FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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

OR

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

Commission File Number 1-3492

HALLIBURTON COMPANY

(a Delaware Corporation)
75-2677995

3600 Lincoln Plaza
500 N. Akard
Dallas, Texas 75201

Telephone Number - Area Code (214) 978-2600

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

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

Common stock, par value $2.50 per share:
Outstanding at October 24, 1999 - 441,754,000

HALLIBURTON COMPANY

Index

PART I. FINANCIAL INFORMATION
Item 1. Financial Statements

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

	Three Months Ended September 30		Nine Months Ended September 30	
	1999	1998	1999	1998
Revenues:				
Services	$ 2,621	$ 2,938	$ 8,186	$ 9,204
Sales	893	1,232	2,850	3,693
Equity in earnings of unconsolidated affiliates	19	54	91	167
Total revenues	$ 3,533	$ 4,224	$ 11,127	$ 13,064
Operating costs and expenses:				
Cost of services	$ 2,493	$ 2,831	$ 7,842	$ 8,430
Cost of sales	790	1,008	2,497	3,127
General and administrative	136	110	373	435
Special charges and credits	-	852	(47)	852
Total operating costs and expenses	3,419	4,801	10,665	12,844
Operating income (loss)	114	(577)	462	220
Interest expense	(38)	(35)	(108)	(96)
Interest income	32	7	70	21
Foreign currency gains (losses), net	(4)	(8)	(1)	(10)
Other nonoperating, net	(1)	4	(25)	3
Income (loss) before taxes, minority interest and change in accounting method	103	(609)	398	138
(Provision) benefit for income taxes	(40)	97	(153)	(184)
Minority interest in net income of subsidiaries	(5)	(15)	(23)	(35)
Income (loss) before accounting change	58	(527)	222	(81)
Cumulative effect of change in accounting method, net	-	-	(19)	-
Net income (loss)	$ 58	$ (527)	$ 203	$ (81)
Basic income (loss) per share:				
Before change in accounting method	$ 0.13	$ (1.20)	$ 0.50	$ (0.18)
Change in accounting method	-	-	(0.04)	-
Net income (loss)	$ 0.13	$ (1.20)	$ 0.46	$ (0.18)
Diluted income (loss) per share:				
Before change in accounting method	$ 0.13	$ (1.20)	$ 0.50	$ (0.18)
Change in accounting method	-	-	(0.04)	-
Net income (loss)	$ 0.13	$ (1.20)	$ 0.46	$ (0.18)
Cash dividends per share *	$ 0.125	$ 0.125	$ 0.375	$ 0.375
Basic average common shares outstanding	441	439	440	439
Diluted average common shares outstanding	445	439	443	439

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

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

	September 30 1999	December 31 1998
Assets		
Current assets:		
Cash and equivalents	$ 295	$ 203
Receivables:		
Notes and accounts receivable	3,098	3,345
Unbilled work on uncompleted contracts	608	515
Total receivables	3,706	3,860
Inventories	1,251	1,285
Deferred income taxes, current	299	432
Other current assets	210	286
Total current assets	5,761	6,066
Property, plant and equipment:		
Less accumulated depreciation of $4,047 and $3,929	2,818	2,896
Equity in and advances to related companies	520	587
Excess of cost over net assets acquired	778	765
Deferred income taxes, noncurrent	366	337
Other assets	342	415
Total assets	$ 10,585	$ 11,066
Liabilities and Shareholders' Equity		
Current liabilities:		
Short-term notes payable	$ 942	$ 515
Current maturities of long-term debt	308	59
Accounts payable	1,039	1,009
Accrued employee compensation and benefits	280	402
Advance billings on uncompleted contracts	263	513
Income taxes payable	110	246
Accrued special charges	93	359
Other current liabilities	687	834
Total current liabilities	3,722	3,937
Long-term debt	1,059	1,370
Employee compensation and benefits	995	1,007
Other liabilities	548	521
Minority interest in consolidated subsidiaries	139	170
Total liabilities	6,463	7,005
Shareholders' equity:		
Common shares, par value $2.50 per share - Authorized 600 shares, issued 447 and 446 shares	1,119	1,115
Paid-in capital in excess of par value	59	8
Deferred compensation	(50)	(51)
Accumulated other comprehensive income	(182)	(149)
Retained earnings	3,273	3,236
	4,219	4,159
Less 6 shares of treasury stock, at cost in both periods	97	98
Total shareholders' equity	4,122	4,061
Total liabilities and shareholders' equity	$ 10,585	$ 11,066

See notes to quarterly financial statements.

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

	Nine Months Ended September 30	
	1999	1998
Cash flows from operating activities:		
Net income (loss)	$ 203	$ (81)
Adjustments to reconcile net income to net cash from operations:		
Depreciation, depletion and amortization	447	442
Provision (benefit) for deferred income taxes	104	(202)
Change in accounting methods	19	-
Distributions from (advances to) related companies, net of equity in (earnings) losses	(6)	(76)
Change in accrued special charges	(266)	383
Other non-cash items	59	582
Other changes, net of non-cash items:		
Receivables and unbilled work	(53)	(381)
Inventories	54	(125)
Accounts payable	(45)	12
Other working capital, net	(506)	(247)
Other, net	(126)	7
Total cash flows from operating activities	(116)	314
Cash flows from investing activities:		
Capital expenditures	(433)	(687)
Sales of property, plant and equipment	116	61
Dispositions (acquisitions) of businesses	278	(32)
Other investing activities	4	(3)
Total cash flows from investing activities	(35)	(661)
Cash flows from financing activities:		
Payments on long-term borrowings	(69)	(12)
Net borrowings of short-term debt	436	427
Payments of dividends to shareholders	(166)	(199)
Proceeds from exercises of stock options	44	45
Payments to re-acquire common stock	(4)	(19)
Other financing activities	(7)	(6)
Total cash flows from financing activities	234	236
Effect of exchange rate changes on cash	9	(6)
Increase (decrease) in cash and equivalents	92	(117)
Cash and equivalents at beginning of period	203	346
Cash and equivalents at end of period	$ 295	$ 229
Supplemental disclosure of cash flow information: Cash payments during the period for:		
Interest	$ 114	$ 110
Income taxes	$ 185	$ 396

See notes to quarterly financial statements.

HALLIBURTON COMPANY
Notes to Quarterly Financial Statements
(Unaudited)

Note 1. Management Representations

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

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

Ultimate results could differ from those estimates.

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

In our opinion, the condensed consolidated financial statements present fairly our financial position as of September 30, 1999, and the results of our operations for the three and nine months ended September 30, 1999 and 1998 and our cash flows for the nine months then ended. The results of operations for the three and nine months ended September 30, 1999 and 1998 may not be indicative of results for the full year.

Prior year amounts have been reclassified to conform to the current year presentation. We have revised our presentation of the amounts recorded in our 1998 special charge. Inventory related special charges of $93 million are now presented in cost of services or cost of sales in our condensed consolidated income statements for the three and nine months ended September 30, 1998. We have also reclassified amounts related to inventories, property plant and equipment, excess of cost over assets acquired, and other assets from accrued special charges in our 1999 and 1998 condensed consolidated balance sheets. See Note 9.

Note 2. Business Segment Information

We have three business segments.

The Energy Services Group contains Halliburton Energy Services, Brown & Root Energy Services and Landmark Graphics Corporation. Halliburton Energy Services provides pressure pumping equipment and services, logging and perforating, drilling systems and services, drilling fluids systems, drill bits, specialized completion and production equipment and services, and well control. Brown & Root Energy Services provides upstream oil and gas engineering, construction and maintenance services, specialty pipe coating, insulation, and underwater engineering services. Landmark Graphics Corporation provides integrated exploration and production information systems and related professional services to the petroleum industry.

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

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

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

The table below presents revenues and operating income by segment.

Millions of dollars	Three Months Ended September 30 1999	Three Months Ended September 30 1998	Nine Months Ended September 30 1999	Nine Months Ended September 30 1998
Revenues:				
Energy Services Group	$ 1,700	$ 2,163	$ 5,134	$ 6,829
Engineering and Construction Group	1,273	1,380	4,153	4,165
Dresser Equipment Group	560	681	1,840	2,070
Total	$ 3,533	$ 4,224	$ 11,127	$ 13,064
Operating income (loss):				
Energy Services Group	$ 56	$ 263	$ 162	$ 850
Engineering and Construction Group	41	54	163	187
Dresser Equipment Group	33	71	140	187
Special charges and credits	-	(945)	47	(945)
General corporate	(16)	(20)	(50)	(59)
Total	$ 114	$ (577)	$ 462	$ 220

Note 3. Acquisitions and Dispositions

On September 29, 1998, we completed the acquisition of Dresser Industries, Inc. The outstanding Dresser common stock was converted into our common stock. The merger qualified as a tax-free exchange to Dresser's shareholders for U.S. federal income tax purposes and was accounted for using the pooling of interests method of accounting for business combinations. Accordingly, our financial statements have been restated to include the results of Dresser for all periods presented. Beginning in 1998, Dresser's year-end of October 31 was changed to Halliburton's calendar year-end.

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

Millions of dollars	Three Months Ended September 30 1998	Nine Months Ended September 30 1998
Revenues:		
Halliburton	$ 2,214	$ 7,045
Dresser	2,010	6,019
Combined	$ 4,224	$ 13,064
Net income (loss):		
Halliburton	$ 105	$ 359
Dresser	90	282
1998 special charges, net of tax	(722)	(722)
Combined	$ (527)	$ (81)

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

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

On October 4, 1999, we announced that Dresser will sell its joint venture interests in Ingersoll Dresser Pump (49% owned) and Dresser-Rand (51% owned) to Ingersoll-Rand Company. The sales are expected to close on December 30, 1999. See Note 12.

Note 4. Inventories

Millions of dollars	September 30 1999	December 31 1998
Finished products and parts	$ 646	$ 621
Raw materials and supplies	278	250
Work in process	487	562
Progress payments	(160)	(148)
Total	$ 1,251	$ 1,285

The cost of U.S. manufacturing and U.S. field service inventories is determined using the last-in, first-out method. If the last-in, first-out method had not been used, the cost of total inventories would have been about $109 million higher than reported at September 30, 1999, and $111 million higher than reported at December 31, 1998.

Note 5. Dresser Financial Information

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

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

Dresser Industries, Inc. Financial Position Millions of dollars	September 30 1999	December 31 1998
Current assets	$ 5,484	$ 2,417
Noncurrent assets	7,179	2,614
Total	$ 12,663	$ 5,031
Current liabilities	$ 2,795	$ 1,389
Noncurrent liabilities	1,956	1,544
Minority interest	143	154
Shareholders' equity	7,769	1,944
Total	$ 12,663	$ 5,031

Dresser Industries, Inc. Operating Results	Three Months Ended September 30		Nine Months Ended September 30	
Millions of dollars	1999	1998	1999	1998
Revenues	$ 3,533	$ 2,010	$ 11,127	$ 6,019
Operating income	$ 119	$ 177	$ 430	$ 532
Income before taxes and minority interest	$ 82	$ 158	$ 297	$ 478
Income taxes	(33)	(57)	(120)	(172)
Minority interest	(5)	(11)	(23)	(24)
Change in accounting method	-	-	(19)	-
Net income	$ 44	$ 90	$ 135	$ 282

Note 6. Commitments and Contingencies

Asbestosis Litigation. Since 1976, Dresser has been involved in litigation with people who allege that they have sustained injuries and damage from the inhalation of asbestos fibers. The injuries and damages are alleged to arise from products manufactured by Dresser and its former divisions or subsidiaries or companies acquired by Dresser. We also have asbestos claims which have arisen as a result of construction and renovation work performed by the Engineering and Construction Group segment.

At September 30, 1999, approximately 92,600 claims are pending. Settlements, previously reported, covering approximately 8,000 claims, are carried as pending until releases are signed. During the first nine months of 1999, approximately 28,500 claims were filed and approximately 7,900 claims against us were settled or otherwise resolved. The settlements reached during the first nine months of 1999 were consistent with our historical experience. Based on our experience, we continue to believe that provisions recorded are adequate to cover the estimated loss from asbestosis litigation.

We have entered into agreements with insurance carriers to cover portions of the expenses associated with asbestosis litigation arising from products manufactured by Dresser and its former divisions or subsidiaries. These agreements are governed by exposure dates, payment type or product involved. The covered amount varies by individual claim. We have filed lawsuits against several insurance carriers to recover additional amounts related to these claims. The Engineering and Construction Group segment is also involved in negotiations with carriers over coverage of its claims.

The accrued liability for asbestos claims against us and the corresponding receivable from carriers are as follows:

Millions of dollars	September 30 1999	December 31 1998
Accrued liability	$ 44	$ 48
Receivables from insurance carriers	(31)	(34)
Net asbestos liability	$ 13	$ 14

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

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

In order to resolve this dispute, Global invoked the dispute resolution provisions of the 1992 agreement, which require binding arbitration. Global has not claimed a specific amount of damages. We expect that Global's claim for reimbursement will be in excess of $40 million. In addition, Global is seeking relief from responsibility for pending claims based on Dresser's negligence, the pre-1967 acts of Harbison-Walker, punitive damages, and for all similar future claims. The arbitration process has begun, and the parties have met with the arbitrator. Dates, however, have not been set. We believe that the assertions by Global are without merit and Dresser intends to vigorously defend against them.

Separately Dresser learned that Global had threatened to sue Continental Insurance Company, one of Dresser's insurers, over insurance proceeds. Dresser filed a lawsuit in Texas state court on April 9, 1999 seeking an injunction to prevent Global from suing Continental. The Texas court granted a temporary injunction on April 29, 1999. Global appealed the temporary injunction on September 21, 1999, and we are awaiting a decision. A trial date of December 6, 1999 has been set to hear arguments regarding a permanent injunction.

Environmental. Some of our subsidiaries are involved as potentially responsible parties in remedial activities to clean up various "Superfund" sites under federal law. Federal law imposes joint and several liability, if the harm is indivisible, without regard to fault, the legality of the original disposal, or ownership of the site. Although it is very difficult to quantify the potential impact of compliance with environmental protection laws, our management believes that any liability of our subsidiaries for all but one site will not have a material adverse effect on the results of operations. The Environmental Protection Agency has named our subsidiary Kellogg Brown & Root, Inc. as a potentially responsible party for the Jasper County Superfund Site. Sufficient information regarding this site has not been developed to permit our management to make a liability determination. Management believes the process of determining the nature and extent of remediation at the Jasper County Superfund Site and the total costs will be lengthy. In addition to the Superfund issues, the State of Missouri has indicated that it may claim natural resource damage against the potentially responsible parties at the Jasper County Superfund Site. We cannot determine the extent of Kellogg Brown & Root's liability, if any, for remediation costs or natural resource damages on any reasonably practicable basis.

The accrued liabilities for environmental contingencies were $31 million at September 30, 1999, and $29 million at December 31, 1998.

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

Note 7. Income Per Share

Basic income per share amounts are based on the weighted average number of common shares outstanding during the period. Diluted income per share includes additional common shares that would have been outstanding if potential common shares with a dilutive effect had been issued. Options to purchase 2.3 million shares of common stock which were outstanding during the nine months ended September 30, 1999 were not included in the computation of diluted net income per share because the option exercise price was greater than the average market price of the common shares.

Millions of dollars and shares except per share data	Three Months Ended September 30		Nine Months Ended September 30	
	1999	1998	1999	1998
Income (loss) before accounting change	$ 58	$ (527)	$ 222	$ (81)
Basic weighted average shares	441	439	440	439
Effect of common stock equivalents	4	-	3	-
Diluted weighted average shares	445	439	443	439
Income (loss) per common share before change in accounting method:				
Basic	$ 0.13	$ (1.20)	$ 0.50	$ (0.18)
Diluted	$ 0.13	$ (1.20)	$ 0.50	$ (0.18)

Note 8. Comprehensive Income

Millions of dollars	Three Months Ended September 30		Nine Months Ended September 30	
	1999	1998	1999	1998
Net income (loss)	$ 58	$ (527)	$ 203	$ (81)
Cumulative translation adjustment, net of tax	13	16	(26)	-
Minimum pension liability adjustment	-	-	(7)	-
Total comprehensive income (loss)	$ 71	$ (511)	$ 170	$ (81)

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

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

Millions of dollars	September 30 1999	December 31 1998
Cumulative translation adjustment	$ (168)	$ (142)
Minimum pension liability	(14)	(7)
Total accumulated other comprehensive income	$ (182)	$ (149)

Note 9. Special Charges

During the third and fourth quarters of 1998, we incurred special charges totaling $980 million to provide for costs associated with the merger and industry downturn due to declining oil and gas prices. During the second quarter of 1999, we reversed $47 million of the 1998 charge based on the most recent assessment of total costs to be incurred to complete the actions covered in our special charges. These charges were reflected in the following captions of the condensed consolidated statements of income:

Millions of dollars	Nine Months Ended September 30 1998	Three Months Ended December 31 1998	Twelve Months Ended December 31 1998
Cost of services	$ 68	$ -	$ 68
Cost of sales	24	-	24
Special charges and credits	852	36	888
Total	$ 944	$ 36	$ 980

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

Millions of dollars	Asset Related Charges	Personnel Charges	Facility Consolidation Charges	Merger Transaction Charges	Other Charges	Total
1998 Charges to Expense by Business Segment:						
Energy Services Group	$ 453	$ 157	$ 93	$ -	$ 18	$ 721
Engineering & Construction Group	8	19	8	-	5	40
Dresser Equipment Group	18	1	2	-	-	21
General corporate	30	58	23	64	23	198
Total	509	235	126	64	46	980
Utilized in 1998	(509)	(45)	(3)	(60)	(4)	(621)
Balance December 31, 1998	-	190	123	4	42	359
Utilized in 1999	-	(141)	(61)	(3)	(14)	(219)
Adjustments to 1998 charges	-	(30)	(16)	(1)	-	(47)
Balance September 30, 1999	$ -	$ 19	$ 46	$ -	$ 28	$ 93

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

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

- 1998 4,400 including 3,800 within the Energy Services Group
- 1999 4,900 including 3,900 within the Energy Services Group

We now estimate 10,100 personnel reductions will occur as accrued for in the 1998 special charge. Of this amount, 800 have not yet taken place. The remaining reductions will mostly occur in the fourth quarter of 1999 as projects are completed and facilities are closed. During the second quarter we reversed $30 million in personnel charges primarily due to a reduction in estimated legal costs associated with employee layoffs, lower than anticipated average severance per person and fewer than expected terminations due to voluntary employee resignations.

Through September 30, 1999, we have sold or returned to the owner 195 service and administrative facilities related to the 1998 special charge. As of September 30, 1999, we had vacated an additional 109 properties which we are in the process of selling, subleasing or returning to the owner. The majority of the sold, returned or vacated properties are located within North America. The majority of these facilities are within the Energy Services Group. We have scheduled these properties to be vacated by the end of this year. Our most recent assessment of facilities consolidation activities indicates that fewer facilities than initially estimated will be exited in conjunction with the 1998 special charge resulting in an estimated $7 million reduction in facilities consolidation costs. This revised estimate combined with other factors including more favorable exit costs than anticipated resulted in a $16 million adjustment to facility consolidation charges during the second quarter.

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

During the first nine months of 1999, we utilized $14 million in other special charge costs. The balance will be utilized during 1999, and possibly into 2000, in connection with our renegotiation of agency agreements, supplier and other contracts and elimination of other duplicate capabilities.

Most restructuring activities accrued for in the 1998 special charges are expected to be completed and expended by the end of 1999. The exceptions are sales of facilities to be disposed of and any other actions, which may require negotiations with outside parties extending past the end of the year. From inception through September 30, 1999 the Company used $302 million in cash for items associated with the 1998 special charges. The unutilized special charge reserve balance at September 30, 1999 is expected to result in future cash outlays of approximately $93 million during 1999 and possibly into 2000.

Note 10. Change in Accounting Method

In April 1998, the American Institute of Certified Public Accountants issued Statement of Position 98-5 "Reporting on the Costs of Start-Up Activities." This Statement requires costs of start-up activities and organization costs to be expensed as incurred. We adopted Statement of Position 98-5 effective January 1, 1999 and recorded expense of $30 million pretax or $19 million after tax or $0.04 per diluted share. 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 11. Investment in Bufete

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

Note 12. Sale of Joint Ventures

On October 4, 1999, we announced we will sell our interests in Dresser-Rand and Ingersoll-Dresser Pump to Ingersoll-Rand Company for total cash consideration of approximately $1.1 billion. The transaction will result in an after-tax gain of approximately $380 million or $0.84 per diluted share. The sale is being made based upon elections in the joint venture agreements triggered by Ingersoll-Rand. We expect to close the sale on December 30, 1999. After paying off intercompany accounts with the joint ventures, we expect to receive net cash of approximately $630 million. This cash will initially be used to reduce short-term borrowings and for other general corporate purposes.

Revenues, operating income and net income from Dresser-Rand and Ingersoll-Dresser Pump included in our results for the third quarter and first nine months of 1999 and 1998 were as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
Millions of dollars	1999	1998	1999	1998
Revenues	$ 215	$ 288	$ 792	$ 895
Operating income	4	36	47	73
Net income	2	13	18	28

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

In this section, we discuss the operating results and general financial condition of Halliburton and its subsidiaries.
We explain:
- what factors impact our business;
- why our earnings and expenses for the third quarter of 1999 differ from the third quarter of last year;
- why our earnings and expenses in January through September of 1999 differ from the same period in 1998;
- what our capital expenditures were;
- what our ending cash balance was; and
- any other items that materially affect our financial condition or earnings.

FORWARD-LOOKING INFORMATION

As provided by the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, we caution that forward-looking statements involve risks and uncertainties that may impact our actual results of operations. Statements in this quarterly report and elsewhere, which are forward-looking and which provide other than historical information, involve those risks and uncertainties. Our forward-looking information reflects our best judgement based on current information. However, forward-looking information involves a number of risks and uncertainties and there can be no assurance that other factors will not affect the accuracy of our forward-looking information. While it is not possible to identify all factors, we continue to face many risks and uncertainties that could cause actual results to differ from those forward-looking statements including:
- litigation, including, for example, asbestosis litigation and environmental litigation;
- trade restrictions and economic embargoes imposed by the United States and other countries;
- environmental laws, including those that require emission performance standards for new and existing facilities;
- unsettled political conditions, war, civil unrest, currency controls and governmental actions in the numerous countries in which we operate;
- operations in countries with significant amounts of political risk, for example, Russia, Algeria and Nigeria;
- the effects of severe weather conditions, including hurricanes and tornadoes, on operations and facilities;
- the impact of prolonged mild weather conditions on the demand for and price of oil and natural gas;
- the magnitude of governmental spending for military and logistical support of the type that we provide;
- changes in capital spending by customers in the hydrocarbon industry for exploration, development, production, processing, refining, and pipeline delivery networks;
- changes in capital spending by governments for infrastructure projects of the sort that we perform;
- changes in governmental regulations in the numerous countries in which we operate including, for example, regulations that:
  - encourage or mandate the hiring of local contractors; and
  - require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction;
- changes in capital spending by customers in the wood pulp and paper industries for plants and equipment;
- consolidation of customers in the oil and gas industry;
- technological and structural changes in the industries that we serve;
- changes in the price of oil and natural gas;
  - OPEC's ability to set and maintain production levels and prices for oil and gas;
  - the level of 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 of commodity chemicals that we use;
- risks that result from entering into fixed fee engineering, procurement and construction projects of the types that we provide where failure to meet schedules, cost estimates or performance targets could result in non-reimbursable costs which cause the project not to meet expected profit margins;
- claim negotiations with customers on cost variances on major projects;
- computer software, hardware and other equipment utilizing computer technology used by governmental entities, service providers, vendors, customers and Halliburton which may be impacted by the Y2K issue;

- the risk inherent in the use of derivative instruments of the sort that we use which could cause a change in value of the derivative instruments as a result of adverse movements in foreign exchange rates;
- increased competition in the hiring and retention of employees in competitive areas, for example, accounting, treasury and Y2K remediation; and
- integration of acquired businesses, including Dresser Industries, Inc. and its subsidiaries, into Halliburton; and
  - maintaining uniform standards, controls, procedures and policies; and
  - combining operations and personnel of acquired businesses with ours.

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

BUSINESS ENVIRONMENT

We operate in over 120 countries around the world to provide a variety of energy services, energy equipment and engineering and construction services to energy, industrial and governmental customers. The industries we serve are highly competitive with many substantial competitors. Unsettled political conditions, expropriation or other governmental actions, exchange controls and currency devaluations may affect operations in some countries. We believe the geographic diversification of our business activities reduces the risk that loss of operations in any one country would be material to our consolidated results of operations.

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

Declines in energy industry activities that started in 1998 continued into the third quarter of 1999, particularly in the areas of exploration and development of hydrocarbons. During this period the energy industry experienced:

- record low in the U.S. rotary rig count (488 in April 1999),
- six consecutive quarterly declines in international rig counts,
- significant decreases in worldwide rig counts (the average worldwide rotary rig count in the first nine months of 1999 was 29% lower than in the first nine months of 1998), and
- a high degree of volatility in crude oil and natural gas prices.

These factors, combined with the announced mergers of several large multinational energy companies, caused many of our customers to reduce their capital spending programs. These reductions have negatively impacted our results for the first nine months of 1999, particularly within the Energy Services Group.

The Engineering and Construction Group and Dresser Equipment Group, which provide many services to the downstream oil and gas business, have also been impacted negatively during the first nine months of 1999. The downturn in activity in the first quarter of 1999 did not affect these segments as severely as the Energy Services Group due to the longer term nature of projects and continuing maintenance requirements. In the second quarter of 1999, however, the effects of project delays and deferral of new awards began to negatively impact the Engineering and Construction Group. These factors are expected to affect the segment during the remainder of the year and into 2000 due to the long-term nature of most projects. The declines in activity in the Dresser Equipment Group which began in the second quarter of 1999 continued into the third quarter. The lower activity levels were due to industry conditions and increased competition for a reduced level of available business.

During the third quarter of 1999, increases in rig counts and prices of oil and natural gas provided signs that energy industry activity was beginning to improve. Despite these positive signs, pricing pressures and delays in capital spending on large long-term projects continued to negatively impact our results. Longer-term effects will depend on the spending patterns of our customers.

We still believe:

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

We are encouraged about the remainder of this year and 2000, given:

- the recent strengthening of oil and gas prices,
- the recent increases in the U.S. rotary rig counts, and
- continuing increases in the level of customer inquiries.

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

RESULTS OF OPERATIONS - 1999 COMPARED TO 1998

Third Quarter of 1999 Compared with the Third Quarter of 1998

REVENUES	Third Quarter		Increase
Millions of dollars	1999	1998	(decrease)
Energy Services Group	$ 1,700	$ 2,163	$ (463)
Engineering and Construction Group	1,273	1,380	(107)
Dresser Equipment Group	560	681	(121)
Total revenues	$ 3,533	$ 4,224	$ (691)

Consolidated revenues decreased 16% to $3,533 million in the third quarter of 1999 compared with $4,224 million in the same quarter of the prior year. International revenues for the third quarter of 1999 were 68% of total revenue, up from 67% in the third quarter of 1998.

Energy Services Group revenues were $1,700 million for the third quarter of 1999, up slightly over the second quarter of 1999. These revenues reflect a 21% decrease from the same quarter of the prior year, while drilling activity, as measured by the worldwide rotary rig count, decreased 15%. International revenues were 71% of total Energy Services Group revenues for the quarter, compared to 72% for the prior year quarter. The Energy Services Group includes Halliburton Energy Services, Brown & Root Energy Services and Landmark Graphics Corporation.

Revenues for all product service lines within Halliburton Energy Services were 20-30% lower compared to the prior year quarter. Halliburton Energy Services' U.S. revenues were down 27% versus a decrease in the U.S. average rotary rig count of nearly 20%. Halliburton Energy Services' international revenues were down 24%. Lower activity was experienced in all geographic regions with the largest declines in revenues in Europe/Africa and Latin America where revenues decreased approximately 30%. Declines in revenue reflect reduced unit volume levels and continued pricing pressures, particularly in North America.

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

Revenues from Landmark, which provides integrated exploration and production information systems, increased 3% compared to the third quarter of 1998. Increased customer service and maintenance revenues and hardware sales more than offset lower software sales. Many customers for our information system product lines have put off software purchases due to customers' mergers, lower activity levels and internal focus on Year 2000 issues.

Engineering and Construction Group revenues decreased slightly to $1,273 million in the third quarter of 1999 compared to $1,380 million in the same quarter of the prior year. The Engineering and Construction Group is made up of Kellogg Brown & Root and Brown & Root Services. International revenues were 68% of total revenues for the group, compared to 65% for the prior year third quarter.

Revenue declines are primarily due to winding up two major projects in Algeria which were partially offset by higher revenues from activities on the contract to provide logistical support services to U.S. military peacekeeping efforts in the Balkans.

Dresser Equipment Group revenues decreased nearly 20% to $560 million for the third quarter of 1999, as compared to $681 million for the third quarter of 1998. International revenues were 60% of total Dresser Equipment Group revenues. Revenues declined in all product lines reflecting lower spending by customers.

Revenues from the compression and pumping line were lower by about 25%. Sales of complete units of compression and pumping products were lower due to a combination of projects and maintenance delayed to the fourth quarter, and a small market share loss for Dresser-Rand as they resisted downward pricing pressures during the quarter. As discussed in Note 12, we will sell our interests in Dresser-Rand and Ingersoll-Dresser Pump to Ingersoll-Rand. The sale is expected to close on December 30, 1999, at which time Dresser Equipment Group's activities in the compression and pumping product lines will end. We believe the uncertainty surrounding the ownership of the joint ventures was a contributing factor to lower sales in the third quarter of 1999.

Revenues from the measurement product line were lower by 5% from the prior year third quarter. Flow control had about 16% lower revenues while power systems revenues were 14% lower than the prior year quarter. Excluding the compression and pumping product line, revenues were down 12% compared to the third quarter of 1998 and were flat compared to the second quarter of 1999.

OPERATING INCOME	Third Quarter		Increase
Millions of dollars	1999	1998	(decrease)
Energy Services Group	$ 56	$ 263	$ (207)
Engineering and Construction Group	41	54	(13)
Dresser Equipment Group	33	71	(38)
Special charges and credits	-	(945)	945
General corporate	(16)	(20)	4
Operating income (loss)	$ 114	$ (577)	$ 691

Consolidated operating income for the third quarter of 1999 of $114 million declined 69% compared with $368 million of operating income before special charges in the same quarter of the prior year. See Note 9 and the restructuring activities discussion beginning on page 19 for information and updates on our 1998 special charge.

Energy Services Group operating income decreased nearly 80% to $56 million in the third quarter of 1999 compared with $263 million in the same quarter of the prior year. Operating income was up 15% as compared to the previous quarter. The operating margin for the third quarter of 1999 was 3.3%, compared to the prior year third quarter of 12.2% and 2.9% in the second quarter of 1999.

In spite of aggressive cost reduction efforts to reduce excess personnel and facilities, Halliburton Energy Services operating income was down 84%. Lower activity and higher discounts reduced operating income for all Halliburton Energy Services' product service lines. Lower rig counts resulted in excess capacity in the oil field services sector which in turn placed severe pressure on pricing. As a result of pricing pressures, Halliburton Energy Services' average discounts in the U.S. increased five to six percentage points over the third quarter of 1998. In spite of pricing pressures and increased discounting in the U.S., all product service lines except logging and drilling were able to maintain positive operating income in the third quarter of 1999. During the quarter increased activity in some areas of the United States allowed prices to stabilize and in some instances to increase slightly for the completion products, stimulation, and drilling fluids product service lines.

Operating income from Brown & Root Energy Services' upstream oil and gas engineering and construction activities declined 66% and margins declined 58% from the prior year third quarter. The major factors contributing to this decrease were lower activity levels in Europe/Africa and North America. Lower activity levels in the more capital intensive product service lines continue to hurt margins due to the high fixed costs associated with these lines.

Landmark recorded a small operating income for the quarter. Increased activity in Europe/Africa more than offset declines in the U.S. and Latin America.

Engineering and Construction Group operating income decreased 24% to $41 million in the third quarter of 1999 compared to $54 million in the third quarter of the prior year. Operating margins were 3.2% in the third quarter of 1999 compared to 3.9% in the prior year third quarter.

Increased operating income in the natural gas and operations and maintenance product service lines and from higher activity related to supporting U.S. military peacekeeping efforts in the Balkans were offset by declines in other lines. Depressed industry conditions in the construction and forest products areas continue to affect these product service lines. In addition, activities at Kellogg Brown & Root are now being affected due to delayed projects in the hydrocarbon and chemical industries due to customer consolidations and uncertainty surrounding energy prices.

Dresser Equipment Group operating income for the third quarter was $33 million, a decrease of 54% from the prior year third quarter of $71 million. All product lines experienced a decrease in operating income primarily as a result of lower activity levels and productivity slowdowns stemming from the announced decision to relocate some manufacturing operations. Excluding the compression and pumping produt line, operating income for the group was 3% lower than the second quarter of 1999 and 16% lower than the prior year third quarter.

Special charges in the third quarter of 1998 were recorded for merger related expenses and the downturn in the energy industry. See Note 9 and the restructuring activities discussion beginning on page 19.

General corporate expenses were lower by $4 million from the prior year third quarter. The reduction of expense is the result of combining two corporate offices into one office.

NONOPERATING ITEMS

Interest expense increased by $3 million to $38 million in the third quarter of 1999 compared to the same quarter of the prior year due primarily to increased short-term borrowings and additional long-term borrowings under our medium-term note program. The increased borrowings were used to fund working capital requirements and special charge costs, including, severance and property exit costs.

Interest income in the third quarter of 1999 of $32 million increased $25 million compared to $7 million in the third quarter of 1998. The majority of this increase relates to interest on a tax settlement which was resolved during the quarter.

Foreign currency gains (losses), net was a net $4 million loss for the third quarter of 1999. This net loss compares to a net loss of $8 million in the same period of 1998.

The effective income tax rate excluding special charges and credits was about 39% for the third quarter of 1999, as compared to about 38% for the third quarter of 1998.

Net income was $58 million, or 13 cents per diluted share compared to a net loss of $527 million, or $1.20 per diluted share in the third quarter of 1998. Net loss in the third quarter of 1998 includes an after-tax special charge of $722 million.

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

REVENUES	First Nine Months		Increase
Millions of dollars	1999	1998	(decrease)
Energy Services Group	$ 5,134	$ 6,829	$ (1,695)
Engineering and Construction Group	4,153	4,165	(12)
Dresser Equipment Group	1,840	2,070	(230)
Total revenues	$ 11,127	$ 13,064	$ (1,937)

Consolidated revenues decreased 15% to $11,127 million in the first nine months of 1999 compared with $13,064 million in the first nine months of the prior year. International revenues for the first nine months of 1999 were 68% of total revenue, compared to 66% of total revenue in 1998. All groups had lower revenues in the first nine months of 1999 compared to 1998 resulting from lower activity in the energy industry due to oil price uncertainty and customer consolidation in the energy industry.

Energy Services Group revenues were $5,134 million for the first nine months of 1999, reflecting a 25% decrease from the first nine months of the prior year, while drilling activity as measured by the worldwide rotary rig count decreased 29%. International revenues were 72% of total Energy Services Group revenues for the first nine months compared to 70% for the prior year first nine months.

Revenues for all Halliburton Energy Services product service lines were lower than the prior year. The largest percentage declines in revenues were in North America and Latin America with revenues decreasing about 34%. Halliburton Energy Services Europe/Africa revenues declined about 27%. Declines in revenue reflect reduced unit volume levels and continued pricing pressures, particularly in North America. Halliburton Energy Services' U.S. revenues were about 35% lower than in the first nine months of 1998, which is consistent with the reduction in the average rotary rig count in the U.S. during the same period. Halliburton Energy Services' international revenues were 25% lower through the first nine months of 1999 than in the first nine months of 1998. The international average rotary rig count for the same time period was 23% lower. The completion product service line had the smallest percentage decline in revenues of about 24% for the first nine-month period of 1999 compared to 1998. Other product service lines within Halliburton Energy Services experienced a 25-30% decrease from the same period in the prior year.

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

Revenues from Landmark's integrated exploration and production information systems decreased 12% compared to the first nine months of 1998. Decreases occurred in all product service lines. Many customers for our information system product lines have put off software purchases due to customers' mergers, lower activity levels and internal focus on Year 2000 issues.

Engineering and Construction Group total revenues decreased slightly to $4,153 million in the first nine months of 1999 compared to $4,165 million in the first nine months of the prior year. International revenues increased approximately 11%.

Revenues from Kellogg Brown & Root decreased just under 10% in the first nine months of 1999 compared to 1998. Europe/Africa was the most active region with major projects in Algeria, Norway and Nigeria.

Brown & Root Services revenues for the first nine months of 1999 were up 28% over the prior year. The increase in revenues was due to increased activities at the Devonport Dockyard in the U.K. and from logistics support services to military peacekeeping efforts in the Balkans.

Dresser Equipment Group revenues decreased 11% to $1,840 million for the first nine months of 1999 as compared to $2,070 million for the first nine months of 1998. Revenues declined in all product lines reflecting reduced demand. The compression and pumping product line had approximately 12% lower revenues due to lower complete unit sales. The lower volume on complete unit sales was partially offset by increased product service volume. As discussed in Note 12, we will sell our interests in Dresser-Rand and Ingersoll-Dresser Pump to Ingersoll-Rand. The sale is expected to close on December 30, 1999, at which time Dresser Equipment Group's activities in the compression and pumping product line will end. The measurement product line's revenues were about 11% lower than the prior year due to lower spending levels and delayed maintenance spending by multinational oil companies and other customers. Revenues from flow control products were down 10% compared to 1998 due to low upstream and downstream activity levels. Power systems' revenues were 11% lower than the first nine months of 1998. The decrease in power systems' revenues was due to reductions in the original equipment sales related to lower gas production, higher gas storage levels and decreased equipment utilization. Excluding the compression and pumping product line, revenues were down 11% compared to the first nine months of 1998.

OPERATING INCOME	First Nine Months		Increase
Millions of dollars	1999	1998	(decrease)
Energy Services Group	$ 162	$ 850	$ (688)
Engineering and Construction Group	163	187	(24)
Dresser Equipment Group	140	187	(47)
Special charges and credits	47	(945)	992
General corporate	(50)	(59)	9
Operating income	$ 462	$ 220	$ 242

Consolidated operating income excluding special charges and credits for the first nine months of 1999 of $415 million declined 64% compared with $1,165 million in the first nine months of the prior year. See Note 9 and the restructuring activities discussion beginning on page 19 for information and updates on our 1998 special charge.

Energy Services Group operating income decreased 81% to $162 million in the first nine months of 1999 compared with $850 million in the first nine months of the prior year. The operating margin for the first nine months of 1999 was 3.2% compared to the prior year's first nine months operating margin of 12.4%.

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

Operating income from Brown & Root Energy Services' upstream oil and gas engineering and construction activities declined 73% due to lower levels of business activity and lower manufacturing activities which carry large fixed costs. Project losses of $36 million were recorded in the first nine months of 1999 on three large, technically difficult projects. In addition, the prior year's first nine months benefited from about $40 million of project incentives. We continue to work on the resolution of outstanding claims on several technically difficult projects.

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

Engineering and Construction Group operating income decreased 13% to $163 million in the first nine months of 1999 compared to $187 million in the first nine months of the prior year. Operating margins were 3.9% in the first nine months of 1999 compared to 4.5% in the prior year first nine months. Included in the first nine months of 1998 was the settlement on a Middle East construction project. Excluding this settlement in 1998, margins for 1999 of 3.9% are slightly lower than the prior year's first nine months margins of 4.1%.

Dresser Equipment Group operating income for the first nine months of 1999 was $140 million, a decrease of 25% from the prior year's first nine months of $187 million. Operating margins for the group were 7.6% in 1999 compared to 9.0% in the first nine months of 1998. Excluding the compression and pumping product line, operating income for the first nine months of 1999 was 18% lower than the prior year period.

Special credits in 1999 are the result of a change in estimate to the 1998 merger special charges for the acquisition of Dresser and industry downturn. 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 $980 million that was originally recorded. See Note 9 and the restructuring activities discussion beginning on page 19 for additional information on the 1998 special charge.

General corporate expenses were lower by $9 million from the prior year's first nine months. The reduction of expense is the result of combining two corporate offices into one office.

NONOPERATING ITEMS

Interest expense increased to $108 million in the first nine months of 1999 compared to $96 million in the first nine months of the prior year due primarily to increased short-term borrowings and additional long-term borrowings under our medium-term note program. The increased borrowings were used to fund working capital requirements and special charge costs, including, severance and property exit costs.

Interest income in the first nine months of 1999 increased to $70 million from $21 million in the first nine months of 1998. The increase in interest income was due primarily to imputed interest income on the note receivable from the sale of our interest in M-I L.L.C. and interest earned on settlement of income tax issues in the United States and United Kingdom. Other nonoperating, net in the first nine months of 1999 includes a $26 million charge we recorded in the second quarter relating to an impairment of our net investment in Bufete Industriale, S.A. de C.V., a large specialty engineering, procurement and construction company in Mexico. See Note 11 to the condensed consolidated financial statements for additional information.

The effective income tax rate excluding special charges and credits was about 39.3% for the first nine months of 1999 compared to 37.6% for the first nine months of 1998. The rate for the first nine months was adversely affected by foreign income taxes and is expected to range between 38% and 40% for the year of 1999, excluding the special charge credits.

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

LIQUIDITY AND CAPITAL RESOURCES

We ended the third quarter of 1999 with cash and equivalents of $295 million, an increase of $92 million from the end of 1998. Beginning in 1998 we changed Dresser's fiscal year-end to Halliburton's calendar year-end. Dresser's cash flows in 1998 are measured from December 31, 1997, rather than from the October 31, 1997 balances as reported on the consolidated balance sheets in our 1998 Annual Report.

Operating activities. Cash flows from operating activities used $116 million in the first nine months of 1999, as compared to $314 million provided by operating activities in the first nine months of 1998. Working capital items, which consists of receivables, inventories, accounts payable and other working capital, net, used $550 million in the current year compared to $741 million in the prior year period. In 1999 working capital requirements were lower than the prior year due to lower levels of business activity. Included in these changes to working capital and other net changes are cash outflows for special charges for personnel reductions, facility closures and integration costs which required approximately $190 million of cash in the first nine months of the current year.

Investing activities. Capital expenditures were $433 million for the first nine months of 1999, a decrease of 37% from the same period of the prior year. The decrease in capital spending primarily reflects the current operating environment. Capital spending was mostly for equipment and infrastructure for the Energy Services Group. We also continued our planned investments in our enterprise-wide information system. Cash flows from investing activities includes $254 million of the $265 million receivable from the sale of our 36% interest in M-I L.L.C. that was collected in the second quarter of 1999. Imputed interest on this receivable of $11 million is included in operating cash flows.

Financing activities. Cash flows from financing activities were $234 million in the first nine months of 1999 compared to $236 million in the first nine months of 1998. We repaid $69 million of our long-term debt and borrowed $436 million, net of repayments, in short-term funds consisting of commercial paper and bank loans in the first nine months of 1999. In the same period of 1998, we borrowed $427 million in short-term funds, net of repayments, consisting of commercial paper and bank loans. Proceeds from exercises of stock options provided cash flows of $44 million in the first nine months of 1999 compared to $45 million in the same period of the prior year.

We believe we have sufficient borrowing capacity to fund our cash needs. As of September 1999, we have committed short-term lines of credit totaling $650 million available and unused. We also have other short-term lines totaling $315 million. There were no borrowings outstanding under any of these facilities. Our combined short-term notes payable and long-term debt was 36% of total capitalization at September 30, 1999 which remains within our target range. At December 31, 1998 our debt to total capitalization was 32.4%.

FINANCIAL INSTRUMENT MARKET RISK

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

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

We do not use derivative instruments for trading purposes.

We use a statistical model to estimate the potential loss related to derivative instruments used to hedge the market risk of its foreign exchange exposure. The model utilizes historical price and volatility patterns to estimate the change in value of the derivative instruments. Changes in value could occur from adverse movements in foreign exchange rates for a specified time period at a specified confidence interval. The model is an undiversified calculation based on the variance-covariance statistical modeling technique and includes all foreign exchange derivative instruments outstanding at September 30, 1999. The resulting value at risk of $2 million estimates, with a 95% confidence interval, the potential loss we could incur in a one-day period from foreign exchange derivative instruments due to adverse foreign exchange rate changes.

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

RESTRUCTURING ACTIVITIES

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

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

- integration of two corporate offices,
- integration of operational and shared services officers and management teams,
- personnel reductions necessary to match the new business structure and industry environment,
- integration of businesses and product service lines, including:
    - Halliburton Energy Services' drilling operations into Sperry-Sun,
    - Dresser Oil Tools into Halliburton Energy Services completion products,

- SubSea, Rockwater and Wellstream within Brown & Root Energy Services, and
- M.W. Kellogg and Brown & Root Engineering and Construction into Kellogg Brown & Root,

o integration of facilities across business units and the entire company,

o impairments or write-offs of intangible assets and software,

o impairments or write-offs of excess or duplicate machinery, equipment, and inventory, and

o integration of shared service support functions.

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

We expect most restructuring activities accrued for in the 1998 special charges to be completed and expended by the end of 1999. The exceptions are reserves for losses on the disposal of facilities held for sale and any actions, which may require negotiations with outside parties extending past the end of the year. Through September 30, 1999, we used $302 million in cash for items associated with the 1998 special charges. We estimate that the unutilized special charge reserve balance at September 30, 1999 will result in future cash outlays of approximately $93 million over the remainder of 1999 and possibly into 2000.

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

We have in process a program to exit approximately 500 properties, including service, administrative and manufacturing facilities. Approximately 400 of the properties were accrued for in the 1998 special charges. Most of these properties are within the Energy Services Group. Through September 30, 1999 we have vacated 408 of the approximate 500 total facilities. We have sold or returned to the owner 272 of the vacated properties.

Since July 1998, approximately 18,500 employees, consultants and contract personnel have left Halliburton, while approximately 11,400 new personnel have been hired, resulting in net total personnel reductions of approximately 7,100 through September 30, 1999. A majority of the new personnel were related to projects, the largest being expansion of the contract to support U.S. military peacekeeping activities in the Balkans. Approximately 9,300 of the total personnel reductions through the third quarter of 1999 are associated with the 1998 special charge.

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

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

OTHER MERGER RELATED ACTIVITIES

We expect to incur total merger related incremental costs of approximately $122 million that do not qualify as special charges. These expenses include $24 million incurred in the fourth quarter of 1998 and approximately $66 million incurred during the first nine months of 1999. These costs include:

o additional reductions in personnel;

o additional disposal of properties;

o relocating personnel, inventory and equipment as part of facility consolidation efforts;

o implementing a company-wide common information technology infrastructure;

o merging engineering work practices;

o harmonizing employee benefit programs; and

o developing common policies and procedures to provide best practices.

YEAR 2000 ISSUES

The Year 2000 or Y2K issue is the risk that systems, products and equipment utilizing date-sensitive software or computer chips with two-digit date fields will fail to properly recognize the Year 2000. The Year 2000 issue is a problem for most companies due to the pervasive use of computer systems. Failures by our software and hardware or that of government entities, service providers, suppliers and customers could result in interruptions of our business which could have a material adverse impact on the results of our operations.

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

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

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

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

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

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

As of September 30, 1999 we have completed approximately:

- 99% of the assessment phase;
- 99% of the remediation phase;
- 97% of the testing phase; and
- 93% of the deployment and certification phase.

As of September 30, 1999 we assess our overall completion of Year 2000 related tasks at approximately 96%. The assessment and remediation phases were substantially complete on September 30, 1999 and the testing phase was substantially completed as of October 31, 1999. We expect substantial completion of the deployment and certification phases of our Year 2000 program by November 30, 1999.

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

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

As of September 30, 1999, approximately $40 million has been spent on our Year 2000 program. That amount does not include costs (1) associated with initiatives that are independent of Year 2000 issues, or (2) associated with our global implementation of an enterprise-wide business information system which will replace many of our key finance, administrative, and marketing software systems during 1999 and 2000. Also not included are any costs associated with our replacement and standardization of desktop computing equipment and information technology infrastructure.

We do not maintain precise breakdowns of costs for remediation of software and remediation of non-information technology systems. Of the approximately $40 million, pre-tax, spent through September 30, 1999, we estimate the cost of remediation of software and non-information technology systems as follows:

o remediation of software systems	$28 million
o remediation of non-software information technology items	$ 7 million
o remediation of non-information technology systems	$ 5 million

We estimate that by January 1, 2000 we will have spent approximately $45 million on Year 2000 issues.

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

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

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

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

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

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

Suppliers. We utilize more than 20,000 suppliers worldwide. To date, we have mailed Year 2000 readiness questionnaires to approximately 8,300 suppliers. We will continue to mail questionnaires through the fourth quarter of 1999.

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

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

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

Questionnaires regarding Year 2000 readiness have been or will be sent to each significant supplier. To date approximately 80% of our significant suppliers have responded to our questionnaire. Follow-up attempts are made to solicit responses from every significant supplier. Approximately 450 of the 600 significant suppliers have been requested to participate in our Year 2000 supplier meetings. Significant suppliers that participate in our Year 2000 meetings are required to meet with our personnel and to present details of their world wide Year 2000 readiness effort. Our personnel who are qualified to evaluate the quality and appropriateness of significant suppliers' Year 2000 efforts attend each meeting. Through September 30, 1999, approximately 350 significant suppliers have attended our Year 2000 meetings.

Approximately 50 of our most critical suppliers have been visited by our personnel. Those visits include audits related to the supplier's progress toward Year 2000 readiness. We expect to conduct additional audits in the remainder of the year.

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

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

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

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

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

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

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

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

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

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

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

ENVIRONMENTAL MATTERS

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

ACCOUNTING PRONOUNCEMENTS

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and for Hedging Activities". This standard requires entities to recognize all derivatives on the statement of financial position as assets or liabilities and to measure the instruments at fair value. Accounting for gains and losses from changes in those fair values are specified in the standard depending on the intended use of the derivative and other criteria. In June 1999, the FASB deferred the effective date of Standard No. 133 for one year. Standard No. 133 will become effective for Halliburton beginning January 1, 2001. We are currently evaluating Standard No. 133 to identify implementation and compliance methods and have not yet determined the effect, if any, on its results of operations or financial position.

PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

*	10	Halliburton Company Senior Executives' Deferred Compensation Plan as amended and restated effective January 1, 1999.
*	27	Financial data schedule for the nine months ended September 30, 1999 (included only in the copy of this report filed electronically with the Commission).

* Filed with this Form 10-Q

(b) Reports on Form 8-K

Date Filed	Date of Earliest Event	Description of Event
During the third quarter of 1999:		
July 19, 1999	July 15, 1999	Item 5. Other Events for a press release announcing declaration of the third quarter dividend.
July 26, 1999	July 22, 1999	Item 5. Other Events for a press release announcing 1999 second quarter earnings.
August 13, 1999	August 12, 1999	Item 5. Other Events for a press release announcing the receipt of offers from Ingersoll-Rand Company to sell all interests in two joint ventures, Dresser-Rand and Ingersoll-Dresser Pump.
During the fourth quarter of 1999 to date:		
October 1, 1999	September 29, 1999	Item 5. Other Events for a press release announcing that Brown & Root Condor has been awarded a contract by Sonatrach and Anadarko Algeria Corporation for the expansion of the oil production facility at Hassi Berkine North South.
October 1, 1999	September 30, 1999	Item 5. Other Events for a press release announcing that Dresser Kellogg Energy Services has been awarded a contract by Shell Petroleum Development Company of Nigeria for grassroots gas compression facilities for the Obigbo Node Associated Gas Gathering Project near Port Harcourt, Nigeria.
October 6, 1999	October 4, 1999	Item 5. Other Events for a press release announcing the selling of two joint ventures and also earnings outlook. Dresser Industries, Inc. has elected to sell its interests in two joint ventures to Ingersoll-Rand Company for total cash consideration of approximately $1.1 billion. The sales will result in an after-tax gain of approximately $380 million or $0.84 per diluted share and the gain will be recognized in the 1999 fourth quarter.

Date Filed	Date of Earliest Event	Description of Event
October 25, 1999	October 21, 1999	Item 5. Other Events for a press release announcing 1999 third quarter earnings.
October 28, 1999	October 26, 1999	Item 5. Other Events for a press release announcing that business units Brown & Root Energy Services and Halliburton Energy Services have been selected by Barracuda & Caratinga Development Corporation as the preferred bidder for the development of both the Barracuda and the Caratinga offshore fields in Brazil.
November 2, 1999	October 27, 1999	Item 5. Other Events for a press release announcing a Kellogg Brown & Root joint venture has signed a contract with BP Amoco to provide pre-sanction engineering services for Sonatrach and BP Amoco's In Salah gas venture in Algeria.
November 2, 1999	October 28, 1999	Item 5. Other Events for a press release announcing a fourth quarter dividend of 12.5 cents a share.

SIGNATURES

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

HALLIBURTON COMPANY

Date November 12, 1999 By: /s/ Gary V. Morris

Gary V. Morris
Executive Vice President and
Chief Financial Officer

/s/ R. Charles Muchmore, Jr.

R. Charles Muchmore, Jr.
Vice President and Controller
(Principal Accounting Officer)

INDEX TO EXHIBITS

Exhibit	Description
10	Halliburton Company Senior Executive's Deferred Compensation Plan as amended and restated effective January 1, 1999
27	Financial data schedule for the nine months ended September 30, 1999

HALLIBURTON COMPANY

SENIOR EXECUTIVES'

DEFERRED COMPENSATION PLAN

AS AMENDED AND RESTATED

EFFECTIVE JANUARY 1, 1999

TABLE OF CONTENTS

HALLIBURTON COMPANY

SENIOR EXECUTIVES'

DEFERRED COMPENSATION PLAN

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

ARTICLE I
Purpose of the Plan

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

ARTICLE II
Definitions

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

(A) Account(s): A Participant's Deferred Compensation Account, ERISA Restoration Account, and/or Excess Remuneration Account, including amounts credited thereto.

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

(C) Allocation Year: The calendar year for which an allocation is made to a Participant's Account pursuant to Article IV.

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

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

(F) Compensation Committee: The Compensation Committee of the Board.

(G) Company: Halliburton Company.

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

(I) Employee: Any employee of an Employer. The term does not include independent contractors or persons who are retained by an Employer as consultants only.

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

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

(L) ERISA Restoration Account: An individual account for each Participant on the books of such Participant's Employer to which is credited amounts allocated for the benefit of such Participant pursuant to the provisions of Article IV, Paragraph (F). Such Account shall include amounts allocated to a Participant's "Excess Benefit Account" prior to January 1, 1995 and amounts transferred from the ERISA Compensation Limit Benefit Plan for Dresser Industries, Inc. and the Deferred Compensation Plan for Baroid Corporation, effective December 31, 1998.

(M) ERISA Restoration Participant: An Employee whose compensation from the Employers for an Allocation Year is in excess of the limit set forth in Section 401(a)(17) of the Code for such Allocation Year or who has made elective deferrals for such Allocation Year under the Halliburton Elective Deferral Plan.

(N) Excess Remuneration Account: An individual account for each Participant on the books of such Participant's Employer to which is credited amounts allocated for the benefit of such Participant pursuant to the provisions of Article IV, Paragraph (G).

(O) Participant: An ERISA Restoration Participant or a Senior Executive Participant.

(P) Pension Equalizer Contribution: Pension Equalizer Contribution as defined in the Halliburton Retirement and Savings Plan.

(Q) Plan: The Halliburton Company Senior Executives' Deferred Compensation Plan, as amended and restated January 1, 1999, and as the same may thereafter be amended from time to time.

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

(S) Senior Executive Participant: A Senior Executive who is selected as a Senior Executive Participant for an Allocation Year. The Compensation Committee shall be the sole judge of who shall be eligible to be a Senior Executive Participant for any Allocation Year. The selection of a Senior Executive to be a Senior Executive Participant for a particular Allocation Year shall not constitute him a Senior Executive Participant for another Allocation Year unless he is selected to be a Senior Executive Participant for such other Allocation Year by the Compensation Committee. An Employee may be both a Senior Executive Participant and an ERISA Restoration Participant for the same Allocation Year.

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

(U) Termination of Service: Severance from employment with an Employer for any reason other than a transfer between Employers.

(V) Trust: Any trust created pursuant to the provisions of Article IX.

(W) Trust Agreement: The agreement establishing the Trust.

(X) Trustee: The trustee of the Trust.

(Y) Trust Fund: Assets under the Trust as may exist from time to time.

ARTICLE III
Administration of the Plan

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

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

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

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

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

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

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

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

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

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

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

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

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

(F) The Administrative Committee shall determine for each Allocation Year which ERISA Restoration Participants' allocations of Employer contributions (other than matching contributions) and forfeitures under qualified defined contribution plans sponsored by the Employers have been reduced for such Allocation Year by reason of the application of Section 401(a)(17) or Section 415 of the Code, or any combination of such Sections (except that reductions of a Participant's Pension Equalizer Contribution by reason of the application of Section 415 of the Code shall not be taken into account), or by reason of elective deferrals under the Halliburton Elective Deferral Plan, and shall allocate to the credit of each such ERISA Restoration Participant under the Plan an amount equal to the amount of such reductions applicable to such ERISA Restoration Participant. In addition, the Administrative Committee shall allocate to the credit of each ERISA Restoration Participant under the Plan an amount equal to 4% of the sum of (i) the amount of such ERISA Restoration Participant's compensation (as such term is defined in the applicable qualified defined contribution plan) deferred under the Halliburton Elective Deferral Plan for such Allocation Year and (ii) the amount of such compensation not so deferred that is in excess of the compensation limit under Section 401(a)(17) of the Code for such Allocation Year.

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

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

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

ARTICLE V
Non-Assignability of Awards

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

ARTICLE VI
Vesting

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

ARTICLE VII
Distribution of Awards

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

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

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

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

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

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

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

(D) If a Participant shall die while in the service of an Employer, or after Termination of Service and prior to the time when all amounts payable to him under the Plan have been paid to him, any remaining amounts payable to the Participant hereunder shall be payable to the estate of the Participant. The Administrative Committee shall cause the Trustee or the treasurer of the Employer, as applicable, to pay to the estate of the Participant all of the awards then standing to his credit in a lump sum or in such other form of payment consistent with the alternative methods of payment set forth above as the Administrative Committee shall determine after considering such facts and circumstances relating to the Participant and his estate as it deems pertinent.

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

ARTICLE VIII
Nature of Plan

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

ARTICLE IX
Funding of Obligation

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

ARTICLE X
Amendment or Termination of Plan

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

ARTICLE XI
General Provisions

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

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

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

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

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

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

ARTICLE XII
Effective Date

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

HALLIBURTON COMPANY

By /s/ Ray L. Hunt

Ray L. Hunt

5

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

1,000,000
U.S. Dollars

9-mos
Dec-31-1999
Jan-1-1999
Sep-30-1999
1
295
0
3,706
0
1,251
5,761
6,865
4,047
10,585
3,722
1,059
0
0
1,119
3,003
10,585
8,186
11,127
2,497
10,292
0
0
108
398
153
222
0
0
19
203
0.46
0.46