

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

(Mark One)

Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 (Fee required) For the fiscal year ended December 31, 1995

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 (No fee required) For the transition period from to

Commission File Number 1-3492

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

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

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

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

Title of each class	Name of each Exchange on which registered
Common Stock par value \$2.50 per share	New York Stock Exchange

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

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

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

The aggregate market value of Common Stock held by nonaffiliates on February 15, 1996, determined using the per share closing price on the New York Stock Exchange Composite tape of \$54.00 on that date was approximately \$6,192,100,000.

As of February 15, 1996, there were 114,668,223 shares of Halliburton Company Common Stock \$2.50 par value per share outstanding.

Portions of the Halliburton Company Proxy Statement dated March 26, 1996, are incorporated by reference into Part III of this report.

PART I

Item 1. Business.

General Development of Business. Halliburton Company (the Company) was established in 1919 and incorporated under the laws of the state of Delaware in 1924. The Company provides energy services and engineering and construction services. Information related to acquisitions and dispositions is set forth in Note 13 to the financial statements of this Annual Report.

Financial Information About Business Segments. The Company is comprised of two business segments. See Note 9 to the financial statements of this Annual Report for financial information about these two business segments.

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

Halliburton Energy Services (Energy Services) provides a wide range of services and products to provide integrated solutions to customers in the exploration, development and production of oil and natural gas. Energy Services operates worldwide serving major oil companies, independent operators and national oil companies. The services and products provided by Energy Services include cementing, casing equipment and water control services; completion and production products; directional drilling systems, measurement while drilling, logging while drilling and mud logging services; open and cased hole logging and perforating services and logging and perforating products; well testing, reservoir description and evaluation services, tubing conveyed well completion systems and reservoir engineering services; stimulation, sand control services and coiled tubing services; and wellhead pressure control equipment, well control, hydraulic workover and downhole video services.

Engineering and Construction Services (Brown & Root) includes services for both land and marine activities. Included are technical and economic feasibility studies, site evaluation, licensing, conceptual design, process design, detailed engineering, procurement, project and construction management, construction and

start-up assistance of electric utility plants, chemical and petrochemical plants, refineries, pulp and paper mills, metal processing plants, highways and bridges, subsea construction, fabrication and installation of subsea pipelines, offshore platforms, production platform facilities, marine engineering and other marine related projects, contract maintenance and operations and maintenance services for both industry and government, engineering and environmental consulting and waste management services for industry, utilities and government, and remedial engineering and construction services for hazardous waste sites.

Markets and Competition. The Company is one of the world's largest diversified energy services and engineering and construction services companies. The Company's services and products are sold in highly competitive markets throughout the world. Competition in both services and products is based upon a combination of price, service (including the ability to deliver services and products on an "as needed where needed" basis), product quality, warranty and technical proficiency. Some Energy Services' and Engineering and Construction Services' customers have indicated a preference for integrated services and solutions. These integrated solutions, in the case of Energy Services, relate to all phases of exploration and production of oil and gas, and, in the case of Engineering and Construction Services, relate to all phases of design, procurement, construction, project management and maintenance of a facility. Demand for these types of integrated solutions is based primarily upon quality of service, technical proficiency and overall price.

The Company conducts business worldwide in over 100 countries. Since the market for the Company's services and products is so large and crosses many geographic lines, a meaningful estimate of the number of competitors cannot be made. The markets are, however, highly competitive with many substantial companies operating in each market. Generally, the Company's services and products are marketed through its own servicing and sales organizations. A small percentage of sales of Energy Services' products is made by supply stores and third-party representatives.

Operations in some countries may be affected by unsettled political conditions, expropriation or other governmental actions, and exchange control and currency problems. The Company believes the geographic diversification of its business activities reduces the risk that loss of its operations in any one country would be material to the conduct of its operations taken as a whole. Information regarding the Company's exposures to foreign currency fluctuations, risk concentration and financial instruments used to minimize risk is included in Note 11 to the financial statements of this Annual Report.

Customers and Backlog. Substantially all of the Company's Energy Services and a significant portion of Engineering and Construction Services are related to the energy industry. In 1995, 1994, and 1993, respectively, 78%, 78% and 79% of the Company's revenues were derived from the sale of products and services to, including construction for, the energy industry. The following schedule summarizes the backlog of engineering and construction projects at December 31, 1995 and 1994:

	1995	1994
	-----	-----
	(In millions)	
Firm orders	\$3,961	\$3,780
Government orders firm but not yet funded	634	828
Letters of intent and contracts awarded but not signed	6	84
	-----	-----
Total	\$4,601	\$4,692
	=====	=====

It is estimated that nearly 65% of the backlog existing at December 31, 1995 will be completed during 1996. The Company does not believe that engineering and construction backlog should necessarily be relied on as an indication of future operating results since such backlog figures are subject to substantial fluctuations. Arrangements included in backlog are in many instances extremely complex, nonrepetitive in nature and may fluctuate in contract value. Many contracts do not provide for a fixed amount and are subject to modification or termination by the customer. Due to the size of certain contracts, the termination or modification of any one or more contracts or the addition of other contracts may have a substantial and immediate effect on backlog. Orders for Energy Services are generally placed by customers on the basis of current need. Therefore, backlog of orders for these services and products are not material.

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

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

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

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

Employees. At December 31, 1995 the Company employed approximately 57,300 people of which 23,300 were located outside the United States.

Regulation. The Company is subject to various environmental laws and regulations. Compliance with such requirements has neither substantially increased capital expenditures or adversely affected the Company's competitive position, nor materially affected the Company's earnings. The Company does not anticipate any such material adverse effects in the foreseeable future as a result of such existing laws and regulations. Note 10 to the financial statements of this Annual Report discusses the Company's involvement as a potentially responsible party in remedial activities to clean up various "Superfund" sites.

Item 2. Properties.

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

Energy Services owns manufacturing facilities covering approximately 3,400,000 square feet. Principal locations of these manufacturing facilities are Davis and Duncan, Oklahoma; Alvarado, Amarillo, Carrollton, Fort Worth, Garland, Houston and Mansfield, Texas; Arbroath, Scotland; Reynosa, Mexico; and Jurong, Singapore. The manufacturing facilities at Davis, Amarillo, and one of four locations in Houston were idle at the end of 1995. The manufacturing facility in Cisco, Texas was sold in 1995. The manufacturing facility in Mansfield, Texas is leased to another company. Energy Services also leases manufacturing facilities covering approximately 96,000 square feet. Principal locations of these facilities are Jurong, Singapore; Basingstoke, England; and Kilwinning, Scotland. Research, development and engineering activities are carried out in owned facilities covering approximately 440,000 square feet in Duncan, Oklahoma; Houston and Carrollton, Texas; and Aberdeen, Scotland; and leased facilities covering approximately 41,000 square feet in Bedford, England; and Leiderdorp,

Holland. One of two facilities in Houston was idle at the end of 1995. In addition, service centers, sales offices and field warehouses are operated at approximately 200 locations in the United States, almost all of which are owned, and at approximately 270 locations outside the United States in both the Eastern and Western Hemispheres.

Engineering and Construction Services owns manufacturing facilities covering approximately 441,000 square feet in Houston, Texas, and Edmonton, Canada of which 388,000 square feet in Houston is leased to another Company. Engineering and Construction Services also owns marine fabrication facilities covering approximately 640 acres in Belle Chasse, Louisiana; Greens Bayou, Texas; Sunda Strait, Indonesia (35% owned); and Nigg and Wick, Scotland. The Belle Chasse, Louisiana facility consisting of approximately 165 acres is idle. Engineering and design, project management and procurement services activities are carried out in owned facilities covering approximately 4,800,000 square feet in Houston, Texas; Edmonton, Canada; Leatherhead, England; and Aberdeen, Scotland. Approximately 1,000,000 square feet of the Aberdeen facility was leased to another company and 400,000 square feet was idle at the end of 1995. These activities are also carried out at leased facilities covering approximately 2,000,000 square feet in Mobile, Alabama; Alhambra, California; Gaithersburg, Maryland; Aiken, South Carolina; Eastleigh and London, England; Kuala Lumpur, Malaysia; Stavanger, Norway; Singapore; Aberdeen, Scotland; Plzen, Czech Republic; Al Khobar, Saudi Arabia; and Bahrain. In addition, laboratories, service centers, and sales offices are operated at approximately 30 locations in the United States, almost all of which are leased by the Company, and at approximately 10 foreign locations in both the Eastern and Western Hemispheres.

General Corporate operates from leased facilities in Dallas, Texas covering approximately 55,000 square feet. The Company also leases approximately 5,500 square feet of space in Washington, D.C. In connection with outsourcing of the computer and data processing services, the 85,000 square foot mainframe processing center in Arlington, Texas has been leased to another company which has the exclusive right to purchase the facility until April, 1996.

Item 3. Legal Proceedings.

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

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

There were no matters submitted to a vote of security holders during the fourth quarter of 1995.

Item 4(A). Executive Officers of the Registrant.

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

Name and Age	Offices Held and Term of Office
* Richard B. Cheney (Age 55)	Director of Registrant, since October 1995. Chairman of the Board, since January 1996 President and Chief Executive Officer, since October 1995 Senior Fellow, American Enterprise Institute, 1993 to October 1995 Secretary, U.S. Department of Defense, 1989 to 1992
Lester L. Coleman (Age 53)	Executive Vice President and General Counsel, since May 1993 President of Energy Services Group, September 1991 to May 1993 Executive Vice President of Finance and Corporate Development, January 1988 to September 1991
* Dale P. Jones (Age 59)	Director of Registrant, since December 1988 Vice Chairman, since October 1995 President, June 1989 to October 1995
* Tommy E. Knight (Age 57)	President and Chief Executive Officer of Brown & Root, Inc., since May 1992 Executive Vice President - Operations of Brown & Root, Inc, January 1990 to May 1992
* David J. Lesar (Age 42)	Executive Vice President and Chief Financial Officer, since August 1995 Executive Vice President of Finance and Administration of Halliburton Energy Services, November 1993 to August 1995 Partner, Arthur Andersen LLP, 1988 to November 1993
* Kenneth R. LeSuer (Age 60)	President and Chief Executive Officer of Halliburton Energy Services, since March 1994 President and Chief Operating Officer of Halliburton Energy Services, May 1993 to March 1994 President and Chief Executive Officer of Halliburton Services, December 1989 to May 1993

* Members of the Executive Committee of the registrant.

There are no family relationships between the executive officers of the registrant.

PART II

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

The Company's common stock is traded on the New York Stock Exchange, the Stock Exchange of London, and the Swiss Stock Exchanges at Zurich, Geneva, Basel and Lausanne. Information relating to market prices of common stock and quarterly dividend payments is included under the caption "Quarterly Data and Market Price Information" on page 30 of this Annual Report. At December 31, 1995, there were approximately 16,200 shareholders of record. In calculating the number of shareholders, the Company considers clearing agencies and security position listings as one shareholder for each agency or listing.

Item 6. Selected Financial Data.

Information relating to selected financial data is included on page 31 of this Annual Report.

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

Information relating to management's discussion and analysis of financial condition and results of operations is included on pages 7 to 9 of this Annual Report.

Item 8. Financial Statements and Supplementary Data.

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

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

BUSINESS ENVIRONMENT AND OUTLOOK Approximately 80% of the Company's revenues are derived from services and products delivered to the energy industry. The Company operates in over 100 countries around the world to provide a variety of energy services and engineering and construction services. Operations in some countries may be affected by unsettled political conditions, expropriation or other governmental actions, and exchange control and currency problems. The Company believes the geographic diversification of its business activities reduces the risk that loss of its operations in any one country would be material to the conduct of its operations as a whole.

The energy industry. The energy industry has experienced declining selling prices per barrel of oil equivalent, adjusted for inflation, during the past ten years. Per barrel costs of finding, developing and producing hydrocarbons have also declined. This is the result of several factors. Energy companies have restructured to reduce costs. Technological advances such as horizontal drilling, geosteering, logging while drilling, multi-lateral completions, 3-D seismic and coiled tubing applications are decreasing costs, improving well productivity and optimizing the ultimate recovery of hydrocarbon reserves. In addition, there is a trend toward incentive contracts between energy companies and their suppliers, alliances, contracts to produce, outsourcing arrangements and integrated solution approaches in order to reduce costs and share risks and gains from efficiencies. Although in early stages of development, the Company expects that the integrated solutions approach will be a major future growth area. The current outlook based upon published sources is that demand for oil and natural gas will increase with economic growth and that prices for oil and natural gas will be stable near term and increase moderately longer term. One major uncertainty is the potential negative impact on oil prices should Iraq reenter the market. Significant market areas with increasing exploration and development activities include international and the Gulf of Mexico.

Services to the energy industry. The operations of the Company devoted to the energy industry are impacted by changes in oil and natural gas development activities in major producing areas throughout the world. These activities are sensitive to government actions in major producing countries, oil and natural gas prices and capital spending for hydrocarbon exploration, development, production, processing and pipeline delivery networks. In response to customer efforts to reduce costs and increase production, the Company has reorganized its operations to reduce its overall service and product delivery costs through increased productivity and cost efficiencies. The Company has the capability to provide a wide range of services needed to operate an existing oil and natural gas field or a new field and to handle all phases of bringing energy to market, including drilling and completing wells, building pipelines and other means of transportation and building refineries. The Company provides project management, development planning, well construction, production enhancement and production maintenance services to the energy industry through its Energy Services and Engineering and Construction Services segments. Based upon the outlook for the energy industry, the Company expects revenue growth in 1996 with some improvement in operating margins.

Other industries served. The remaining 20% of the Company's revenues are derived from engineering, construction, maintenance, environmental services and logistical support services to governmental and industrial customers worldwide. According to published sources, these markets are expected to grow 15% to 20% in 1996. These markets are sensitive to changes in the economies of the world, government actions in the major economies and capital spending by industries and governments throughout the world.

The Company's outlook. The Company's outlook could be negatively impacted by any of the factors noted above including significant changes in oil and gas prices, world economic and political conditions, and new or modified embargoes against oil and gas producing countries such as Iran, Iraq, Libya and Nigeria.

RESULTS OF OPERATIONS

Revenues in 1995 were \$5,698.7 million, an increase of 3% over 1994 revenues of \$5,510.2 million but a 6% decrease from 1993 revenues of \$6,094.1 million. Excluding the revenues of businesses sold in 1994, revenues in 1995 increased by 5% over 1994 revenues and by 1% over 1993 revenues. Approximately 51% of the Company's consolidated revenues were derived from international activities in 1995 compared to 45% in 1994 and 43% in 1993. Consolidated international revenues increased 17% in 1995 over 1994 and 19% over 1993. Energy Services 1995 revenues increased by 4% to \$2,623.4 million in 1995 compared to 1994 but declined by 11% from 1993 revenues. Excluding the revenues of businesses sold in 1994, Energy Services 1995 revenues increased by 7% over 1994 and 6% over 1993 primarily due to higher international activity levels, partially offset by a decline in the United States. Energy Services revenues per rotary rig, excluding the revenues of businesses sold in 1994, were up by 11% in 1995 over 1994 and up by 6% over 1993. The increases in revenues per rotary rig were accomplished at the same time the rotary rig count declined by 3% in 1995 compared to 1994 and was the same as 1993. International revenues per rotary rig increased 15% in 1995 over 1994 and 10% over 1993. United States revenues per rotary rig increased 5% in 1995 over 1994 but was down about 1% from 1993. Engineering and Construction Services 1995 revenues increased by 3% to \$3,075.3 million in 1995 compared to 1994, but decreased by 2% compared to 1993.

Operating income was \$383.2 million in 1995 compared to \$236.1 million in 1994 and an operating loss of \$91.5 million in 1993. Excluding the special items and businesses sold in 1994 as described below, 1995 operating income increased by 54% over 1994 operating income of \$248.4 million and by 68% over 1993 operating income of \$227.7 million. Approximately 63% of the Company's consolidated operating income was derived from international activities in 1995 compared to 46% in 1994 and 60% in 1993. Consolidated international operating margins were 8% in 1995 compared to 5% in 1994 and 6% in 1993. Energy Services operating income in 1995 was \$313.7 million, compared to \$191.8 million in 1994 and a loss of \$148.4 million in 1993. Excluding the special items and businesses sold in 1994 as described below, operating income in 1995 increased 54% over 1994 and 84% over 1993. Operating income increased in all geographic regions worldwide. Operating margins during 1995, 1994 and 1993 were 12%, 8% and 7%, respectively. The increase in 1995 margins was due to lower indirect costs and international revenue growth. Lower margins in 1994 were due primarily to decreased activities in the North Sea, Middle East and Asia Pacific, market disturbances in Nigeria and Yemen, unsettled economic, political and business conditions in the CIS and pricing pressures in the United States. Engineering and Construction Services operating income in 1995 increased 53% over 1994 and 31% over 1993 to \$103.0 million. The increase in 1995 operating income is primarily due to improved performance in international marine construction activities and petrochemical engineering and construction activities in the Middle East. Operating income in 1994 includes a \$5.0 million gain on the sale of an environmental remediation subsidiary.

Millions of dollars	1994		1993	
	Consolidated	Energy Services	Consolidated	Energy Services
Operating income before special items and businesses sold in 1994	\$ 248.4	\$ 204.1	\$ 227.7	\$ 170.8
Businesses sold in 1994	30.3	30.3	2.6	2.6
Employee severance costs	278.7	234.4	230.3	173.4
Loss on sale of geophysical business	(42.6)	(42.6)	(20.0)	(20.0)
Operating income (loss)	\$ 236.1	\$ 191.8	\$ (91.5)	\$ (148.4)

Businesses sold in 1994 were the geophysical products and services business, natural gas compression business and the workover platform business.

Special items recognized in 1994 and 1993 are as follows: In 1994, the Company sold its natural gas compression business and recognized a \$102.0 million gain in other nonoperating income (\$64.3 million net of income taxes). In addition, the Company recognized a \$42.6 million charge against Energy Services operating income (\$27.7 million net of income taxes) to recognize severance costs for the termination of about 2,700 employees. The terminations mostly impacted middle and senior management levels and various product line support and general and administrative employees. In 1993, the Company recognized a \$301.8 million charge against Energy Services operating income (\$263.8 million net of income taxes) to reflect the net realizable value of the Company's geophysical operations which were disposed of in January 1994. The Company also provided a \$20.0 million charge in 1993 (\$13.0 million net of income taxes) related to Energy Services non-geophysical employee severance costs. The provision for income taxes in 1993 was reduced by \$40.4 million due to a settlement with the Internal Revenue Service relating to tax assessments for the 1980 - 1987 years and also reduced by \$6.4 million due to changes in Federal income tax laws. See Note 5 to the financial statements.

Interest income increased in 1995 to \$27.8 million from \$16.1 million in 1994 and \$14.0 million in 1993 due primarily to higher levels of invested cash.

Foreign currency gains (losses) netted to a gain of \$1.5 million in 1995 compared to losses of \$16.0 million in 1994 and \$20.8 million in 1993. Included in the 1995 results were gains from devaluations of the Nigerian Naira and the Venezuelan Bolivar offset by losses in other currencies, particularly the Mexican Peso. Losses in 1994 and 1993 related primarily to Brazil and Venezuela. Losses in 1993 also included losses from certain African currency exposures. The Company routinely hedges its exposures to currency fluctuations using simple currency derivative instruments. See Note 11 to the financial statements for a description of such exposures and derivative instruments.

Provision for income taxes was higher in 1995 than in 1994 and 1993 due to increased income. The effective income tax rates, excluding the businesses sold in 1994 and the special items outlined above, declined to 36% in 1995 from 42% in 1994 and 47% in 1993. The declines in the effective income tax rate were due primarily to the decrease in losses not currently benefited and increased realization of available net operating losses.

Millions of dollars	1994	1993
	-----	-----
Income from continuing operations before special items and businesses sold in 1994	\$ 116.0	\$ 95.0
Businesses sold in 1994	19.7	(5.5)
	-----	-----
	135.7	89.5
Gain on sale of natural gas compression business	64.3	-
Employee severance costs	(27.7)	(13.0)
Loss on sale of geophysical business	-	(263.8)
Internal Revenue Service settlement	-	40.4
Change in Federal income tax laws	-	6.4
	-----	-----
Income (loss) from continuing operations	\$ 172.3	\$(140.5)
	=====	=====

DISCONTINUED OPERATIONS consists of the Company's Insurance Services Group. The Company declared a dividend on December 26, 1995 and subsequently distributed its property and casualty insurance subsidiary, Highlands Insurance Group, Inc. (HIGI), to its shareholders in a tax-free spin-off on January 23, 1996. The operations of the Insurance Services Group have been classified as discontinued operations. During 1995, HIGI increased its reserves for claim losses and related expenses and provisions for certain legal matters which together with certain other provisions associated with the Company's complete exit from the insurance industry resulted in a \$67.2 million charge against net earnings. See Note 14 to the financial statements for further information.

LIQUIDITY AND CAPITAL RESOURCES

The Company ended the year 1995 with cash and equivalents of \$174.9 million compared with \$375.3 million in 1994 and \$7.5 million in 1993. The decrease in cash and equivalents is primarily due to the prepayment of debt of \$432.7 million, partially offset by increased cash flows from operating activities. The Company's cash return on gross invested capital, consistent with the Company's Cash Value Added performance measurement, adopted in 1994, was 13% in 1995 compared to 9% in 1994 and 5% in 1993. This is due to improved operating cash flows, dispositions of businesses and unproductive assets, the prepayment of debt and the spin-off of HIGI.

CASH FLOWS FROM OPERATING ACTIVITIES were \$632.0 million in 1995 compared to \$415.4 million in 1994 and \$269.6 million in 1993. The increases are attributable primarily to increased income and, in 1995, reductions in working capital.

CASH FLOWS FROM INVESTING ACTIVITIES used \$238.3 million in 1995 compared to \$210.9 million in cash provided in 1994 and \$323.4 million of cash used in 1993. Capital expenditures increased in 1995 by 24% over 1994 and 18% over 1993 mostly representing investments in new technologies such as logging while drilling and multi-lateral completions. The Company's capital expenditures are expected to continue to increase in 1996 as new technologies will continue to be developed and deployed. In 1994, the Company sold substantially all of the assets of its geophysical services and products business for \$190.0 million and its natural gas compression business for \$205.0 million.

CASH FLOWS USED FOR FINANCING ACTIVITIES were \$591.3 million in 1995 compared to \$252.7 million in 1994 and \$81.0 million in 1993. The increase in outflows is due to higher payments of long-term indebtedness. In 1995, the entire outstanding principal amounts of the zero coupon convertible subordinated debentures of \$390.7 million and the \$42.0 million term loan were redeemed with available cash resources. See Note 6 to the financial statements. In 1994, the Company redeemed the remaining \$23.8 million of its 10.2% debentures and made \$48.8 million in installments on the \$73.8 million note issued by the Company to the buyer of the geophysical business. In 1993, the Company redeemed \$56.5 million principal amount of its debentures. Total debt was 11%, 26% and 27% of total capitalization at the end of 1995, 1994 and 1993, respectively. The Company has the ability to borrow additional short-term and long-term funds if necessary. See Note 6 to the financial statements regarding the Company's various short-term lines of credit. In 1993, in connection with the acquisition of the drilling systems business, the Company issued 6,857,000 shares of Common Stock previously held as treasury stock valued at approximately \$247 million.

ENVIRONMENTAL MATTERS

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

RESPONSIBILITY FOR FINANCIAL REPORTING

Halliburton Company is responsible for the preparation and integrity of its published financial statements. The financial statements have been prepared in accordance with accounting principles generally accepted in the United States and, as such, include amounts based on judgments and estimates made by management. The Company also prepared the other information included in the annual report and is responsible for its accuracy and consistency with the financial statements.

The financial statements have been audited by the independent accounting firm, Arthur Andersen LLP, which was given unrestricted access to all financial records and related data, including minutes of all meetings of stockholders, the board of directors and committees of the board.

The Company maintains a system of internal control over financial reporting, which is intended to provide reasonable assurance to the Company's management and board of directors regarding the preparation of financial statements. The system includes a documented organizational structure and division of responsibility, established policies and procedures including codes of conduct to foster a strong ethical climate, which are communicated throughout the Company, and the careful selection, training and development of our people. Internal auditors monitor the operation of the internal control system and report findings and recommendations to management and the board of directors, and corrective actions are taken to address control deficiencies and other opportunities for improving the system as they are identified. The board, operating through its audit committee, which is composed entirely of directors who are not officers or employees of the Company, provides oversight to the financial reporting process.

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

The Company assessed its internal control system in relation to criteria for effective internal control over financial reporting described in "Internal Control-Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based upon that assessment, the Company believes that, as of December 31, 1995, its system of internal control over financial reporting met those criteria.

HALLIBURTON COMPANY

by (Dick Cheney)
Dick Cheney
Chairman of the Board, President
and Chief Executive Officer

by (David J. Lesar)
David J. Lesar
Executive Vice President
and Chief Financial Officer

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS To the Shareholders and Board of Directors,
Halliburton Company:

We have audited the accompanying consolidated balance sheets of Halliburton Company (a Delaware corporation) and subsidiary companies as of December 31, 1995 and 1994, and the related consolidated statements of income, cash flows and shareholders' equity for each of the three years in the period ended December 31, 1995. These financial statements are the responsibility of Halliburton Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Halliburton Company and subsidiary companies as of December 31, 1995 and 1994, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1995, in conformity with generally accepted accounting principles.

ARTHUR ANDERSEN LLP
Dallas, Texas
January 23, 1996

Consolidated Statements of Income
Years ended December 31

Millions of dollars and shares except per share data

	1995	1994	1993
	-----	-----	-----
Revenues			
Energy services	\$ 2,623.4	\$ 2,514.0	\$ 2,953.4
Engineering and construction services	3,075.3	2,996.2	3,140.7
	-----	-----	-----
Total revenues	\$ 5,698.7	\$ 5,510.2	\$ 6,094.1
	=====	=====	=====
Operating income (loss)			
Energy services	\$ 313.7	\$ 191.8	\$ (148.4)
Engineering and construction services	103.0	67.2	78.9
General corporate	(33.5)	(22.9)	(22.0)
	-----	-----	-----
Total operating income (loss)	383.2	236.1	(91.5)
Interest expense	(46.2)	(47.1)	(50.1)
Interest income	27.8	16.1	14.0
Foreign currency gains (losses)	1.5	(16.0)	(20.8)
Gain on sale of compression services	-	102.0	-
Other nonoperating income, net	0.3	0.4	0.7
	-----	-----	-----
Income (loss) from continuing operations before income taxes and minority interests	366.6	291.5	(147.7)
(Provision) benefit for income taxes	(131.9)	(119.0)	5.7
Minority interest in net (income) loss of consolidated subsidiaries	(0.9)	(0.2)	1.5
	-----	-----	-----
Income (loss) from continuing operations	233.8	172.3	(140.5)
Income (loss) from discontinued operations	(65.5)	5.5	(20.5)
	-----	-----	-----
Net income (loss)	\$ 168.3	\$ 177.8	\$ (161.0)
	=====	=====	=====
Income (loss) per share			
Continuing operations	\$ 2.04	\$ 1.51	\$ (1.25)
Discontinued operations	(0.57)	0.05	(0.18)
Net income (loss)	1.47	1.56	(1.43)
Average common shares outstanding	114.5	114.2	112.5

See notes to financial statements.

Consolidated Balance Sheets
December 31

Millions of dollars and shares

	1995	1994
	-----	-----
Assets		
Current assets:		
Cash and equivalents	\$ 174.9	\$ 375.3
Receivables:		
Notes and accounts receivable (less allowance for bad debts of \$36.4 and \$34.8)	1,157.3	1,101.8
Unbilled work on uncompleted contracts	233.7	173.4
Refundable Federal income taxes	-	13.4
Total receivables	1,391.0	1,288.6
Inventories	251.5	268.9
Deferred income taxes	137.5	64.7
Other current assets	95.0	121.5
Total current assets	2,049.9	2,119.0
Property, plant and equipment:		
At cost	3,337.0	3,409.7
Less accumulated depreciation	2,225.8	2,334.9
Net property, plant and equipment	1,111.2	1,074.8
Equity in and advances to related companies	115.4	94.6
Excess of cost over net assets acquired (net of accumulated amortization of \$31.8 and \$37.4)	207.5	213.3
Deferred income taxes	5.6	55.8
Net assets of discontinued operations	-	286.6
Other assets	157.0	161.3
Total assets	\$ 3,646.6	\$ 4,005.4
	=====	=====
Liabilities and Shareholders' Equity		
Current liabilities:		
Short-term notes payable	\$ 4.8	\$ 30.7
Current maturities of long-term debt	5.2	20.1
Accounts payable	357.3	242.2
Accrued employee compensation and benefits	151.8	159.4
Advance billings on uncompleted contracts	301.8	163.3
Income taxes payable	95.8	46.7
Other current liabilities	239.4	188.9
Total current liabilities	1,156.1	851.3
Long-term debt	200.0	623.0
Employee compensation and benefits	262.8	242.3
Other liabilities	277.9	346.6
Total liabilities	1,896.8	2,063.2
Shareholders' equity:		
Common stock, par value \$2.50 per share- authorized 200.0 shares, issued 119.1 shares	297.6	297.7
Paid-in capital in excess of par value	199.4	201.7
Cumulative translation adjustment	(28.0)	(23.1)
Retained earnings	1,431.4	1,629.7
Less 4.6 and 5.0 shares treasury stock, at cost	1,900.4	2,106.0
	150.6	163.8
Total shareholders' equity	1,749.8	1,942.2
Total liabilities and shareholders' equity	\$ 3,646.6	\$ 4,005.4
	=====	=====

See notes to financial statements.

Consolidated Statements of Cash Flows
Years ended December 31

Millions of dollars	1995	1994	1993
	-----	-----	-----
Cash flows from operating activities			
Net income (loss)	\$ 168.3	\$ 177.8	\$ (161.0)
Adjustments to reconcile net income (loss) to net cash from operating activities:			
Depreciation and amortization	244.1	260.2	450.4
Provision (benefit) for deferred income taxes	47.9	86.0	(17.5)
Distributions from (advances to) related companies, net of equity in (earnings) or losses	(20.5)	(0.6)	4.7
Appreciation of zero coupon bonds	15.0	21.6	20.3
Gain on sale of compression services	-	(102.0)	-
Net (income) loss from discontinued operations	65.5	(5.5)	20.5
Other non-cash items	(11.5)	(19.2)	15.1
Other changes, net of non-cash items:			
Receivables	(83.8)	100.7	(55.6)
Inventories	17.7	92.0	1.9
Accounts payable	69.9	(54.4)	(109.1)
Other working capital, net	189.2	(78.0)	(169.1)
Other, net	(69.8)	(63.2)	269.0
	-----	-----	-----
Total cash flows from operating activities	632.0	415.4	269.6
	-----	-----	-----
Cash flows from investing activities			
Capital expenditures	(288.7)	(233.7)	(245.3)
Sales of property, plant and equipment	36.0	65.4	29.7
Acquisitions of businesses, net of cash acquired	(1.4)	(10.7)	(27.9)
Dispositions of businesses, net of cash disposed	25.9	400.2	1.2
Other investing activities	(10.1)	(10.3)	(81.1)
	-----	-----	-----
Total cash flows from investing activities	(238.3)	210.9	(323.4)
	-----	-----	-----
Cash flows from financing activities			
Net payments on long-term borrowings	(452.9)	(72.9)	(57.0)
Net borrowings (payments) of short-term debt	(27.0)	(65.3)	91.3
Payments of dividends to shareholders	(114.3)	(114.0)	(112.2)
Other financing activities	2.9	(0.5)	(3.1)
	-----	-----	-----
Total cash flows from financing activities	(591.3)	(252.7)	(81.0)
	-----	-----	-----
Effect of exchange rate changes on cash	(2.8)	(5.8)	(4.1)
	-----	-----	-----
Increase (decrease) in cash and equivalents	(200.4)	367.8	(138.9)
Cash and equivalents at beginning of year	375.3	7.5	146.4
	-----	-----	-----
Cash and equivalents at end of year	\$ 174.9	\$ 375.3	\$ 7.5
	=====	=====	=====
Supplemental disclosure of cash flow information			
Cash payments (refunds) during the period for:			
Interest	\$ 25.3	\$ 29.1	\$ 31.2
Income taxes	28.0	(18.5)	56.7
Non-cash investing and financing activities:			
Liabilities assumed in acquisitions of business	\$ -	-	\$ 20.8
Liabilities disposed of in dispositions of businesses	14.6	69.9	3.8

See notes to financial statements.

Consolidated Statements of Shareholders' Equity
Years ended December 31

Millions of dollars except share data	1995	1994	1993
Common stock (number of shares):			
Balance at beginning of year	119,086,591	119,207,996	119,251,366
Shares forfeited under restricted stock plans, net	(33,812)	(121,405)	(43,370)
Balance at end of year	119,052,779	119,086,591	119,207,996
Common stock (dollars):			
Balance at beginning of year	\$ 297.7	\$ 298.0	\$ 298.1
Shares forfeited under restricted stock plans, net	(0.1)	(0.3)	(0.1)
Balance at end of year	\$ 297.6	\$ 297.7	\$ 298.0
Paid-in capital in excess of par value:			
Balance at beginning of year	\$ 201.7	\$ 199.8	\$ 138.8
Shares issued (forfeited) under restricted stock plans, net	(2.3)	1.9	5.2
Shares issued for the acquisition of drilling systems business	-	-	55.8
Balance at end of year	\$ 199.4	\$ 201.7	\$ 199.8
Cumulative translation adjustment:			
Balance at beginning of year	\$ (23.1)	\$ (24.8)	\$ (15.6)
Sale of geophysical business	-	(2.1)	-
Other changes net of tax of \$(.5) in 1995, \$1.1 in 1994 and \$3.6 in 1993	(4.9)	3.8	(9.2)
Balance at end of year	\$ (28.0)	\$ (23.1)	\$ (24.8)
Retained earnings:			
Balance at beginning of year	\$ 1,629.7	\$ 1,582.8	\$ 1,848.5
Net income (loss)	168.3	177.8	(161.0)
Net change in unrealized gains (losses) on investments held by discontinued operation	16.3	(16.9)	7.5
Spin-off of Highlands Insurance Group, Inc.	(268.6)	-	-
Cash dividends paid (\$1.00 per share)	(114.3)	(114.0)	(112.2)
Balance at end of year	\$ 1,431.4	\$ 1,629.7	\$ 1,582.8
Treasury stock (number of shares):			
Balance at beginning of year	4,989,513	5,119,298	12,118,663
Shares issued under restricted stock plans, net	(449,682)	(171,150)	(249,400)
Purchase of common stock	37,802	41,365	107,035
Shares issued for the acquisition of drilling systems business	-	-	(6,857,000)
Balance at end of year	4,577,633	4,989,513	5,119,298
Treasury stock (dollars):			
Balance at beginning of year	\$ 163.8	\$ 168.1	\$ 362.5
Shares issued under restricted stock plans, net	(14.6)	(5.6)	(6.2)
Purchase of common stock	1.4	1.3	3.0
Shares issued for the acquisition of drilling systems business	-	-	(191.2)
Balance at end of year	\$ 150.6	\$ 163.8	\$ 168.1

See notes to financial statements.

Note 1. Significant Accounting Policies

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

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

Revenues and Income Recognition. The Company recognizes revenues as services are rendered or products are shipped. The distinction between services and product sales is based upon the overall business intent of the particular business operation. Revenues from construction contracts are reported on the percentage of completion method of accounting using measurements of progress toward completion appropriate for the work performed. All known or anticipated losses on any contracts are provided for currently. Claims for additional compensation are recognized during the period such claims are resolved.

Research and Development. Research and development expenses are charged to income as incurred. Such charges were \$88.5 million in 1995, \$109.5 million in 1994 and \$126.5 million in 1993. In addition, the Company capitalized software development costs related primarily to integrated information technologies and project management of \$3.9 million in 1995, \$6.4 million in 1994 and \$39.8 million in 1993.

Income Per Share. Income per share is based on the weighted average number of common shares and common share equivalents outstanding during each year. Common share equivalents included in the computation represent shares issuable upon assumed exercise of stock options which have a dilutive effect.

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

Receivables. The Company's receivables are generally not collateralized. Notes and accounts receivable at December 31, 1995 include \$22.3 million (\$30.1 million at December 31, 1994) due from customers in accordance with applicable retainage provisions of engineering and construction contracts, which will become billable upon future deliveries or completion of such contracts. Of the December 31, 1995 amount, approximately \$17.8 million is expected to be collected during 1996 and the remainder is due in subsequent years. Unbilled work on uncompleted contracts generally represents work currently billable and such work is usually billed during normal billing processes in the next month.

Inventories. Inventories are stated at cost which is not in excess of market. Cost represents invoice or production cost for new items and original cost less allowance for condition for used material returned to stock. Production cost includes material, labor and manufacturing overhead. About one-third of all sales items (including related work in process and raw materials) are valued on a last-in, first-out (LIFO) basis. Inventories of sales items owned by foreign subsidiaries and inventories of operating supplies and parts are generally valued at average cost.

Depreciation, Amortization and Maintenance. Depreciation and amortization for financial reporting purposes is provided primarily on the straight-line method over the estimated useful lives of the assets not exceeding 40 years. Expenditures for maintenance and repairs are expensed; expenditures for renewals and improvements are generally capitalized. Upon sale or retirement of an asset, the related cost and accumulated depreciation or amortization are removed from the accounts and any gain or loss is recognized. In the event that facts and circumstances indicate that assets may be impaired, an evaluation of recoverability would be performed. If an evaluation is required, the estimated future undiscounted cash flows associated with the asset would be compared to the asset's carrying amount to determine if a write-down to market value or discounted cash flow value is required.

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

Derivative Instruments. The Company enters into derivative financial transactions to hedge existing or projected exposures to changing foreign exchange rates, interest rates, security prices, or commodity prices. The Company does not enter into derivative transactions for speculative purposes. Hedges of derivative financial transactions are generally carried at fair value with the resulting gains and losses reflected in the results of operations.

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

Note 2. Inventories

About one-third of all sales items (including related work in process and raw materials) are valued using the LIFO method. If the average cost method had been in use for inventories on the LIFO basis, total inventories would have been about \$18.3 million and \$21.9 million higher than reported at December 31, 1995 and 1994, respectively.

Millions of dollars	1995	1994
Sales items	\$ 85.2	\$ 97.2
Supplies and parts	121.7	128.8
Work in process	27.1	23.9
Raw materials	17.5	19.0
Total	\$ 251.5	\$ 268.9

Note 3. Property, Plant and Equipment

Millions of dollars	1995	1994
Land	\$ 56.6	\$ 50.1
Buildings and property improvements	534.4	546.3
Machinery and equipment	2,560.1	2,606.6
Other	185.9	206.7
Total	\$ 3,337.0	\$ 3,409.7

Note 4. Related Companies

The Company conducts some of its operations through various joint venture and other partnership forms which are principally accounted for using the equity method. Included in the Company's revenues for 1995, 1994 and 1993 are equity in income of related companies of \$88.4 million, \$93.0 million and \$76.3 million, respectively. When the Company sells or transfers assets to an affiliated company that is accounted for using the equity method and the affiliated company records the assets at fair value, the excess of the fair value of the assets over the Company's net book value is deferred and amortized over the expected lives of the assets. Deferred gains included in the Company's other liabilities were \$10.1 million and \$19.4 million at December 31, 1995 and 1994, respectively. Summarized financial statements for European Marine Contractors, Limited, a 50% owned company which specializes in engineering, procurement and construction of marine pipelines, and for the remaining combined jointly owned operations which are not consolidated are as follows:

COMBINED OPERATING RESULTS

Millions of dollars	1995	1994	1993
	European Marine Contractors		
Revenues	\$ 361.8	\$ 439.3	\$ 296.1
Operating income	\$ 106.9	\$ 142.4	\$ 85.4
Net income	\$ 72.6	\$ 94.4	\$ 57.8
	Other Affiliates		
Revenues	\$ 1,767.2	\$ 1,542.2	\$ 1,476.4
Operating income	\$ 92.9	\$ 81.3	\$ 64.9
Net income	\$ 63.0	\$ 66.2	\$ 49.9

COMBINED FINANCIAL POSITION

Millions of dollars	1995	1994
	-----	-----
	European Marine Contractors	
Current assets	\$ 238.4	\$ 272.1
Noncurrent assets	40.6	58.5
	-----	-----
Total	\$ 279.0	\$ 330.6
	=====	=====
Current liabilities	\$ 182.1	\$ 233.3
Noncurrent liabilities	18.1	13.9
Shareholders' equity	78.8	83.4
	-----	-----
Total	\$ 279.0	\$ 330.6
	=====	=====
	Other Affiliates	
Current assets	\$ 752.5	\$ 725.0
Noncurrent assets	476.1	378.5
	-----	-----
Total	\$ 1,228.6	\$ 1,103.5
	=====	=====
Current liabilities	\$ 418.4	\$ 230.1
Noncurrent liabilities	403.7	509.1
Shareholders' equity	406.5	364.3
	-----	-----
Total	\$ 1,228.6	\$ 1,103.5
	=====	=====

Note 5. Income Taxes

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

Millions of dollars	1995	1994	1993
	-----	-----	-----
Current income taxes			
Federal	\$ -	\$ 12.4	\$ 55.8
Foreign	(78.9)	(43.5)	(61.5)
State	(5.1)	(1.9)	(6.1)
	-----	-----	-----
Total	(84.0)	(33.0)	(11.8)
	-----	-----	-----
Deferred income taxes			
Federal	(13.4)	(55.3)	27.1
Foreign and state	(34.5)	(30.7)	(9.6)
	-----	-----	-----
Total	(47.9)	(86.0)	17.5
	-----	-----	-----
Total	\$ (131.9)	\$ (119.0)	\$ 5.7
	=====	=====	=====

Included in deferred income taxes are foreign tax credits of \$31.6 million in 1995 and \$18.4 million in 1994. The U.S. and foreign components of income (loss) from continuing operations before income taxes and minority interests are as follows:

Millions of dollars	1995	1994	1993
	-----	-----	-----
U.S.	\$ 216.7	\$ 192.8	\$ (138.8)
Foreign	149.9	98.7	(8.9)
	-----	-----	-----
Total	\$ 366.6	\$ 291.5	\$ (147.7)
	=====	=====	=====

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

Millions of dollars	1995	1994
Gross deferred tax assets		
Net operating loss carryforwards	\$ 89.2	\$ 48.7
Construction contract accounting methods	88.9	34.4
Employee benefit plans	85.6	84.0
Accrued liabilities	54.7	53.6
Intercompany profit	26.8	41.1
Insurance accruals	20.9	25.4
Alternative minimum tax carryforward	15.0	1.5
Foreign tax credits	11.5	14.0
All other	57.8	84.9
Total	450.4	387.6
Gross deferred tax liabilities		
Depreciation and amortization	68.5	58.5
Unrepatriated foreign earnings	33.2	33.2
Safe harbor leases	13.0	13.9
All other	121.7	119.2
Total	236.4	224.8
Valuation allowances		
Net operating loss carryforwards	53.2	29.3
All other	17.7	13.0
Total	70.9	42.3
Net deferred income tax asset	\$ 143.1	\$ 120.5

The Company has foreign tax credits which expire in 2000 of \$11.5 million. The Company has net operating loss carryforwards which expire as follows: 1996, \$11.5 million; 1997, \$19.3 million; 1998, \$27.0 million; 1999, \$30.2 million; 2000 through 2010, \$108.7 million; and indefinite, \$64.6 million. Reconciliations between the actual benefit (provision) for income taxes and that computed by applying the U.S. statutory rate to income or loss from continuing operations before income taxes and minority interests are as follows:

Millions of dollars	1995	1994	1993
Benefit (provision) computed at statutory rate	\$ (128.3)	\$ (102.0)	\$ 51.7
Reductions (increases) in taxes resulting from:			
Tax differentials on foreign earnings	(36.4)	(18.1)	(35.8)
State income taxes, net of Federal income tax benefit	(5.1)	(1.9)	(6.1)
Loss on sale of geophysical operations	-	-	(66.5)
Net operating losses	46.6	0.4	9.1
Federal income tax refund	-	-	40.4
Change in Federal income tax laws	-	-	6.4
Other items, net	(8.7)	2.6	6.5
Total	\$ (131.9)	\$ (119.0)	\$ 5.7

The Company has received statutory notices of deficiency for the 1989, 1990 and 1991 tax years from the Internal Revenue Service (IRS) of \$51.8 million, \$92.9 million and \$16.8 million, respectively, excluding any penalties or interest. The Company believes it has meritorious defenses and does not expect that any liability resulting from the 1989, 1990 or 1991 tax years will result in a material adverse effect on its results of operations or financial position. In 1993, the Company reached a settlement with the IRS for the 1980-1987 taxable years. As a result of the settlement, as well as significant prepayments of

taxes in prior years, the Company received a refund and net income was increased by \$40.4 million in 1993.

Note 6. Lines of Credit and Long-Term Debt

Millions of dollars	1995	1994
	-----	-----
8.75% debentures due February 15, 2021	\$ 200.0	\$ 200.0
Zero coupon convertible subordinated debentures	-	375.7
Term loan at LIBOR plus .45%	-	42.0
Other notes with varying interest rates	5.2	25.4
	-----	-----
	205.2	643.1
Less current portion	5.2	20.1
	-----	-----
Total	\$ 200.0	\$ 623.0
	=====	=====

The Company has short-term lines of credit totaling \$125.0 million with several U.S. banks. No borrowings were outstanding at December 31, 1995 under these credit facilities. At December 31, 1995, \$4.8 million of other short-term debt was outstanding. The Company's 8.75% debentures due February 15, 2021 do not have sinking fund requirements and are not redeemable prior to maturity. In September 1995, the Company redeemed all of the zero coupon convertible subordinated debentures due March 13, 2006 for \$390.7 million in cash, which represents the original issue price plus accrued original issue discount to the redemption date. In addition, in December 1995, the Company redeemed all of the \$42.0 million term loan. The remaining \$23.8 million of the 10.2% sinking fund debentures were redeemed in 1994. Long-term debt of \$5.2 million matures during 1996 and there are no maturities due for the succeeding four years.

Note 7. Common Stock

The Company's 1993 Stock and Long-Term Incentive Plan (1993 Plan) provides for the grant of any or all of the following types of awards: (1) stock options, including incentive stock options and non-qualified stock options; (2) stock appreciation rights, in tandem with stock options or freestanding; (3) restricted stock; (4) performance share awards; and (5) stock value equivalent awards. Under the terms of the 1993 Plan, 5.5 million shares of the Company's Common Stock were reserved for issuance to key employees. At December 31, 1995, 2.0 million shares were available for future grants. Stock option transactions are summarized as follows:

	Number of Shares	Exercise Price per Share	Weighted Average Exercise Price Per Share
	-----	-----	-----
Granted during 1993	698,500	\$30.50 - \$40.25	35.06
1994:			
Granted	1,039,000	\$30.88 - \$33.13	32.36
Forfeited	(39,000)	\$30.50	30.50

Outstanding at December 31, 1994	1,698,500		33.52

1995:			
Granted	1,356,500	\$36.25 - \$50.63	42.39
Exercised	(130,082)	\$30.50 - \$40.25	32.02
Forfeited	(41,667)	\$30.88 - \$40.25	35.16

Outstanding at December 31, 1995	2,883,251		37.74
	=====		

All stock options are granted at fair market value of the Common Stock at the grant date. The weighted average fair value of the stock options granted during 1995 was \$13.20. The fair value of each stock option grant is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions used for grants in 1995: risk-free interest rate of 6.22%; expected dividend yield of 2.38%; expected life of five years; and expected volatility of 32.11%. Stock options generally expire ten years from the grant date or three years after date of retirement, if earlier. Stock options vest over a three year period, with one-third of the shares becoming exercisable on each of the first three anniversaries of the grant date. The outstanding stock options at December 31, 1995 have a weighted average contractual life of 8.92 years. The number of stock option shares exercisable at December 31, 1995 was 745,744. These stock options have a weighted average exercise price of \$34.31 per share.

The Company accounts for the 1993 Plan in accordance with Accounting Principles Board Opinion No. 25, under which no compensation cost has been

recognized for stock option awards. Had compensation cost for the 1993 Plan been determined consistent with Statement of Financial Accounting Standards No. 123, "Accounting for Stock - Based Compensation" (SFAS 123), the Company's pro forma net income and earnings per share for 1995 would have been \$164.5 million and \$1.44, respectively. Because the SFAS 123 method of accounting has not been applied to options granted prior to January 1, 1995, the resulting pro forma compensation cost may not be representative of that to be expected in future years.

Restricted shares awarded under the 1993 Plan for 1995, 1994 and 1993 were 206,350, 80,600 and 107,000, respectively. The shares awarded are net of forfeitures of 4,900 and 5,000 shares in 1995 and 1994, respectively. The weighted average fair market value per share at the date of grant of shares granted in 1995 was \$40.88. The Company's Restricted Stock Plan for Non-Employee Directors (Restricted Stock Plan) allows for each non-employee director to receive an annual award of 200 restricted shares of Common Stock as a part of compensation. The Company reserved 50,000 shares of Common Stock for issuance to non-employee directors. The Company issued 1,600 restricted shares in 1995 and 1,800 restricted shares in both 1994 and 1993 under this plan. The weighted average fair market value per share at the date of grant of shares granted in 1995 was \$40.75.

The Company's Employees' Restricted Stock Plan was established for employees who are not officers, for which 100,000 shares of Common Stock have been reserved. The Company awarded 1,750 and 96,750 restricted shares in 1995 and 1994, respectively, and 900 restricted shares were forfeited in 1995. The weighted average fair market value per share at the date of grant of shares granted in 1995 was \$35.00.

Under the terms of the Company's career executive incentive stock plan, 7.5 million shares of the Company's Common Stock were reserved for issuance to officers and key employees at a purchase price not to exceed par value of \$2.50 per share. At December 31, 1995, 5.9 million shares (net of 1.0 million shares forfeited) have been issued under the plan. No further grants will be made under the career executive incentive stock plan.

Restricted shares issued under the 1993 Plan, Restricted Stock Plan, Employees' Restricted Stock Plan and the career executive incentive stock plan are limited as to sale or disposition with such restrictions lapsing periodically over an extended period of time. The fair market value of the stock, on the date of issuance, is being amortized and charged to income (with similar credits to paid-in capital in excess of par value) generally over the average period during which the restrictions lapse. Compensation costs recognized in income for 1995 was \$7.0 million. At December 31, 1995, the unamortized amount is \$23.9 million.

Note 8. Series A Junior Participating Preferred Stock

In 1986, the Company declared a dividend of one preferred stock purchase right (a Right) on each outstanding share of common stock, terms of which were subsequently modified as of February 15, 1990 and December 15, 1995 (the Amended Rights Agreement). Pursuant to the Amended Rights Agreement, each Right will entitle the holder thereof to buy one one-hundredth of a share of the Company's Series A Junior Participating Preferred Stock, without par value, at an exercise price of \$150, subject to certain antidilution adjustments. The Rights do not have any voting rights and are not entitled to dividends.

The Rights become exercisable in certain limited circumstances involving a potential business combination. Following certain other events after the Rights become exercisable, each Right will entitle its holder to an amount of common stock of the Company, or, in certain circumstances, securities of the acquiror, having a then-current market value of two times the exercise price of the Right. The Rights are redeemable at the Company's option at any time before they become exercisable. The Rights expire on December 15, 2005. No event during 1995 made the Rights exercisable.

Note 9. Business Segment Information

The Company operates in two segments - Energy Services and Engineering and Construction Services. Energy Services' products and services include drilling systems and services, pressure pumping equipment and services, logging and perforating, specialized completion and production equipment and services, and well control. Engineering and Construction Services provides engineering, construction, project management, facilities operation and maintenance, and environmental services for industrial and governmental customers.

The Company's equity in 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. Sales between geographic areas and export sales are also immaterial. General and administrative expenses were \$157.8 million, \$182.0 million and \$195.9 million for the years ended December 31, 1995, 1994 and 1993, respectively. Depreciation and amortization expenses were increased in 1993 by the loss for the sale of the geophysical business in 1994 discussed in Note 13 by \$128.9 million. General corporate assets are primarily comprised of cash and equivalents and certain other investments.

OPERATIONS BY BUSINESS SEGMENT
Years ended December 31

Millions of dollars	1995	1994	1993
Capital expenditures:			
Energy services	\$ 232.3	\$ 188.8	\$ 197.8
Engineering and construction services	56.3	44.5	45.9
General corporate	0.1	0.4	1.6
Total	\$ 288.7	\$ 233.7	\$ 245.3
Depreciation and amortization:			
Energy services	\$ 189.9	\$ 204.4	\$ 395.8
Engineering and construction services	52.8	53.3	51.6
General corporate	1.4	2.5	3.0
Total	\$ 244.1	\$ 260.2	\$ 450.4
Identifiable assets:			
Energy services	\$ 2,081.4	\$ 2,129.1	\$ 2,567.6
Engineering and construction services	1,086.5	1,019.7	936.3
General corporate	478.7	570.0	357.4
Net assets of discontinued operations	-	286.6	278.3
Total	\$ 3,646.6	\$ 4,005.4	\$ 4,139.6

OPERATIONS BY GEOGRAPHIC AREA
Years ended December 31

Millions of dollars	1995	1994	1993
Revenues:			
United States	\$ 3,109.4	\$ 3,197.6	\$ 3,581.3
Europe	1,093.3	949.4	927.1
Latin America	527.0	404.2	377.5
Other areas	969.0	959.0	1,208.2
Total	\$ 5,698.7	\$ 5,510.2	\$ 6,094.1
Operating income (loss):			
United States	\$ 217.3	\$ 163.1	\$ 16.8
Europe	1.0	(12.5)	(26.7)
Latin America	64.6	35.8	(2.6)
Other areas	133.8	72.6	(57.0)
General corporate	(33.5)	(22.9)	(22.0)
Total	\$ 383.2	\$ 236.1	\$ (91.5)
Identifiable assets:			
United States	\$ 1,743.7	\$ 1,629.6	\$ 1,885.8
Europe	514.4	569.3	619.8
Latin America	276.8	271.9	291.0
Other areas	633.1	678.0	707.3
General corporate	478.6	570.0	357.4
Net assets of discontinued operations	-	286.6	278.3
Total	\$ 3,646.6	\$ 4,005.4	\$ 4,139.6

Note 10. Commitments and Contingencies

Leases. At December 31, 1995, the Company was obligated under noncancelable operating leases, expiring on various dates to 2108, principally for the use of land, offices, equipment and field facilities. Aggregate rentals charged to operations for such leases totaled \$70.4 million in 1995, \$105.3 million in 1994, and \$130.8 million in 1993. Future aggregate rentals on noncancelable operating leases are as follows: 1996, \$50.3 million; 1997, \$41.8 million; 1998, \$31.7 million; 1999, \$23.0 million; 2000, \$14.0 million; and thereafter, \$94.2 million.

Environmental. The Company is involved as a potentially responsible party (PRP) in remedial activities to clean up various "Superfund" sites under applicable Federal law which imposes joint and several liability, if the harm is indivisible, on certain persons without regard to fault, the legality of the original disposal, or ownership of the site. Although it is very difficult to quantify the potential impact of compliance with environmental protection laws, management of the Company believes that any liability of the Company with respect to all but one of such sites will not have a material adverse effect on the results of operations of the Company. With respect to a site in Jasper County, Missouri (Jasper County Superfund Site), sufficient information has not been developed to permit management to make such a determination and management believes the process of determining the nature and extent of remediation at this site and the total costs thereof will be lengthy. Brown & Root, Inc. (Brown & Root), a subsidiary of the Company, has been named as a PRP with respect to the Jasper County Superfund Site by the Environmental Protection Agency (EPA). The Jasper County Superfund Site includes areas of mining activity that occurred from the 1800's through the mid 1950's in the southwestern portion of Missouri. The site contains lead and zinc mine tailings produced from mining activity. Brown & Root is one of nine participating PRPs which have agreed to perform a Remedial Investigation/Feasibility Study (RI/FS), which is not expected to be completed until the third quarter of 1996. Although the entire Jasper County Superfund Site comprises 237 square miles as listed on the National Priorities List, in the RI/FS scope of work, the EPA has only identified seven areas, or subsites, within this area that need to be studied and then possibly remediated by the PRPs. Additionally, the Administrative Order on Consent for the RI/FS only requires Brown & Root to perform RI/FS work at one of the subsites within the site, the Neck/Alba subsite, which only comprises 3.95 square miles. Brown & Root's share of the cost of such a study is not expected to be material. At the present time Brown & Root cannot determine the extent of its liability, if any, for remediation costs on any reasonably practicable basis.

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

Note 11. Financial Instruments and Risk Concentration

Foreign Exchange Risk. The Company operates in over 100 countries around the world and has exposures to currency fluctuations in approximately 80 foreign currencies. These exposures subject the Company to the risk that the eventual dollar net cash flows from sales to customers and purchases from suppliers could be adversely affected by changes in exchange rates. Some currencies have established markets that facilitate the active exchange of one currency for another (traded currencies), but most currencies are not widely traded and are actively controlled by their respective governments (non-traded currencies). It is the Company's policy to hedge significant exposures to potential foreign exchange losses considering current market conditions, future operating activities and the cost of hedging the exposure in relation to the perceived risk of loss. Techniques in managing foreign exchange risk include, but are not limited to, foreign currency borrowing, investing, and the use of currency derivative instruments. Foreign currency transactions for speculative purposes are not permitted.

Market Risk. As part of the Company's efforts to minimize market risk associated with foreign currency exchange rate volatility, the Company hedges its exposure in traded currencies through the use of currency derivative instruments, specifically, forward exchange contracts and foreign exchange option contracts. Such contracts generally have an expiration date of one year or less. Forward exchange contracts (commitments to buy or sell a specified amount of a foreign currency at a specified price and time) are generally used to hedge identifiable foreign currency commitments. Gains or losses on such contracts are deferred and recognized when the offsetting gains and losses are recognized on the related hedged items. Foreign exchange option contracts (which convey the right, but not the obligation, to sell or buy a specified amount of foreign currency at a specified price) are generally used to hedge foreign currency commitments with an indeterminable maturity date. The use of some contracts may limit the Company's ability to benefit from favorable fluctuations in foreign exchange rates. Forward and option contracts associated with foreign currency commitments having indeterminable maturity dates are marked to market monthly with the resulting gains or losses included in current period income. While hedging instruments are subject to fluctuations in value, such fluctuations are generally offset by the value of the underlying exposures being hedged. The forward or option contracts utilized are all purchased from a selected group of highly rated banks. None of the forward or option contracts are exchange traded. At December 31, 1995, the Company held foreign currency forward contracts with net notional amounts totaling \$12.4 million, in which the Company was the buyer of \$3.4 million and the seller of \$15.8 million of foreign currencies, and foreign currency option contracts with net notional amounts totaling \$54.1 million in which the Company was the buyer of \$18.1 million and the seller of \$72.2 million of foreign currencies. At December 31, 1994, the Company held foreign currency forward contracts with net notional amounts totaling \$11.8 million, in which the Company was the buyer of \$5.1 million and the seller of \$16.9 million of foreign currencies, and foreign currency option contracts with net notional amounts totaling \$12.2 million, in which the Company was the buyer of \$26.0 million and the seller of \$38.2 million of foreign currencies. The Company actively monitors its foreign currency exposure (net

position) and adjusts the amounts hedged as appropriate. The table below summarizes the Company's net assets (liabilities) exposed to currency fluctuations at December 31, 1995, in traded (other than U.S. dollar) and non-traded foreign currencies as well as the net notional amounts of the related hedging contracts held.

Millions of dollars	Net Assets (Liabilities)	Net Contract/ Notional Amount Hedged	Net Assets (Liabilities) Not Hedged
	-----	-----	-----
Traded currencies:			
UK pound sterling	\$ 10.7	\$ 27.9	\$ (17.2)
Canadian dollar	7.9	9.2	(1.3)
Norwegian krone	3.3	8.8	(5.5)
Italian lira	8.8	7.2	1.6
Other currencies	14.5	13.4	1.1
Non-traded currencies	(32.7)	-	(32.7)
	-----	-----	-----
Totals	\$ 12.5	\$ 66.5	\$ (54.0)
	=====	=====	=====

Exposures to non-traded currencies are generally not hedged due primarily to lack of available markets or cost considerations. The Company attempts to manage its working capital position to minimize foreign currency commitments in non-traded currencies and recognizes that pricing for the services and products offered in such countries should cover the cost of exchange rate devaluations. The Company has historically incurred transaction losses in non-traded currencies. The risk of loss is primarily due to the magnitude of currency devaluations experienced in those currencies rather than the size of the foreign currency exposures. Net assets subject to currency exposure resulting from the use of functional currencies other than the U.S. dollar in which exchange movements affect shareholders' equity were \$143.0 million in 1995.

Credit Risk. Financial instruments which potentially subject the Company to concentrations of credit risk are primarily cash equivalents, investments and trade receivables. It is the Company's practice to place its cash equivalents and investments in high quality securities with various investment institutions. The Company derives the majority of its revenues from sales and services to, including engineering and construction for, the energy industry. Within the energy industry, trade receivables are generated from a broad and diverse group of customers. There are concentrations of receivables in the United States and the United Kingdom. The Company maintains an allowance for losses based upon the expected collectibility of all trade accounts receivable. The notional amounts of the Company's foreign exchange contracts do not generally represent amounts exchanged by the parties, and thus, are not a measure of the exposure of the Company or of the cash requirements relating to these contracts. The credit exposure of the Company on foreign exchange contracts is represented by the carrying amount of such contracts. Counterparties are selected by the Company based on creditworthiness, which the Company continually monitors, and on the counterparties' ability to perform their obligations under the terms of the transactions. There are no significant concentrations of credit risk with any individual counterparty or groups of counterparties related to the Company's derivative contracts. The Company does not expect any counterparties to fail to meet their obligations under these contracts given their high credit ratings and, as such, considers the credit risk associated with its derivative contracts to be minimal.

Fair Value of Financial Instruments. The estimated fair value of long-term debt at December 31, 1995 and 1994 was \$247.9 million and \$626.1 million, respectively, as compared to the carrying amount of \$200.0 million and \$643.1 million at December 31, 1995 and 1994, respectively. The fair value of long-term debt is based on quoted market prices for those or similar instruments. The carrying amount of short-term financial instruments (cash and equivalents, receivables, and certain other liabilities) as reflected in the consolidated balance sheets approximates fair value due to the short maturities of these instruments. The fair value of currency derivative instruments, which generally approximates the carrying amount, was less than \$2.5 million at December 31, 1995 and 1994.

Note 12. Retirement Plans

Retirement Plans. The Company has various retirement plans which cover a significant number of its employees. The major pension plans are defined contribution plans, which provide pension benefits in return for services rendered, provide an individual account for each participant, and have terms that specify how contributions to the participant's account are to be determined rather than the amount of pension benefits the participant is to receive. Contributions to these plans are based on pre-tax income and/or discretionary amounts determined on an annual basis. The Company's expense for the defined contribution plans totaled \$94.2 million, \$98.0 million and \$54.6 million in 1995, 1994 and 1993, respectively. Other pension plans include defined benefit plans, which define an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service, or compensation. As a result of the sizable reduction in the number of employees, curtailment gains of \$1.3 million and \$8.9 million are reflected in the net amortization and deferral component of net periodic pension cost for 1995 and 1994, respectively.

These plans are funded to operate on an actuarially sound basis. Assumed long-term rates of return on plan assets, discount rates in estimating benefit obligations and rates of compensation increases vary for the different plans according to the local economic conditions. Plan assets are primarily invested in equity and fixed income securities of entities domiciled in the country of the plan's operation. The rates used are as follows:

Percentages	1995	1994	1993
	-----	-----	-----
Return on plan assets:			
United States plans	8.5%	8.5%	8.5%
International plans	6.5% to 9%	7% to 9%	9%
Discount rate:			
United States plans	7% to 7.25%	8.5%	7.5%
International plans	4% to 8.5%	4% to 8.5%	4% to 8.5%
Compensation increase:			
United States plans	4%	5%	4.25%
International plans	1% to 6%	1% to 6%	1% to 6%

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

Millions of dollars	1995	1994	1993
	-----	-----	-----
Service cost - benefits earned during period	\$ 9.6	\$ 9.5	\$ 42.3
Interest cost on projected benefit obligation	27.5	26.6	25.7
Actual return on plan assets	(46.8)	(8.5)	(78.0)
Net amortization and deferral	12.7	(26.7)	56.3
	-----	-----	-----
Net periodic pension cost	\$ 3.0	\$ 0.9	\$ 46.3
	=====	=====	=====

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

Millions of dollars	1995	1994
	-----	-----
Actuarial present value of benefit obligations:		
Vested	\$ (300.3)	\$ (278.2)
	=====	=====
Accumulated benefit obligation	\$ (309.0)	\$ (285.9)
	=====	=====
Projected benefit obligation	\$ (345.6)	\$ (334.3)
Plan assets at fair value	423.7	371.4
	-----	-----
Funded status	78.1	37.1
Unrecognized prior service cost	5.5	5.4
Unrecognized net gain	(81.3)	(57.2)
Unrecognized net transition asset	(4.5)	(4.7)
	-----	-----
Net pension liability	\$ (2.2)	\$ (19.4)
	=====	=====

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

Millions of dollars	1995	1994
	-----	-----
Actuarial present value of benefit obligations:		
Vested	\$ (3.4)	\$ (2.6)
	=====	=====
Accumulated benefit obligation	\$ (8.1)	\$ (7.5)
	=====	=====
Projected benefit obligation	\$ (9.1)	\$ (10.1)
Plan assets at fair value	2.2	-
	-----	-----
Funded status	(6.9)	(10.1)
Unrecognized net gain	(1.8)	(4.5)
Unrecognized net transition asset	(1.0)	(1.1)
Adjustment required to recognize minimum liability	(3.4)	-
	-----	-----
Net pension liability	\$ (13.1)	\$ (15.7)
	=====	=====

Postretirement Medical Plan. The Company offers a postretirement medical plan to certain employees that qualify for retirement and, on the last day of active employment, are enrolled as participants in the Company's active employee medical plan. The Company's liability is limited to a fixed contribution amount for each participant or dependent. Effective in September 1993, coverage under this plan ceases when the participant reaches age 65. However, those participants aged 65 or over on January 1, 1994, have the option to participate in an expanded prescription drug program in lieu of the medical coverage. The plan participants share the total cost for all benefits provided above the fixed Company contribution and participants' contributions are adjusted as required to cover benefit payments. The Company has made no commitment to adjust the amount of its contributions; therefore, the computed accumulated postretirement benefit obligation amount is not affected by the expected future healthcare cost inflation rate. The weighted average discount rate used in determining the accumulated postretirement benefit obligation was 7% in 1995, 8% in 1994 and 7% in 1993.

Net periodic postretirement benefit cost included the following components:

Millions of dollars	1995	1994	1993
	-----	-----	-----
Service cost - benefits attributed to service during the period	\$ 0.5	\$ 0.8	\$ 0.9
Interest cost on accumulated postretirement benefit obligation	2.1	2.3	3.1
Net amortization and deferral	(1.0)	(0.9)	(0.3)
	-----	-----	-----
Net periodic postretirement cost	\$ 1.6	\$ 2.2	\$ 3.7
	=====	=====	=====

Non-pension postretirement benefits are funded by the Company when incurred. The Company's postretirement medical plan's funded status reconciled with the amounts included in the Company's Consolidated Balance Sheets at December 31, 1995 and 1994 is as follows:

Millions of dollars	1995	1994
	-----	-----
Accumulated postretirement benefit obligation:		
Retirees and related beneficiaries	\$ 15.6	\$ 15.2
Fully eligible active plan participants	2.4	5.3
Other active plan participants not fully eligible	6.7	7.7
	-----	-----
Accumulated postretirement benefit obligation	24.7	28.2
Unrecognized prior service cost	8.3	9.3
Unrecognized gain	7.0	4.4
	-----	-----
Net postretirement liability	\$ 40.0	\$ 41.9
	=====	=====

Note 13. Acquisitions and Dispositions

See Note 14 as to the disposition of the Company's insurance segment.

The Company sold its natural gas compression business unit in November 1994 for \$205.0 million in cash. The sale resulted in a pretax gain of \$102.0

million, or 56 cents per share after tax. The business unit sold owns and operates a large natural gas compressor rental fleet in the United States and Canada. The compressors are used to assist in the production, transportation and storage of natural gas.

In January 1994, the Company sold substantially all of the assets of its geophysical services and products business to Western Atlas International Inc. for \$190.0 million in cash and notes subject to certain adjustments. The notes of \$90.0 million were sold for cash in the first quarter of 1994. In addition, the Company issued \$73.8 million in notes to Western Atlas to cover some of the costs of reducing certain geophysical operations, including the cost of personnel reductions, leases of geophysical marine vessels and the closing of duplicate facilities. The Company's notes to Western Atlas are payable over two years at a rate of interest of 4%. An initial installment of \$33.8 million was made in February 1994, and quarterly installments of \$5.0 million have been made thereafter. The Company recognized a \$301.8 million charge (\$263.8 million after tax) in 1993 related to the sale of its geophysical business. This charge includes \$120.7 million for the write-down to the net realizable value of equipment and other assets; \$54.0 million for anticipated operating and contract losses through the dates of disposition or completion; \$43.4 million for marine vessel leases and mobilization; \$35.1 million for facility leases and closures; \$34.4 million for personnel and severance; and \$14.2 million for transition costs and other related matters. Services and products provided through the geophysical business include seismic data collection and data processing services for both land and marine seismic exploration activities and manufacturing and sales of seismic equipment. The revenues, operating loss and net loss of the geophysical operations, excluding the charge in 1993, were \$404.4 million, \$20.1 million, and \$20.3 million, respectively.

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

Note 14. Discontinued Operations

On January 23, 1996, the Company spun-off its property and casualty insurance subsidiary, Highlands Insurance Group, Inc. (HIGI), in a tax-free distribution to holders of Halliburton Company common stock. Each common shareholder of the Company received one share of common stock of HIGI for every ten shares of Halliburton Company common stock. Approximately 11.4 million common shares of HIGI were issued in conjunction with the spin-off.

After the spin-off transaction, HIGI issued \$62.9 million of convertible subordinated debentures due December 31, 2005 with detachable Series A and B Common Stock Purchase Warrants to Insurance Partners, L.P. and Insurance Partners Offshore (Bermuda), L.P. (IP) and to certain members of HIGI management.

The convertible subordinated debentures issued are convertible into common stock of HIGI after one year from issuance at the option of the holders. HIGI can redeem the debentures at any time after December 31, 2002. The holders would receive approximately 3.9 million shares of HIGI, or approximately 25% ownership interest in HIGI, if all of the debentures are converted into common stock of HIGI at a conversion price of \$16.16 per share. Interest on the debentures is payable semiannually in cash at 10% per annum.

The detachable Series A Common Stock Purchase Warrants (Series A Warrants) enable the holders to purchase HIGI common stock at an exercise price of \$14.69 per share, equal to an additional ownership interest of approximately 21% after giving effect to the assumed conversion of the debentures and the exercise of the Series A Warrants. If all of the Series A Warrants were exercised, IP would receive approximately 4.0 million shares of HIGI. The exercise price and the number of shares of HIGI common stock into which the Series A Warrants are exercisable will be subject to adjustment in certain circumstances. These warrants expire on December 31, 2005.

The detachable Series B Common Stock Purchase Warrants (Series B Warrants) enable the holders to purchase shares of HIGI common stock at an exercise price of \$14.69, equal to an additional ownership interest of 5% after giving effect to the assumed conversion of the debentures and the exercise of the Series A and B Warrants. The Series B Warrants become exercisable by the holders in the event that the average closing market price of HIGI common stock exceeds 1.61 times the exercise price for any 30 consecutive trading days prior to December 31, 2000 but after December 31, 1998. If all of the Series B Warrants were exercised, the holders would receive approximately 1.0 million additional shares of HIGI. The exercise price and the number of shares of HIGI common stock into which the Series A Warrants are exercisable will be subject to adjustment in certain circumstances. The detachable Series B Warrants expire on December 31, 2005.

If the debentures are converted into common stock of HIGI and the Series A and B Warrants are utilized by the holders to purchase common stock of HIGI, the holders will own approximately 44% of HIGI.

The following summarizes the results of operations and consolidated balance sheets of the discontinued operations. Such amounts are summarized as follows:

Millions of dollars	1995	1994	1993
Revenues	\$ 252.6	\$ 290.3	\$ 324.5
Income (loss) before income taxes	\$ (126.3)	\$ (0.6)	\$ (41.5)
Benefit (provision) for income taxes	67.5	6.1	21.0
Loss on disposition	(7.6)	-	-
Benefit for income taxes	0.9	-	-
Net income (loss) from discontinued operations	\$ (65.5)	\$ 5.5	\$ (20.5)

Millions of dollars	1995	1994
ASSETS		
Cash and equivalents	\$ 85.2	\$ 52.8
Investments	635.6	630.2
Premiums receivable	187.3	207.9
Receivables from reinsurers	592.4	561.5
Receivables from affiliates	47.3	26.6
Deferred income taxes	28.1	-
Other assets	54.9	60.4
Total assets	\$ 1,630.8	\$ 1,539.4
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable and accrued liabilities	\$ 36.3	\$ 15.9
Loss and loss adjustment expense reserves	1,243.7	1,149.2
Unearned premiums	52.6	51.2
Other liabilities	29.6	27.3
Total liabilities	1,362.2	1,243.6
Shareholders' equity	268.6	295.8
Total liabilities and shareholders' equity	\$ 1,630.8	\$ 1,539.4

In the third quarter of 1995, HIGI conducted an extensive review of its loss and loss adjustment expense reserves to assess HIGI's reserve position. The review process consisted of gathering new information and refining prior estimates and primarily focused on assumed reinsurance and overall environmental and asbestos exposure. As a result of such review, HIGI increased its reserves for loss and loss adjustment expenses and certain legal matters and the Company also recognized the estimated expenses related to the spin-off transaction and additional compensation costs and other regulatory and legal provisions directly associated with discontinuing the insurance services business segment as follows:

Millions of dollars	Income (loss) before income taxes	Net income (loss)
Additional claim loss reserves for environmental and asbestos exposure and other exposures	\$ (117.0)	\$ (76.4)
Realization of deferred income tax valuation allowance	-	25.9
Provisions for legal matters	(8.0)	(5.2)
Expenses related to the spin-off transaction	(7.6)	(6.7)
Other insurance services expenses	(7.4)	(4.8)
Total charges	\$ (140.0)	\$ (67.2)

The review of the insurance policies and reinsurance agreements was based upon a recent actuarial study and HIGI management's best estimates using facts and trends currently known, taking into consideration the current legislative and legal environment. Developed case law and adequate claim history do not exist for such claims. Estimates of the liability are reviewed and updated

continually. Due to the significant uncertainties related to these types of claims, past claim experience may not be representative of future claim experience.

The Company also realized a valuation allowance for deferred tax assets primarily related to HIGI's insurance claim loss reserves. The Company had provided a valuation allowance for all temporary differences related to HIGI based upon its intent announced in 1992 that it was pursuing the sale of HIGI. A taxable transaction would have made it more likely than not that the related benefit or future deductibility would not be realized. The spin-off transaction was tax-free and allows HIGI to retain its tax basis and the value of its deferred tax asset.

Quarterly Data and Market Price Information

Millions of dollars except per share data
(unaudited)

	First	Second	Third	Fourth	Year
	-----	-----	-----	-----	-----
1995					
Revenues	\$ 1,273.9	\$ 1,397.6	\$ 1,489.8	\$ 1,537.4	\$ 5,698.7
Operating income	61.7	97.0	111.1	113.4	383.2
Net income (loss)					
Continuing operations	38.3	54.8	68.8	71.9	233.8
Discontinued operations	0.8	1.4	(67.7)	-	(65.5)
Net income (loss)	39.1	56.2	1.1	71.9	168.3
Earnings (loss) per share					
Continuing operations	0.33	0.48	0.60	0.63	2.04
Discontinued operations	0.01	0.01	(0.59)	-	(0.57)
Net income (loss)	0.34	0.49	0.01	0.63	1.47
Cash dividends paid per share	0.25	0.25	0.25	0.25	1.00
Quarterly common stock prices (3)					
High	38.88	39.50	45.25	50.63	50.63
Low	33.50	35.50	35.13	39.75	33.50
1994					
Revenues	\$ 1,315.2	\$ 1,369.7	\$ 1,347.6	\$ 1,477.7	\$ 5,510.2
Operating income (loss) (1)	42.1	(15.3)	96.6	112.7	236.1
Net income (loss)					
Continuing operations (1) (2)	17.3	(16.7)	49.5	122.2	172.3
Discontinued operations	0.5	(2.5)	2.2	5.3	5.5
Net income (loss) (1) (2)	17.8	(19.2)	51.7	127.5	177.8
Earnings (loss) per share					
Continuing operations (1) (2)	0.16	(0.15)	0.43	1.07	1.51
Discontinued operations	0.00	(0.02)	0.02	0.05	0.05
Net income (loss) (1) (2)	0.16	(0.17)	0.45	1.12	1.56
Cash dividends paid per share	0.25	0.25	0.25	0.25	1.00
Quarterly common stock prices (3)					
High	34.13	34.75	34.88	37.00	37.00
Low	29.25	28.25	29.13	31.13	28.25

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

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

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

FIVE YEAR FINANCIAL RECORD
Years ended December 31

Millions of dollars and shares except
per share data and employees

	1995	1994	1993	1992	1991
Operating results					
Net revenues					
Energy services	\$ 2,623.4	\$ 2,514.0	\$ 2,953.4	\$ 2,726.3	\$ 2,939.0
Engineering and construction services	3,075.3	2,996.2	3,140.7	3,563.7	3,728.0
Total revenues	\$ 5,698.7	\$ 5,510.2	\$ 6,094.1	\$ 6,290.0	\$ 6,667.0
Operating income (loss)					
Energy services*	\$ 313.7	\$ 191.8	\$ (148.4)	\$ (64.1)	\$ 35.2
Engineering and construction services*	103.0	67.2	78.9	(12.5)	73.1
General corporate	(33.5)	(22.9)	(22.0)	(21.0)	(21.8)
Total operating income (loss)	383.2	236.1	(91.5)	(97.6)	86.5
Nonoperating income (expense), net	(16.6)	55.4	(56.2)	(37.5)	(2.1)
Income (loss) before income taxes and minority interest					
	366.6	291.5	(147.7)	(135.1)	84.4
Benefit (provision) for income taxes	(131.9)	(119.0)	5.7	(0.3)	(71.3)
Minority interest in net (income) loss of consolidated subsidiaries	(0.9)	(0.2)	1.5	1.7	(2.6)
Income (loss) from continuing operations	\$ 233.8	\$ 172.3	\$ (140.5)	\$ (133.7)	\$ 10.5
Income (loss) per share:					
Continuing operations	\$ 2.04	\$ 1.51	\$ (1.25)	\$ (1.24)	\$ 0.10
Net income (loss)	1.47	1.56	(1.43)	(1.28)	0.25
Cash dividends per share	1.00	1.00	1.00	1.00	1.00
Return on shareholders' equity	9.6%	9.2%	(8.5)%	(7.2)%	1.2%
Financial position					
Net working capital	\$ 893.8	\$ 1,267.7	\$ 1,116.5	\$ 1,109.0	\$ 1,246.5
Total assets	3,646.6	4,005.4	4,139.6	4,089.5	4,384.5
Property, plant and equipment	1,111.2	1,074.8	1,149.5	1,194.3	1,186.9
Long-term debt	205.2	643.1	623.9	656.7	653.2
Shareholders' equity	1,749.8	1,942.2	1,887.7	1,907.3	2,164.6
Total capitalization	1,959.8	2,616.0	2,603.6	2,564.7	2,828.6
Shareholders' equity per share	15.28	17.02	16.55	17.80	20.24
Average common shares outstanding	114.5	114.2	112.5	107.1	106.9
Other financial data					
Cash flow from operating activities	\$ 632.0	\$ 415.4	\$ 269.6	\$ 435.0	\$ 286.3
Capital expenditures	288.7	233.7	245.3	313.4	422.8
Long-term borrowings (repayments)	(452.9)	(72.9)	(57.0)	(15.8)	441.1
Depreciation and amortization expense	244.1	260.2	450.4	357.9	292.4
Payroll and employee benefits	2,713.4	2,826.8	3,100.9	3,336.3	3,256.7
Number of employees**	57,300	56,500	64,000	68,400	72,100

* Energy Services operating income (loss) in 1993 includes a loss on the sale of the geophysical business and employee severance costs of \$321.8 million and in 1992 and 1991 includes special charges of \$182.0 million and \$118.5 million, respectively. Engineering and Construction Services 1992 operating income (loss) includes special charges of \$82.6 million.

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

EUROPEAN MARINE CONTRACTORS LIMITED

COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 1995

These financial statements are presented in pounds sterling. The exchange rate was 1.54 U.S. dollars to the pound sterling at the balance sheet date of December 31, 1995.

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2	Group Profit and Loss Account
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4	Group Balance Sheet
5	Group Statement of Cashflows
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To the Board of Directors
European Marine Contractors Limited

We have audited the accompanying consolidated balance sheets of European Marine Contractors Limited as of December 31, 1995 and 1994, and the related consolidated statements of income, total recognised gains and losses and cashflows for the each of the three years in the period ended December 31, 1995. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with United Kingdom auditing standards which do not differ in any significant respect from United States generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurances about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of European Marine Contractors Limited at December 31, 1995 and 1994, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 1995 in conformity with accounting principles generally accepted in the United Kingdom

ERNST & YOUNG
Chartered Accountants
Registered Auditor
London, England

15 February 1996

EUROPEAN MARINE CONTRACTORS LIMITED
GROUP PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1995

	Notes	1995 (in thousands of pounds sterling)	1994	1993
Turnover	2,3	229,000	282,870	201,766
Cost of sales		(151,828)	(200,888)	(151,273)
GROSS PROFIT	3	77,172	81,982	50,493
Administrative expenses		(6,643)	(5,863)	(4,569)
Other operating costs		(9,448)	(12,024)	(7,639)
		61,081	64,095	38,285
Other operating income		175	125	436
OPERATING PROFIT	4 a)	61,256	64,220	38,721
Interest receivable and similar income		1,218	1,221	1,071
		62,474	65,441	39,792
Interest payable and similar charges	5	(79)	(91)	(121)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		62,395	65,350	39,671
Tax on profit on ordinary activities	6	(22,685)	(26,090)	(20,315)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		39,710	39,260	19,356
AMOUNT WITHDRAWN FROM/(SET ASIDE TO) RESERVES	18	10,290	(9,260)	15,644
DIVIDENDS		(50,000)	(30,000)	(35,000)

EUROPEAN MARINE CONTRACTORS LIMITED
GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 1995

	1995	1994	1993
	(in thousands of pounds sterling)		
Profit on ordinary activities after taxation	39,710	39,260	19,356
Exchange differences on retranslation of net assets of subsidiary undertaking	161	45	(47)
Unrealised surplus on revaluation of fixed assets	-	-	54,886
	-----	-----	-----
Total recognised gains and losses relating to the year	39,871	39,305	74,195
	=====	=====	=====
RECONCILIATION OF SHAREHOLDERS' FUNDS			
Total recognised gains and losses	39,871	39,305	74,195
Dividends	(50,000)	(30,000)	(35,000)
	-----	-----	-----
Total movements during the year	(10,129)	(9,305)	39,195
Shareholders' funds at 1 January	67,890	58,585	19,390
	-----	-----	-----
Shareholders' funds at 31 December	57,761	67,890	58,585
	=====	=====	=====

EUROPEAN MARINE CONTRACTORS LIMITED
 BALANCE SHEETS AT 31 DECEMBER 1995

	Notes	1995 (in thousands of pounds sterling)	1994
FIXED ASSETS			
Tangible assets	9	36,972	48,319
Investments	10	-	-
		-----	-----
		36,972	48,319
		-----	-----
CURRENT ASSETS			
Stocks	11	9,927	8,965
Debtors	12	124,218	133,335
Cash at bank and in hand	13	20,516	32,135
		-----	-----
		154,661	174,435
CREDITORS - amounts			
falling due within one year	14	122,150	142,314
		-----	-----
NET CURRENT ASSETS		32,511	32,121
		-----	-----
TOTAL ASSETS LESS CURRENT LIABILITIES		69,483	80,440
PROVISIONS FOR LIABILITIES AND CHARGES	15	11,722	12,550
		-----	-----
		57,761	67,890
		=====	=====
CAPITAL AND RESERVES			
Called up share capital	17	14,000	14,000
Revaluation reserve	18	23,156	30,874
Profit and loss account	18	20,605	23,016
		-----	-----
		57,761	67,890
		=====	=====

EUROPEAN MARINE CONTRACTORS LIMITED
GROUP STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 1995

	Notes	1995 (in thousands of pounds sterling)	1994	1993
NET CASH INFLOW FROM OPERATING ACTIVITIES	4 b)	61,048	72,304	34,278
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				
Interest received		1,363	945	1,429
Interest paid		(76)	(98)	(383)
Dividends paid		(50,000)	(30,000)	(35,000)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(48,713)	(29,153)	(33,954)
TAXATION				
Paid for transfer of losses		(11,064)	-	-
Corporation tax paid		(10,997)	(12,643)	(12,640)
Overseas tax paid		(242)	(6,132)	(5,473)
NET TAX PAID		(22,303)	(18,775)	(18,113)
INVESTING ACTIVITIES				
Payments to acquire tangible fixed assets		(1,651)	(2,451)	(2,969)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(1,651)	(2,451)	(2,969)
(DECREASE)/ INCREASE IN CASH	13	(11,619)	21,925	(20,758)

1 ACCOUNTING POLICIES

Accounting Convention

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

Basis of Consolidation

The group financial statements consolidate the financial statements of European Marine Contractors Limited and EMC Nederland BV drawn up to 31 December each year.

Joint Ventures

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

Goodwill

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

Depreciation

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

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

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

Equipment Maintenance

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

Stocks

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

Foreign Currency

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

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

Operating Leases

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

Pensions

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

Government Grants

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

Long Term Contracts

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

Deferred Taxation

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

2 TURNOVER

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

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

	Turnover	1995		1994		1993
		Operating Profit / (Loss)	Turnover	Operating Profit / (Loss)	Turnover	Operating Profit / (Loss)
(in thousands of pounds sterling)						
Business Segments						
Pipelay	226,213	60,824	281,672	65,288	200,130	38,798
Charters	1,743	287	336	(486)	873	105
Sundry	1,044	145	862	(582)	763	(182)
	-----	-----	-----	-----	-----	-----
	229,000	61,256	282,870	64,220	201,766	38,721
	=====	=====	=====	=====	=====	=====

	Turnover	1995		1994		1993
		Operating Profit / (Loss)	Turnover	Operating Profit / (Loss)	Turnover	Operating Profit / (Loss)
(in thousands of pounds sterling)						
Geographical Markets						
North Sea	185,560	55,754	179,139	44,640	160,063	28,878
Mediterranean	1,722	524	14,407	3,538	29,436	9,843
Other Waters	41,718	4,978	89,324	16,042	12,267	-
	-----	-----	-----	-----	-----	-----
	229,000	61,256	282,870	64,220	201,766	38,721
	=====	=====	=====	=====	=====	=====

Included in turnover is (pound)1,722,000 (1994: (pound)14,407,000, 1993: (pound)29,346,000) in respect of sales to related undertakings which constitute the shareholders of European Marine Contractors Limited and their group undertakings.

Turnover by destination is not materially different.

The net assets of the group are substantially located in the North Sea and temporarily in the Middle East.

The profit analysis for prior years has been restated on the basis of operating profit.

4 a) OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	1995	1994	1993
(in thousands of pounds sterling)			
Depreciation of tangible fixed assets	12,851	16,325	20,780
Operating leases			
: Property	856	1,081	1,335
: Plant and machinery	16,323	28,617	20,156
Auditors' remuneration			
: Audit services	69	63	54
: Other services	76	87	6
Amortisation of goodwill	-	-	75
Amortisation of grant	(6)	(14)	(13)
Loss on foreign exchange	15	255	42
	=====	=====	=====

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

	1995 (pound)000	1994 (pound)000	1993 (pound)000
Operating profit	61,256	64,220	38,721
Depreciation charges	12,851	16,325	20,780
Amortisation of goodwill	-	-	75
Amortisation of grant	(6)	(12)	(14)
Foreign exchange differences	984	572	(506)
(Decrease)/Increase in provisions for liabilities and charges	(828)	7,059	404
Decrease/(Increase) in stocks	(962)	(661)	(894)
Decrease/(Increase) in debtors	11,788	(35,047)	(71,631)
(Decrease)/Increase in creditors	(24,035)	19,848)	47,343
	-----	-----	-----
Net cash inflow from operating activities	61,048 =====	72,304 =====	34,278 =====

5 INTEREST PAYABLE AND SIMILAR CHARGES

	1995 (in thousands of pounds sterling)	1994	1993
Bank loans and overdrafts	35	40	51
Other charges	44	51	70
	---	---	---
	79	91	121
	===	===	===

6 TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge is made up as follows:-

	1995 (in thousands of pounds sterling)	1994	1993
Based on profit for the year:			
UK corporation tax at 33%	25,390	29,979	16,832
Deferred tax	(2,816)	(3,940)	953
	-----	-----	-----
Double taxation relief	22,574 (12,294)	26,039 (9,682)	17,785 (6,409)
	-----	-----	-----
Overseas taxation	10,280 12,338	16,357 9,733	11,376 6,465
	-----	-----	-----
Tax underprovided in previous years	22,618 67	26,090 -	17,841 2,474
	-----	-----	-----
	22,685 =====	26,090 =====	20,315 =====

If full provision had been made for deferred taxation for the year, the taxation charge would have been reduced /(increased) by (pound)2m (1994: (pound)(0.3)m, 1993: Nil), as follows:

	1995 (in thousands of pounds sterling)	1994	1993
Depreciation in advance of capital allowances	1,259	(560)	-
Other timing differences	779	306	-
	-----	-----	---
	2,038	(254)	-
	=====	=====	===

7 EMOLUMENTS OF DIRECTORS

	1995 (in thousands of pounds sterling)	1994	1993
Salaries (including pension contributions)	114 ===	222 ===	144 ===

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

	1995 (in thousands of pounds sterling)	1994	1993
Chairman	-	-	-
Highest paid director	102 ===	116 ===	53 ==

Directors including above in scale:

	1995	Number 1994	1993
(pound) nil - (pound)5,000	5	5	6
(pound)35,001 - (pound)40,000	-	-	1
(pound)50,001 - (pound)55,000	-	-	2
(pound)100,001 - (pound)105,000	-	-	-
(pound)105,001 - (pound)110,000	1	1	-
(pound)115,001 - (pound)120,000	-	1	-

8 STAFF COSTS

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

	1995 Number	1994 Number	1993 Number
Number employed:			
Onshore	158	168	139
Offshore	35	44	44
	---	---	---
	193 ===	212 ===	183 ===

	1995 (in thousands of pounds sterling)	1994	1993
Staff costs:			
Wages and salaries	6,821	7,174	6,111
Social security	650	574	549
Pension contributions	479	406	332
	-----	-----	-----
	7,950 =====	8,154 =====	6,992 =====

In addition the group has used the services on average of 519 (1994: 601, 1993: 568) persons who were directly employed by the shareholders of European Marine Contractors Limited, their group undertakings and third party agencies.

9 TANGIBLE FIXED ASSETS

	Leasehold Land and Building	Plant and M'chnry	Marine Floating Equip	Under Constr- -uction	Leasehold Improve- -ments	Total
1993						
Cost or Valuation:						
At 1 January 1993	1,426	3,044	61,638	844	1,664	68,616
Surplus on revaluation	-	-	24,574	-	-	24,574
Additions	196	27	-	2,384	-	2,607
Transfers	-	1,881	1,111	(2,992)	-	-
Exchange adjustment	(52)	(4)	-	-	(61)	(117)
	-----	-----	-----	-----	-----	-----
At 31 December 1993	<u>1,570</u>	<u>4,948</u>	<u>87,323</u>	<u>236</u>	<u>1,603</u>	<u>95,680</u>
Depreciation:						
At 1 January 1993	1,323	1,647	38,770	-	1,344	43,084
Surplus on revaluation	-	-	(30,312)	-	-	(30,312)
Provided during the year	71	919	19,716	-	74	20,780
Exchange adjustment	(65)	(3)	-	-	(50)	(118)
	-----	-----	-----	-----	-----	-----
At 31 December 1993	<u>1,329</u>	<u>2,563</u>	<u>28,174</u>	<u>-</u>	<u>1,368</u>	<u>33,434</u>
Net book value at:						
31 December 1993	<u>241</u>	<u>2,385</u>	<u>59,149</u>	<u>236</u>	<u>235</u>	<u>62,246</u>
1994						
Cost or Valuation:						
At 1 January 1994	1,570	4,948	87,323	236	1,603	95,680
Additions	87	5	-	2,288	-	2,380
Transfers	-	1,083	305	(1,411)	23	-
Exchange adjustment	54	5	-	-	54	113
	-----	-----	-----	-----	-----	-----
At 31 December 1994	<u>1,711</u>	<u>6,041</u>	<u>87,628</u>	<u>1,113</u>	<u>1,680</u>	<u>98,173</u>
Depreciation:						
At 1 January 1994	1,329	2,563	28,174	-	1,368	33,434
Provided during the year	97	1,047	14,862	239	80	16,325
Exchange adjustment	45	4	-	-	46	95
	-----	-----	-----	-----	-----	-----
At 31 December 1994	<u>1,471</u>	<u>3,614</u>	<u>43,036</u>	<u>239</u>	<u>1,494</u>	<u>49,854</u>
Net book value at:						
31 December 1994	<u>240</u>	<u>2,427</u>	<u>44,592</u>	<u>874</u>	<u>186</u>	<u>48,319</u>

9 Tangible Fixed Assets (continued)

1995	Leasehold Land and Building	Plant and M'chnry	Marine Floating Equip (in thousands of pounds sterling)	Under Constr- -uction	Leasehold Improve- -ments	Total
Cost or Valuation:						
At 1 January 1995	1,711	6,041	87,628	1,113	1,680	98,173
Additions	91	75	-	1,289	-	1,455
Transfers	-	846	238	(1,084)	-	-
Disposals	-	(4)	-	-	-	(4)
Exchange adjustment	185	16	-	-	182	383
At 31 December 1995	<u>1,987</u>	<u>6,974</u>	<u>87,866</u>	<u>1,318</u>	<u>1,862</u>	<u>100,007</u>
Depreciation:						
At 1 January 1995	1,471	3,614	43,036	239	1,494	49,854
Provided during the year	96	1,162	11,209	291	93	12,851
Disposals	-	(4)	-	-	-	(4)
Exchange adjustment	158	12	-	-	164	334
At 31 December 1995	<u>1,725</u>	<u>4,784</u>	<u>54,245</u>	<u>530</u>	<u>1,751</u>	<u>63,035</u>
Net book value at: 31 December 1995	<u>262</u>	<u>2,190</u>	<u>33,621</u>	<u>788</u>	<u>111</u>	<u>36,972</u>

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

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

	1995 (in thousands of pounds sterling)	1994
Cost:		
At 1 January	<u>62,374</u>	<u>62,069</u>
At 31 December	<u>62,612</u>	<u>62,374</u>
Cumulative depreciation based on cost:		
At 1 January	<u>48,657</u>	<u>44,085</u>
At 31 December	<u>52,146</u>	<u>48,657</u>

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

The increase in the depreciation charge in the year as a result of revaluation is (pound)7.25m (1994: (pound)10.3m).

10 INVESTMENTS

Joint Venture

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

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

This undertaking is managed jointly through management committees comprised of a representative from each joint venturer.

11 STOCKS

1995 1994
(in thousands of pounds sterling)

Catering supplies	258	301
Fuel and lubricants	392	948
Spares and supplies for marine equipment	9,277	7,716
	-----	-----
	9,927	8,965
	=====	=====

In the directors' opinion the replacement value of stocks is approximately (pound)13.1m ((pound)15.7m in 1994).

12 DEBTORS

	1995	1994
	(in thousands of pounds sterling)	
Trade debtors	22,222	6,168
Amounts recoverable on long term contracts	3,799	15,171
Amounts due from subsidiary undertaking	-	-
Amounts due from group undertakings	85,174	100,035
Prepayments and accrued income	11,023	10,570
Other debtors	1,687	1,391
Advances to Joint Venture	313	-
	-----	-----
	124,218	133,335
	=====	=====

Included in prepayments and accrued income is a deferred tax asset of (pound)8,431,000 (1994: (pound)5,615,000) due after more than one year. Further details are disclosed in note 16.

13 CASH

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

	1995	1994	Change in Year
	(in thousands of pounds sterling)		
Cash at bank and in hand	20,516	32,135	(11,619)
	=====	=====	=====

	1995	1994	Change in Year
	(in thousands of pounds sterling)		
Cash at bank and in hand	32,135	10,210	21,925
	=====	=====	=====

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

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1995	1994
	(in thousands of pounds sterling)	
Trade creditors	1,191	2,380
Amount due to subsidiary undertaking	-	-
Amounts due to group undertakings	12,254	12,325
Advances from joint venture	-	-
Accruals and deferred income	78,977	98,291
Corporation Tax	23,469	29,303
Advance Corporation Tax	6,250	-
Deferred investment grants	9	15
	-----	-----
	122,150	142,314
	=====	=====

The amounts shown under Accruals and deferred income as at 31 December 1994 have been restated in accordance with the provision restatement in note 15.

15 PROVISIONS FOR LIABILITIES AND CHARGES

Provision is made for the periodic dry-docking and major planned maintenance expenditure of marine floating equipment. The provision shown as at 31 December 1994 has been restated to include amounts shown under Creditors in the 1994 Accounts due to a change in the planned maintenance schedule.

	1995	1994	1993
	(in thousands of pounds sterling)		
At 1 January	12,550	5,491	5,087
Charge for the year	3,587	7,480	613
Utilisation	(4,415)	(421)	(209)
	-----	-----	-----
At 31 December	11,722	12,550	5,491
	=====	=====	=====

16 DEFERRED TAXATION

The deferred tax asset included under debtors represents:

	Provided	
	1995	1994
	(in thousands of pounds sterling)	
Capital allowances	(655)	387
Other timing differences	9,086	5,228
	-----	-----
	8,431	5,615
	=====	=====

The deferred tax amounts not provided are as follows:

	Unprovided	
	1995	1994
	(in thousands of pounds sterling)	
Capital allowances	1,359	100
Other timing differences	3,428	2,649
	-----	-----
	4,787	2,749
	=====	=====

The potential tax charge of (pound)7.6m (1994: (pound)10.2m) which would arise on the sale of the revalued vessels has not been provided for as it is not the intention of the directors to dispose of these assets.

17 SHARE CAPITAL

	Authorised		Allotted, called up and fully paid	
	1995	1994	1995	1994
	(in thousands of pounds sterling)			
'A' Ordinary shares of (pound)1 each	10,000	10,000	7,000	7,000
'B' Ordinary shares of (pound)1 each	10,000	10,000	7,000	7,000
	-----	-----	-----	-----
	20,000	20,000	14,000	14,000
	=====	=====	=====	=====

	Number of Shares	
	1995	1994
	(in thousands)	
Shareholders:		
Saipem UK Limited - 'A' Ordinary Shares	7,000	7,000
Brown & Root Limited - 'B' Ordinary Shares	7,000	7,000
	-----	-----
	14,000	14,000
	=====	=====

18 RESERVES

	1995	1994	1993	1995	1994	1993
	Reval- uation Reserve	Profit and Loss Account	Reval- uation Reserve	Profit and Loss Account	Reval- uation Reserve	Profit and Loss Account
	(in thousands of pounds sterling)					
At 1 January	30,874	23,016	41,465	3,420	-	5,390
Surplus on revaluation	-	-	-	-	54,886	-
Depreciation on revaluation surplus	(7,718)	7,718	(10,291)	10,291	(13,721)	13,721
Foreign exchange gain/(loss) on consolidation	-	161	-	45	-	(47)
(Deficit)/Surplus for the year	-	(10,290)	-	9,260	-	(15,644)
At 31 December	23,156	20,605	30,874	23,016	41,165	3,420

19 PENSIONS

One hundred and thirty eight (1994: 122, 1993: 92) of the group's UK employees are members of a pension scheme operated by Brown & Root Limited, which controls the overall administration of the scheme. This scheme is of the defined benefit type. Contributions amounting to (pound)352,461 (1994: (pound)315,524, 1993: (pound)248,698) were charged to the profit and loss account during the year. The scheme includes employee contributions at a percentage of pensionable salaries. The pension cost is assessed in accordance with the advice of independent qualified actuaries and the latest actuarial assessment of the scheme was 1 January 1993. Further details of the Brown & Root scheme are included in the Brown & Root Limited accounts.

Eight (1994: 8, 1993: 7) other UK employees are members of the Merchant Navy Officers' Pension Fund, which was set up in July 1992. Contributions to this fund amounting to (pound)24,551 (1994: (pound)15,932, 1993: (pound)12,129) were made during the year.

A further twenty three (1994: 21, 1993: 21) of the group's employees are members of the EMC Nederland BV pension scheme. The charge to the profit and loss account of (pound)102,451 (1994: (pound)74,550, 1993: (pound)52,195), in respect of this scheme has been determined in accordance with best local practice.

20 CAPITAL COMMITMENTS

The board of directors has authorised capital expenditure of (pound)3,626,000 (1994: (pound)12,816,000) mainly in connection with the modification of vessels. Approximately (pound)1,321,000 (1994: (pound)172,000) of this authorised expenditure has already been contracted.

21 CONTINGENT LIABILITIES

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

Performance bonds have been issued in the ordinary course of business by bankers and supported by the shareholders to the value of (pound)96.6 million (1994: (pound)85.9 million). No liabilities are expected to arise from these other than those provided for in the financial statements.

22 LEASING COMMITMENTS

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

	1995		1994	
	Land & Buildings	Other	Land & Buildings	Other
	(in thousands of pounds sterling)			
i) Within 1 year	-	5,436	-	10,193
ii) In 2-5 years	-	116	-	149
iii) Over 5 years	656	-	493	-
	===	=====	===	=====

Other leases relate primarily to the charter of support vessels.

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

None.

PART III

Item 10. Directors and Executive Officers of Registrant.

The information required for the directors of the Registrant is incorporated by reference to the Halliburton Company Proxy Statement dated March 26, 1996, under the caption "Election of Directors." The information required for the executive officers of the Registrant is included under Part I, Item 4(A), page 5 of this Annual Report.

Item 11. Executive Compensation.

This information is incorporated by reference to the Halliburton Company Proxy Statement dated March 26, 1996, under the captions "Compensation Committee Report on Executive Compensation," "Comparison of Five Year and Three Year Cumulative Total Return," "Summary Compensation Table," "Option Grants in Last Fiscal Year," "Aggregated Option Exercises in Last Fiscal Year and Fiscal Year-End Option Values," "Retirement Plan" and "Directors' Compensation, Restricted Stock Plan and Retirement Plan."

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

This information is incorporated by reference to the Halliburton Company Proxy Statement dated March 26, 1996, under the caption "Stock Ownership of Certain Beneficial Owners and Management."

Item 12(b). Security Ownership of Management.

This information is incorporated by reference to the Halliburton Company Proxy Statement dated March 26, 1996, under the caption "Stock Ownership of Certain Beneficial Owners and Management."

Item 12(c). Changes in Control.

Not applicable.

Item 13. Certain Relationships and Related Transactions.

This information is incorporated by reference to the Halliburton Company Proxy Statement dated March 26, 1996, under the caption "Certain Transactions."

PART IV

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

(a) 1. Financial Statements:

The report of Arthur Andersen LLP, Independent Public Accountants, and the financial statements of the Company as required by Part II, Item 8, are included on pages 11 through 29 of this Annual Report. See index on page 6.

2. Financial Statement Schedules:

The financial statements of European Marine Contractors, Limited (EMC), the investment in which is accounted for on the equity method, follow the Five Year Financial Record. The EMC financial statements were prepared in accordance with accounting principles generally accepted in the United Kingdom. Certain parent company adjustments were included in the selected financial data presented in Note 4 to the Company's financial statements in order to conform with generally accepted accounting principles in the United States.

Note: All schedules not filed herein for which provision is made under rules of Regulation S-X have been omitted as not applicable or not required or the information required therein has been included in the notes to financial statements.

3. Exhibits:

Exhibit Number	Exhibits
3*	By-laws of the Company, as amended through February 15, 1996.
4(a)	Resolutions of the Board of Directors of the registrant adopted at a meeting held on February 11, 1991 and of the special pricing committee of the Board of Directors of the registrant adopted at a meeting held on March 6, 1991 incorporated by reference to Exhibit 4(c) to the Company's Form 8-K dated as of March 13, 1991.
4(b)	Subordinated Indenture dated as of January 2, 1991 between the Company and Texas Commerce Bank National Association, as Trustee, incorporated by reference to Exhibit 4(b) to the Company's Form 8-K dated as of March 13, 1991.
4(c)	Form of debt security of 8.75% Debentures due February 15, 2021 incorporated by reference to Exhibit 4(a) to the Company's Form 8-K dated as of February 20, 1991.
4(d)	Senior Indenture dated as of January 2, 1991 between the Company and Texas Commerce Bank National Association, as Trustee, incorporated by reference to Exhibit 4(b) to the Company's Form 8-K dated as of February 20, 1991.
4(e)	Resolutions of the Company's Board of Directors adopted at a meeting held on February 11, 1991 and of the special pricing committee of the Board of Directors of the Registrant adopted at a meeting held on February 11, 1991 and the special pricing committee's consent in lieu of meeting dated February 12, 1991, incorporated by reference to Exhibit 4(c) to the Company's Form 8-K dated as of February 20, 1991.
4(f)	Composite Certificate of Incorporation filed May 26, 1987 with the Secretary of State of Delaware and that certain Certificate of Designation, Rights and Preferences related to the authorization of the Company's Junior Participating Preferred Stock, Series A, incorporated by reference to Exhibit 4(d) to the Company's Registration Statement on Form S-3 dated as of December 21, 1990.
4(g)	Copies of instruments which define the rights of holders of miscellaneous long-term notes of the Registrant and its subsidiaries, totaling \$0.2 million in the aggregate at December 31, 1995, have not been filed with the Commission. The Registrant agrees herewith to furnish copies of such instruments upon request.
4(h)	Copies of the instruments which define the rights of the holder of the 4.0% notes payable totaling \$5.0 million at December 31, 1995, have not been filed with the Commission. The Registrant agrees herewith to furnish copies of such instruments upon request.
4(i)	Amended and Restated Rights Agreement dated as of December 15, 1995, between the Company and Chemical Mellon Shareholders, L.L.C., as Rights Agent, which includes the form of Right Certificate as Exhibit A, incorporated by reference to Exhibit 2.1 to the Company's Form 8-A/A dated January 16, 1996.
10(a)	Halliburton Company Career Executive Incentive Stock Plan as amended November 15, 1990, incorporated by reference to Exhibit 10(a) to the Company's Annual Report on Form 10-K for the year ended December 31, 1992.
10(b)	Retirement Plan for the Directors of Halliburton Company adopted and effective January 1, 1990, incorporated by reference to Exhibit 10(c) to the Company's Annual Report on Form 10-K for the year ended December 31, 1992.

Exhibit
Number

Exhibits

- 10(c) Halliburton Company Directors' Deferred Compensation Plan as amended and restated effective May 15, 1990, incorporated by reference to Exhibit 10(d) to the Company's Annual Report on Form 10-K for the year ended December 31, 1992.
- 10(d) Summary Plan Description of the Executive Split-Dollar Life Insurance Plan, incorporated by reference to Exhibit 10(g) to the Company's Annual Report on Form 10-K for the year ended December 31, 1992.
- 10(e) Halliburton Company 1993 Stock and Long-Term Incentive Plan incorporated by reference to Appendix A of the Company's proxy statement dated March 23, 1993.
- 10(f) Asset acquisition agreement between Smith and the Company dated as of January 14, 1993 incorporated by reference to the Second Amendment of the Company's Registration Statement on Form S-3 dated as of March 29, 1993.
- 10(g) Halliburton Company Restricted Stock Plan for Non-Employee Directors, incorporated by reference to Appendix B of the Company's proxy statement dated March 23, 1993.
- 10(h) Halliburton Elective Deferral Plan effective January 1, 1995, incorporated by reference to Exhibit 10(k) to the Company's Annual Report on Form 10-K for the year ended December 31, 1994.
- 10(i) Employment agreement, incorporated by reference to Exhibit 10 to the Company's Form 10-Q for the quarterly period ended September 30, 1995.
- 10(j)* Halliburton Company Senior Executives' Deferred Compensation Plan as amended and restated effective January 1, 1995.
- 10(k)* Halliburton Company Annual Reward Plan
- 10(l)* First Amendment to the Senior Executives' Deferred Compensation Plan, effective January 1, 1996.
- 10(m)* Second Amendment to the Senior Executives' Deferred Compensation Plan, effective January 1, 1996.
- 10(n)* Employment agreement
- 10(o)* First Amendment to the Halliburton Elective Deferral Plan, effective November 1, 1995.
- 10(p)* Second Amendment to the Halliburton Elective Deferral Plan, effective January 1, 1996.
- 10(q)* Third Amendment to the Halliburton Elective Deferral Plan, effective January 1, 1996.
- 11* Computation of Earnings per share.
- 21* Subsidiaries of the Registrant.

24* Form of power of attorney signed in February 1996, for the following directors:

Anne L. Armstrong
Richard B. Cheney
Lord Clitheroe
Robert L. Crandall
W. R. Howell
Dale P. Jones
C. J. Silas
Roger T. Staubach
Richard J. Stegemeier
E. L. Williamson

27* Financial data schedules for the Registrant (filed electronically).

* Filed with this Annual Report

(b) Reports on Form 8-K:

A Current Report was filed on Form 8-K dated October 12, 1995, reporting on Item 5. Other Events, regarding a press release dated October 11, 1995 announcing the spin-off of Highlands Insurance Group, Inc.

A Current Report was filed on Form 8-K dated October 27, 1995, reporting on Item 5. Other Events, regarding a press release dated October 24, 1995 announcing third quarter results.

A Current Report was filed on Form 8-K dated November 8, 1995, reporting on Item 5. Other Events, regarding a press release dated November 8, 1995 announcing the fourth quarter dividend.

A Current Report was filed on Form 8-K dated December 8, 1995, reporting on Item 5. Other Events, regarding a press release dated December 7, 1995 announcing the renewal and ten-year extension of the Shareholders Rights Plan.

A Current Report was filed on Form 8-K dated December 28, 1995, reporting on Item 5. Other Events, regarding a press release dated December 26, 1995 announcing the record and distribution dates for the distribution of Highlands Insurance Group, Inc. common stock.

During the first quarter of 1996 to the date hereof:

A Current Report was filed on Form 8-K dated January 24, 1996, reporting on Item 5. Other Events, regarding press releases dated January 23, 1996 announcing the completion of the spin-off of Highlands Insurance Group, Inc. and fourth quarter 1995 earnings.

A Current Report was filed in Form 8-K dated February 16, 1996, reporting on Item 5. Other Events, regarding a press release dated February 15, 1996 announcing the first quarter dividend.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on this 8th day of March, 1996.

HALLIBURTON COMPANY

By *Richard B. Cheney
Richard B. Cheney,
Chairman of the Board, President
and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons in the capacities indicated on this 8th day of March, 1996.

Signature	Title
Richard B. Cheney Richard B. Cheney	Chairman of the Board, President and Chief Executive Officer and Director
David J. Lesar David J. Lesar	Executive Vice President and Chief Financial Officer
Scott R. Willis Scott R. Willis	Controller and Principal Accounting Officer

Signature	Title
*ANNE L. ARMSTRONG Anne L. Armstrong	Director
*LORD CLITHEROE Lord Clitheroe	Director
*ROBERT L. CRANDALL Robert L. Crandall	Director
*W. R. HOWELL W. R. Howell	Director
*DALE P. JONES Dale P. Jones	Vice Chairman and Director
*C. J. SILAS C. J. Silas	Director
*ROGER T. STAUBACH Roger T. Staubach	Director
*RICHARD J. STEGEMEIER Richard J. Stegemeier	Director
*E. L. WILLIAMSON E. L. Williamson	Director
*SUSAN S. KEITH Susan S. Keith, Attorney-in-fact	

HALLIBURTON COMPANY
BY-LAWS
AS AMENDED

Offices

1. The principal office shall be in the City of Wilmington, County of New Castle, State of Delaware, and the name of the agent in charge thereof shall be The Corporation Trust Company of America, and the Corporation shall also have offices in the Cities of Dallas and Houston, State of Texas, in the City of Duncan, State of Oklahoma, and at such other places as the Board of Directors may, from time to time, appoint.

Seal

2. The corporate seal shall have inscribed thereon around the margin the words "Halliburton Company" and "Delaware" and across the center thereof the words "Corporate Seal".

Stockholders' Meetings

3. All meetings of the stockholders for the election of Directors shall be held in the City of Dallas, State of Texas, at such place as may be fixed from time to time by the Board of Directors or at such other place either within or without the State of Delaware as shall be designated from time to time by the Board of Directors and stated in the notice of the meeting. Meetings of stockholders for any other purpose may be held at such time and place within or without the State of Delaware, as shall be stated in the notice of the meeting.

4. Annual meetings of the stockholders shall be held on the third Tuesday in the month of May each year if not a legal holiday, and if a legal holiday, then on the next succeeding business day, at 9:00 a.m., or at such other date and time as shall be designated, from time to

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time, by the Board of Directors and stated in the notice of meeting, at which time they shall elect by a plurality vote a Board of Directors, in the manner provided for in the Certificate of Incorporation, and transact such other business as may be brought before the meeting.

5. At an annual meeting of the stockholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting, business must be (i) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board, (ii) otherwise properly brought before the meeting by or at the direction of the Board, or (iii) otherwise properly brought before the meeting by a stockholder. In addition to any other applicable requirements, for business to be properly brought before an annual meeting by a stockholder, the stockholder must have given timely notice thereof in writing to the Secretary. To be timely, a stockholder's notice must be delivered to or mailed and received at the principal executive offices of the Corporation, not less than ninety (90) days prior to the first anniversary date of the immediately preceding annual meeting of stockholders of the Corporation. A stockholder's notice to the Secretary shall set forth as to each matter the stockholder proposes to bring before the annual meeting (a) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (b) the name and address, as they appear on the Corporation's books, of the stockholder proposing such business, (c) the class and number of shares of the Corporation which are beneficially owned by the stockholder, (d) a representation that the stockholder or a qualified representative of the stockholder intends to appear in person at the meeting to bring the proposed business before the annual meeting, and (e) any material interest of the stockholder in such business.

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Notwithstanding anything in the By-laws to the contrary, no business shall be conducted at the annual meeting except in accordance with the procedures set forth in this Section 5; provided, however, that nothing in this Section 5 shall be deemed to preclude discussion by any stockholder of any business properly brought before the annual meeting in accordance with said procedure.

The Chairman of an annual meeting shall, if the facts warrant, determine and declare to the meeting that business was not properly brought before the meeting in accordance with the provisions of this Section 5, and if he should so determine, he shall so declare to the meeting and any such business not properly brought before the meeting shall not be transacted.

Notwithstanding the foregoing provisions of this Section 5, a stockholder shall also comply with all applicable requirements of the Securities and Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder with respect to the matters set forth in this Section 5.

6. Only persons who are nominated in accordance with the following procedures shall be eligible for election as Directors. Nominations of persons for election to the Board of Directors of the Corporation may be made at a meeting of stockholders (i) by or at the direction of the Board of Directors by any nominating committee or person appointed by the Board or (ii) by any stockholder of the Corporation entitled to vote for the election of Directors at the meeting and who complies with the notice procedures set forth in this Section 6. Such nominations, other than those made by or at the direction of the Board, shall be made pursuant to timely notice in writing to the Secretary. To be timely, a stockholder's notice shall be delivered to or mailed and received at the principal executive offices of the Corporation (a) with respect to an election to

be held at the annual meeting of stockholders, not less than ninety (90) days prior to the first anniversary date of the immediately preceding annual meeting of stockholders of the Corporation and (b) with respect to an election to be held at a special meeting of stockholders, not later than the close of business on the tenth (10th) day following the day on which notice of the date of the special meeting was mailed to stockholders or public disclosure of the date of the special meeting was made, whichever first occurs. Such stockholder's notice to the Secretary shall set forth (x) as to each person whom the stockholder proposes to nominate for election or re-election as a Director, (i) the name, age, business address and residence address of the person, (ii) the principal occupation or employment of the person, (iii) the class and number of shares of capital stock of the Corporation which are beneficially owned by the person, and (iv) all other information relating to the person that is required to be disclosed in solicitations for proxies for election of Directors, or is otherwise required, pursuant to Regulation 14A under the Securities Exchange Act of 1934 as amended (including such person's written consent to being named in the proxy statement as a nominee and to serve as a Director, if elected; and (y) as to the stockholder giving the notice (i) the name and address, as they appear on the Corporation's books, of such stockholder and (ii) the class and number of shares of capital stock of the Corporation which are beneficially owned by the stockholder. The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as Director of the Corporation. Other than Directors chosen pursuant to the provisions of Section 13, no person shall be eligible for election as a Director of the Corporation unless nominated in accordance with the procedures set forth herein.

The Chairman of the meeting shall, if the facts warrant, determine and declare to the meeting that a nomination was not made in accordance with the foregoing procedure, and if he should so determine, he shall so declare to the meeting and the defective nomination shall be disregarded.

Notwithstanding the foregoing provisions of this Section 6, a stockholder shall also comply with all applicable requirements of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder with respect to the matters set forth in this Section 6.

7. The holders of a majority of the voting stock issued and outstanding, present in person, or represented by proxy shall constitute a quorum at all meetings of the stockholders for the transaction of business.

8. At each meeting, every stockholder shall be entitled to vote in person or by proxy and shall have one (1) vote for each share of voting stock registered in his name on the stock books except as provided in Section 13 hereof.

9. Written notices of the annual meeting shall be mailed not less than ten (10) nor more than sixty (60) days before the date of the meeting to each stockholder entitled to vote at such meeting directed to his address as it appears on the records of the Corporation.

10. A complete list of the stockholders entitled to vote at each meeting of the stockholders, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder shall be prepared and shall be open to the examination of any stockholder, for any purpose germane to the meeting during ordinary business hours, for a period of at least ten (10) days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be

produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

11. Special meetings of the stockholders may be called by the Chairman of the Board (if any), by the President, by the Board of Directors, or by stockholders owning a majority in the amount of the entire stock of the Corporation with voting privileges issued and outstanding.

12. Written notice of a special meeting of stockholders shall be mailed not less than ten (10) nor more than fifty (50) days before the date of the meeting to each stockholder entitled to vote at such meeting directed to his address as it appears on the records of the Corporation.

13. Cumulative voting shall not be allowed. Each stockholder shall be entitled, at all elections of Directors of the Corporation, to as many votes as shall equal the number of shares of stock held and owned by him and entitled to vote at such meeting under Article NINTH of the Certificate of Incorporation, as amended, for as many Directors as there are to be elected, unless such right to vote in such manner is limited or denied by other provisions of the Certificate of Incorporation.

Vacancies caused by the death or resignation of any Director and newly created directorships resulting from any increase in the authorized number of Directors may be filled by a vote of at least a majority of the Directors then in office, though less than a quorum, and the Directors so chosen shall hold office until the next annual meeting of the stockholders.

Directors

14. The property and business of the Corporation shall be managed by its Board of Directors. The number of Directors which shall constitute the whole Board shall not be less than eight (8) nor more than twenty (20). Within the limits above specified, the number of Directors

shall be determined by resolution of the Board of Directors or by the stockholders at the annual meeting. Each Director shall be elected to serve for the term of one (1) year and until his successor shall be elected and shall qualify.

15. The Directors shall hold their meetings in Dallas, Texas, and at such other places as they may designate, and may keep the books of the Corporation outside of Delaware, in the City of Duncan, Oklahoma, in the City of Dallas, Texas, or at such other places as they may, from time to time, determine.

16. In addition to the powers and authorities by these By-laws expressly conferred upon them, the Board may exercise all such powers of the Corporation and do all such lawful acts and things as are permitted by the Certificate of Incorporation and not by statute required to be exercised or done by the stockholders.

17. Each member of the Board shall be paid such fee as the Board of Directors may, from time to time, by resolution determine.

Meetings of the Board

18. Immediately after each annual stockholders' meeting, the newly elected Board shall meet and for the ensuing year elect such officers with such titles and duties as may be necessary to enable the Corporation to sign instruments and stock certificates which comply with Sections 103(a)(2) and 158 of Chapter 1, General Corporation Laws of the State of Delaware, and may elect such other officers as may be specified in these By-laws or as may be determined by the Board and shall attend to such other business as may come before the Board.

19. Regular meetings of the Board may be held without notice at such time and place as shall be determined by the Board.

20. At all meetings of the Board, a majority of Directors shall be necessary to constitute a quorum.

21. Special meetings of the Board may be called by the Chairman of the Board (if any) or the President upon one (1) day's notice to each Director either personally or in the manner permitted by Section 34 hereof. Special meetings shall be called by the Chairman of the Board (if any), the President or Secretary in like manner and on like notice on the written request of two (2) Directors.

Officers

22. The officers of the Corporation shall be a President, one or more Vice Presidents (any one or more of whom may be designated Executive Vice President or Senior Vice President), a Secretary, a Treasurer, a Controller, one or more Assistant Secretaries and, if the Board of Directors so elects, a Chairman of the Board. Such officers shall be elected or appointed by the Board of Directors. All officers as between themselves and the Corporation, shall have such authority and perform such duties in the management of the Corporation as may be provided in these By-laws, or, to the extent not provided, as may be prescribed by the Board of Directors or by the President acting under authority delegated to him by the Board.

23. The Chairman of the Board (if any) and the President shall be members of the Board. The other officers need not be members of the Board. Any two (2) or more offices may be held by the same person.

24. The Board may elect or appoint such other officers and agents as it may deem necessary, who shall have such authority and shall perform such duties as shall be prescribed by the Board.

25. The officers of the Corporation shall hold office for one (1) year from date of their election and until their successors are chosen and qualify. Any officer elected or appointed by the Board may be removed at any time by the affirmative vote of a majority of the whole Board.

Vacancies

26. If any office of the Corporation is vacant for any reason, the Board of Directors may choose a successor, who shall hold office for the unexpired term, or the powers or duties of any such office may be delegated as the Board may determine.

Duties of Officers May Be Delegated

27. In case of the absence, inability or refusal to act of any officer, the Board may delegate the powers or duties of such officer to any other officer, for the time being.

Certificate of Stock

28. The Board of Directors may make such rules and regulations as it may deem expedient for the issuance, transfer and registration of certificates for shares of stock of the Corporation, including the appointment of transfer agents and registrars.

Such certificates shall be numbered and entered on the books of the Corporation as they are issued, and shall set forth the holder's name and number of shares and shall be impressed with the corporate seal or bear a facsimile thereof, and shall be signed by the Chairman of the Board (if any), the President or any Vice President and the Secretary or Assistant Secretary of the Corporation and countersigned by an independent transfer agent and registered by an independent registrar. Any or all of the signatures may be facsimiles unless the regulations of the New York Stock Exchange then in effect shall require to the contrary. In case any officer,

transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall cease to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue.

Transfer of Stock

29. Transfer of stock shall be made on the books of the Corporation only upon written order of the person named in the certificate or his attorney, lawfully constituted in writing and upon surrender of such certificate.

30. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board may fix, in advance, a record date, which shall not be more than sixty (60) nor less than ten (10) days before the date of such meeting, nor more than sixty (60) days prior to any other action. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board may fix a new record date for the adjourned meeting.

31. All checks, unless otherwise directed by the Board, shall be signed by the Treasurer or Assistant Treasurer and countersigned by the Chairman of the Board (if any), President, any Vice President or the Controller. The Treasurer or Assistant Treasurer, Chairman of the Board (if any), President, any Vice President, the Controller, or any one of them, may

appoint such officers or employees of the Corporation as the one or ones so making the appointment shall deem advisable to audit and approve Corporation vouchers and checks and to sign such checks with an approved mechanical check-signer. Any officer or employee so designated to audit, approve or sign checks shall execute a bond to the Corporation in such amount as the Directors, from time to time, may designate, and with sureties satisfactory to the Directors. All notes, debentures and bonds, unless otherwise directed by the Board, or unless otherwise required by law, shall be signed by the Treasurer or Assistant Treasurer and countersigned by the Chairman of the Board (if any), President or any Vice President.

Dividends

32. Dividends upon the capital stock, when earned, may be declared by the Board at any regular or special meeting.

33. Before payment of any dividend, there shall be set aside out of the surplus or net profits of the Corporation such sum or sums as the Directors, from time to time, think proper as a reserve fund to meet contingencies, or for such other purposes as the Directors shall think conducive to the interest of the Corporation.

34. Whenever, under the provisions of these By-laws, notice is required to be given it shall not be construed to mean personal notice, but such notice may be given in writing by mail, addressed to such stockholder, officer or Director, at such address as appears on the records of the Corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice may also be given by prepaid telegram, telex or facsimile transmission, which notice shall be deemed to have been given when sent or transmitted.

35. Any stockholder, Director or officer may waive any notice required to be given under these By-laws.

36. These By-laws may be altered or repealed at any regular meeting of the stockholders, or at any special meeting of the stockholders at which a quorum is present or represented, provided notice of the proposed alteration or repeal be contained in the notice of such special meeting, by the affirmative vote of the majority of the stockholders entitled to vote at such meeting and present or represented thereat, or by the affirmative vote of the majority of the Board of Directors at any regular meeting of the Board, or at any special meeting of the Board, if notice of the proposed alteration or repeal be contained in the notice of such special meeting; provided, however, that no change in these By-laws setting the time or place of the meeting for the election of Directors shall be made within sixty (60) days next before the day on which such meeting is to be held, and that in case of any change in such time or place, notice thereof shall be given to each stockholder in person or by letter mailed to his last known post office address at least twenty (20) days before the meeting is held.

Provisions for National Emergencies

37. During periods of emergency resulting from an attack on the United States or on a locality in which the Corporation conducts its business or customarily holds meetings of its Board of Directors or its stockholders, or during any nuclear or atomic disaster, or during the existence of any catastrophe, or other similar emergency condition, the following provisions shall apply notwithstanding any different provisions elsewhere contained in these By-laws:

(a) Whenever, during such emergency and as a result thereof, a quorum of the Board of Directors or a standing committee thereof cannot readily be convened for action, a

meeting of such Board or committee thereof may be called by any officer or Director by a notice of the time and place given only to such of the Directors as it may be feasible to reach at the time and by such means as may be feasible at the time, including publications or radio. The Director or Directors in attendance at the meeting shall constitute a quorum; provided, however, that the officers or other persons present who have been designated on a list approved by the Board before the emergency, all in such order of priority and subject to such conditions and for such period of time as may be provided in the resolution approving such list, or in the absence of such a resolution, the officers of the Corporation who are present, in order of rank, and within the same rank in order of seniority, shall to the extent required to provide a quorum be deemed Directors for such meeting.

(b) The Board, either before or during any such emergency, may provide, and from time to time modify, lines of succession in the event that during such emergency any or all officers or agents of the Corporation shall for any reason be rendered incapable of discharging their duties.

(c) The Board either before or during any such emergency, may, effective in the emergency, change the head office or designate several alternative head offices or regional offices, or authorize the officers so to do.

(d) No officer, Director or employee acting in accordance with this article shall be liable except for willful misconduct.

(e) To the extent not inconsistent with this article, all other articles of these Bylaws shall remain in effect during any emergency described in this article and upon its termination the provisions of this article covering the duration of such emergency shall cease to be operative.

Divisions and Divisional Officers
Groups and Group Officers

38. (a) Divisions of the Corporation may be formed, and existing divisions dissolved, by resolution of the Board of Directors of the Corporation or through designation in writing by the President.

The President of the Corporation, or his delegate, shall supervise the management and operations of its divisions and shall have the authority to appoint the officers thereof and the power to remove them and to fill any vacancies.

To the extent not inconsistent with these By-laws or a resolution of the Board of Directors of the Corporation, the officers of each division shall perform such duties and have such authority with respect to the business and affairs of that division as may be granted, from time to time, by the President of the Corporation, or his delegate. With respect to the affairs of such division and in the regular course of business of such division, officers of each division may sign contracts and other documents in the name of the division, where so authorized; provided, however, that in no case and under no circumstances shall an officer of one division have authority to bind any other division of the Corporation, nor to bind the Corporation, except as to the normal and usual business and affairs of the division of which he is an officer. A divisional officer, unless specifically elected to one of the designated offices of the Corporation, shall not be construed as an officer of the Corporation.

(b) To facilitate the attainment of certain goals and objectives by various divisions and subsidiaries of the Corporation engaged in common pursuits or in activities within the same or similar areas of business activity, a group or groups of such subsidiaries and divisions

may be formed by resolution of the Board of Directors of the Corporation or through designation in writing by the President of the Corporation, or his delegate.

The activities of any such group shall be administered and coordinated by the officers of the group and, if desired by the President of the Corporation, or his delegate, by an operating committee. In such event, the number of members of such operating committee shall be determined by the President of the Corporation, or his delegate, who shall appoint the members thereof and have the power to remove them and substitute other members. The duties of any such operating committee shall be to aid in the administration and coordination of group activities and to consult with and advise the officers of the group in achieving goals and objectives of such group.

Officers of a group established pursuant to the provisions hereof may include a chairman, a president, one or more vice presidents, a treasurer, a secretary and such other officers as may facilitate operations of the group. The President, or his delegate, shall have the authority to appoint the officers of a group and the power to remove them and to fill any vacancies. To the extent not inconsistent with these By-laws or a resolution of the Board of Directors of the Corporation, the officers of each group shall have such duties and authority with respect to the activities and affairs of the group as may be granted, from time to time, by the President of the Corporation, or his delegate.

Contracts may not be entered into in the name of any group, but any officer of the group, where so authorized, may execute contracts and other documents in the name of the Corporation on behalf of the members of the group or any division of the Corporation that is a member of the group; provided, however, that in no case shall an officer of the group have authority to bind

the Corporation except as to the normal and usual business and affairs of the group of which he or she is an officer; and provided further that a group officer may not execute contracts for any subsidiary who is a member of the group unless (i) he or she executes the same under a duly authorized power of attorney or (ii) he or she is also an officer of such subsidiary and executes the contract in such capacity.

Indemnification

39. (a) Each person who was or is made a party or is threatened to be made a party to or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she is or was or has agreed to become a director or officer of the Corporation or is or was serving or has agreed to serve at the request of the Corporation as a director or officer of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether the basis of such proceeding is alleged action in an official capacity as a director or officer or in any other capacity while serving or having agreed to serve as a director or officer shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the Delaware General Corporation Law, as the same exists or may hereafter be amended, (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than said law permitted the Corporation to provide prior to such amendment) against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by such person in connection therewith and such indemnification shall continue as to a person who has ceased to serve in the capacity which

initially entitled such person to indemnity hereunder and shall inure to the benefit of his or her heirs, executors and administrators; provided, however, that the Corporation shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the Board of Directors of the Corporation. The right to indemnification conferred in this Section 39 shall be a contract right and shall include the right to be paid by the Corporation the expenses incurred in defending any such proceeding in advance of its final disposition; provided, however, that, if the Delaware General Corporation Law requires, the payment of such expenses incurred by a director or officer in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such person while a director or officer, including, without limitation, service to an employee benefit plan) in advance of the final disposition of a proceeding, shall be made only upon delivery to the Corporation of an undertaking, by or on behalf of such director or officer, to repay all amounts so advanced if it shall ultimately be determined that such director or officer is not entitled to be indemnified under this Section or otherwise.

(b) If a claim under Paragraph (a) of this Section 39 is not paid in full by the Corporation within ninety days after a written claim has been received by the Corporation, the claimant may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled to be paid also the expense of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any is required, has been tendered to the Corporation) that the claimant has not met the standards of conduct which make

it permissible under the Delaware General Corporation Law for the Corporation to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the Corporation. Neither the failure of the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

(c) The right to indemnification and the advancement and payment of expenses conferred in this Section 39 shall not be exclusive of any other right which any person may have or hereafter acquire under any law (common or statutory), provision of the Certificate of Incorporation of the Corporation, By-law, agreement, vote of stockholders or disinterested directors or otherwise.

(d) The Corporation may maintain insurance, at its expense, to protect itself and any person who is or was serving as a director or officer of the Corporation or is or was serving at the request of the Corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the Delaware General Corporation Law.

(e) If this Section 39 or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Corporation shall nevertheless indemnify and hold harmless each director or officer of the Corporation as to costs, charges and expenses (including attorneys' fees), judgments, fines and amounts paid in settlement with respect to any action, suit or proceeding, whether civil, criminal, administrative or investigative to the full extent permitted by any applicable portion of this Section 39 that shall not have been invalidated and to the full extent permitted by applicable law.

Revised February 15, 1996

EXHIBIT 10(j)
HALLIBURTON COMPANY
SENIOR EXECUTIVES'
DEFERRED COMPENSATION PLAN
AS AMENDED AND RESTATED
EFFECTIVE January 1, 1995

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HALLIBURTON COMPANY
SENIOR EXECUTIVES'
DEFERRED COMPENSATION PLAN

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

(ii)

ARTICLE I

Purpose of the Plan

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

ARTICLE II

Definitions

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

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

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

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

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

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

(G) "Company" shall mean Halliburton Company.

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

(I) "Employee" shall mean any 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, or who in the past has contributed materially to its growth, development and financial success. The term does not include independent contractors or persons who are retained by an Employer as consultants only.

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

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

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

(M) "Participant" shall mean an Employee who is allocated deferred compensation hereunder.

(N) "Plan" shall mean the Halliburton Company Senior Executives' Deferred Compensation Plan, as amended and restated January 1, 1995, and as the same may thereafter be amended from time to time.

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

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

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

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

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

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

ARTICLE III

Administration of the Plan

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

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

(C) The Company (the "Indemnifying Party") hereby agrees to indemnify and hold harmless the members of the Administrative Committee (the "Indemnified Parties") against any losses, claims, damages or liabilities to which any of the Indemnified Parties may become subject to the extent that such losses, claims, damages or liabilities or actions in respect thereof arise out of or are based upon any act or omission of the Indemnified Party in connection with the administration of this Plan (including any act or omission of such Indemnified Party constituting negligence, but excluding any act or omission of such Indemnified Party constituting gross negligence or 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) Only Employees shall be eligible to be Participants in the Plan. The Compensation Committee shall be the sole judge of who shall be eligible to be a Participant for any Allocation Year. The selection of an Employee to be a Participant for a particular Allocation Year shall not constitute him a Participant for another Allocation Year unless he is selected to be a Participant for such other Allocation Year by the Compensation Committee.

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

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

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

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

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

(G) The Administrative Committee shall determine for each Allocation Year which Participants' allocations of Employer 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, or by reason of elective deferrals under the Halliburton Elective Deferral Plan, and shall allocate to the credit of each such Participant under the Plan an amount equal to the amount of such reductions applicable to such Participant.

(H) The Compensation Committee shall determine for each Allocation Year whether any remuneration payable to Participants by the Employers will be treated as excessive employee remuneration within the meaning of Section 162(m) of the Code for such Allocation Year, and, rather than paying any such excessive remuneration to such Participants, shall allocate to the credit of each such Participant under the Plan an amount equal to the amount of such excess remuneration applicable to such Participant.

(I) Allocations to Participants under the Plan shall be made by crediting their respective Accounts on the books of their Employers as of the last day of the Allocation Year. Allocations under Paragraph (E) above shall be credited to the Participants' Deferred Compensation Accounts, allocations under Paragraph (G) above shall be credited to the Participants' ERISA Restoration Accounts and allocations under Paragraph (H) above shall be credited to Participants' Mandatory Deferral Account. Accounts of Participants shall also be credited with interest as of the last day of each Allocation Year, at the rate set forth in Paragraph (J) below, on the average monthly credit balance of the Account being calculated by using the balance of each Account on the first day of each month. Prior to Termination of Service, the annual interest shall accumulate as a part of the Account balance. After Termination of Service, the annual interest for such Allocation Year may be paid as more particularly set forth hereinafter.

(J) Interest shall be credited on amounts allocated to Participants' Deferred Compensation Accounts at the rate of 5% per annum for periods prior to Termination of Service. Interest shall be credited on amounts allocated to Participants' ERISA Restoration Accounts and Mandatory Deferral 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 by will or by the applicable laws of descent and distribution. Attempts to transfer or assign by a Participant 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.

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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 XI, 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.

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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 reused 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, 1995, except that the addition of Article IV, Paragraph (H) shall be effective for the 1994 Allocation Year, and shall continue in force during subsequent years unless amended or revoked by action of the Compensation Committee.

HALLIBURTON COMPANY

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

HALLIBURTON COMPANY ANNUAL REWARD PLAN

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ARTICLE I

PURPOSE

The purpose of the Halliburton Company Annual Reward Plan (the "Plan") is to reward senior management for improving financial results which drive the creation of shareholder value, and thereby, serve to attract, motivate, reward and retain senior management talent. The Plan provides a means to link total and individual cash compensation to Company performance, as measured by Cash Value Added ("CVA"), on the basis of Participant sharing in CVA improvement, a demonstrated driver of shareholder value. In addition, to further relate compensation earned under the Plan to shareholder value creation and to provide incentives for Participants to focus on a time frame longer than one year, the Plan provides that one-half of incentive compensation earned for a Plan Year will be paid in cash following the end of the Plan Year and the remaining one-half will be denominated in Common Stock Equivalents and paid in cash installments in the second and third years after the Plan Year based on the value of such Common Stock Equivalents at the time of payment.

ARTICLE II

DEFINITIONS

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

"Affiliate" shall mean any Subsidiary, division or designated group of the Company.

"Beneficiary" shall mean the person, persons, trust or trusts entitled by Will or the laws of descent and distribution to receive the benefits specified under the Plan in the event of the Participant's death prior to full payment of a Reward.

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

"Bonus Shares" shall mean a specified number of units assigned to a Participant for a particular Plan Year which are used to calculate the Reward for such Plan Year. The value of each Bonus Share is determined by dividing the total number of Bonus Shares for all Participants into the Bonus Pool as of the end of a particular Plan Year; provided, however, that the Committee may, in its discretion, in lieu of the foregoing, establish, as of the beginning of a Plan Year, a formula pursuant to which the value of a Bonus Share can be determined at given levels of CVA performance, regardless of changes during such Plan Year in the aggregate number of Bonus Shares.

"Bonus Pool" shall mean the amount available for payment of Rewards based upon CVA performance for a particular Plan Year as established by the Committee.

"Cause" shall mean (i) the conviction of the Participant of a felony under Federal law or the law of the state in which such action occurred, (ii) dishonesty in course of fulfilling the Participant's employment duties or (iii) the disclosure by the Participant to any unauthorized person or competitor of any confidential information or confidential knowledge as to the business or affairs of the Company.

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

"Committee" shall mean the Compensation Committee of Directors of the Company, appointed by the Board of Directors from among its members, no member of which shall be an employee of the Company or a Subsidiary.

"Common Stock" shall mean the common stock, par value \$2.50 per share, of the Company.

"Common Stock Equivalent" shall mean a unit entitling a Participant to receive at a designated time or times in the future a cash payment equal to the Fair Market Value at such time or times of one share of Common Stock.

"Company" shall mean Halliburton Company and its successors.

"Corporate Change" shall have the meaning ascribed in Article II, Paragraph (h) of the Company's 1993 Stock and Long-Term Incentive Plan, as amended.

"CVA" shall mean the difference between operating cash flow and a capital charge, calculated on a consolidated basis in accordance with the criteria and guidelines set forth in the Corporate Policy entitled "Cash Value Added (CVA)," as in effect at the time any such calculation is made.

"Deferred Payment Date" shall mean, with respect to a particular Plan Year, the last business day of February of the second and third years following the end of such Plan Year.

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

"Fair Market Value" shall mean the average closing price per share of the Common Stock on the New York Stock Exchange (or, if the Common Stock is not then listed on such exchange, such other national securities exchange on which the Common Stock is then listed) for the ten (10) trading days immediately preceding a Payment Date, a Deferred Payment Date or such other date on which the Common Stock Equivalents are to be valued pursuant to the Plan provisions. If the Common Stock is not publicly traded on a national securities exchange at the time a determination of its value is required to be made hereunder, the determination of its Fair Market Value shall be made by the Committee in such manner as it deems appropriate.

"Key Employees" shall mean regular, full-time management employees of the Company below the Company officer level.

"Participant Category" shall mean a grouping of Participants, as determined by the Committee, based on level of responsibility.

"Participants" shall mean any employee of the Company or a Subsidiary who participates in the Plan pursuant to the provisions of Article III hereof.

"Payment Date" shall mean, with respect to a particular Plan Year, the last business day of February of the year next following the end of such Plan Year.

"Plan" shall mean the Halliburton Company Annual Reward Plan.

"Plan Year" shall mean the calendar year ending December 31, 1995 and each subsequent calendar year thereafter.

"Reward" shall mean the dollar amount of incentive compensation payable to a Participant under the Plan for a Plan Year determined in accordance with Section 5.2.

"Reward Opportunity" shall mean, with respect to each Participant, the aggregate value of such Participant's Bonus Shares which corresponds to levels of pre-established CVA performance, determined pursuant to the Reward Schedule.

"Reward Schedule" shall mean the schedule setting forth the basis on which each of the Participants will share in the Bonus Pool for a particular Plan Year.

"Section 16 Officer" shall mean an officer who is subject to Section 16 of the

Securities Exchange Act of 1934, as amended, and the rules promulgated thereunder.

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

2.2 Number. Wherever appropriate herein, words used in the singular shall be considered to include the plural and words used in the plural shall be considered to include the singular.

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

ARTICLE III
PARTICIPATION

3.1 Participants. Employees who are members of the Executive Committee and Company officers as of the beginning of each Plan Year shall be Participants for such Plan Year. In addition, such other Key Employees as may be designated annually as Participants by the CEO prior to the last day of February each Plan Year shall be Participants under the Plan for such Plan Year.

3.2 Partial Plan Year Participation. If, after the beginning of a Plan Year, an employee who was not previously a Participant is newly appointed or elected as a member of the Executive Committee or a Company officer, such employee shall become a Participant effective with such appointment or election for the balance of the Plan Year, on a prorated basis, unless the Committee shall determine, in its sole discretion, that the participation shall be delayed until the beginning of the next Plan Year. If, after the beginning of the Plan Year, a person is newly hired, promoted or transferred into a position in which he or she is a Key

Employee, the CEO may designate in writing such person as a Participant for the balance of such Plan Year, on a prorated basis.

Contemporaneously with the promotion, demotion, reassignment or transfer of a Participant which involves a change in Participant Category, the CEO (except with respect to any action or status change involving himself or other Section 16 Officers, in which case such determination shall be made by the Committee) shall, in his sole and absolute discretion, make appropriate adjustment in the number of Bonus Shares assigned to such Participant, on a prorated basis for the balance of the Plan Year, effective as of such change in status; provided, however, that if such change in status involves a transfer to an Affiliate whose employees do not participate in the Plan, such Participant's participation in the Plan will be terminated effective with such transfer for the remainder of the Plan Year without otherwise affecting such person's employment status, and such Participant shall be entitled to receive a prorated Reward for the Plan Year based on the time he or she was a Participant.

3.3 No Right to Participate. Except as provided in Sections 3.1 and 3.2, no Participant or other employee of the Company shall, at any time, have a right to participate in the Plan for any Plan Year, notwithstanding having previously participated in the Plan.

3.4 Plan Exclusive. No employee shall simultaneously participate in this Plan and in any short-term incentive plan of an Affiliate.

ARTICLE IV ADMINISTRATION

Each Plan Year, the Committee shall establish the basis for payments under the Plan in relation to given CVA performance levels, as more fully described in Article V hereof, and,

following the end of each Plan Year, determine the actual Reward payable to each Participant. The Committee is authorized to construe and interpret the Plan, to prescribe, amend and rescind rules, regulations and procedures relating to its administration and to make all other determinations necessary or advisable for administration of the Plan. The CEO shall have such authority as is expressly provided in the Plan. In addition, as permitted by law, the Committee may delegate such of its authority granted under the Plan (except with respect to matters relating to the CEO and other Section 16 Officers) as it deems appropriate to the CEO or a committee, which committee need not be composed entirely of members of the Board of Directors. The determinations of the Committee, the CEO or any committee to which authority has been delegated pursuant hereto shall be conclusive and binding. Subject only to compliance with the express provisions hereof, the Committee, the CEO and any other committee to which responsibility has been delegated may act in their sole and absolute discretion with respect to the Plan.

ARTICLE V
REWARD DETERMINATIONS

5.1 Performance Measure. CVA shall be the sole performance measure in determining performance goals for any Plan Year.

5.2 Reward Determinations. Prior to the last day of February of each Plan Year, the Committee shall establish a formula relating the size of the Bonus Pool to CVA performance beyond a threshold level and a Reward Schedule which aligns the level of CVA performance with Reward Opportunities, such that the level of achievement of CVA performance at the end of the Plan Year will determine the actual Reward. After the end of

each Plan Year, the Committee shall determine the extent to which CVA performance has been achieved and the amount of the Reward shall be computed for each Participant in accordance with the Reward Schedule.

5.3 Reward Opportunities. The established Reward Opportunities may vary in relation to the Participant Categories and within the Participant Categories. In the event a Participant changes Participant Categories during a Plan Year, the Participant's Bonus Shares shall be adjusted to reflect the amount of time in each Participant Category during the Plan Year.

5.4 Discretionary Adjustments. Once established, CVA performance levels will not be changed during the Plan Year. However, if the Committee, in its sole and absolute discretion, determines that a change in the Company's business, operations, corporate or capital structure, the manner in which it conducts business or any other material change or event will have a consequence the Committee did not intend which affects the Bonus Pool formula, then the Committee may, reasonably contemporaneously with such change or event, make such adjustments as it shall deem appropriate and equitable in the manner of computing CVA for purposes of application to the Bonus Pool formula for the Plan Year.

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

ARTICLE VI
DISTRIBUTION OF REWARDS

6.1 Form and Timing of Payment. One-half of the amount of each Reward shall

be paid in cash on the Payment Date. Payment of the remaining amount of the Reward shall be deferred and paid in accordance with the provisions set forth below.

The remaining one-half of the Reward shall be converted into Common Stock Equivalents, the number of which shall be determined by using the Fair Market Value per share of the Common Stock as of the Payment Date, rounded to the next even-numbered whole share. A cash payment equal to the Fair Market Value of one-half of the Common Stock Equivalents as of the first Deferred Payment Date shall be made on such date; and a cash payment equal to the Fair Market Value of the remaining Common Stock Equivalents as of the second Deferred Payment Date shall be made on such date.

6.2 Mandatory Deferral. Notwithstanding the provisions of Section 6.1, with respect to a Participant who is a "covered employee" for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended, payment of that portion of a Reward which would otherwise cause such Participant's compensation to exceed the limitation on the amount of compensation deductible by the Company in any taxable year pursuant to such Section 162(m), shall be deferred until such Participant is no longer a "covered employee," unless the Committee, in its discretion, determines that such deferral should not be required.

6.3 Elective Deferral. Nothing herein shall be deemed to preclude a Participant's election to defer receipt of a percentage of his or her Reward beyond the time such amount would have been payable hereunder pursuant to the Halliburton Elective Deferral Plan or other similar plan.

6.4 Tax Withholding. The Company or employing Subsidiary through which payment of a Reward is to be made shall have the right to deduct from any payment hereunder

any amounts that Federal, state, local or foreign tax laws require with respect to such payments.

6.5 No Interest or Dividend Equivalents. No interest or dividend equivalents shall be accrued or paid under this Plan on the amount of any portion of a Reward as to which distribution is deferred. Nothing herein shall prohibit the crediting of earnings or dividend equivalents as provided in the Halliburton Elective Deferral Plan on portions of Rewards as to which payment is deferred pursuant to such other plan.

6.6 Small Accounts. Notwithstanding the provisions of Section 6.1 and Article VII, the Committee may, on a case by case basis to facilitate Plan administration, authorize a lump sum cash payment of a Reward or the remaining portion of a Reward if it deems the amount thereof to be too small to justify its deferral.

ARTICLE VII
TERMINATION OF EMPLOYMENT

7.1 Termination of Service During Plan Year. In the event a Participant's employment is terminated during a Plan Year for any reason other than termination for Cause, provided that a Reward would have been payable under the Plan for such Plan Year, such Participant's Reward for such Plan Year shall be prorated based upon that portion of the Plan Year during which he or she was a Participant and paid in accordance with Section 6.1, except in the case of death, in which case the entire amount of prorated Reward shall be paid to the Participant's estate on the Payment Date.

If a Participant's employment is terminated for Cause during a Plan Year, all of such Participant's rights to a Reward for such Plan Year shall be forfeited.

7.2 Termination of Service After End of Plan Year But Prior to Full Payment. If a Participant's employment is terminated for any reason other than termination for Cause subsequent to the end of an applicable Plan Year but prior to the payment of a Reward in full, the amount of the Reward then unpaid shall be paid to the Participant in accordance with Section 6.1, except in the case of death, in which case the amount of the Reward then unpaid shall be paid immediately to such Participant's estate.

If a Participant's employment is terminated for Cause subsequent to the end of an applicable Plan Year but prior to the payment of a Reward in full, all of such Participant's rights to the amount of the Reward then unpaid shall be forfeited.

ARTICLE VIII

RIGHTS OF PARTICIPANTS AND BENEFICIARIES

8.1 Status as a Participant or Beneficiary. Neither status as a Participant or Beneficiary shall be construed as a commitment that any Reward will be paid or payable under the Plan.

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

8.3 Nontransferability. No benefit payable under, or interest in, this Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge,

encumbrance or charge and any such attempted action shall be void and no such benefit or interest shall be, in any manner, liable for, or subject to, debts, contracts, liabilities or torts of any Participant or Beneficiary. Any attempt at transfer, assignment or other alienation prohibited by the preceding sentence shall be disregarded and all amounts payable hereunder shall be paid only in accordance with the provisions of the Plan. The foregoing notwithstanding, nothing in this Section 8.3 shall prevent transfer by Will or by applicable laws of descent and distribution.

8.4 Nature of Plan. No Participant, Beneficiary or other person shall have any right, title or interest in any fund or in any specific asset of the Company or any Subsidiary by reason of any Reward hereunder. There shall be no funding of any benefits which may become payable hereunder. Nothing contained in the Plan (or in any document related thereto), nor the creation or adoption of the Plan, nor any action taken pursuant to the provisions of the Plan shall create, or be construed to create, a trust of any kind or a fiduciary relationship between the Company or a Subsidiary and any Participant, Beneficiary or other person. To the extent that a Participant, Beneficiary or other person acquires a right to receive payment with respect to a Reward hereunder, such right shall be no greater than the right of any unsecured general creditor of the Company or any Subsidiary. All amounts payable under the Plan shall be paid from the general assets of the Company or a Subsidiary, as applicable, and no special or separate fund or deposit shall be established and no segregation of assets shall be made to assure payment of such amounts. Nothing in the Plan shall be deemed to give any employee any right to participate in the Plan except in accordance herewith.

ARTICLE IX
CORPORATE CHANGE

In the event of a Corporate Change, (i) with respect to a Participant's Reward Opportunity for the Plan Year in which the Corporate Change occurred, such Participant shall be entitled to an immediate cash payment equal to the maximum amount of Reward he or she would have been entitled to receive for the Plan Year, prorated to the date of the Corporate Change; and (ii) with respect to Rewards earned in prior Plan Years which have not been paid in full, the Fair Market Value of each Participant's remaining Common Stock Equivalents for all such Plan Years shall be determined as of the Corporate Change and paid in cash immediately.

ARTICLE X
AMENDMENT AND TERMINATION

Notwithstanding anything herein to the contrary, the Committee may, at any time, terminate or, from time to time amend, modify or suspend the Plan; provided, however, that, without the prior consent of the Participants affected, no such action may adversely affect any rights or obligations with respect to any Rewards theretofore earned for a particular Plan Year, whether or not the amounts of such Rewards have been computed and whether or not such Rewards are then payable.

ARTICLE XI
MISCELLANEOUS

11.1 Governing Law. The Plan and all related documents shall be governed by, and construed in accordance with, the laws of the State of Texas, except to the extent preempted by federal law.

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

11.3 Successor. All obligations of the Company under the Plan shall be binding upon and inure to the benefit of any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

11.4 Effective Date. The Plan shall become effective as of January 1, 1995, for Plan Years beginning on and after January 1, 1995, and shall remain in effect until such time as it may be terminated pursuant to Article X.

FIRST AMENDMENT TO
HALLIBURTON COMPANY SENIOR EXECUTIVES'
DEFERRED COMPENSATION PLAN
AS AMENDED AND RESTATED
EFFECTIVE JANUARY 1, 1996

WHEREAS, HALLIBURTON COMPANY (the "Company") has heretofore adopted the HALLIBURTON COMPANY SENIOR EXECUTIVES' DEFERRED COMPENSATION PLAN (the "Plan"); and

WHEREAS, the Company desires to amend the Plan;

NOW, THEREFORE, the Plan shall be amended as follows, effective January 1, 1996:

1. Article II, Paragraph (L) of the Plan shall be deleted and the following shall be substituted therefor:

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

2. Article IV, Paragraph (H) of the Plan shall be deleted and the following shall be substituted therefor:

"(H) The Compensation Committee may, in its discretion, allocate to the credit of a Participant an amount equal to the amount of any remuneration payable by the Employer to such Participant which would otherwise be treated as excessive employee remuneration under Section 162(m) of the Code for any Allocation Year, rather than paying any such excessive remuneration to such participant."

3. As amended hereby, the Plan is specifically ratified and reaffirmed.

EXECUTED this 30th day of November, 1995.

HALLIBURTON COMPANY

By: /s/ Thomas H. Cruikshank
Thomas H. Cruikshank
Chairman of the Board

SECOND AMENDMENT TO
HALLIBURTON COMPANY SENIOR EXECUTIVES'
DEFERRED COMPENSATION PLAN
AS AMENDED AND RESTATED
EFFECTIVE JANUARY 1, 1995

WHEREAS, HALLIBURTON COMPANY (the "Company") has heretofore adopted the HALLIBURTON COMPANY SENIOR EXECUTIVES' DEFERRED COMPENSATION PLAN (the "Plan"); and

WHEREAS, the Company desires to amend the Plan;

NOW, THEREFORE, the Plan shall be amended as follows, effective January 1, 1996:

1. The following new Paragraph (J1) shall be added to Article II of the Plan:

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

2. Article V of the Plan shall be deleted and the following shall be substituted therefor:

"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 ERISA, including an order that requires distributions to an alternate payee prior to a Participant's "earliest retirement age" as such term is defined in section 206(d)(3)(E)(ii) of ERISA. 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."

3. As amended hereby, the Plan is specifically ratified and reaffirmed.

1

EXECUTED this 26th day of February, 1996.

HALLIBURTON COMPANY

By: /s/ Richard B. Cheney
Richard B. Cheney
Chairman of the Board, President and
Chief Executive Officer

2

EMPLOYMENT AGREEMENT

This Employment Agreement ("Agreement") is entered into by and between Halliburton Company ("Employer") and David J. Lesar ("Employee"), effective as of August 1, 1995 (the "Effective Date"), in connection with the transfer of Employee's employment from Halliburton Energy Services, a division of Employer ("HES"), to the Employer.

RECITALS:

Employee and HES previously entered into an agreement dated October 26, 1993 (the "1993 Agreement") setting forth certain terms and conditions of Employee's employment by HES.

The purpose of this Agreement is to clarify which of the terms and conditions contained in the 1993 Agreement apply to Employee's employment by Employer and to set forth the parties' further agreement with respect to Employee's employment by Employer.

Employer and Employee hereby agree as follows:

1. Employee shall be employed by Employer as of the Effective Date as its Executive Vice President and Chief Financial Officer.

2. If Employee's employment is involuntarily terminated by Employer for any reason other than termination for Cause (as hereinafter defined) Employer shall pay to Employee a lump sum cash severance benefit within 30 days, equal to (i) the product obtained by multiplying Employee's annual base salary (referenced with respect to the highest annual base salary rate achieved while employed by Employer) by five and (ii) the value of any shares of Employer's common stock (based upon the closing price of Employer's common stock on the New York Stock Exchange on the date of termination of employment) which were granted to Employer under the Employer's 1993 Stock and Long-Term Incentive Plan (the "1993 Plan"), or any successor plan, and which are forfeited as a result of Employee's termination of employment.

"Cause" shall mean (i) Employee's gross negligence or willful misconduct in the performance of his duties and responsibilities to Employer or (ii) Employee's conviction of a felony.

3. While Employee is employed by Employer, Employee will be designated as a participant in the Halliburton Company Senior Executives' Deferred Compensation Plan (or any successor supplemental retirement benefit plan) and annual allocations to Employee's Deferred Compensation Account thereunder will be recommended to the Compensation Committee of Directors (the "Compensation Committee"), which recommended allocations shall be no less than the amount calculated pursuant to the Compensation Committee's then existing methodology for calculating supplemental retirement additions.

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4. While Employee is employed by Employer, annual grants of options for Employee to purchase shares of Employer's Common Stock under the 1993 Plan, or any successor plan, will be recommended to the Compensation Committee, such recommendations to be consistent, in terms of grant size and other provisions, with the criteria utilized from time to time by the Compensation Committee for similarly situated executives.

5. This Agreement supersedes in all respects the 1993 Agreement.

This Agreement is executed this 5th day of March, 1996, but effective as of the date first above stated.

HALLIBURTON COMPANY

By:/s/ Richard B. Cheney
Richard B. Cheney
Chairman of the Board, President
and Chief Executive Officer

EMPLOYEE

/s/ David J. Lesar
David J. Lesar

FIRST AMENDMENT TO
HALLIBURTON ELECTIVE DEFERRAL PLAN

WHEREAS, HALLIBURTON COMPANY (the "Company") has heretofore adopted the HALLIBURTON ELECTIVE DEFERRAL PLAN (the "Plan"); and

WHEREAS, the Company desires to amend the Plan;

NOW, THEREFORE, the Plan shall be amended as follows, effective November 1, 1995:

1. Section 3.1(a) of the Plan shall be deleted and the following shall be substituted therefor:

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

2. Section 3.2 of the Plan shall be deleted and the following shall be substituted therefor:

1

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

3. As amended hereby, the Plan is specifically ratified and reaffirmed.

EXECUTED as of the 6th day of December, 1995.

By: /s/ W. R. Howell
W. R. Howell, Chairman
Compensation Committee
of Directors

SECOND AMENDMENT TO
HALLIBURTON ELECTIVE DEFERRAL PLAN

WHEREAS, HALLIBURTON COMPANY (the "Company") has heretofore adopted the HALLIBURTON ELECTIVE DEFERRAL PLAN (the "Plan"); and

WHEREAS, the Company desires to amend the Plan;

NOW, THEREFORE, the Plan shall be amended as follows, effective January 1, 1996:

1. The following new Paragraph (1A) shall be added to Section 1.1 of the Plan:

"(1A) Act: The Employee Retirement Income Security Act of 1974, as amended."

2. Section 10.2 of the Plan shall be deleted and the following shall be substituted therefor:

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

3. As amended hereby, the Plan is specifically ratified and reaffirmed.

EXECUTED as of the 14th day of February, 1996.

HALLIBURTON COMPANY

By: /s/ W. R. Howell
W. R. Howell, Chairman
Compensation Committee
of Directors

EXHIBIT 10(q)

THIRD AMENDMENT TO
HALLIBURTON ELECTIVE DEFERRAL PLAN

WHEREAS, HALLIBURTON COMPANY (the "Company") has heretofore adopted the HALLIBURTON ELECTIVE DEFERRAL PLAN (the "Plan"); and

WHEREAS, the Company desires to amend the Plan;

NOW, THEREFORE, effective January 1, 1996, Section 1.1(15) of the Plan shall be deleted and the following shall be substituted therefor:

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

As amended hereby, the Plan is specifically ratified and reaffirmed.

EXECUTED as of this 26th day of February, 1996.

HALLIBURTON COMPANY

By:/s/ David J. Lesar
David J. Lesar
Executive Vice President and
Chief Financial Officer

HALLIBURTON COMPANY
EXHIBIT 11
COMPUTATION OF EARNINGS PER SHARE
FOR THE THREE YEARS ENDED DECEMBER 31, 1995

The calculation below for earnings per share of the \$2.50 par value Common Stock of the Company on a primary and fully diluted basis is submitted in accordance with Regulation S-K item 601(b)(11).

	1995	1994	1993
	-----	-----	-----
(In millions except per share data)			
Primary:			
Net income (loss)	\$ 168.3	\$ 177.8	\$ (161.0)
Average number of common shares outstanding	114.5	114.2	112.5
Primary net income (loss) per share:	1.47	1.56	(1.43)
=====			
Fully diluted:			
Net income (loss)	\$ 168.3	\$ 177.8	\$ (161.0)
Add after-tax interest expense applicable to Zero Coupon Convertible Subordinated Debentures due 2006	12.5	13.2	11.6
Adjusted net income (loss)	----- 180.8	----- 191.0	----- (149.4)
Adjusted average number of common shares outstanding	118.2	119.2	117.4
Fully diluted net income (loss) per share:	\$ 1.53	\$ 1.60	\$ (1.27)

The foregoing computations do not reflect any significant potentially dilutive effect the Company's Preferred Stock Purchase Rights Plan could have in the event such Rights become exercisable and any shares of either Series A Junior Participating Preferred Stock or Common Stock of the Company are issued upon the exercise of such Rights. Reference is made to Note 8 to the financial statements of this Annual Report.

HALLIBURTON COMPANY
EXHIBIT 21
SUBSIDIARIES OF THE REGISTRANT

Name of Company	State or Country of Incorporation
Brown & Root AOC Limited	United Kingdom
Brown & Root Corporate Services, Inc.	Delaware
Brown & Root (Gulf) EC	Bahrain
Brown & Root Ealing Technical Services Limited	United Kingdom
Brown & Root Far East Engineers Pte Ltd.	Delaware
Brown & Root Far East Engineers Pte Ltd.	Singapore
Brown & Root Highlands Fabricators Limited	United Kingdom
Brown & Root Holdings, Inc.	Delaware
Brown & Root, Inc.	Delaware
Brown & Root Industrial Services, Inc.	Delaware
Brown & Root International, Inc.	Delaware
Brown & Root International, Inc.	Panama
Brown & Root Limited	United Kingdom
Brown & Root Projects Limited	United Kingdom
Brown & Root Saudi Limited	Saudi Arabia
Brown & Root Services Corporation	Delaware
Brown & Root Skoda SRO Ltd.	Czech Republic
Brown & Root Technical Services, Inc.	Delaware
Devonport Management Limited	United Kingdom
European Marine Contractors Limited	United Kingdom
G & H Management Company	Delaware
Geosource Service Corporation	Texas
GSI Saudi Arabia Ltd.	Saudi Arabia
Halliburton Argentina, SA	Argentina
Halliburton Australia Pty Ltd.	Australia
Halliburton BV	Netherlands
Halliburton Canada, Inc.	Canada
Halliburton Company Germany GmbH	Germany
Halliburton Consulting Services Nigeria Limited	Nigeria
Halliburton de Mexico, SA de CV	Mexico
Halliburton Energy Services Asia, Inc.	Delaware
Halliburton Global Limited	Cayman Islands
Halliburton Holdings, Inc.	Delaware
Halliburton Holdings Limited	United Kingdom
Halliburton International, Inc.	Delaware
Halliburton Italiana SpA	Italy
Halliburton Latin America SA	Panama
Halliburton Limited	United Kingdom
Halliburton Manufacturing and Services Limited	United Kingdom
Halliburton NUS Corporation	Delaware
Halliburton Offshore Services, Inc.	Delaware
Halliburton Oilfield Services (Norway), Inc.	Delaware
Halliburton Overseas Limited	Cayman Islands
Halliburton SARL	France

Subsidiaries of the Registrant

Name of Company	State or Country of Incorporation
Halliburton Servicios Ltda	Brazil
Halliburton Singapore Pte Ltd.	Singapore
Halliburton Trinidad Limited	Trinidad
Halliburton West Africa Ltd.	Cayman Islands
Halliburton West Africa Ltd.	Delaware
Halliburton Worldwide Limited	Cayman Islands
Highlands Insurance Group, Inc.	Delaware
Highlands Insurance Company (UK) Limited	United Kingdom
Highlands Insurance Company	Texas
Highlands Limited	Bermuda
Highlands Overseas Limited	Bermuda
Howard Humphreys & Partners Limited	United Kingdom
Howard Humphreys Group Limited	United Kingdom
Hunting-Brae Limited	United Kingdom
MIHC, Inc.	Delaware
Overseas Marine Leasing Company	Delaware
PT Halliburton Indonesia	Indonesia
PT Halliburton Logging Services Indonesia	Indonesia
Rezayat Brown & Root Saudi Company Limited	Saudi Arabia
Rockwater A/S	Norway
Rockwater Holdings Limited	United Kingdom
Rockwater, Inc.	Delaware
Rockwater Limited	United Kingdom

Seaforth Maritime Limited
Servicios Halliburton de Venezuela, SA
Servicios Halliburton de Venezuela, SA
Southern California Bonding Service, Inc.
Underwriters' Special Risks, Inc.

United Kingdom
Delaware
Venezuela
California
Texas

- (1) Each of the subsidiaries named conducts its business under its corporate name and, in a few instances, under a shortened form of its corporate name.
- (2) Registrant has 100% direct or indirect ownership in the subsidiaries named except for the following: Brown & Root AOC Limited, 50%; Brown & Root Skoda SRO Ltd., 66%; Devonport Management Limited, 30%; European Marine Contractors Ltd., 50%; Hunting-Brae Limited, 31%; GSI Saudi Arabia Ltd., 75%; PT Halliburton Indonesia, 80%; PT Halliburton Logging Services Indonesia, 80%; and Rezayat Brown & Root Saudi Company Limited, 25%.
- (3) The following subsidiaries are part of the Company's Insurance Services Group which was spun-off on January 23, 1996: Highlands Insurance Group, Inc., Highlands Insurance Company (UK) Limited, Highlands Insurance Company, Highlands Limited, Highlands Overseas Limited, Southern California Bonding Service, Inc., and Underwriters' Special Risks, Inc.
- (4) The names of approximately 138 subsidiaries have been omitted since the unnamed subsidiaries considered in the aggregate would not constitute a significant subsidiary as defined by Item 601(b)(21).

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that I, the undersigned, a Director of Halliburton Company, do hereby constitute and appoint Richard B. Cheney, David J. Lesar and Susan S. Keith, or any of them acting alone, my true and lawful attorneys or attorney, to do any and all acts and things and execute any and all instruments which said attorneys or attorney may deem necessary or advisable to enable Halliburton Company to comply with the Securities Exchange Act of 1934, as amended, and all rules, regulations and requirements of the Securities and Exchange Commission in respect thereof, in connection with the filing of Annual Reports on Form 10-K, including specifically, but without limitation thereof, power and authority to sign my name as Director of Halliburton Company to the Annual Reports on Form 10-K required to be filed with the Securities and Exchange Commission for the year ended 1995 and for all subsequent years until revoked by me or otherwise cancelled, and to any instruments or documents filed as a part of or in connection therewith; and I hereby ratify and confirm all that said attorneys or attorney shall do or cause to be done by virtue hereof.

IN TESTIMONY WHEREOF, witness my hand this 14th day of February, 1996.

/s/ Anne L. Armstrong
Anne L. Armstrong

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that I, the undersigned, a Director of Halliburton Company, do hereby constitute and appoint David J. Lesar and Susan S. Keith, or any of them acting alone, my true and lawful attorneys or attorney, to do any and all acts and things and execute any and all instruments which said attorneys or attorney may deem necessary or advisable to enable Halliburton Company to comply with the Securities Exchange Act of 1934, as amended, and all rules, regulations and requirements of the Securities and Exchange Commission in respect thereof, in connection with the filing of Annual Reports on Form 10-K, including specifically, but without limitation thereof, power and authority to sign my name as Director of Halliburton Company to the Annual Reports on Form 10-K required to be filed with the Securities and Exchange Commission for the year ended 1995 and for all subsequent years until revoked by me or otherwise cancelled, and to any instruments or documents filed as a part of or in connection therewith; and I hereby ratify and confirm all that said attorneys or attorney shall do or cause to be done by virtue hereof.

IN TESTIMONY WHEREOF, witness my hand this 14th day of February, 1996.

/s/ Richard B. Cheney
Richard B. Cheney

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that I, the undersigned, a Director of Halliburton Company, do hereby constitute and appoint Richard B. Cheney, David J. Lesar and Susan S. Keith, or any of them acting alone, my true and lawful attorneys or attorney, to do any and all acts and things and execute any and all instruments which said attorneys or attorney may deem necessary or advisable to enable Halliburton Company to comply with the Securities Exchange Act of 1934, as amended, and all rules, regulations and requirements of the Securities and Exchange Commission in respect thereof, in connection with the filing of Annual Reports on Form 10-K, including specifically, but without limitation thereof, power and authority to sign my name as Director of Halliburton Company to the Annual Reports on Form 10-K required to be filed with the Securities and Exchange Commission for the year ended 1995 and for all subsequent years until revoked by me or otherwise cancelled, and to any instruments or documents filed as a part of or in connection therewith; and I hereby ratify and confirm all that said attorneys or attorney shall do or cause to be done by virtue hereof.

IN TESTIMONY WHEREOF, witness my hand this 15th day of February, 1996.

/s/ Lord Clitheroe
Lord Clitheroe

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that I, the undersigned, a Director of Halliburton Company, do hereby constitute and appoint Richard B. Cheney, David J. Lesar and Susan S. Keith, or any of them acting alone, my true and lawful attorneys or attorney, to do any and all acts and things and execute any and all instruments which said attorneys or attorney may deem necessary or advisable to enable Halliburton Company to comply with the Securities Exchange Act of 1934, as amended, and all rules, regulations and requirements of the Securities and Exchange Commission in respect thereof, in connection with the filing of Annual Reports on Form 10-K, including specifically, but without limitation thereof, power and authority to sign my name as Director of Halliburton Company to the Annual Reports on Form 10-K required to be filed with the Securities and Exchange Commission for the year ended 1995 and for all subsequent years until revoked by me or otherwise cancelled, and to any instruments or documents filed as a part of or in connection therewith; and I hereby ratify and confirm all that said attorneys or attorney shall do or cause to be done by virtue hereof.

IN TESTIMONY WHEREOF, witness my hand this 15th day of February, 1996.

/s/ Robert L. Crandall
Robert L. Crandall

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that I, the undersigned, a Director of Halliburton Company, do hereby constitute and appoint Richard B. Cheney, David J. Lesar and Susan S. Keith, or any of them acting alone, my true and lawful attorneys or attorney, to do any and all acts and things and execute any and all instruments which said attorneys or attorney may deem necessary or advisable to enable Halliburton Company to comply with the Securities Exchange Act of 1934, as amended, and all rules, regulations and requirements of the Securities and Exchange Commission in respect thereof, in connection with the filing of Annual Reports on Form 10-K, including specifically, but without limitation thereof, power and authority to sign my name as Director of Halliburton Company to the Annual Reports on Form 10-K required to be filed with the Securities and Exchange Commission for the year ended 1995 and for all subsequent years until revoked by me or otherwise cancelled, and to any instruments or documents filed as a part of or in connection therewith; and I hereby ratify and confirm all that said attorneys or attorney shall do or cause to be done by virtue hereof.

IN TESTIMONY WHEREOF, witness my hand this 15th day of February, 1996.

/s/ W. R. Howell
W. R. Howell

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that I, the undersigned, a Director of Halliburton Company, do hereby constitute and appoint Richard B. Cheney, David J. Lesar and Susan S. Keith, or any of them acting alone, my true and lawful attorneys or attorney, to do any and all acts and things and execute any and all instruments which said attorneys or attorney may deem necessary or advisable to enable Halliburton Company to comply with the Securities Exchange Act of 1934, as amended, and all rules, regulations and requirements of the Securities and Exchange Commission in respect thereof, in connection with the filing of Annual Reports on Form 10-K, including specifically, but without limitation thereof, power and authority to sign my name as Director of Halliburton Company to the Annual Reports on Form 10-K required to be filed with the Securities and Exchange Commission for the year ended 1995 and for all subsequent years until revoked by me or otherwise cancelled, and to any instruments or documents filed as a part of or in connection therewith; and I hereby ratify and confirm all that said attorneys or attorney shall do or cause to be done by virtue hereof.

IN TESTIMONY WHEREOF, witness my hand this 15th day of February, 1996.

/s/ C. J. Silas
C. J. Silas

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that I, the undersigned, a Director of Halliburton Company, do hereby constitute and appoint Richard B. Cheney, David J. Lesar and Susan S. Keith, or any of them acting alone, my true and lawful attorneys or attorney, to do any and all acts and things and execute any and all instruments which said attorneys or attorney may deem necessary or advisable to enable Halliburton Company to comply with the Securities Exchange Act of 1934, as amended, and all rules, regulations and requirements of the Securities and Exchange Commission in respect thereof, in connection with the filing of Annual Reports on Form 10-K, including specifically, but without limitation thereof, power and authority to sign my name as Director of Halliburton Company to the Annual Reports on Form 10-K required to be filed with the Securities and Exchange Commission for the year ended 1995 and for all subsequent years until revoked by me or otherwise cancelled, and to any instruments or documents filed as a part of or in connection therewith; and I hereby ratify and confirm all that said attorneys or attorney shall do or cause to be done by virtue hereof.

IN TESTIMONY WHEREOF, witness my hand this 15th day of February, 1996.

/s/ Roger T. Staubach
Roger T. Staubach

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that I, the undersigned, a Director of Halliburton Company, do hereby constitute and appoint Richard B. Cheney, David J. Lesar and Susan S. Keith, or any of them acting alone, my true and lawful attorneys or attorney, to do any and all acts and things and execute any and all instruments which said attorneys or attorney may deem necessary or advisable to enable Halliburton Company to comply with the Securities Exchange Act of 1934, as amended, and all rules, regulations and requirements of the Securities and Exchange Commission in respect thereof, in connection with the filing of Annual Reports on Form 10-K, including specifically, but without limitation thereof, power and authority to sign my name as Director of Halliburton Company to the Annual Reports on Form 10-K required to be filed with the Securities and Exchange Commission for the year ended 1995 and for all subsequent years until revoked by me or otherwise cancelled, and to any instruments or documents filed as a part of or in connection therewith; and I hereby ratify and confirm all that said attorneys or attorney shall do or cause to be done by virtue hereof.

IN TESTIMONY WHEREOF, witness my hand this 14th day of February, 1996.

/s/ Richard J. Stegemeier
Richard J. Stegemeier

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that I, the undersigned, a Director of Halliburton Company, do hereby constitute and appoint Richard B. Cheney, David J. Lesar and Susan S. Keith, or any of them acting alone, my true and lawful attorneys or attorney, to do any and all acts and things and execute any and all instruments which said attorneys or attorney may deem necessary or advisable to enable Halliburton Company to comply with the Securities Exchange Act of 1934, as amended, and all rules, regulations and requirements of the Securities and Exchange Commission in respect thereof, in connection with the filing of Annual Reports on Form 10-K, including specifically, but without limitation thereof, power and authority to sign my name as Director of Halliburton Company to the Annual Reports on Form 10-K required to be filed with the Securities and Exchange Commission for the year ended 1995 and for all subsequent years until revoked by me or otherwise cancelled, and to any instruments or documents filed as a part of or in connection therewith; and I hereby ratify and confirm all that said attorneys or attorney shall do or cause to be done by virtue hereof.

IN TESTIMONY WHEREOF, witness my hand this 14th day of February, 1996.

/s/ E. L. Williamson
E. L. Williamson

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that I, the undersigned, a Director of Halliburton Company, do hereby constitute and appoint Richard B. Cheney, David J. Lesar and Susan S. Keith, or any of them acting alone, my true and lawful attorneys or attorney, to do any and all acts and things and execute any and all instruments which said attorneys or attorney may deem necessary or advisable to enable Halliburton Company to comply with the Securities Exchange Act of 1934, as amended, and all rules, regulations and requirements of the Securities and Exchange Commission in respect thereof, in connection with the filing of Annual Reports on Form 10-K, including specifically, but without limitation thereof, power and authority to sign my name as Director of Halliburton Company to the Annual Reports on Form 10-K required to be filed with the Securities and Exchange Commission for the year ended 1995 and for all subsequent years until revoked by me or otherwise cancelled, and to any instruments or documents filed as a part of or in connection therewith; and I hereby ratify and confirm all that said attorneys or attorney shall do or cause to be done by virtue hereof.

IN TESTIMONY WHEREOF, witness my hand this 15th day of February, 1996.

/s/ Dale P. Jones
Dale P. Jones

THE SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE HALLIBURTON COMPANY CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 1995, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000,000

YEAR		
DEC-31-1995		175
DEC-31-1995		0
	1,427	36
		252
	2,050	
		3,337
	2,226	
	3,647	
	1,156	
		200
		298
	0	
		0
		1,452
	3,647	
		0
	5,699	
		0
		5,158
		158
		0
		46
		367
		132
	234	
		(66)
		0
		0
		168
		1.47
		0