

BAKER HUGHES INC

Form 425

December 08, 2016

Filed by General Electric Company

Pursuant to Rule 425 under the Securities Act of 1933

And deemed filed pursuant to Rule 14a-12

Under the Securities Exchange Act of 1934

Subject Company: Baker Hughes Incorporated

Commission File No.: 001-09397

Date: December 8, 2016

The following presentation was made available to investors of General Electric Company and Baker Hughes Incorporated:

Baker Hughes, a GE Company Investor  
Update  
December 8, 2016

---

Edgar Filing: BAKER HUGHES INC - Form 425

Agenda and Speakers

New Baker Hughes

BHI Deal Rationale

Creating Customer Value + Productivity

Leadership

-Commercial Innovation

-Digital Transformation

-Technology Leadership

-Optimizing Operations

Integration Update

Summary

Q&A

Lorenzo Simonelli

Martin Craighead

Maria Borrás/Derek Mathieson/Rod

Christie

Matthias Heilmann

Art Soucy/Kishore Sundararajan

Jody Markopoulos

UwemUkpong

Lorenzo Simonelli

Edgar Filing: BAKER HUGHES INC - Form 425

Baker Hughes, a GE Company  
Lorenzo Simonelli

---

## Edgar Filing: BAKER HUGHES INC - Form 425

### What We Like About the Deal

Fullstreamtechnology provider ... industry-unique portfolio  
Combining strengths ... technology, services, global capability  
2x scale ... better ability to influence customer outcomes  
GE Digital capability ... significant impact on oilfield  
services productivity Blended leadership team ... deep  
industry expertise Significant synergies + NewCobetter  
positioned to navigate cycles

---

## Edgar Filing: BAKER HUGHES INC - Form 425

Transaction Overview ... the "new" Baker Hughes  
[http://blogs.bakerhughes.com/reservoir/files/2011/03/  
Baker\\_Hughes\\_Logo.png](http://blogs.bakerhughes.com/reservoir/files/2011/03/Baker_Hughes_Logo.png)  
Shareholders  
GE Oil & Gas  
+ \$7.4B cash  
Newco, Inc.  
(NYSE listed)  
[http://blogs.bakerhughes.com/reservoir/files/2011/03/  
Baker\\_Hughes\\_Logo.png](http://blogs.bakerhughes.com/reservoir/files/2011/03/Baker_Hughes_Logo.png)  
\$17.50/sh  
dividend  
100%  
\$7.4B cash  
(operating partnership)  
62.5%  
37.5%  
oMerge GE Oil & Gas with Baker Hughes ... GE owns  
62.5%, new Baker Hughes owns 37.5% through partnership  
structure  
oPublicly traded company with separate investor base;  
robust minority protections  
oOwnership interest & voting aligned  
oGE to contribute \$7.4B to fund cash dividend,  
Baker Hughes distributes \$17.50 per share dividend to  
shareholders  
oBaker Hughes shareholders receive dividend & 37.5%  
equity of stronger business  
oBlended leadership team  
o9 member Board ... 5 appointed by GE, 4 by Baker Hughes,  
including M. Craighead

---

## Edgar Filing: BAKER HUGHES INC - Form 425

Update Since 10/31 Transaction  
Announcement

Broad support for transaction ... strong industrial logic  
Customers see significant value ... Process, Technology,  
Digital Provided supplemental financial information on GE  
O&G Hosted GE O&G specific investor event at Minds +  
Machines conference Integration teams kicked off and  
executing ... cost + revenue synergies Regulatory process  
underway

---

## Edgar Filing: BAKER HUGHES INC - Form 425

Baker Hughes, a GE Company  
~\$34B\* revenue~70,000 employees>120 countries  
Find and produce hydrocarbons  
Transport hydrocarbons  
Process & market products  
Drilling & Evaluation  
Completion & Production  
LNG &  
Pipeline Solutions  
Refinery &  
Petrochemical Solutions  
\* 2020F

---

Creating the Productivity Leader in the  
O&G Industry  
Fullstreamportfolio  
Productivity drivers  
Better outcomes  
Commercial Innovation  
Digital Transformation  
Technology Leadership  
Operations Optimization  
Cost per Barrel  
ROI  
Faster cycle times  
Drilling & Evaluation  
Completion & Production  
LNG & Pipeline Solutions  
Refinery & Petrochemical Solutions  
Digital Solutions  
= +

---



Deal Rationale  
Martin Craighead

---

Volatility is the New Normal  
Volatility remains despite improved prospects for a recovery  
Operators need stability, resilience, and predictability  
Industry unsuccessful in achieving  
return-on-invested-capital Recovery rates and well  
efficiencies are sub-optimal

0

1,000

2,000

3,000

4,000

5,000

6,000

7,000

\$0

\$50

\$100

\$150

1980

1985

1990

1995

2000

2005

2010

2015

\$/barrel

Global Rig Count

WTI Spot Price (left)

## Edgar Filing: BAKER HUGHES INC - Form 425

Customers Require More Productivity  
Step change in productivity  
new wave of innovation  
unit cost of oil and gas production must be improved  
Differentiation required + partners with broad offering  
'16 YTD  
'15  
'14  
'13  
'08  
(1)%  
5%  
6%  
14%  
ROCE -SelectedMajors& Independents  
(1)%  
\$99  
\$108  
\$100  
\$54  
\$45  
Average  
Brent \$/bbl  
....  
....  
0.0  
20.0  
40.0  
60.0  
80.0  
100.0  
120.0  
0  
25  
50  
75  
100  
\$/bbl  
2020 MBOE/D  
~\$25/boe reduction in cost curve '14 vs.'16  
Prices likely to recover with activity pick-up ...  
structural reductions may persist  
~90% of 2020 production breakeven @ ~\$60/boe  
in 2016 vs ~\$85/boe in 2014  
\$~25/boe reduction  
Sources: Capital IQ, Rystad  
'14  
'16

---

## Edgar Filing: BAKER HUGHES INC - Form 425

Creating Customer & Investor Value

Productivity leader for the industry

-Fullstreamportfolio

-Broad digital capability

-Extraordinary range of technology

2x scale, complementary capabilities, more diversified

BHI shareholders participate in substantial value creation

through synergies Positioned to weather short-term

volatility and participate in industry upcycle

---

Edgar Filing: BAKER HUGHES INC - Form 425

Commercial Innovation  
Maria Borrás, Derek Mathieson, Rod  
Christie

---

## Edgar Filing: BAKER HUGHES INC - Form 425

Adding Value for our Customers  
Increasing cross penetration in countries/customers  
Relationships  
Sales channels  
Cross penetration  
80 .120+  
COUNTRIES REACHED  
Technology, Supply Chain + Digital  
Intelligent products  
Reduced complexity  
Modularity  
Asset level solutions  
0.1  
FULLSTREAM CAPABILITY PROVIDER  
Performance based commercial models  
Bonus/Malus tied to KPI/targets  
Availability guarantee  
Advanced  
commercial models  
~40%  
AVERAGE PROJECT CAPEX ONSHORE SCOPE FOR  
NEWCO  
Integrated, outcome based solutions  
Risk/Reward management  
Bonus/Malus tied to production  
Financing  
CAPEX .OPEX  
+43%  
AVERAGE PROJECT SIZE INCREASE OVER NEXT  
5 YEARS  
Sources: Company information, American Energy Partners,  
GlobalData

---

## Edgar Filing: BAKER HUGHES INC - Form 425

Global Coverage ... Market Channel Improvement  
80 .120+ countries  
Financing  
Company to Country  
Channel stability  
Africa subcontinental -onshore  
-Remote areas  
-Limited infrastructure ... investment beyond E&P  
-Leverage local presence  
West Africa -offshore  
-Stranded gas ... monetization during field development  
-Ultra-deepwaterwells  
-Connection to onshore power plants  
Brazil -offshore  
-Complex, multi-prospect discovery  
-Early production system during reservoir evaluation  
-Concept hinges on FPSO  
NOC  
Independent or Integrated  
Majority in locations  
with less developed infrastructure/supply  
chains  
2018  
2019  
2020  
>2021  
12  
29  
94  
Total  
Sources: Company information, GlobalData

---

## Edgar Filing: BAKER HUGHES INC - Form 425

North America Unconventionals... Key to Supply  
NAM unconventional is critical short-cycle supplier  
By 2020, unconventional will account for ~70% of total US  
Production  
Complexity of well increasing  
US + Canada ~80-90% of unconventional production in 2020  
NAM Capex spend ~80% between '16-'18  
Permian growth ~12% p.a.  
Incremental Production & annual spend ... '16-'20  
Sources: IHS, Rystad  
Production  
(Mboe/d)  
Spend  
(\$ in billions)  
NAM Unconventionals  
ROW Onshore  
Selected shale plays ... annual spend until 2020  
(\$ in billions)  
Barnett  
\$2  
13  
22  
Permian  
Eagleford  
Woodford  
Marcellus  
Niobrara  
Utica  
Bakken  
6  
Haynesville  
3  
5  
\$39  
11  
9  
Incremental annual spend  
2016  
8  
1  
\$99  
\$67

---



Unlocking Value in Unconventional  
+  
+  
Cost / bblreductions '14 vs. 16  
..Integrated ecosystem  
..Digital productivity programs ... . NPT  
..Drilling automation: Predictive +  
    Predix  
Drilling  
Completion & Production  
oReservoir modeling expertise  
oIndustry leading RSS (AutoTrakCurve)  
oBHA optimization capability  
oGE design + manufacturing ... .RSS reliability &  
performance  
oAdvanced wellbore placement ... MEMS gyros & solid  
state sensors  
oPredictive analytics  
oBest in class completion equipment  
oLeading production chemicals franchise  
oLeading ESP offering  
oBrilliant Factory ... .product quality and .lead times  
oDigital integration ... design optimization  
oSensors + connectivity + Predix  
Productivity for customers  
..Advanced AL Systems + productivity  
    tools  
..Digital thread: reservoir to well construction to production  
..Predictive analytics ... production optimization  
Sources: IHS, Rystad  
~\$80  
~\$48  
'14  
'16  
Service cost  
High-grading  
Learnings  
Operations  
~70%  
of cost reductions have been cyclical, not structural  
~70%of cost reductions have been cyclical, not structural

---

## Edgar Filing: BAKER HUGHES INC - Form 425

Enabling Deepwater Productivity  
Technology, Digital and Commercial  
solutions

Example: W. Africa Offshore Project Spend

3%

25%

21%

9%

4%

11%

27%

Internal

Transportation, Logistics

Engineering

Topsides & Processing

Well Service

Subsea & SURF

Seismic

+

Baker Hughes 1-2-1 strategy redefining drilling productivity

and reliability in deepwater 5D modelling trees, BOP

reliability and evolving services models improving project

economics Digital twin and OPEX commercial models for

rotating machinery, and processing equipment

Well Construction

Midstream, LNG

+

+

+

Financing

LNG plant & liquefaction equipment, processing equipment,

pipeline services Innovative business models, risk sharing

Subsea

Production

Sources: Rystad, McKinsey

## Edgar Filing: BAKER HUGHES INC - Form 425

Unlock Deepwater Opportunities with Better Productivity  
oFocus on major projects across all deepwaterbasins  
o11B BOE are marginal at +/- \$40/boe... ~1.9MMbbl/day peak  
production potential  
o~10% improvement in lifting cost from fullstreamproductivity  
program could unlock ~\$200Baddressable  
deepwateropportunity  
Sources: IHS, Baker Hughes analysis

---

## Edgar Filing: BAKER HUGHES INC - Form 425

Next Chapter in Capex & OpexProductivity  
..Reliability centered maintenance  
..Digital monitoring and diagnostics  
..Incentives aligned with customers  
..Lifecycle project view = .information connection  
..Technology & phase optimization  
...standardization = .ability to redeployassets

---

## Edgar Filing: BAKER HUGHES INC - Form 425

Productivity from Contractual Service Agreements (CSA)  
Contractual Service Agreements  
GE Oil & Gas  
Evolution  
Today  
Aircraft engines  
Gas turbines  
Locomotives  
Diagnostic imaging  
Gas turbines &  
compressors  
Blowout preventers  
1995  
<http://www.geaviation.com/company/img/genx.jpg>  
[https://cdn2.geready.com/sites/default/files/evolution\\_series\\_locomotive\\_0.jpg](https://cdn2.geready.com/sites/default/files/evolution_series_locomotive_0.jpg)  
[http://www3.gehealthcare.com/~media/images/product/product-categories/nuclear-medicine/cardiac%20scanners/ventri/ventri-nm\\_table\\_options\\_premium\\_table.jpg](http://www3.gehealthcare.com/~media/images/product/product-categories/nuclear-medicine/cardiac%20scanners/ventri/ventri-nm_table_options_premium_table.jpg)  
[http://www.compressortech2.com/images/cache/cache\\_b/cache\\_5/cache\\_0/GELM6000-PF-resized-dbb1405b.jpeg?ver=1469206008&aspectratio=1.5317220543807](http://www.compressortech2.com/images/cache/cache_b/cache_5/cache_0/GELM6000-PF-resized-dbb1405b.jpeg?ver=1469206008&aspectratio=1.5317220543807)  
[https://www.geoilandgas.com/sites/geog.dev.local/files/styles/product\\_hero/public/Ram\\_BOP\\_Hero.jpg?itok=c6UrEo86](https://www.geoilandgas.com/sites/geog.dev.local/files/styles/product_hero/public/Ram_BOP_Hero.jpg?itok=c6UrEo86)  
20+ years track record  
..>6,800 units  
..1B+ hours in operation  
Data rich  
..Uptime  
..Output  
..Align with revenue model  
Customer commitment  
..Less cyclical  
..Ability to drive productivity  
GE benefit  
Potential use cases  
..Drilling  
..Production outcomes  
..From transaction to campaign-based

---

Digital Transformation  
Matthias Heilmann

---

Digital Essential to Unlock Productivity  
Productivity  
oDigital Thread  
oBrilliant manufacturing  
Apps  
oService transformation  
oDigital enabled CSAs  
Platforms  
oPredixIndustrial Internet Operating  
System  
oDigital twin  
oServices effectiveness & efficiencies  
oDesign & Innovation acceleration  
oBetter outcomes for customers  
oOptimize GE/BHI equipment  
oFullstreamdata analytics  
oLeapfrog digital industrial transformation  
oIndustrial strength, cyber security, scale  
oPredixProcess + Production Optimization  
New BHI for New BHI  
New BHI for Customers  
New BHI for Industry

---

Leapfrog Digital Transformation ... GE's Learnings

---



Edgar Filing: BAKER HUGHES INC - Form 425

PredixPowered Oil & Gas Offerings  
Architecture  
Apps  
EQUIPMENT  
DATA  
Asset  
Performance Management  
Artificial  
Intelligence +  
Machine Learning  
Production Optimization  
Digital Twin  
Sensors /  
Edge  
Cloud /  
Security  
Design & Build  
Collaboration  
Ecosystem  
PRODUCTION DATA  
LOGGING & EVALUATION DATA  
DRILLING  
DATA  
WELL COMPLETION  
DATA  
RESERVOIR  
DATA  
Oil&GasExtensions  
Oil&GasExtensions

---

Asset Performance Management for  
Upstream

1)Excursion & anomaly management  
2)Equipment monitoring & analysis  
3)Process Surveillance  
4)Knowledge repository ... best practice sharing  
oSiload business operations  
oSafety concerns  
oReactive to process upsets  
PredixAPM + O&G extensions providing fleet-wide insights  
for  
real-time visibility of global plant operations Reduced  
production deferrals  
Contributing to 2-4% higher global operations efficiency  
Improved safety, engineering productivity, data visibility  
&  
efficient decision making  
Connected  
Optimized  
Insights  
Largest PredixAPM deployment at scale covering systems +  
platforms Machine learning + digital twin analytics Full  
deployment ... cover 400-600 assets & asset classes,  
deployed 20MM+ tags  
Next Steps:  
Expansion into reliability management + inspection  
Events, alerts,  
workflows  
\$100MM+  
bottom line impact per 1% efficiency improvement

---

New Baker Hughes Delivering Outcomes  
that Matter

Underutilized

data sets

Digital

use cases

Desired customer outcomes

Opportunity

Equipment & Process Reliability

Automation & Remote Operations

Production Optimization

Field Service Enablement

Design-build-operate collaboration

Increase daily production

Reduce cost / barrel

Maximize ultimate recovery

Safety

Increase booked reserves

~2-5% operating efficiency

~20-30% cost op-ex reduction

~20-40% improvement in RoA

Reduced recordables

~8-15% increase in production

Source: GE analysis

The Value is in the Twin

- oVibration
- oFlow
- oPressure
- oTemperature
- oFuel Gas quality
- oWeather
- oService/cycle type
- oCombustion Mode

Learning Modes  
Human Expertise  
Fleet  
Transfer  
Similar  
Machines  
Simulations

Emerging Technology: Connected Twinso Optimalconfigurations

- o Failuremode identification
- o Optimalcontrols
- o New algorithms
- o New security and fraud mitigation techniques

Potential Use Cases

- o30k artificial lift systems
- oDrilling tools

Key Process Parameters  
Fleet Monitoring Results  
Gold Data  
Physical + Digital Models  
Learning  
Analytics

Building Blocks:  
3-15%  
GE reliability improvement realized

---

Digital Capabilities Deliver Smarter Drilling Operations  
= Decisions  
..Real-time bottom hole assembly condition monitoring  
..Faster response to operational upsets  
..Machine learning, data analytics, unleash prediction  
..New equipment mobilization, tool dispatch, optimal resource  
allocation  
..Influence design & build  
Benefits of Accelerating Digital  
Transformation  
Reservoir Navigation  
System  
Measurement While Drilling  
Casing Liner  
System  
Lift  
System  
12-20%  
average industry drilling NPT  
20-30%  
anticipated reliability improvement  
~\$15B+  
industry productivity opportunity  
Sources: GE, BHI analyses

---

Technology Leadership  
Art Soucy, Kishore Sundararajan

---

Leading Technology Driving Value Across  
Portfolio

- ..Rotary drilling tools leveraging GE expertise
- ..Advanced wellbore trajectory survey
- ..Digital integration of completion activity
- ..Advanced materials for harsh environment
- ..Remote monitoring
- ..Advanced analytics
- ..Integrated advanced sensors
- ..Life of well performance prediction
- ..Reservoir dynamics and characterization
- ..New sensing and modeling techniques
- ..Advanced Gas Turbine Technology
- ..Power Gen Equipment
- ..Highest power density
- ..Modular Solutions
- ..Steam Turbine Technology
- ..Centrifugal & RecipCompressors
- ..Flexible Mechanical Drive Options

Brilliant Drilling Systems  
LNG/Pipeline  
Smart Completions  
Production optimization  
Reservoir  
Performance Evaluation  
Refinery & Petrochemical  
Service Quality  
Agility  
Cost per barrel

---

Edgar Filing: BAKER HUGHES INC - Form 425

Additive Manufacturing Advancing  
Technology

Baker Hughes investment:

\$11 million

o5 machines

o32 downhole parts

o24 fewer parts

o20% cost reduction

oHigher reliability -less parts, no pressure plugs required

Manifold check valve

GE investment \$1.5B+

oThinking additively

o845 parts eliminated

lasertec-65-shape-h1-jpg

\$1B+ acquisitions

Advanced Turbo Prop

-a)

(a-subject to customary closing conditions

[https://pbs.twimg.com/profile\\_images/582823690519244800/](https://pbs.twimg.com/profile_images/582823690519244800/W7IxZcR6.png)

W7IxZcR6.png

GE93\_HD7.png

---



## Edgar Filing: BAKER HUGHES INC - Form 425

Electronics Driving Significant Efficiencies in Drilling  
People related negative productivity by top 4 OFS companies  
since 2014 Improved electronics, sensor and analytical  
capability critical to success  
1-2-1 Strategy  
o1tool  
o2people at the rig  
o1year of experience  
\$3B+  
Sources: BHI analysis, public filings

---

Autonomous Drilling Systems now a  
Possibility  
oIslands of autonomy  
oNo integrated system  
oPockets of expertise  
oSystems incompatible  
oAutomated drilling systems  
oNew business model  
oImproved safety, lower risk for employees  
Image result for drilling rig system schematic  
2016  
2020

---

GE Store driving Technology Productivity  
in Drilling

- + Battery technology .Downhole rechargeable batteries
- + GE Healthcare technology .Advanced sensor analytics (i.e. NMR, acoustics)
- + Silicon Carbide & hybrid electronics techn. .

New high temperature platform

- + Systems modeling & integration .Short BHA (From 65' to 30')
- + Fluid mechanics science .Downhole power generation
- + Material science .Corrosion & Wear resistant BHA
- + Rotating machinery experience .Reliable Rotary Steerable Systems (RSS)
- + Bit composite encapsulated sensors .Accurate well placement

---

Operations Optimization  
Jody Markopoulos

---

Digital Thread improving Efficiencies at  
BHI + GE  
Sourcing data lake  
On-the-move sourcing analytics  
oEnabling 4%+external deflation  
Engineering  
digital thread.png  
..NPI Cycle  
..Product Cost  
Commercial  
digital thread.png  
..Funnel size  
..Convertibility  
Supply Chain  
digital thread.png  
..Inventory turns  
..Lead time  
Services  
digital thread.png  
..Asset reliability  
..FSE utilization  
Installed base mining  
Virtual validation  
Subsea tree 3D model  
oDefect reduction by 80%  
digital thread.png  
digital thread.png  
digital thread.png  
BentlyNevada vibration systems  
o\$24MM upgrades

---

## Edgar Filing: BAKER HUGHES INC - Form 425

Supply Optimization ... Day 1 Focus  
\*2015 spend  
~80% overlap on sourcing categories\*  
Mechanical12%  
Electronics  
7%  
Logistics9%  
Raw Material8%  
Aux Equipment16%  
Other20%  
Indirect28%  
Supply base rationalization  
oDeeper, stronger supply base  
oGlobal risk management  
Procurement infrastructure  
oVolume efficiency  
oProcess standardization and automation  
Value engineering  
oShould cost  
oProduct standardization  
Landed cost optimization  
oLogistics efficiency  
oMake/buy trade-offs  
Big Data  
Analytics  
20%  
Cost  
15%  
Supplier  
Proven track record ... Examples:  
Focus Areas  
Electronics Center of  
Excellence

---

Optimizing Fulfilment ... Service Delivery Excellence

Asia Pacific

Americas

Europe, Middle East & Africa

Operational excellence

Lean Culture

-2x throughput

Brilliant Factory

-. 25% lead time

Multi-modal facilities

Competitive scale

-.responsiveness

Advanced manufacturing

-50% part reduction

250

203

BHI locations \*

GE locations

453

162

145

307

99

67

166

\* excludes chemical storage

## Edgar Filing: BAKER HUGHES INC - Form 425

Brilliant Factory: Talamona, Italy

25%

% Lead time

IMPROVEMENT

10+ Technologies

From 5 axis EDM to Laser Weld

Programming & Simulation

From machining (800+ tools)

to Laser scanning (700+ holes/unit)

image9.png

image10.png

image11.jpeg

Predictive approach

w/ data collection & software

5

Suppliers to

ONE

10

operations in

a SINGLE line

10

operations in

a SINGLE line

Potential use cases

~4,000/year Sub Surface Safety Valve  
components

~1,100/year Drilling Motor Radial  
Bearings

---



Integration Status Update  
UwemUkpong

---

Creating value  
Cost  
2018F  
From revenue  
2020F  
~\$0.7  
~\$1.6  
Synergies  
~\$1.2  
~\$0.4  
~\$0.6  
~\$0.1  
(EBITDA \$ in billions)  
2020F EBITDA synergy benefits  
+Revenue synergies  
+Sourcing/procurement improvements  
+Manufacturing, service footprint rationalization  
+Process optimization  
+SG&A consolidation  
~\$0.4  
~\$0.4  
~\$0.2  
~\$0.2  
~\$0.4

---

Integration planning

- oJoint integration planning launched, led by Derek Mathieson and Uwem Ukpog
  - oAppointed integration planning team of 30 senior leaders from Baker Hughes and GE
    - ..Combined hundreds of years in OFS and GE
    - ..Mix of functions, regions and product/service lines
    - ..Team planning sessions complete at GE's Crotonvillelearning center
  - oJoint Baker Hughes/GE Steering Committee of senior executives
  - oLeveraging prior integration experience from both companies
  - oEmployee outreach and communications ongoing
  - oRegulatory process underway
-

Focused on Customers and Value Creation  
from Day 1  
..Commitment to Health Safety and  
Environment  
..Customer focus and relationships  
..Technology expertise and innovation  
..Service culture  
..Talent and development  
Taking the best of both organizations  
Targeted work programs  
Strategy and operating model for NewCo  
Integration and synergy capture planning

---

Summary  
Lorenzo Simonelli

---

## Edgar Filing: BAKER HUGHES INC - Form 425

### Financial Overview

(\$ in billions)

#### Key metrics

##### Revenue

~\$32

~\$28

'15

'18F

##### 2015 Adjusted EBITDA

'16E cost out

##### Synergies

-Cost

-From revenue

Lower volume / price

##### 2018F Adjusted EBITDA

Restructuring / other charges

##### 2018F EBITDA

~\$4.8

~1.3

~0.6

~0.1

~(1.4)

~\$5.5

~(0.3)

~\$5.2

##### Adjusted EBITDA-a)

\$4.8

~\$5.5

(a-EBITDA and Adjusted EBITDA are non-GAAP measures. See the notes to financial data included on page 52 for additional information.

Totals may not add due to use of rounded numbers.

---

Summary

..Unmatched fullstreamcapability  
..Creating the productivity leader for the industry  
..Digital capability will shape industry over next decade  
..GE Store will be key advantage: Commercial + Technical  
..Disciplined capital allocation: high-margin, high-return  
portfolio  
..Integration planning underway ... focused on customers +  
value creation

---

Q & A

---



Disclaimers & Notes

---

Additional Information and Where to Find

It

In connection with the proposed transaction between GE and Baker Hughes Incorporated ("BHI"), Bear Newco, Inc. ("Newco") will prepare and file with the SEC a registration statement on Form S-4 that will include a combined proxy statement/prospectus of Newco and BHI (the "Combined Proxy Statement/Prospectus"). BHI and Newco will prepare and file the Combined Proxy Statement/Prospectus with the SEC, and BHI will mail the Combined Proxy Statement/Prospectus to its stockholders and file other documents regarding the proposed transaction with the SEC. This communication is not a substitute for any proxy statement, registration statement, proxy statement/prospectus or other documents BHI and/or Newco may file with the SEC in connection with the proposed transaction. INVESTORS AND SECURITY HOLDERS ARE URGED TO READ CAREFULLY AND IN THEIR ENTIRETY THE COMBINED PROXY STATEMENT/PROSPECTUS WHEN IT BECOMES AVAILABLE, ANY AMENDMENTS OR SUPPLEMENTS TO THE COMBINED PROXY STATEMENT/PROSPECTUS, AND OTHER DOCUMENTS FILED BY BHI OR NEWCO WITH THE SEC IN CONNECTION WITH THE PROPOSED TRANSACTION, BECAUSE THESE DOCUMENTS WILL CONTAIN IMPORTANT INFORMATION. Investors and security holders will be able to obtain free copies of the Combined Proxy Statement/Prospectus and other documents filed with the SEC by BHI and/or Newco through the website maintained by the SEC at [www.sec.gov](http://www.sec.gov). Investors and security holders will also be able to obtain free copies of the documents filed by Newco and/or BHI with the SEC on BHI's website at <http://www.bakerhughes.com> or by contacting BHI Investor Relations at [alondra.oteyza@bakerhughes.com](mailto:alondra.oteyza@bakerhughes.com) or by calling +1-713-439-8822.

No Offer or Solicitation

This communication is for informational purposes only and not intended to and does not constitute an offer to subscribe for, buy or sell, the solicitation of an offer to subscribe for, buy or sell or an invitation to subscribe for, buy or sell any securities or the solicitation of any vote or approval in any jurisdiction pursuant to or in connection with the proposed transaction or otherwise, nor shall there be any sale, issuance or transfer of securities in any jurisdiction in contravention of applicable law. No offer of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended, and otherwise in accordance with applicable law.

Participants in the Solicitation

GE, BHI, Newco, their respective directors, executive officers and other members of its management and employees may be deemed to be participants in the solicitation of proxies in connection with the proposed transaction. Information regarding the persons who may, under the rules of the SEC, be deemed participants in the solicitation of proxies in connection with the proposed transaction, including a description of their direct or indirect interests, by security holdings or otherwise, will be set forth in the Combined Proxy Statement/Prospectus and other relevant materials when it is filed with the SEC. Information regarding the directors and executive officers of GE is contained in GE's proxy statement for its 2016 annual meeting of stockholders, filed with the SEC on March

## Edgar Filing: BAKER HUGHES INC - Form 425

16, 2016, its Annual Report on Form 10-K for the year ended December 31, 2015, which was filed with the SEC on February 26, 2016, its Quarterly Report on Form 10-Q/A for the quarter ended September 30, 2016, which was filed with the SEC on November 9, 2016 and certain of its Current Reports filed on Form 8-K. Information regarding the directors and executive officers of BHI is contained in BHI's proxy statement for its 2016 annual meeting of stockholders, filed with the SEC on April 11, 2016, its Annual Report on Form 10-K/A for the year ended December 31, 2015, which was filed with the SEC on February 19, 2016, its Quarterly Report on Form 10-Q for the quarter ended September 30, 2016 which was filed with the SEC on October 25, 2016 and certain of its Current Reports filed on Form 8-K. These documents can be obtained free of charge from the sources indicated above

---

Caution concerning forward-looking statements

This communication contains "forward-looking" statements as that term is defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended by the Private Securities Litigation Reform Act of 1995, including statements regarding the proposed transaction between GE and BHI. All statements, other than historical facts, including statements regarding the expected timing and structure of the proposed transaction; the ability of the parties to complete the proposed transaction considering the various closing conditions; the expected benefits of the proposed transaction such as improved operations, enhanced revenues and cash flow, synergies, growth potential, market profile, customers' business plans and financial strength; the competitive ability and position of the combined company following completion of the proposed transaction, including the projected impact on GE's earnings per share; the projected future financial performance of GE Oil & Gas, BHI

and Newco; oil and natural gas market conditions; costs and availability of resources; legal, economic and regulatory conditions; and any assumptions underlying any of the foregoing, are forward-looking statements. Forward-looking statements concern future circumstances and results and other statements that are not historical facts and are sometimes identified by the words "may," "will," "should," "potential," "intend," "expect," "endeavor," "seek," "anticipate," "estimate," "overestimate," "underestimate," "believe," "could," "project," "predict," "continue," "target" or other similar words or expressions.

Forward-looking statements are based upon current plans, estimates and expectations that are subject to risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those indicated or anticipated by such forward-looking statements. The inclusion of such statements should not be regarded as a representation that such plans, estimates or expectations will be achieved. Important factors that could cause actual results to differ materially from such plans, estimates or expectations include, among others, (1) that one or more closing conditions to the transaction, including certain regulatory approvals, may not be satisfied or waived, on a timely basis or otherwise, including that a governmental entity may prohibit, delay or refuse to grant approval for the consummation of the proposed transaction, may require conditions, limitations or restrictions in connection with such approvals or that the required approval by the stockholders of BHI may not be obtained; (2) the risk that the proposed transaction may not be completed in the time frame expected by GE or BHI, or at all; (3) unexpected costs, charges or expenses resulting from the proposed transaction; (4) uncertainty of the expected financial performance of the combined company following completion of the proposed transaction; (5) failure to realize the anticipated benefits of the proposed transaction, including as a result of delay in completing the proposed transaction or integrating the businesses of GE, BHI and Newco; (6) the ability of the combined company to implement its business strategy; (7) difficulties and

delays in achieving revenue and cost synergies of the combined company; (8) inability to retain and hire key personnel; (9) the occurrence of any event that could give rise to termination of the proposed transaction; (10) the risk that stockholder litigation in connection with the proposed transaction or other settlements or investigations may affect the timing or occurrence of the contemplated merger or result in significant costs of defense, indemnification and liability; (11) evolving legal, regulatory and tax regimes; (12) changes in general economic and/or industry specific conditions, including oil price changes; (13) actions by third parties, including government agencies; and (14) other risk factors as detailed from time to time in GE's and BHI's reports filed with the SEC, including GE's and BHI's annual report on Form 10-K, periodic quarterly reports on Form 10-Q, periodic current reports on Form 8-K and other documents filed with the SEC. The foregoing list of important factors is not exclusive. Any forward-looking statements speak only as of the date of this communication. Neither GE nor BHI undertakes any obligation to update any forward-looking statements, whether as a result of new information or development, future events or otherwise, except as required by law. Readers are cautioned not to place undue reliance on any of these forward-looking statements.

---

Overall

oProforma financials for Baker Hughes, a GE Company reflect estimates of the combined performance of GE Oil & Gas and BHI. For GE Oil & Gas, the estimates are based on

internal performance measures as described below. For BHI, the estimates are based on BHI's reported earnings as described below. GE Oil & Gas oRevenue and Segment Profit represent reported amounts disclosed as industrial operating segment results within General Electric Company's annual and quarterly SEC filings, which are prepared in conformity with U.S. generally accepted accounting principles. Such information has been preparedsolely for purposes of consolidation by GE, and not for stand-alone financial reporting purposes. oSegment revenues include revenues and other income related to the segment. Segment profit is determined based on internal performance measures used by the Chief Executive Officer (CEO) to assess the performance of each business in a given period. In connection with that assessment, theCEO may exclude matters such as charges for restructuring; rationalization and other similar expenses; acquisition costs and other related charges; technology and product development costs; certain gains and losses from acquisitions or dispositions; and litigation settlements or other charges, for which responsibility preceded the current management team. Intercompany transactions are reflected in Revenue and Segment Profit on the basis of GE policies and procedures.

oSegment profit excludes the portion of earnings or loss attributable to non-controlling interests of consolidated subsidiaries, and as such only includes the portion of earnings or loss attributable to our share of the consolidated earnings or loss of consolidated subsidiaries. Segment profit also excludes interest and other financial charges and income taxes. For purposes of this presentation, segment profit may also be referred to as EBIT. Certain GE corporate costs, such as shared services, employee benefits and information technology are allocated to our segments based on usage. A portion of the remaining corporate costs is allocated based on each segment's relative net cost of operations.

Baker Hughes

oRevenue and Adjusted EBITDA have been presented on a consistent basis for 2015 with BHI's reported earnings, including adjustments such as, but not limited to, impairment and restructuring charges, merger and related costs, inventory adjustments and litigation settlements. For more detail, refer to BHI's earnings release for the year ended December 31, 2015.