan effective January 1, 2000 (incorporated by reference to Exhibit 10.2 to Halliburton's Form 10-Q for the quarter ended March 31, 2000).

10.35 Employment agreement (incorporated by reference to Exhibit 10.1 to Halliburton's Form 10-Q for the quarter ended June 30, 2000).

10.36 Employment agreement (incorporated by reference to Exhibit 10.2 to Halliburton's Form 10-Q for the quarter ended June 30, 2000).

10.37 Employment agreement (incorporated by reference to Exhibit 10.1 to Halliburton's Form 10-Q for the quarter ended September 30, 2000).

10.38 Form of Nonstatutory Stock Option Agreement for Non-Employee Directors (incorporated by reference to Exhibit 10.3 to Halliburton's Form 10-Q for the quarter ended September 30, 2000).

* 10.39 Employment agreement.

10.40 Agreement and Plan of Recapitalization dated as of January 30, 2001 (incorporated by reference to Halliburton's Form 8-K/A dated as of March 6, 2001).

* 21 Subsidiaries of the Registrant.

* 23 Consent of Arthur Andersen LLP.

24.1 Powers of attorney for the following directors signed in February, 1997 (incorporated by reference to Exhibit 24 to Halliburton's Form 10-K for the year ended December 31, 1996):

Lord Clitheroe
Robert L. Crandall
W. R. Howell

C. J. Silas

24.2	Power of attorney signed in December, 1997 for Charles J. DiBona (incorporated by reference to Exhibit 24(b) to Halliburton's Form 10-K for the year ended December 31, 1997).
24.3	Powers of attorney for the following directors signed in October, 1998 (incorporated by reference to Exhibit 24.3 to Halliburton's Form 10-K for the year ended December 31, 1998): Lawrence S. Eagleburger Ray L. Hunt J. Landis Martin Jay A. Precourt
*	Filed with this Form 10-K.

(b) Reports on Form 8-K:

Date Filed	Date of Earliest Event	Description of Event
During the fourth quarter of 2000:		
October 25, 2000	October 23, 2000	Item 5. Other Events for a press release announcing Brown & Root Services is a defendant in litigation alleging that Brown & Root Services violated provisions of the False Claims Act while performing work for the U.S. Army at Fort Ord, California. The U.S. Department of Justice has now advised Brown & Root Services that Brown & Root Services is the target of a federal grand jury investigation regarding the contract issues raised in the litigation.

Date Filed	Date of Earliest Event	Description of Event
During the fourth quarter of 2000 (continued):		
October 27, 2000	October 24, 2000	Item 5. Other Events for a press release announcing 2000 third quarter earnings.
October 27, 2000	October 26, 2000	Item 5. Other Events for a press release announcing that the board of directors has declared fourth quarter dividend of 12.5 cents a share on common stock payable December 21, 2000 to shareholders of record at the close of business on November 30, 2000.
December 22, 2000	December 21, 2000	Item 5. Other Events for a press release announcing Halliburton concerns regarding the poor near-term market outlook for the downstream engineering and construction business. The Company will record approximately $120 million after-tax charges in the fourth quarter.
During the first quarter of 2001 to date:		
January 2, 2001	January 2, 2001	Item 5. Other Events for a press release announcing Halliburton and Landmark Graphics Corporation, a wholly owned business unit of Halliburton, have a definitive agreement to acquire PGS Data Management (PGSDM), a division of Petroleum Geo-Services ASA.
January 3, 2001	January 2, 2001	Item 5. Other Events for a press release announcing that Halliburton board of directors approved the acquisition of PGS Data Management division of Petroleum Geo-Services ASA. Completion of the transaction remains subject to various regulatory and other approvals, as well as the finalization of ancillary agreements.
February 2, 2001	January 31, 2001	Item 5. Other Events for a press release announcing Halliburton has executed a definitive agreement to sell its Dresser Equipment Group to an investor group consisting of First Reserve Corporation, Odyssey Investment Partners, LLC and members of the existing DEG management team. Total consideration for the transaction is $1.55 billion in cash and assumed liabilities. Halliburton expects to recognize a pretax gain of about $500 million and after-tax gain of about $300 million upon closing. Halliburton will receive approximately $1.1 billion in cash after taxes on the sale of DEG. As part of the terms of the transaction, Halliburton will retain a five percent equity interest in DEG after closing.

Date Filed	Date of Earliest Event	Description of Event
During the first quarter of 2001 to date (continued):		
February 20, 2001	February 15, 2001	Item 5. Other Events for a press release announcing Halliburton's board of directors declared a first quarter dividend of 12.5 cents per share on common stock.
March 6, 2001	January 31, 2001	Item 5. Other Events for the Agreement and Plan of Recapitalization dated January 30, 2001 among Halliburton Company, Dresser B.V. and DEG Acquisitions, LLC.
March 13, 2001	March 12, 2001	Item 5. Other Events for a press release announcing the acquisition of PGS Data Management division.
March 23, 2001	March 22, 2001	Item 5. Other Events for a press release announcing Halliburton plans to appeal the Delaware Chancery Court ruling against Halliburton Company and its subsidiary, Kellogg Brown & Root, Inc., in litigation involving Highlands Insurance Group, Inc.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS
ON SUPPLEMENTAL SCHEDULE

To the Shareholders and Board of Directors
Halliburton Company:

We have audited in accordance with generally accepted auditing standards, the consolidated financial statements included in this Form 10-K, and have issued our report thereon dated January 30, 2001 (except with respect to the matters discussed in Notes 9 and 19, as to which the date is March 23, 2001). Our audits were made for the purpose of forming an opinion on those statements taken as a whole. The supplemental schedule (Schedule II) is the responsibility of Halliburton Company's management and is presented for purposes of complying with the Securities and Exchange Commission's rules and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ ARTHUR ANDERSEN LLP

ARTHUR ANDERSEN LLP

Dallas, Texas,
January 30, 2001 (Except with respect to the matters discussed in Notes 9 and 19, as to which the date is March 23, 2001.)

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

The table below presents valuation and qualifying accounts for continuing operations.

Descriptions	Balance at Beginning of Period	Additions: Charged to Costs and Expenses	Additions: Charged to Other Accounts	Deductions	Balance at End of Period
Year ended December 31, 1998:					
Deducted from accounts and notes receivable:					
Allowance for bad debts	$ 48	$ 25	$ -	$ (7) (1)	$ 66
Reserve for repairs and maintenance	$ 16	$ 3	$ -	$ (5)	$ 14

Accrued special charges	$ -	$ 875	$ -	$ (518)	$ 357
Year ended December 31, 1999:					
Deducted from accounts and notes receivable:					
Allowance for bad debts	$ 66	$ 49	$ -	$ (21) (1)	$ 94
Reserve for repairs and maintenance	$ 14	$ 4	$ -	$ (3)	$ 15
Accrued special charges	$ 357	$ -	$ -	$ (288) (2)	$ 69
Year ended December 31, 2000:					
Deducted from accounts and notes receivable:					
Allowance for bad debts	$ 94	$ 39	$ -	$ (8) (1)	$ 125
Reserve for repairs and maintenance	$ 15	$ 4	$ -	$ (5)	$ 14
Accrued special charges	$ 69	$ -	$ -	$ (63) (3)	$ 6
Accrued reorganization charges	$ -	$ 36	$ -	$ (20)	$ 16

<FN>
(1) Receivable write-offs and reclassifications, net of recoveries.

(2) Includes $47 million reversal of special charges taken in 1998 and $14 million for items of a long-term nature reclassified to employee compensation and benefits in 1999.

(3) Includes $9 million for items of a long-term nature reclassified to other liabilities in 2000.
</FN>

SIGNATURES

As required by Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has authorized this report to be signed on its behalf by the undersigned authorized individuals, on this 27th day of March, 2001.

HALLIBURTON COMPANY

By /s/ David J. Lesar

David J. Lesar
Chairman of the Board,
President and Chief Executive Officer

As required by the Securities Exchange Act of 1934, this report has been signed below by the following persons in the capacities indicated on this 27th day of March, 2001.

Signature	Title
/s/ David J. Lesar --------------------------------------- David J. Lesar	Chairman of the Board, President and Chief Executive Officer
/s/ Gary V. Morris --------------------------------------- Gary V. Morris	Executive Vice President and Chief Financial Officer
/s/ R. Charles Muchmore, Jr. --------------------------------------- R. Charles Muchmore, Jr.	Vice President and Controller and Principal Accounting Officer

Signature	Title

* LORD CLITHEROE -- Lord Clitheroe	Director
*ROBERT L. CRANDALL -- Robert L. Crandall	Director
* CHARLES J. DIBONA -- Charles J. DiBona	Director
* LAWRENCE S. EAGLEBURGER -- Lawrence S. Eagleburger	Director
* W. R. HOWELL -- W. R. Howell	Director
* RAY L. HUNT -- Ray L. Hunt	Director
* J. LANDIS MARTIN -- J. Landis Martin	Director
* JAY A. PRECOURT -- Jay A. Precourt	Director
* C. J. SILAS -- C. J. Silas	Director

* /s/ SUSAN S. KEITH

Susan S. Keith, Attorney-in-fact

HALLIBURTON COMPANY

DIRECTORS' DEFERRED COMPENSATION PLAN

AS AMENDED AND RESTATED

EFFECTIVE AS OF FEBRUARY 1, 2001

TABLE OF CONTENTS

HALLIBURTON COMPANY

DIRECTORS' DEFERRED COMPENSATION PLAN

AS AMENDED AND RESTATED

EFFECTIVE AS OF FEBRUARY 1, 2001

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

ARTICLE I
PURPOSE OF PLAN

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

ARTICLE II
DEFINITIONS

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

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

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

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

Section 2.04. "Company" shall mean Halliburton Company.

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

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

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

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

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

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

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

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

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

transactions for the principal United States securities exchange on which the common stock is then listed or, if the common stock is not then listed on any such exchange, as reported in The NASDAQ Stock Market.

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

Section 2.15. "Plan" shall mean the Halliburton Company Directors' Deferred Compensation Plan, as amended and restated effective as of February 1, 2001, and as the same may thereafter be amended from time to time.

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

Section 2.17. "Stock Equivalent" shall mean a measure of value equal to one share of the Company's common stock.

Section 2.18. "Stock Equivalents Account" shall mean the Participant's Stock Equivalents Account established pursuant to Section 4.03 herein.

ARTICLE III
ADMINISTRATION OF THE PLAN

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

Section 3.02. Indemnity.

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

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

Indemnifying Party. The Indemnifying Party shall not be liable for any compromise or settlement of any such action or proceeding effected without its consent, which consent will not be unreasonably withheld.

ARTICLE IV
DEFERRED COMPENSATION

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

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

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

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

ARTICLE V
DEFERRED COMPENSATION SUBJECT TO INTEREST

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

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

(a) a single lump-sum payment;

(b) five equal annual installments; or

(c) ten equal annual installments.

Until payment is made, interest shall continue to accrue in the manner provided in Section 5.01. All Plan Earnings accrued to the date of payment of any lump-sum or annual installment shall be paid in conjunction with such payment. The lump-sum payment or the initial annual installment shall be distributed on the last business day of January next following the close of the calendar year in which the Participant's Deferral Termination Date occurs. The remaining installments, if any, shall be distributed at annual intervals thereafter.

If a Participant's Deferral Termination Date shall occur by reason of his death or if he shall die after his Deferral Termination Date, but prior to receipt of all distributions provided for in this Section, all cash distributable hereunder shall be distributed in a lump sum to such Participant's estate or personal representative as soon as administratively feasible following such Participant's death.

ARTICLE VI
STOCK EQUIVALENTS

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

Section 6.02. Cash and Property Dividend Credits. Additional credits shall be made to a Participant's Deferred Compensation Account throughout the period of such Participant's participation in the Plan, and thereafter until all distributions to which the Participant is entitled under Section 6.05 or ARTICLE VIII shall have been made, in amounts equal to the Plan Earnings consisting of the cash or fair market value of any dividends or distributions declared and made with respect to the Company's common stock payable in cash, securities issued by the Company (other than the Company's common stock but including any such securities convertible into the Company's common stock) or other property which the Participant would have received from time to time had he been the owner on the record dates for the payment of such dividends of the number of shares of the Company's common stock equal to the number of Stock Equivalents in his Stock Equivalents Account on such dates. Each such credit shall be effected as of the payment date for such dividend or distribution. Each and every amount so credited to a Participant's Deferred Compensation Account shall be held in such account subject to the provisions of Section 4.04 herein.

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

Section 6.04. Recapitalization. If, as a result of a split or combination of the Company's outstanding common stock or other recapitalization or reorganization, the number of shares of the Company's outstanding common stock is increased or decreased or all or a portion of the Company's outstanding common stock is exchanged for or converted into other securities issued by the Company (including without limitation securities convertible into the Company's common stock) or other property, the number of Stock Equivalents credited to a Participant's Stock Equivalents Account shall, to the extent reasonably practicable, be equitably adjusted to give effect to such recapitalization or reorganization (taking into account the fair market value of any securities or other property for which the Company's common stock was exchanged or into which it was converted) as if the Participant had owned of record on the effective

date of such recapitalization or reorganization a number of shares of the Company's common stock equal to the number of Stock Equivalents credited to his Stock Equivalents Account immediately prior thereto. To the extent that any such adjustment is not reasonably practicable, the Board of Directors shall give consideration to amending the Plan pursuant to ARTICLE IX in order to give effect to the purpose of the Plan and, if no such amendments can be effected or are considered desirable, to terminating the Plan pursuant to ARTICLE VIII.

Section 6.05. Distributions from Stock Equivalent Account After Participant's Deferral Termination Date. When a Participant's Deferral Termination Date shall occur, the Company shall become obligated to make the distributions prescribed in paragraphs (a) and (b) below. At the time of any distribution, each Stock Equivalent to be distributed shall be converted into one share of the Company's common stock and such share shall be distributed to the Participant. Any fraction of a Stock Equivalent to be distributed shall be converted into an amount in cash equal to the Market Price of one share of the Company's common stock on the trading day next preceding the date of distribution multiplied by such fraction and such cash shall be distributed to the Participant.

(a) Distribution shall be made in one of the following alternative forms, as determined by the Committee in its sole discretion:

(i) a single lump-sum distribution;

(ii) five equal annual installments; or

(iii) ten equal annual installments.

Until payment is made, Plan Earnings shall continue to be credited in the manner provided in Section 6.02. All Plan Earnings accrued to the date of any lump-sum distribution or annual installment shall be paid in conjunction with such payment. The lump-sum or the initial annual installment shall be distributed on the last business day of January next following the close of the calendar year in which the Participant's Deferral Termination Date occurs. The remaining installments, if any, shall be distributed at annual intervals thereafter.

(b) If a Participant's Deferral Termination Date shall occur by reason of his death or if he shall die after his Deferral Termination Date but prior to receipt of all distributions provided for in this Section, all Stock Equivalents, or the undistributed balance thereof, shall be distributed to such Participant's estate or personal representative as soon as administratively feasible following such Participant's death.

ARTICLE VII
NATURE OF PLAN

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

ARTICLE VIII
TERMINATION OF THE PLAN

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

ARTICLE IX
AMENDMENT OF THE PLAN

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

ARTICLE X
GENERAL PROVISIONS

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

Section 10.02. Authorized Payments.

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

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

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

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

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

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

ARTICLE XI
EFFECTIVE DATE

This amendment and restatement of the Plan shall be effective as of February 1, 2001, and shall continue in force during subsequent years unless amended or revoked by action of the Board of Directors.

HALLIBURTON COMPANY

By

DRESSER INDUSTRIES, INC.
DEFERRED COMPENSATION PLAN

As Amended and Restated
Effective January 1, 2000

Table of Contents

DRESSER INDUSTRIES, INC.
DEFERRED COMPENSATION PLAN

WHEREAS, Dresser Industries, Inc. (the "Company") established the Dresser Industries, Inc. Deferred Compensation Plan, hereinafter referred to as the "Plan," effective August 19, 1965, for the benefit of certain of its employees;

WHEREAS, deferrals under the Plan have ceased and no new Participant may join the Plan; and

WHEREAS, the Company desires to restate the Plan and to amend the Plan in several respects, intending thereby to provide an uninterrupted and continuing program of benefits;

NOW THEREFORE, the Plan is hereby restated in its entirety as follows with no interruption in time, effective as of January 1, 2000, except as otherwise indicated herein:

I. PURPOSE OF PLAN

The purposes of this Plan are to (i) provide greater incentive for employees to attain and maintain the highest standards of performance; (ii) retain employees of outstanding competence; (iii) further the identity of interests of such employees with those of the Company's stockholders generally; and (iv) reward such employees for outstanding performance.

II. DEFINITIONS AND CONSTRUCTION

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

(a) "Benefits" means the net, unforfeited amounts, including Interest and Dividend Equivalents to be paid to a Participant (or the estate or beneficiary of a Participant) under the Plan.

(b) "Benefit Payment Option" means one of the schedules specifying the timing of the payment of a Participant's Benefit under the Plan as set forth in Section 5.4 of the Plan.

(c) "Board" means the Board of Directors of Dresser Industries, Inc.

(d) "Cash Benefit" means the amount credited in a dollar amount under the Plan on behalf of a Participant as a result of such Participant's Deferred Compensation and any Interest credited thereon.

(e) "Company" means Dresser Industries, Inc. and its wholly-owned subsidiaries.

(f) "Crediting Date" means the January 15 next following the end of the Fiscal Year for which the credit is awarded or, if such January 15 is not a business day, the next business day.

(g) "Deferred Compensation" means amounts deferred under the terms of the Plan prior to the Effective Date.

(h) "Director" means a member of the Board.

(i) "Disability" means such an absence of physical or mental powers in a Participant so as to render him incapable of competently performing his duties for the Company.

(j) "Dividend Equivalent" means, with respect to a particular Unit Stock Benefit, the sum of (i) the total amount of cash dividends that would have been payable during the preceding calendar year on the shares of Unit Stock under such Unit Stock Benefit had such shares been outstanding during the preceding calendar year and (ii) any Dividend Equivalent with respect to such Unit Stock Benefit carried forward from the preceding Crediting Date in accordance with the terms of Section 4.1.

(k) "Effective Date" means January 1, 2000, as to this amendment and restatement of the Plan, except that (i) the Benefit Payment Options specified in Section 5.4 shall be applicable to Participants terminating employment with the Company on or after January 1, 2001, with the Benefit Payment Options applicable to Participants terminating employment prior to such date being governed by the Plan as in effect prior to this amendment and restatement, and (ii) the last sentence of Section 5.4 pertaining to cashing out of small benefits shall be effective January 1, 2002. The original effective date of the Plan was August 1, 1965.

(l) "Fiscal Year" means the fiscal year of the Company.

(m) "Interest" means simple interest credited on a Participant's Cash Benefit as of each Crediting Date. The rate of Interest shall be based on the annual savings account rate of a major bank as designated from time to time by the Board as of the December 31 next preceding the applicable Crediting Date.

(n) "Participant" means an individual who is contingently entitled to Benefits under the Plan. Participation in the Plan is available only to an individual who was a Participant in the Plan on the Effective Date. No other individuals shall be eligible to become Participants in the Plan.

(o) "Plan" means the Dresser Industries, Inc. Deferred Compensation Plan adopted by the Board on August 1, 1965, as amended and restated herein.

(p) "Unit Price" means, with respect to a Crediting Date, 75% of the average of the daily closing prices of Unit Stock on the New York Stock Exchange for the calendar month immediately prior to such Crediting Date, or such higher percentage of such average as may be determined by the Board from time to time, in accordance with the terms of Section 3.4; provided however, that with respect to Unit Stock Benefits on behalf of a Participant who has

terminated employment with the Company, 100% shall be substituted for the foregoing percentage with respect to each Crediting Date after the Crediting Date following such Participant's termination of employment.

(q) "Unit Stock" means shares of common stock of Halliburton Company.

(r) "Unit Stock Benefit" means the number of shares of Unit Stock credited on behalf of a Participant as a result of such Participants' Deferred Compensation, and any Dividend Equivalents credited thereon.

2.2 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 this Plan, shall be deemed to include the feminine gender.

2.3 Headings. The headings of Articles, Sections, and Paragraphs herein are included solely for convenience. If there is any conflict between such headings and the text of this Plan, the text shall control. All references to Articles, Sections, and Paragraphs are to this Plan unless otherwise indicated.

2.4 Effect Upon Other Plans. Except to the extent provided herein, nothing in this Plan shall be construed to affect the provisions of any other plan maintained by the Company.

III. ADMINISTRATION

3.1 Administration by the Board; Right to Delegate. This Plan shall be administered by the Board. The Board may appoint committees, individuals, or any other agents as it deems advisable and may delegate to any of such appointees any or all of the powers and duties of the Board hereunder. In the event the Board delegates any or all of its powers and duties under the foregoing sentence, the Board may specify the manner in which such powers and duties shall be performed.

3.2 Required Vote; Meetings. The Board shall adopt such rules and procedures for the conduct of its business and for the administration of the Plan as it deems advisable and shall have authority to take any and all action necessary to implement such rules and procedures. A Director who is a Participant may vote and take actions on all Board matters, including, without limitation, matters that may directly affect such Director and matters that may affect such Director in a manner differently from or inconsistently with other Participants. All actions taken by the Board must be approved by an affirmative vote of a majority of all Directors. The Board may take any action without a meeting upon written consent signed by all of the Directors. Directors may participate in a meeting by means of conference telephone or similar communications equipment through which all participating persons can instantly communicate with each other.

3.3 Powers and Duties. The Board shall supervise the administration and enforcement of this Plan according to the terms and provisions hereof and shall have the sole discretionary authority and all of the powers necessary to accomplish such duties. Without limiting the generality of the foregoing, the Board shall have all of the powers and duties specified for it under the Plan, including, without limitation, the power, right, or authority: (a) from time to time to establish rules and procedures for the administration of the Plan which are not inconsistent with the provisions of the Plan, and any such rules and procedures shall be effective as if included in the Plan, (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 the Board shall deem appropriate, (d) to make a determination in its discretion as to the right of any person to a payment and the amount of such payment and to prescribe procedures to be followed by distributees in obtaining such payment, and (e) to make all other determinations necessary or advisable for the administration of the Plan. All decisions, determinations, and actions made or taken by the Board and its delegates with respect to the Plan and any Benefits under the Plan shall be final, binding, and conclusive upon all persons and shall not be subject to appeal. The Board and its delegates shall, in their sole discretion exercised in good faith (which, for purposes of this Section 3.3, shall mean the application of reasonable business judgment), make such decisions or determinations and take such actions, and all such decisions, determinations, and actions by the Board and its delegates shall be final, binding, and conclusive upon all persons and shall not be subject to appeal. If a Participant disagrees with any decision, determination, or action made or taken by the Board or its delegates, then the dispute will be limited to whether the Board satisfied their duty to make such decision or determination or take such action in good faith.

3.4 Unit Price. From time to time, the Board may substitute any percentage in excess of 75% for such figure in determining the Unit Price as set forth in the definition of Unit Price herein; provided however, that any such determination must be made prior to the end of the Fiscal Year immediately preceding the Crediting Date to which such Unit Price shall apply.

3.5 Expenses. All expenses of the administration of the Plan shall be borne by the Company.

IV. UNIT STOCK BENEFITS AND CASH BENEFITS

4.1 Dividend Equivalents on Unit Stock Benefits. On or before each Crediting Date, there shall be ascertained (a) the balance of each Unit Stock Benefit and (b) the Dividend Equivalent attributable to such Unit Stock Benefit for the preceding calendar year. As of each Crediting Date, each Unit Stock Benefit shall be credited with a whole number of shares of Unit Stock that is equal to (x) the Dividend Equivalent determined under the foregoing sentence, divided by (y) the applicable Unit Price; provided however, any fractional shares shall be disregarded and the amount of any remaining Dividend Equivalent

attributable to such fractional shares shall be carried forward and added to the Dividend Equivalent calculated with respect to the next succeeding Crediting Date.

4.2 Interest on Cash Benefit. As of each Crediting Date, the balance of each Participant's Cash Benefit shall be credited with Interest.

4.3 Corporate Changes. If the Company at any time increases or decreases proportionately to all holders of shares of its common stock then outstanding, whether by stock dividend, stock split, consolidation of shares, or in any other manner the number of all of its outstanding shares of such common stock held by such holders, then all Unit Stock Benefits theretofore credited and unforfeited shall be correspondingly increased or decreased with respect to the number of shares of such common stock represented thereby. In the event of a merger or consolidation of the Company with or into another corporation or the sale of substantially all of the assets of the Company, the Board shall make an appropriate equitable adjustment to all Unit Stock Benefits.

4.4 Unilateral Termination. Notwithstanding any other provision of the Plan to the contrary, in the event a Participant's employment with the Company is terminated by unilateral decision of such Participant, no Dividend Equivalents or Interest shall be credited to any Unit Stock Benefits or Cash Benefit on behalf of such Participant in respect of dividends paid or Interest attributable to the period of time after such Participant's termination of employment.

V. BENEFITS

5.1 Valuation. When it is necessary under the Plan to determine the value on any date of shares of Unit Stock, the value shall be the product of the number of shares of Unit Stock to be valued and the average of the daily closing prices of a share of the Unit Stock on the New York Stock Exchange during the preceding calendar month. The value of a Participant's Benefits on any date shall be the sum of (a) the dollar amount of such Participant's Cash Benefit and (b) the dollar value, as determined above, of any Benefits held in shares of Unit Stock on behalf of such Participant under the Plan.

5.2 Conversion From Unit Stock Benefit to Cash Benefit. Prior to the Effective Date, each Participant had the opportunity to elect the manner in which his Unit Stock Benefit will be invested and paid following his termination of employment, either (a) continuing an all Unit Stock Benefit, (b) converting to an all Cash Benefit, or (c) continuing a specified percentage as a Unit Stock Benefit with the remainder converting to a Cash Benefit. A Participant who did not make such an election prior to the Effective Date shall be deemed to have elected to have 50% of his Unit Stock Benefit converted to a Cash Benefit following his termination of employment. Such election may be changed by a Participant prior to his termination of employment with the Company by written notice thereof filed with the Board; provided however, that such change can only increase the percentage to be continued as a Unit Stock Benefit, but cannot decrease such percentage. If a Participant has an election in effect to convert

all or a percentage of his Unit Stock Benefit to a Cash Benefit, such conversion shall occur on the Crediting Date next following the Participant's termination of employment with the Company based on the applicable Unit Price for such Crediting Date. Such conversion shall occur after the crediting of Dividend Equivalents for such Crediting Date pursuant to Section 4.1. If less than all of a Participant's Unit Stock Benefit is to be converted to a Cash Benefit, the number of whole shares of Unit Stock to be converted shall be determined by multiplying the total shares of Unit Stock credited to the Participant as of the applicable Crediting Date by the percentage to be converted to a Cash Benefit with any fraction of a share of Unit Stock resulting from such calculation to remain as a Unit Stock Benefit.

5.3 Medium of Payment. All Cash Benefits under the Plan shall be paid in cash. All Unit Stock Benefits under the Plan shall be paid in Unit Stock.

5.4 Election of Options. A Participant's Benefits shall be paid under one or more of the Benefit Payment Options herein as timely elected by a Participant; provided, however, that in the absence of a valid election, a Participant's benefits shall be paid under Option A. Payment of a Participant's Benefits, or a portion thereof, credited through the first Crediting Date following the calendar year of a Participant's termination of employment with the Company, shall commence as of the first Crediting Date following the calendar year of the Participant's termination of employment and shall be paid in equal annual installments over a period of time determined in accordance with one of the following Benefit Payment Options:

Option A. Ten years, or

Option B. Five years, or

Option C. Fifteen years, or

Option D. Twenty years

as elected by such Participant. A Participant's payment election hereunder may be made or revoked at any time or times prior to the termination of the

Participant's employment with the Company by written notice thereof filed with the Board. The preceding notwithstanding, if, as of any Crediting Date following a Participant's termination of employment with the Company, the value of such Participant's Benefits is $50,000 or less, the Board, in its discretion, may direct that such Benefits be paid in full as soon as administratively feasible on or after such Crediting Date.

5.5 Payment of Dividend Equivalents and Interest. At the time of each annual installment payment pursuant to each of the Benefit Options, Interest and Dividend Equivalents shall be paid with respect to each Participant's unpaid and unforfeited Unit Stock Benefits and Cash Benefits under the Plan since the previous Crediting Date. The amount of such payments shall be calculated using the methodology set forth in Section 4.1 and Section 4.2.

5.6 Death or Disability. In the event of a Participant's death or Disability, the Board may, in its sole discretion and upon proof of the financial necessity of the person or persons to whom such Participant's Benefits are payable, vary the number and amount of installments to be paid with respect to such Benefits.

5.7 To Whom Payments are Made. Payments of a Participant's Benefits shall be made to the Participant if living. Unless otherwise requested in writing by Participant, in the event of a Participant's death, payments will be made to the beneficiary designated by the Participant for the purpose of receiving life insurance benefits under the Company's group life insurance plan. In the event no beneficiary is designated by the Participant either in writing or for the purpose of receiving such life insurance benefits, or if the designated beneficiary does not survive the Participant, such Participant's Benefits will be paid to his personal representatives or to the person appointed by will to receive said Benefits. This provision does not affect the timing or amount of payments to be made hereunder, but only affects to whom payments are to be made.

5.8 Forfeiture. Notwithstanding any other provision herein to the contrary, in the event a Participant takes or allows some action or omission resulting in damage or competitive injury to the Company then, unless such action or omission shall have been taken or allowed in good faith and without reasonable cause to believe that it was improper or illegal, the Board may terminate all subsequent crediting of Interest and Dividend Equivalents to the Participant, and, in addition, the Board may terminate and forfeit all or any part of such Participant's Benefits hereunder, or suspend payment of such Benefits, as it may deem appropriate in its sole discretion and such termination, forfeiture, and/or suspension shall be binding and not subject to appeal.

VI. MISCELLANEOUS

6.1 Elections. The Board shall have the right to refuse to accept any election made hereunder by a Participant but such refusal shall be made not later than thirty (30) ays after the last date prescribed hereunder for making such election. If for any reason the Board deems it advisable, it may require any election hereunder to be made at a time earlier than that otherwise fixed in the Plan.

6.2 Reserves. The Company shall be under no obligation to reserve, segregate or earmark any cash, stock, or other property for the payment of any Benefits under this Plan. No Participant shall have any right whatsoever in any cash, stock or other property which may be set aside under the Plan.

6.3 Withholding. During the time a Participant is employed with the Company, the Company shall deduct from such Participant's wages any amounts required to be withheld by the Company with respect to the accrual of a Participant's benefits hereunder. Further, there shall be deducted from each payment of Participant's Benefits under the Plan any taxes required to be withheld by the Company in respect of such payment. The Company shall have the

right to reduce any payment to be made in cash or other property by the amount of such cash or property sufficient to provide the amount of said taxes. In lieu of a deduction, the Committee may permit the Participant to pay or reimburse the Company for said taxes.

6.4 Plan Not to Constitute Contract of Employment. Neither the adoption of the Plan nor its operation shall in any way affect the right of the Company to dismiss or discharge a Participant at any time, nor give an employee a right to participate in any incentive compensation plan of the Company.

6.5 Nontransferability and Nonassignability. Except as hereinafter provided, no rights under the Plan shall be assignable or transferable, or subject to encumbrances, pledge, or charge of any nature, except that a Participant may designate a beneficiary to receive such Participant's Benefits upon Participant's death as otherwise provided herein. Plan provisions to the contrary notwithstanding, (a) the Board 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 Employee Retirement Income Security Act of 1974, as amended, 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 such Act, and (b) no Benefits shall be payable until and unless any and all amounts representing debts or other obligations owed to the Company by the Participant with respect to whom such amount would otherwise be payable shall have been fully paid.

6.6 Amendment, Suspension or Termination. The Board may amend, suspend or terminate the Plan in whole or in part, except that no amendment, suspension or termination shall reduce any Benefits credited to a Participant prior to the date of such amendment, suspension, or termination, or Benefits to be credited in the future based on amounts previously credited to a Participant, provided, that any amendment to or change in the Plan adopted by the Board which will significantly increase Benefits under the Plan or substantially alter the general principles of the Plan shall not become effective unless ratified by the affirmative votes of the holders of a majority of the voting shares of the Company at an annual or a special meeting of the shareholders called for such purpose.

6.7 Reliance Upon Information. The Board and its delegates may rely upon any information supplied to them by an officer of the Company, the Company's legal counsel or by the Company's independent public accountants in connection with the administration of the Plan, and shall not be liable for any decision or action in reliance thereon. No Participant, or any person claiming through him shall have any right or interest in the Plan or any Benefits hereunder unless and until all the terms, conditions, a provisions of the Plan that affect such Participant or such other person shall have been complied with as specified herein. The Participant shall complete such forms and furnish such information as the Committee may require in the administration of the Plan.

6.8 Governing Law. The place of administration of the Plan shall be conclusively deemed to be within the State of Delaware; and the validity, construction, interpretation and effect of the Plan and all rights of any and all persons having or claiming any interest therein shall be governed by the laws of the State of Delaware.

LONG TERM

PERFORMANCE PLAN

FOR

SELECTED EMPLOYEES OF

THE M.W. KELLOGG COMPANY

AS AMENDED AND RESTATED
EFFECTIVE SEPTEMBER 1, 1999

TABLE OF CONTENTS

LONG TERM PERFORMANCE PLAN
FOR SELECTED EMPLOYEES OF
THE M.W. KELLOGG COMPANY
AS AMENDED AND RESTATED
EFFECTIVE SEPTEMBER 1, 1999

WHEREAS, Dresser Industries, Inc. (the "Company") has heretofore adopted the Long Term Performance Plan For Selected Employees of The M.W. Kellogg Company (the "Plan") on behalf of The M.W. Kellogg Company; and

WHEREAS, on September 29, 1998 (the "Merger Date"), a wholly owned subsidiary of Halliburton Company ("Halliburton") was merged with the Company and, as a consequence of the merger, the Company became a wholly owned subsidiary of Halliburton; and

WHEREAS, as of the Merger Date, participation in the Plan was frozen so that only those individuals who were participants in the Plan on the Merger Date are entitled to participate after the Merger Date; and

WHEREAS, from and after the Crediting Date of the Performance Fund for the Fiscal Year ending October 31, 1998, no further Performance Allocation shall be credited to any Participant's Performance Account (capitalized terms used in this preamble shall have the meanings ascribed below); and

WHEREAS, effective January 1, 1999, The M.W. Kellogg Company was merged with and into Kellogg Brown & Root, Inc. ("KBR") and, pursuant to such merger, KBR succeeded to the rights and assumed the continuing obligations of the Employer (as hereinafter defined) under the Plan; and

WHEREAS, the Company desires to amend and restate the Plan to provide for changes in the Plan required as a result of the actions set forth in the foregoing preambles.

NOW, THEREFORE, the Plan document shall be amended and restated, effective September 1, 1999, as follows:

ARTICLE I

PURPOSE OF PLAN

The Plan is intended to constitute an unfunded deferred compensation arrangement for a select group of highly compensated or key employees of the Employer. The Plan compensates Participants for special service to the Employer and is not intended to constitute a retirement plan. Accordingly, Participants' benefits hereunder shall not offset employer contributions to any retirement plan(s), whether qualified or non-qualified.

ARTICLE II

DEFINITIONS OF TERMS USED IN THE PLAN

Unless the context clearly indicates otherwise, the following words and phrases have the meanings set forth below:

2.1 Administrative Committee - The committee appointed by the Committee to which day-to-day administration of the Plan has been delegated.

2.2 Beneficiary - The individual or trust designated by the Participant to receive the amount, if any, payable under the Plan upon the death of the Participant.

2.3 Committee - The Compensation Committee of the Board of Directors of Halliburton which has been charged with overseeing the administration of the Plan since the Fiscal Year ended October 31, 1998. The Committee has delegated day-to-day administration of the Plan to the Administrative Committee.

2.4 Company - Dresser Industries, Inc. and its successors in interest.

2.5 Crediting Date - January 15th next following the end of any Fiscal Year.

2.6 DII Compensation Committee - The committee charged with administration of the Plan prior to the Fiscal Year ended October 31, 1998.

2.7 Employer - Since January 1, 1999, Kellogg Brown & Root, Inc. (successor to The M.W. Kellogg Company), a wholly-owned subsidiary of the Company.

2.8 Fiscal Year - The year ending October 31.

2.9 Halliburton - Halliburton Company, the ultimate parent company of the Company and the Employer.

2.10 Net Earnings - For any Fiscal Year through the Fiscal Year ending October 31, 1998, the Employer's annual operating earnings, less interest, taxes and goodwill amortization, all as determined by the DII Compensation Committee in its sole discretion.

2.11 Participant - Any key employee of the Employer who has been designated by the Committee as eligible to participate in the Plan, and who has been assigned a percentage of the Performance Fund. Notwithstanding the foregoing, effective September 29, 1998, participation in the Plan was frozen and only those individuals who were Participants as of or prior to September 29, 1998, are entitled to participate in the Plan after such date.

2.12 Payment Date - With respect to payment in lump sum or the initial annual installment, as applicable, as soon as practicable after the Crediting Date next following the end of the calendar year in which termination of a Participant's employment occurred. Subsequent annual installments shall be paid as soon as practicable following the Crediting Date for each of the nine succeeding years.

2.13 Performance Fund - An amount equal to a percent of the Net Earnings, as determined by the DII Compensation Committee, for any Fiscal Year through the Fiscal Year ending October 31, 1998.

2.14 Performance Account - The account established on the books of the Company for a Participant.

2.15 Performance Allocation - The amount of a Participant's portion of the Performance Fund for any Fiscal Year through the Fiscal Year ending October 31, 1998, based on his assigned percentage of the Performance Fund, credited at the Crediting Date.

2.16 Termination for Cause - Termination of a Participant's employment by the Employer as a result of the Participant's (i) gross negligence or willful misconduct in the performance of his duties, (ii) conviction of a felony or (iii) a material violation of Halliburton's Code of Business Conduct.

ARTICLE III

PARTICIPATION AND PERFORMANCE ACCOUNT ALLOCATIONS

3.1 Eligibility. Any key employee of the Employer who, on or before September 29, 1998, was designated by the DII Compensation Committee as eligible to participate in the Plan and assigned a percentage of the Performance Fund for any Fiscal Year shall be a Participant.

3.2 Performance Allocations. Every year at the Crediting Date the Participant's Performance Allocation will be credited to his Performance Account; provided, however, that no Performance Allocation shall be credited after the Performance Allocation for the Fiscal Year ending October 31, 1998.

3.3 Interest Credits. Interest on the outstanding balance of each Participant's Performance Account shall be credited annually on the Crediting Date at a rate equal to the opening yield of five-year U.S. Treasury Securities as quoted by Merrill Lynch, Pierce, Fenner & Smith on such date or, if such date is not a business day, the immediately preceding business day.

ARTICLE IV

VESTING AND FORFEITURE

4.1 Vesting Schedule. Each year's Performance Allocation is vested separately. The Performance Allocation for any Fiscal Year is considered one-third vested at the Crediting Date and is vested an additional one-third for each of the next two years, at which time the Performance Allocation for such Fiscal Year is fully vested.

4.2 Discretionary Vesting. The Committee (with respect to Participants within its purview) or the Administrative Committee (with respect to all other Participants) may, in the sole discretion of the applicable committee, fully vest all years' Performance Allocations for terminations due to death,

disability, retirement, or terminations other than Terminations for Cause or voluntary resignations.

4.3 Treatment of Unvested Benefits upon Termination. Except as provided in Section 4.2, the unvested portion of a Participant's Performance Account shall continue to vest in accordance with the vesting schedule upon termination of such Participant's employment due to death, disability or retirement. The unvested portion of a Participant's Performance Account shall be forfeited upon a Participant's voluntary resignation.

4.4 Forfeiture upon Termination for Cause. Termination for Cause shall result in immediate forfeiture of a Participant's vested and unvested Performance Account balance(s).

4.5 Forfeiture after Termination. Any outstanding Performance Account balance may, in the sole discretion of the Committee, be forfeited if, at any time within two years after a Participant's termination of employment, the Participant takes or allows some act or omission contrary to the interests of the Employer or Halliburton.

ARTICLE V

PAYMENT OF BENEFITS

5.1 Amount of Benefits. The amount of benefits payable hereunder shall be equal to the vested portion of a Participant's Performance Account (including accrued interest thereon), determined as of the Crediting Date immediately following the termination date.

5.2 Form of Benefit Payments. Each Participant will make an election as to whether he wants to receive payment in ten equal annual installments or in a lump sum. This election can be changed at any time at least one year prior to the Payment Date, or the initial Payment Date in the case of installment payments.

Upon the death of the Participant or former Participant, either before or after his termination of employment, any unpaid balance in his Performance Account shall, be paid to his Beneficiary in a lump sum or ten equal annual installments per the Participant's election, which must be made one year prior to the Payment Date, or the initial Payment Date in the case of installment payments.

5.3 Interest on Installment Payments. If payment is made in installments, the unpaid balance of a Participant's Performance Account as determined immediately prior to the Crediting Date for any installment payment shall be credited with interest in the manner provided in Section 3.3 and such interest amount shall be paid in conjunction with such installment payment.

5.4 Beneficiary in the Event of Death. The designation of Beneficiary under the Plan shall be made on a form specified by the Administrative Committee and may be changed from time to time in the manner prescribed by the Administrative Committee.

5.5 Emergency Distribution. All or any portion of the vested amount of a Participant's Performance Account may be paid to him, upon appropriate application and in the sole discretion of the Committee, in the event of unusual financial hardship due to: (i) illness or disability of the Participant or member of his family; (ii) educational expenses of the Participant or his dependent; (iii) purchase by the Participant of a primary residence; or (iv) any other hardship of similar nature and importance as may be determined to be valid and worthy by the Committee. The Participant's application must set forth in writing the reasons for the requested distribution and the amount requested. The Committee shall have the discretion to deny any such request in its entirety or to approve distribution of the entire amount requested or any lesser amount as it may deem appropriate.

5.6 Benefits Unfunded. Benefits payable under the Plan shall not be funded in any manner.

ARTICLE VI

ADMINISTRATION

6.1 Duties of Committee. Prior to the Fiscal Year ending October 31, 1998, the Plan was administered by the DII Compensation Committee and, accordingly, such committee made all determinations with respect to the calculation of the Performance Fund amount for all Fiscal Years through the Fiscal Year ending October 31, 1998. From and after such Fiscal Year, the Committee shall oversee administration of the Plan in accordance with its terms and purposes and shall have the sole discretionary duty and authority to interpret the provisions of the Plan. The Administrative Committee shall determine the amount and manner of payment of the benefits due each Participant or his Beneficiary and shall cause such benefits to be paid accordingly. In addition, the Administrative Committee shall have the authority set forth in Section 4.2 and responsibility for the day-to-day administration of the Plan, together with such other duties and authority as may be delegated by the Committee.

6.2 Finality of Decisions. The decisions made and actions taken by the DII Compensation Committee (including all prior determinations concerning Net Earnings and Performance Fund amounts), the Committee and/or the Administrative Committee in the administration of the Plan shall be final and conclusive on all persons, and the members of such committees shall not be subject to individual liability with respect to the Plan.

ARTICLE VII

AMENDMENT AND TERMINATION

7.1 Amendment and Termination. While the Company intends to maintain the Plan for as long as any Participant continues in the employment of the Employer, the Company reserves the right to amend and/or terminate it at any time for whatever reasons it may deem appropriate; provided, however, that no such

amendment or termination shall reduce any benefits accrued under the terms of the Plan prior to the date of such Plan termination or amendment.

ARTICLE VIII

MISCELLANEOUS

8.1 No Employment Rights. Nothing contained in the Plan shall be construed as a contract of employment between the Employer, the Company or any other Halliburton subsidiary and any employee, or as a right of any employee to be continued in employment or as a limitation of the right of the Employer, the Company or any other Halliburton subsidiary to discharge any employee with or without cause.

8.2 Non-Assignability. No Participant shall have any right to commute, encumber, pledge, transfer or otherwise dispose of or alienate any present or future right or expectancy which he may have at any time to receive payments of any allocations made to such Participant, all such allocations being expressly hereby made non-assignable and non-transferable; provided, however, that nothing in this Section 8.2 shall prevent transfer (A) by will, (B) by the applicable laws of descent and distribution or (C) pursuant to an order that satisfies the requirements for a "qualified domestic relations order" as such term is defined in section 206(d)(3)(B) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and section 414(p)(1)(A) of the Internal Revenue Code of 1986, as amended (the "Code"), including an order that requires distributions to an alternate payee prior to a Participant's "earliest retirement age" as such term is defined in section 206(d)(3)(E)(ii) of ERISA and section 414(p)(4)(B) of the Code. Attempts to transfer or assign by a Participant (other than in accordance with the preceding sentence) shall, in the sole discretion of the Administrative Committee after consideration of such facts as it deems pertinent, be grounds for terminating any rights of such Participant to any amounts allocated to but not previously paid over to such Participant.

8.3 Law Applicable. The Plan shall be governed by the laws of Texas.

DRESSER INDUSTRIES, INC.

By /s/ D. C. Vaughan

EXECUTIVE EMPLOYMENT AGREEMENT

This Executive Employment Agreement ("Agreement"), is entered into by and between Halliburton Company ("Employer" or "Halliburton") and Margaret E. Carriere ("Employee"), to be effective on February 14, 2001 (the "Effective Date").

W I T N E S S E T H:

WHEREAS, Employee is currently employed by Employer; and

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

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

ARTICLE 1: EMPLOYMENT AND DUTIES:

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

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

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

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

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

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

ARTICLE 2: COMPENSATION AND BENEFITS:

2.1. Employee's base salary during the Term shall be not less than $250,000 per annum which shall be paid in accordance with the Employer's standard payroll practice for its executives. Employee's base salary may be increased from time to time with the approval of the Compensation Committee of Halliburton's Board of Directors (the "Compensation Committee") or its delegate, as applicable. Such increased base salary shall become the minimum base salary under this Agreement and may not be decreased thereafter without the written consent of Employee.

2.2. During the Term, Employee shall participate in the Halliburton Executive Performance Plan, or any successor annual incentive plan approved by the Compensation Committee; provided, however, that all determinations relating to Employee's participation, including, without limitation, those relating to the performance goals applicable to Employee and Employee's level of participation and payout opportunity, shall be made in the sole discretion of the person or committee to whom such authority has been granted pursuant to such plan's terms.

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

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

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

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

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

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

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

(i) Death.

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

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

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

(v) Termination for Cause. Termination of Employee's employment by Employer for Cause. "Cause" shall mean any of the following: (a) Employee's gross negligence or willful misconduct in the performance of the duties and services required of Employee pursuant to this Agreement, (b) Employee's final conviction of a felony, (c) a material violation of the Code of Business Conduct or (d) Employee's material breach of any material provision of this Agreement which remains uncorrected for thirty (30) days following notice of such breach to Employee by Employer. Determination as to whether or not Cause exists for termination of Employee's employment will be made by the Compensation Committee.

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

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

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

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

(iii) Employee shall be entitled to any individual bonuses or individual incentive compensation not yet paid but payable under Employer's plans for years prior to the year of Employee's termination of employment. Such amounts shall be paid to Employee in a single lump sum cash payment no later than sixty (60) days following Employee's termination of employment.

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

3.4. The severance benefit paid to Employee pursuant to Section 3.3 shall be in consideration of Employee's continuing obligations hereunder after such termination, including, without limitation, Employee's obligations under Article 4. Further, as a condition to the receipt of such severance benefit, Employer, in its sole discretion, may require Employee to first execute a release, in the form established by Employer, releasing Employer and all other Halliburton Entities, and their officers, directors, employees, and agents, from any and all

claims and from any and all causes of action of any kind or character, including, but not limited to, all claims and causes of action arising out of Employee's employment with Employer and any other Halliburton Entities or the termination of such employment. The performance of Employer's obligations under Section 3.3 and the receipt of the severance benefit provided thereunder by Employee shall constitute full settlement of all such claims and causes of action. Employee shall not be under any duty or obligation to seek or accept other employment following a termination of employment pursuant to which a severance benefit payment under Section 3.3 is owing and the amounts due Employee pursuant to Section 3.3 shall not be reduced or suspended if Employee accepts subsequent employment or earns any amounts as a self-employed individual. Employee's rights under Section 3.3 are Employee's sole and exclusive rights against the Employer or its affiliates and the Employer's sole and exclusive liability to Employee under this Agreement, in contract, tort or otherwise, for the termination of her employment relationship with Employer. Employee agrees that all disputes relating to Employee's termination of employment, including, without limitation, any dispute as to "Cause" or "Voluntary Termination" and any claims or demands against Employer based upon Employee's employment for any monies other than those specified in Section 3.3, shall be resolved through the Halliburton Dispute Resolution Plan as provided in

Section 5.6 hereof; provided, however, that decisions as to whether "Cause" exists for termination of the employment relationship with Employee and whether and as of what date Employee has become permanently disabled are delegated to the Compensation Committee for determination and any dispute of Employee with any such decision shall be limited to whether the Compensation Committee reached such decision in good faith. Nothing contained in this Article 3 shall be construed to be a waiver by Employee of any benefits accrued for or due Employee under any employee benefit plan (as such term is defined in the Employees' Retirement Income Security Act of 1974, as amended) maintained by Employer except that Employee shall not be entitled to any severance benefits pursuant to any severance plan or program of Employer.

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

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

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

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

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

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

ARTICLE 5: MISCELLANEOUS:

5.1. Except as otherwise provided in Section 4.4 hereof, for purposes of this Agreement, the terms "affiliate" or "affiliated" means an entity who directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with Halliburton or in which Halliburton has a 50% or more equity interest.

5.2. For purposes of this Agreement, notices and all other communications provided for herein shall be in writing and shall be deemed to have been duly

given when received by or tendered to Employee or Employer, as applicable, by pre-paid courier or by United States registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to Employer, to Halliburton Company at 3600 Lincoln Plaza, 500 North Akard Street, Dallas, Texas 75201-3391, to the attention of the General Counsel.

If to Employee, to her last known personal residence.

5.3. This Agreement shall be governed by and construed and enforced, in all respects in accordance with the law of the State of Texas, without regard to principles of conflicts of law, unless preempted by federal law, in which case federal law shall govern; provided, however, that the Halliburton Dispute Resolution Plan and the Federal Arbitration Act shall govern in all respects with regard to the resolution of disputes hereunder.

5.4. No failure by either party hereto at any time to give notice of any breach by the other party of, or to require compliance with, any condition or provision of this Agreement shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time.

5.5. It is a desire and intent of the parties that the terms, provisions, covenants, and remedies contained in this Agreement shall be enforceable to the fullest extent permitted by law. If any such term, provision, covenant, or remedy of this Agreement or the application thereof to any person, association, or entity or circumstances shall, to any extent, be construed to be invalid or unenforceable in whole or in part, then such term, provision, covenant, or remedy shall be construed in a manner so as to permit its enforceability under the applicable law to the fullest extent permitted by law. In any case, the remaining provisions of this Agreement or the application thereof to any person, association, or entity or circumstances other than those to which they have been held invalid or unenforceable, shall remain in full force and effect.

5.6. It is the mutual intention of the parties to have any dispute concerning this Agreement resolved out of court. Accordingly, the parties agree that any such dispute shall, as the sole and exclusive remedy, be submitted for resolution through the Halliburton Dispute Resolution Plan; provided, however, that the Employer, on its own behalf and on behalf of any of the Halliburton Entities, shall be entitled to seek a restraining order or injunction in any court of competent jurisdiction to prevent any breach or the continuation of any breach of the provisions of Article 4 and Employee hereby consents that such restraining order or injunction may be granted without the necessity of the Employer posting any bond. The parties agree that the resolution of any such dispute through such Plan shall be final and binding.

5.7. This Agreement shall be binding upon and inure to the benefit of Employer and any other person, association, or entity which may hereafter acquire or succeed to all or substantially all of the business or assets of Employer by any means whether direct or indirect, by purchase, merger, consolidation, or otherwise. Employee's rights and obligations under this Agreement are personal and such rights, benefits, and obligations of Employee shall not be voluntarily or involuntarily assigned, alienated, or transferred,

whether by operation of law or otherwise, without the prior written consent of

Employer, other than in the case of death or incompetence of Employee.

5.8. This Agreement replaces and merges any previous agreements and discussions pertaining to the subject matter covered herein. This Agreement constitutes the entire agreement of the parties with regard to the terms of Employee's employment, termination of employment and severance benefits, and contains all of the covenants, promises, representations, warranties, and agreements between the parties with respect to such matters. Each party to this Agreement acknowledges that no representation, inducement, promise, or agreement, oral or written, has been made by either party with respect to the foregoing matters which is not embodied herein, and that no agreement, statement, or promise relating to the employment of Employee by Employer that is not contained in this Agreement shall be valid or binding. Any modification of this Agreement will be effective only if it is in writing and signed by each party whose rights hereunder are affected thereby, provided that any such modification must be authorized or approved by the Compensation Committee or its delegate, as appropriate.

IN WITNESS WHEREOF, Employer and Employee have duly executed this Agreement in multiple originals to be effective on the Effective Date.

HALLIBURTON COMPANY

By: /s/ David J. Lesar

David J. Lesar
Chairman of the Board, President and
Chief Executive Officer

EMPLOYEE

/s/ Margaret E. Carriere

Margaret E. Carriere

Exhibit 21

HALLIBURTON COMPANY
Subsidiaries of the Registrant
December 31, 2000

NAME OF COMPANY	STATE OR COUNTRY OF INCORPORATION
Aberdeen Cargo Handling Services Limited	United Kingdom
ACN 052 291 264 Pty Ltd.	Australia
ACN 003 405 025 Pty. Ltd.	Australia
ACN 005 585 795 Pty. Ltd.	Australia
ACN 006 686 844 Pty Ltd	Australia
ACN 007 745 977 Pty Ltd	Australia
ACN 009 091 105 Pty Ltd.	Australia
Aeroporto della Provincia di Pavia e Rivanazzano S.r.l.	Italy
Al-Rushaid Taylor Diving Ltd.	Saudia Arabia
AOC Australia Pty. Ltd.	Australia
AOC Brown & Root Canada Limited	Canada
AOC Canada Limited	Canada
AOC Hopkinsons Limited	United Kingdom
AOC International Limited	United Kingdom
AOC Nigeria Ltd	Nigeria
AOC Overseas Limited	United Kingdom
AOC Services Limited	Jersey
AOC Technical Services Limited	United Kingdom
AOCI New Limited	United Kingdom
AOC Turbine Services Limited	United Kingdom
AOC/Wood Contractors Ltd	United Kingdom
Arabian Rockbits and Drilling Tools Company, Ltd.	Saudi Arabia
Arctic Pacific Contractors International, L.L.C.	United States
Asia Energy Services Sdn. Bhd.	Malaysia
Asia Pacific Contracting Pty Ltd.	Australia
Asia Pacific Transport Finance Pty Ltd	Australia
Asia	
Pacific Transport Pty Ltd	Australia
Asian Marine Contractors Limited	Mauritius
Atlantic Minerals and Products Corporation	Florida
AVA (U.K.) Limited	United Kingdom
AVA Netherlands B.V.	Netherlands
AVA S.a.r.l.	France
Avalon Financial Services, Ltd	Cayman Islands
Awe Plc	United Kingdom
Axelson Pump Company	Delaware
Axelson-Kuban	CIS
B&R-G5 Industrial Services (Proprietary) Limited	South Africa
B. Thornton, Limited	United Kingdom
Bakhsh Kellogg Saudi Arabia Limited	Saudi Arabia
Baroid (Far East) Pte. Ltd.	Singapore
Baroid (Saudi Arabia) Limited	Saudi Arabia
Baroid Australia Pty. Limited	Australia
Baroid Caribbean Limited	Cayman Islands
Baroid Corporation	United Kingdom
Baroid de Venezuela, S.A.	Venezuela
Baroid Drilling Chemical Products Limited	Nigeria
Baroid GmbH	Germany

Exhibit 21

HALLIBURTON COMPANY
Subsidiaries of the Registrant
December 31, 2000
(continued)

NAME OF COMPANY STATE OR COUNTRY OF INCORPORATION

Baroid Group	Canada
Baroid International Inc.	Delaware
Baroid International Trading Corporation	Delaware
Baroid International, S.p.A.	Italy
Baroid Limited	United Kingdom
Baroid Middle East, Inc.	Delaware
Baroid Nigeria, Inc.	Delaware
Baroid of Nigeria Limited	Nigeria
Baroid Pigmina Industria e Comercio Ltda.	Brazil
Baroid S.A.R.L.	Tunisia
Baroid Sales Export Corporation	Delaware
Baroid Services Sdn. Bhd.	Malaysia
Baroid Technology, Inc.	Delaware
Baroid Trinidad Services Limited	Trinidad
Baroid/VIDCO, L.L.C.	United States
Bateman Kinhill	Australia
Betex BV	Netherlands
BHPE-Kinhill (India) Private Ltd	India
Blandford Offshore Services Limited	United Kingdom
Bluefoil Limited	United Kingdom
Bonny Project Management Company Limited	United Kingdom
Bredero Price Coaters Limited	Australia
Bredero Price Coaters (Thailand) Limited	Thailand
Bredero Price Colombia B.V.	Netherlands
Bredero Price de Mexico S.A. de C.V.	Mexico
Bredero Price Holding B.V.	Netherlands
Bredero Price Italy Srl	Italy
Bredero Price Pipecoaters (Thailand) Limited	Thailand
Bredero Price Pipecoaters B.V.	Netherlands
Bredero Shaw Australia Pty. Ltd	Australia
Bredero-Price Singapore Pte Ltd	Singapore
Bredero-Shaw, Inc.	United States
Breswater Marine Contracting B.V.	Netherlands
British Pleuger Submersible Pumps Limited	United Kingdom
British Underwater Engineering Limited	United Kingdom
Brown & Root - Genesis Engineering Company	United States
Brown & Root - Murphy, L.L.C.	United States
Brown & Root (Asia Pacific) Pte. Ltd.	Singapore
Brown & Root (Gulf) E.C.	Bahrain
Brown & Root (Labuan) Sendirian Berhad	Malaysia
Brown & Root (Malaysia) Sdn. Bhd.	Malaysia
Brown & Root (Overseas) Limited	Jersey
Brown & Root (S) Pte Ltd	Singapore
Brown & Root (Services) Limited	United Kingdom
Brown & Root AOC Limited	United Kingdom
Brown & Root Bangladesh Limited	United Kingdom

HALLIBURTON COMPANY
Subsidiaries of the Registrant
December 31, 2000
(continued)

NAME OF COMPANY	STATE OR COUNTRY OF INCORPORATION
Brown & Root Cayman Holdings, Inc.	Cayman Islands
Brown & Root Construction (Overseas) Lmited	United Kingdom
Brown & Root Construction Pty Ltd	Australia
Brown & Root Ealing Technical Services Limited	United Kingdom
Brown & Root Energy Services (India) Private Limited	India
Brown & Root Engineering & Construction Pty Ltd	Australia
Brown & Root Engineering Sdn. Bhd.	Malaysia
Brown & Root Espanola, S.A.	Spain
Brown & Root Far East Engineers Pte Ltd	Delaware
Brown & Root GEMSA, S.A.	Venezuela
Brown & Root Highlands Fabricators Limited	United Kingdom
Brown & Root Industrial Services Philippines Inc	Philippines
Brown & Root Ingenieros Petroleros de Venezuela, C.A.	Venezuela
Brown & Root International Eastern, Inc.	Panama
Brown & Root Investments Pty Ltd	Australia
Brown & Root Maintenance, Inc.	Panama
Brown & Root Management Ltd.	Canada
Brown & Root McDermott Fabricators Limited	United Kingdom

Brown & Root Mid East L.L.C.	Oman
Brown & Root N.A. Limited	British Virgin Islands
Brown & Root Nigeria Limited	Nigeria
Brown & Root Operations Pty Ltd	Australia
Brown & Root Projects Limited	United Kingdom
Brown & Root Projects Pty Ltd	Australia
Brown & Root Pty. Limited	Australia
Brown & Root Saudi Limited Co.	Saudi Arabia
Brown & Root Services Asia Pacific Pty Ltd	Australia
Brown & Root Servicios Industriales, Inc.	Panama
Brown & Root Technology (No. 2) Limited	United Kingdom
Brown & Root Technology Limited	United Kingdom
Brown & Root Toll Road Investment Partners, Inc.	Delaware
Brown & Root, Booz-Allen Limited	United Kingdom
Buchan Fabrications Limited	United Kingdom
BUE Ships Limited	United Kingdom
Bufete Industrial, S.A. de C.V.	Mexico
CAB, Inc.	Delaware
Caspian Transco Inc	Cayman Islands
CCC Cayman, Ltd.	Cayman Islands
Cebar Sdn. Bhd.	Brunei
CEBO Cyprus Ltd.	Cyprus
CEBO Holland B.V.	Netherlands
CEBO International B.V.	Netherlands
CEBO Marine B.V.	Netherlands
CEBO Offshore Services Sdn. Bhd.	Malaysia
CEBO U.K. Ltd.	United Kingdom

HALLIBURTON COMPANY
Subsidiaries of the Registrant
December 31, 2000
(continued)

NAME OF COMPANY	STATE OR COUNTRY OF INCORPORATION
Centend Limited	United Kingdom
Chemtronics, Inc	United States
CKS Facilities Management Pty. Ltd.	Australia
CNOOC-Otis Well Completion Services Ltd.	China
Combisa, S. de R.L. de C.V.	Mexico
Compania de Servicios NMR, SA	Argentina
Compania Transandina de Exportacion, Inc.	United States
Conkel, S. de R.L. de C.V.	Mexico
Consorcio Contrina de Venezuela	Venezuela
Consorcio Contrina LLC	United States
Consorcio Contrina SNC	France
Constructora Indolatina, S.A. de C.V.	Mexico
Constructores de Venezuela, Brown & Root, Inc., C.A.	Venezuela
Cyril Lea & Associates Limited	United Kingdom
Davy Kinhill Fluor Daniel (PNG) Limited	Papua New Guinea
Dawson AOC Pty Ltd	Australia
Dawson AOC Water Services Pty Ltd	Australia
DB Stratabit GmbH	Germany
DB Stratabit Limited	United Kingdom
DB Stratabit Pte. Ltd.	Singapore
DB Stratabit Sdn. Bhd.	Malaysia
Devonport Engineering Services Limited	United Kingdom
Devonport Management Limited	United Kingdom
Devonport Royal Dockyard Limited	United Kingdom
Devonport Royal Dockyard Pension Trustees Limited	United Kingdom
Distral-Brown & Root SA	Colombia
Dorhold Limited	United Kingdom
DressBi, L.L.C.	United States
Dresser (Algeria) Inc.	United States
Dresser (Holdings) Limited	United Kingdom
Dresser Acquisitions Limited	United Kingdom
Dresser AG	Liechtenstein
Dresser Al-Rushaid Valve and Instrument Company, Ltd.	Saudi Arabia
Dresser Anstalt	Liechtenstein
Dresser AS	Norway
Dresser Australia Pty. Ltd.	Australia
Dresser B.V.	Netherlands

Dresser Cameroon S.A.R.L.	Cameroon
Dresser Caspian, Inc.	United States
Dresser Corporation	United States
Dresser del Ecuador S.A.	Ecuador
Dresser Drilling and Production Services Limited	United Kingdom
Dresser Equipment Group, Inc.	United States
Dresser Europe GmbH	Germany
Dresser Europe S.A.	Belgium
Dresser Far East, Inc.	United States

HALLIBURTON COMPANY
Subsidiaries of the Registrant
December 31, 2000
(continued)

NAME OF COMPANY	STATE OR COUNTRY OF INCORPORATION
Dresser Finland Oy	Finland
Dresser Foreign Sales Corporation Limited	Guam
Dresser Group Pension Trustee Limited	England
Dresser Holding Europe GmbH	Germany
Dresser Holding, Inc.	United States
Dresser Holmes Limited	United Kingdom
Dresser Industria e Comercio Ltda.	Brazil
Dresser Industria S.A.	Bolivia
Dresser Industrial Products B.V.	Netherlands
Dresser Industries, Inc.	United States
Dresser Industries-RUS	CIS
Dresser Instruments, S.A. de C.V.	Mexico
Dresser International Sales Corporation	Delaware
Dresser International, Ltd.	Delaware
Dresser Investments N.V.	Netherlands Antilles
Dresser Ireland Finance Company	Ireland
Dresser Italia S.p.A.	Italy
Dresser Japan, Ltd.	Japan
Dresser Kellogg Energy Services (S. Africa) (Proprietary) Limited	South Africa
Dresser Kellogg Energy Services (Nigeria) Ltd	Nigeria
Dresser Kellogg Energy Services Corporation	Panama
Dresser Kellogg Energy Services Inc.	Delaware
Dresser Kellogg Energy Services Limited	United Kingdom
Dresser Kellogg South Africa Limited	Delaware
Dresser Korea, Inc.	Korea
Dresser Latvia Limited	Latvia
Dresser Masoneilan Valves Private Limited	India
Dresser Minerals International, Inc.	Texas
Dresser Netherlands B.V.	Netherlands
Dresser Oil Tools Arabia Ltd. Co.	Saudia Arabia
Dresser Oil Tools Arabia, Inc.	Texas
Dresser Oil Tools, Inc.	Delaware
Dresser Oilfield Gabon S.a.r.L.	Gabon
Dresser Oilfield Operations (Nigeria) Inc.	Delaware
Dresser Oilfield Operations (Nigeria) Limited	Nigeria
Dresser Oilfield Services B.V.	Netherlands
Dresser Oilfield Services, Inc.	United States
Dresser Polska Sp. Zo.o.	Poland
Dresser Produits Industriels	France
Dresser Russia, Inc.	Delaware
Dresser Singapore Pte. Ltd.	Singapore
Dresser South Africa (Proprietary) Limited	South Africa
Dresser Soviet Engineering	CIS
Dresser U.K. Limited	United Kingdom
Dresser U.K. Pensions Limited	United Kingdom

HALLIBURTON COMPANY

Subsidiaries of the Registrant
December 31, 2000
(continued)

NAME OF COMPANY	STATE OR COUNTRY OF INCORPORATION
Dresser Valves Europe GmbH	Germany
Dresser Wayne AB	Sweden
Dresser-Nagano, Inc.	Delaware
Dresser-Shaw Company	Canada
Drilling Fluids Technology A/S	Norway
DS Controls, Russia	Russian Federation
ebro Electronic GmbH	Germany
ebro Electronic KG	Germany
EMC Nederland B.V.	Netherlands
Enventure Global Technology, L.L.C.	Delaware
Envirogen	Australia
Esbjerg Production Services A/S	Denmark
European Marine Contractors Limited	United Kingdom
European Marine Contractors L.L.C.	Delaware
Fann Instrument Company	Delaware
Far East Oilwell Services Sdn.Bhd.	Malaysia
Fargo Engineering Company	United States
Fastex Defence Services Limited	United Kingdom
Fastflow Services Limited	United Kingdom
Fasttrax Limited	United Kingdom
First Point Assessment Limited	United Kingdom
Freight Link Pty Ltd	Australia
G&H Management Company	United States
GAZDMD Avtomatika	CIS
GB Subwork B.V.	Netherlands
Gearhart (United Kingdom) Limited	United Kingdom
Gearhart Geodata Holdings Limited	United Kingdom
Gearhart Well Evaluation Limited	United Kingdom
Gearhart Wireline Holdings Limited	United Kingdom
Geophysical Service Europe Co. Ltd.	Hungary
George Street Parade Limited	United Kingdom
Geosource EPIG Services Company Limited	Sudan
Geosource International (Nederland) B.V.	Netherlands
Geosource U.K. Limited	United Kingdom
Global Drilling Services, Inc.	Panama
GO Turkey S.A.	Isle of Nevis
Granherne & Co LLC	Oman
Granherne (Holdings) Ltd.	United Kingdom
Granherne Information Systems Limited	United Kingdom
Granherne International (Holdings) Ltd.	United Kingdom
Granherne International Limited	United Kingdom
Granherne Limited	United Kingdom
Granherne Sdn. Bhd.	Malaysia
Green Sea AS	Norway
Green Sea Operations AS	Norway
Greystone Communities, Inc.	Texas

HALLIBURTON COMPANY
Subsidiaries of the Registrant
December 31, 2000
(continued)

NAME OF COMPANY	STATE OR COUNTRY OF INCORPORATION
Grove Foreign Sales Corporation	Barbados
Grove TK Limited	United Kingdom
Halliburton (Proprietary) Limited	South Africa
Halliburton (U.K.) Limited	United Kingdom
Halliburton AS	Norway
Halliburton Affiliates Corporation	Delaware
Halliburton Argentina S.A.	Argentina
Halliburton Arkhangelsk, Ltd.	Russia
Halliburton Australia Pty. Ltd.	Australia
Halliburton B.V.	Netherlands
Halliburton Brown & Root International Limited	United Kingdom

Halliburton Brown & Root Limited	United Kingdom
Halliburton C.I.C.S. Inc.	Cayman Islands
Halliburton Cimentacao Ltda.	Brazil
Halliburton Company	Delaware
Halliburton Company Austria G.m.b.H.	Austria
Halliburton Company Germany G.m.b.H.	Germany
Halliburton Company U.K. Limited	United Kingdom
Halliburton Consulting Services Nigeria Limited	Nigeria
Halliburton de Mexico, S.A. de C.V.	Mexico
Halliburton del Amazonas S.A.	Peru
Halliburton del Peru S.A.	Peru
Halliburton Denmark A/S	Denmark
Halliburton Energy Development (Kazakhstan) Limited	Cayman Islands
Halliburton Energy Development (Kazakhstan), Inc.	United States
Halliburton Energy Development (North Sea), Inc.	United States
Halliburton Energy Development Ltd.	Cayman Islands
Halliburton Energy Services (Malaysia) Sdn. Bhd.	Malaysia
Halliburton Energy Services Limited	United Kingdom
Halliburton Energy Services Nigeria Limited	Nigeria
Halliburton Energy Services Romania S.R.L.	Romania
Halliburton Energy Services, Inc.	Delaware
Halliburton Enterprise de Services aux Puits	Algeria
Halliburton EPC-22 Holdings, S. de R.L. de C.V.	Mexico
Halliburton Equipment Company S.A.E.	Egypt
Halliburton Espanola S.A.	Spain
Halliburton Far East Pte Ltd	Singapore
Halliburton Geodata (Overseas) Limited	United Kingdom
Halliburton Geodata Limited	United Kingdom
Halliburton Geophysical Services Nigeria Limited	Nigeria
Halliburton Global, Ltd.	Cayman Islands
Halliburton Group Canada Inc.	Canada
Halliburton Holding B.V.	Netherlands
Halliburton Holdings Australia Pty. Ltd.	Australia
Halliburton Holdings Limited	United Kingdom
Halliburton I Cayman, Ltd.	Cayman Islands

HALLIBURTON COMPANY
Subsidiaries of the Registrant
December 31, 2000
(continued)

NAME OF COMPANY	STATE OR COUNTRY OF INCORPORATION
Halliburton II Cayman, Ltd.	Cayman Islands
Halliburton Imco (Cameroon) S.A.R.L.	Cameroon
Halliburton Imco (Gabon) S.A.R.L.	Gabon
Halliburton International G.m.b.H	Austria
Halliburton International, Inc.	Delaware
Halliburton Italiana S.p.A.	Italy
Halliburton Kazakhstan Oilfield Services, Ltd	Kazakhstan
Halliburton Latin America S.A.	Panama
Halliburton Limited	United Kingdom
Halliburton Logging Services (France) S.A.R.L.	France
Halliburton Logging Services (M) Sdn. Bhd.	Malaysia
Halliburton Manufacturing and Services Limited	United Kingdom
Halliburton Manufacturing (Singapore) Pte. Ltd.	Singapore
Halliburton Multinational, Inc	United States
Halliburton New Zealand Limited	New Zealand
Halliburton Nigeria Limited	Nigeria
Halliburton Norway, Inc.	Delaware
Halliburton NUS Corporation	Delaware
Halliburton Offshore Services, Inc.	Cayman Islands
Halliburton Oil Services Vietnam Limited	Vietnam
Halliburton Oilfield Services Limited	Russia
Halliburton Oilfield Services India Limited	India
Halliburton Operations Nigeria Limited	Nigeria
Halliburton Overseas Limited	Cayman Islands
Halliburton Partners Canada Ltd.	Canada
Halliburton Pension Trustee Limited	United Kingdom
Halliburton Products & Services Limited	Cayman Islands
Halliburton Produtos Ltda.	Brazil
Halliburton Real Estate Services, Inc.	United States

Halliburton S.A.S.	France
Halliburton S.C., Inc.	United States
Halliburton Services (Malaysia) Sdn. Bhd.	Malaysia
Halliburton Servicios (Chile) Ltda.	Chile
Halliburton Servicos Ltda.	Brazil
Halliburton Singapore Pte. Ltd.	Singapore
Halliburton Technical Services, Inc.	United States
Halliburton Tesel Ltd.	United Kingdom
Halliburton Trinidad Limited	Trinidad
Halliburton Tunisia (Offshore) Ltd	Tunisia
Halliburton West Africa Ltd.	Cayman Islands
Halliburton Worldwide Limited	Cayman Islands
Halliburton Worldwide Services, Inc.	United States
Halliburton-Atyrau Oil & Gas Services	Kazakhstan
Halliburton-GERS Ltd.	Russia
Halson Financial Services Limited	Cayman Islands
Hart Howard Humphreys	Zimbabwe

HALLIBURTON COMPANY
Subsidiaries of the Registrant
December 31, 2000
(continued)

NAME OF COMPANY	STATE OR COUNTRY OF INCORPORATION
HBR (Thailand) Limited	Thailand
HBR Asia Contractors Limited	Hong Kong
HBR Energy, Inc.	Delaware
HED (Indonesia), Inc.	United States
HGS Enterprises Inc.	Panama
HGS Limited	United Kingdom
HLS India Limited	India
HLS Nigeria Limited	Nigeria
HLS-Namtvedt A/S	Norway
HLS-Namtvedt Holding A/S	Norway
HMB Subwork Limited	United Kingdom
HobbyMarkt Capelle B.V.	Netherlands
Hobbymarkt Capelle de Mexico, S.A. de C.V.	Mexico
Holmes Blowers Limited	United Kingdom
Howard Humphreys & Partners Limited	United Kingdom
Howard Humphreys (Kenya) Limited	Kenya
Howard Humphreys (Tanzania) Limited	Tanzania
Howard Humphreys (Uganda) Limited	Uganda
Howard Humphreys (Zimbabwe) Limited	United Kingdom
Howard Humphreys and Sons	United Kingdom
Howard Humphreys and Sons (Jamaica)	Jamaica
Howard Humphreys Group Limited	United Kingdom
Howard Humphreys Limited	United Kingdom
Howard Humphreys Project Management (HK) Limited	Hong Kong
Howard Humphreys Project Management Limited	United Kingdom
Howard Smith Screen Company	Texas
Hua Mei Halliburton Petroleum Technical Service Co. Ltd.	China
Hunting- Brae Limited	United Kingdom
India Valve Investment Co., Inc.	United States
Inossman Fonderie Acciaio Maniago S.p.A.	Italy
Integrated Documatics Limited	United Kingdom
Integrated Power Services Pty Ltd	Australia
International Administrative Services, Ltd.	Cayman Islands
International Automative Technologies, L.L.C.	United States
International Oil Field Engineering Ltd.	Cayman Islands
IPEM Developments Limited	United Kingdom
Jeffrey Industria e Comercio Ltda.	Brazil
Jet Research Center, Inc.	United States
Jet Research Corporation	United States
K International Engineers Pty Ltd	Australia
Kapeq Trading Limited	Cyprus
KBR de Monterey S.A. de C.V.	Mexico
KBR Development Corporation	Cayman Islands
KBR-MC Investments Corp.	Cayman Islands
KBR/TECHNIP, L.L.C.	Delaware
Kellogg (Malaysia) Sdn. Bhd.	Malaysia

Exhibit 21

HALLIBURTON COMPANY
Subsidiaries of the Registrant
December 31, 2000
(continued)

NAME OF COMPANY	STATE OR COUNTRY OF INCORPORATION
Kellogg Africa Growth Fund Inc.	United States
Kellogg Brown & Root Algeria Inc.	Delaware
Kellogg Brown & Root Consultancy (Malaysia) Sdn. Bhd.	Malaysia
Kellogg Brown & Root Engineering Corporation	New York
Kellogg Brown & Root Far East, Inc.	United States
Kellogg Brown & Root GmbH	Germany
Kellogg Brown & Root India Limited	United States
Kellogg Brown & Root International, Inc.	Delaware
Kellogg Brown & Root Limited	United Kingdom
Kellogg Brown & Root, Inc.	United States
Kellogg Cardon, C.A.	Venezuela
Kellogg China Inc.	Delaware
Kellogg Chiyoda Services	Cayman Islands
Kellogg Construction Limited	United Kingdom
Kellogg Foreign Sales Corporation	Barbados
Kellogg France, S.A.	France
Kellogg International Services Corporation	Delaware
Kellogg International Services Limited	Cayman Islands
Kellogg Iran, Inc.	United States
Kellogg ISL Limited	Cayman Islands
Kellogg Korea, Inc.	Delaware
Kellogg Malaysia, Inc.	Delaware
Kellogg Mexico, Inc.	Delaware
Kellogg Middle East Limited	Delaware
Kellogg Nigeria Inc.	Delaware
Kellogg Offshore Limited	United Kingdom
Kellogg Overseas Corporation	Delaware
Kellogg Pan American Corporation	Delaware
Kellogg Rust South Africa Limited	United Kingdom
Kellogg Pan American C.A.	Venezuela
Kellogg Saudi Arabia Limited	Delaware
Kellogg Services, Inc.	Delaware
Kestrel Subsea Systems Limited	United Kingdom
Kinhill Building Investigation Pty Ltd	Australia
Kinhill Holdings Pty Ltd	Australia
Kinhill India Private Ltd.	India
Kinhill Investments Pty Ltd	Australia
Kinhill (Malaysia) Sdn Bhd	Malaysia
Kinhill/Ove Arup	Australia
Kinhill Pacific Pty Ltd	Australia
Kinhill Pakistan (Private) Limited	Pakistan
Kinhill SAGRIC Pty Ltd	Australia
Kinhill Superannuation Nominees Pty Ltd	Australia
Komatsu Dresser Company	United States
KPA, S.A. de C.V.	Mexico
KRSA Limited	United Kingdom

Exhibit 21

HALLIBURTON COMPANY
Subsidiaries of the Registrant
December 31, 2000
(continued)

NAME OF COMPANY	STATE OR COUNTRY OF INCORPORATION
KRW Energy Systems Inc.	Delaware
Landmark America Latina, S.A.	Panama

Landmark de Mexico, S.A. de C.V.	Mexico
Landmark EAME, Ltd.	United Kingdom
Landmark Graphics Argentina, S.A.	Argentina
Landmark Graphics Colombia S.A.	Colombia
Landmark Graphics Corporation	Delaware
Landmark Graphics do Brasil Ltda.	Brazil
Landmark Graphics Europe/Africa, Inc.	Delaware
Landmark Graphics International, Inc.	Texas
Landmark Graphics (Malaysia) Sdn. Bhd.	Malaysia
Landmark Graphics (Nigeria) Limited	Nigeria
Landmark Graphics Venezuela C.A.	Venezuela
Landmark Sales Corporation (FSC)	Barbados
Laurel Financial Services B.V.	Netherlands
Laut-AOC Sdn Bhd	Brunei Darussalam
LCL Knightsbridge Limited	United Kingdom
Ledhand Limited	United Kingdom
Liaohe Halliburton Flow Measurement Company	China
LNG_Servicos E Gestao de Projectos Limitada	Portugal
M. W. Kellogg Company Limited	Canada
M. W. Kellogg Constructors Inc.	Delaware
M. W. Kellogg Group Limited	United Kingdom
M. W. Kellogg International Limited	United Kingdom
M. W. Kellogg Limited	United Kingdom
M. W. Kellogg Pensions Limited	United Kingdom
M. W. Kellogg Technology Company	Delaware
Magcobar Manufacturing Nigeria Ltd	Nigeria
Management Logistics, Inc.	Delaware
Mantenimiento Marino de Mexico, S. de R.L. de C.V.	Mexico
Manteniven, S.A.	Venezuela
Manufacturas Halliburton de mexico SA de CV	Mexico
Manufacturas Petroleras Venezolanas, S.A.	Venezuela
Marend Limited	United Kingdom
Mashhor Brown & Root Offshore Services Sdn. Bhd.	Brunei
Mashhor Well Services Sdn Bhd	Brunei
Masoneilan HP + HP GmbH	Germany
Masoneilan International, LLC	Delaware
Masoneilan, S.A.	Spain
Mid-Valley, Inc.	Delaware
Middle East Technologies, Inc.	Delaware
MIHC, Inc.	Delaware
Millennium Link Limited	United Kingdom
Monenco Offshore Limited	Canada
Mono Group	United Kingdom

HALLIBURTON COMPANY
Subsidiaries of the Registrant
December 31, 2000
(continued)

NAME OF COMPANY	STATE OR COUNTRY OF INCORPORATION
Mono Group Pension Trustees Limited	United Kingdom
Mono Pumps (Australia) Pty. Limited	Australia
Mono Pumps (Engineering) Limited	United Kingdom
Mono Pumps (Manfacturing) Limited	England
Mono Pumps (New Zealand) Limited	New Zealand
Mono Pumps (U.K.) Limited	United Kingdom
Mono Pumps Limited	United Kingdom
Monoflo, Inc.	Delaware
Moroccan Engineers & Constructors	Morocco
Munro Garrett (Asia Pacific) Pty Ltd	Australia
MWKL Field Services Limited	Cayman Islands
MWKL Middle East Limited	United Kingdom
Nederlands Bedrijfskleding Service B.V.	Netherlands
New Ocean Contractors Limited	United Kingdom
Niigata Masoneilan Company Limited	Japan
Niigata Masoneilan Valve Service Company Limited	Japan
Nile Oilfield Engineering Limited	Sudan
NL do Brazil Ltda.	Brazil
NL Overseas Service Company Limited	United Kingdom
Norsk Modifikajon og Vedikehold Service AS	Norway
North Sea Assets Limited	United Kingdom

NUMALOG, Ltd.	Israel
NUMAR UK Limited	United Kingdom
OGC International Limited	United Kingdom
Oilfield Telecommunications, Inc.	Delaware
Otis Engineering Italiana S.r.l.	Italy
Otis of Nigeria Limited	Nigeria
Otis Pressure Control Limited	United Kingdom
Overseas Administration Services, Ltd.	Cayman Islands
Overseas Marine Leasing Company	Delaware
P.T. Baroid Indonesia	Indonesia
P.T. Brown & Root Indonesia	Indonesia
P.T. Halliburton Drilling Systems Indonesia	Indonesia
P.T. Halliburton Indonesia	Indonesia
P.T. Halliburton Logging Services Indonesia	Indonesia
P.T. Indokor Sperry-Sun	Indonesia
P.T. Jaya Kinhill Arkonin (Indonesia)	Indonesia
P.T. Kinhill Indonesia	Indonesia
P.T. Landmark Concurrent Solusi Indonesia	Indonesia
P.T. M-I, Indonesia	Indonesia
P.T. Numar Indonesia	Indonesia
P.T. Security Mulia Indonesia	Indonesia
P.T. SubSea Tritek	Indonesia
P.T. Udemco Otis Indonesia	Indonesia
PACE AS	Norway
Paloak Ltd	United Kingdom

HALLIBURTON COMPANY
Subsidiaries of the Registrant
December 31, 2000
(continued)

NAME OF COMPANY	STATE OR COUNTRY OF INCORPORATION
Patonhurst Pty. Ltd.	United Kingdom
Penaga Grove Sdn. Bhd.	Malaysia
PES (International) Limited	United Kingdom
PES de France	France
PES France	France
PES Incorporated	United States
PES Netherlands Limited	United Kingdom
PES Petroquip Limited	United Kingdom
PES Petroseal Limited	United Kingdom
PES Petroserv Limited	United Kingdom
PES Petrospec Limited	United Kingdom
PES Trustees Limited	United Kingdom
Petroleum Engineering Services (Italia) srl	Italy
Petroleum Engineering Services Asia Pty. Ltd.	Australia
Petroleum Engineering Services Ltd.	United Kingdom
Petroleum Engineering Services Norge AS	Norway
Petroleum Information & Equipment Services Pte. Ltd.	Singapore
Petroleum Manufacturing Services Limited	United Kingdom
Plantation Land Company, Inc.	United States
Polinex-Cekop S.A.	Poland
Professional Resources Ltd.	Bermuda
Property & Casualty Insurance, Ltd. - U.S.	Vermont
Property and Casualty Insurance, Limited	Bermuda
PT Dresser Magcobar Indonesia	Indonesia
PT Dwinpantara Perdana	Indonesia
Pullman Kellogg Plant Services Algeria, Inc.	Delaware
Rezayat Brown and Root Saudi Company Limited	Saudi Arabia
Riese Consolidated Industrial C.A.	Venezuela
Road Management Consolidated Plc	United Kingdom
Road Management Group Limited	United Kingdom
Road Management Limited	United Kingdom
Road Management Services (Gloucester) Limited	United Kingdom
Road Management Services (Peterborough) Limited	United Kingdom
Rockwater (North Sea) Limited	United Kingdom
Rockwater B.V.	Netherlands
Rockwater CV	Netherlands
Rockwater Holdings Limited	United Kingdom
Rockwater J/V	Netherlands
Rockwater Limited	United Kingdom

Rockwater Offshore Contractors 2 B.V.	Netherlands
Rockwater Offshore Contractors B.V.	Netherlands
Rotary Brown & Root Pte. Ltd.	Singapore
Saber Technologies, L.L.C.	United States
Sabre Manning Services Limited	Jersey
Saudi Halliburton Logging LLC	Saudi Arabia

HALLIBURTON COMPANY
Subsidiaries of the Registrant
December 31, 2000
(continued)

NAME OF COMPANY	STATE OR COUNTRY OF INCORPORATION
SBR Offshore Limited	Canada
Scientific & Technical Computing Centre Pty Ltd	Australia
Seabase Limited	Canada
Seaforth Engineering Limited	United Kingdom
Seaforth Kinergetics Limited	United Kingdom
Seaforth Logistics Limited	United Kingdom
Seaforth Marine Services Limited	United Kingdom
Seaforth Maritime (Holdings) Limited	United Kingdom
Seaforth Maritime Limited	United Kingdom
Seaforth Workforce Limited	United Kingdom
Security DBS (MEM) E.C.	Bahrain
Security DBS B.V.	Netherlands
Security DBS Italia S.r.l.	Italy
Security DBS S.A.	France
Sembrown Equipment Pte Ltd	Singapore
Semi Sub Services B.V.	Netherlands
Service Employees International, Inc.	Cayman Islands
Servicios Halliburton de Venezuela, S.A.	Delaware
Servicios Industriales Worthington, S.A.	Venezuela
Servicios Tecnicos Brown & Root, S.A.	Panama
Shapadu Rockwater Sdn. Bhd.	Malaysia
Shaw Industries Pty. Ltd.	Australia
Siam Brown and Root Limited	Thailand
Sierra Geophysics (U.K.) Limited	United Kingdom
SIF-Isopipe S.A.	France
Sinokellogg Engineering Company	China
Snamprogetti Netherlands, B.V.	Netherlands
Sociedad Espanola de Bombas y Maquinaria S.A.	Spain
Sonobar, S.A. de C.V.	Mexico
Sperry Sun Saudia Company Limited	Saudi Arabia
Sperry-Sun (U.K.) Limited	United Kingdom
Sperry-Sun de Ecuador S.A.	Ecuador
Strata Bit Limited	United Kingdom
Stratamodel (Barbados) Export Ltd	Barbados
Studebaker-Worthington (U.K.) Limited	United Kingdom
SubSea HMB Ltd.	United Kingdom
Sub Sea Norge A/S	Norway
Sub Sea Offshore (B) Berhad	Brunei
Sub Sea Offshore Espana, S.A.	Spain
Sub Sea Offshore (Holdings) Limited	United Kingdom
Sub Sea Offshore (Nigeria) Limited	Nigeria
Sub Sea Offshore Limited	United Kingdom

HALLIBURTON COMPANY
Subsidiaries of the Registrant
December 31, 2000
(continued)

NAME OF COMPANY	STATE OR COUNTRY OF INCORPORATION

Sub Sea Offshore Pte. Ltd.	Singapore
Sub Sea Underwater Associates, Inc.	United States
SubseaKat (Malaysia) Sdn. Bhd.	Malaysia
SUDAW Developments Limited	Australia
Symington Wayne Overseas, Ltd.	Canada
T.K. Valve Holdings	United Kingdom
Taylor Diving (South East Asia) Pte. Ltd.	Singapore
Taylor International Diving Company, Inc.	United States
Technip	France
Tecman Services Limited	Cyprus
Tecniavance - Brown & Root S.A.	Colombia
Tesel Holdings Limited	United Kingdom
The Arab Geophysical Exploration Services Company	Libya
The M. W. Kellogg GmbH	Germany
Thomco (No. 2011) Pty Ltd	Australia
Tianjin Orient Halliburton Geophysical Service Company Ltd	China
TIG-Masoneilan Arabia Limited	Saudi Arabia
Tres Gaviotas, S.A. de C.V.	Mexico
Tri-Can Perforators Limited	Trinidad
Triconos Mineros S.A.	Chile
Tristan Services Limited	United Kingdom
TSKJ - Servicos de Engenharia Limitada	Portugal
TSKJ II Construcoes Internacionais Sociedade Unipessoal Limitada	Portugal
TSKJ Nigeria Limited	Nigeria
Ucamar Shipping & Transportation Company (Cayman) Limited	Cayman Islands
UMC Engineering Sdn Bhd	Malaysia
Universal Energy Services SRL	Italy
Vactor Industrial Pollution (U.K.) Limited	United Kingdom
W.T. Limited	United Kingdom
Walbridge Brown & Root International LLC (A Delaware Corporation)	Delaware
Walbridge Brown & Root International LLC (Cayman Islands)	Cayman Islands
Wasserij Smit-Delft BV	Netherlands
Wayne Compressores Ltda.	Brazil
Wayne Pump Company South Africa (Proprietary) Limited	South Africa
WeCem AS	Norway
Wellstream International, Inc.	Delaware
Wellstream, Inc.	Delaware
Wetzel Tecnomecanica S.A.	Brazil
Wharton Williams Taylor Emirates	United Arab Emirates
Wheatley Pump Incorporated	Delaware
Wheatley Ural	CIS

HALLIBURTON COMPANY
Subsidiaries of the Registrant
December 31, 2000
(continued)

NAME OF COMPANY	STATE OR COUNTRY OF INCORPORATION
Worthington Compressores e Turbinas Ltda.	Brazil
Worthington Pumping Systems Limited	United Kingdom
Worthington-Simpson Limited	United Kingdom
Xinjiang DB Stratabit Bit and Tool Company Ltd.	China
Zen No 33 Limited	Papua New Guinea
Zhanjiang Zhonghai Bredero Price Coaters, Inc.	China

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

(2) The names of approximately 50 subsidiaries have been omitted since the unnamed subsidiaries considered in the aggregate would not constitute a significant subsidiary as defined by Item 601(b)(21).
</FN>

Exhibit 23

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our reports included in this Form 10-K into the Company's previously filed registration statements on Form S-3 (Nos. 33-65777, 33-65772 and 333-32731) and the registration statements on Form S-8 (Nos. 33-54881, 333-40717, 333-37533, 333-13475, 333-65373, 333-55747, 333-83223, and 333-45518).

/s/ ARTHUR ANDERSEN LLP

ARTHUR ANDERSEN LLP

Dallas, Texas,
March 27, 2001