

BAKER HUGHES INC

Form 425

November 07, 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: November 7, 2016

BAKER HUGHES

GE Oil and Gas Overview

Supplemental Transaction Information

Selected Financial Information

November 7, 2016

---

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

## Edgar Filing: BAKER HUGHES INC - Form 425

with the SEC on March 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 for the quarter ended September 30, 2016, which was filed with the SEC on November 2, 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

2

---

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 and 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

## Edgar Filing: BAKER HUGHES INC - Form 425

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.

3

---

Edgar Filing: BAKER HUGHES INC - Form 425

Building GE Oil and Gas Focusing where technology makes the difference (\$ in billions) \$148+ invested 30+ acquisitions

1994 2004 2007 2008 2011 2012 2013 2014 2015 Total OandG  
orders \$1 \$4 \$10 \$10 \$16 \$19 \$20 \$20 \$15 NuovoPignone Bently  
Nevada vetcogray Sendex Hydril Wellstream Dresser WG Well  
Support Naxys Lufkin Superior Ajax (Cameron) Reciprocating  
Compression Advantec Veloca A Turbo Machinery company  
Developed Service model and expanded in Inspection  
Technologies Entered Subsea segment Expanded Capital  
Drilling segment Expanded to Flow and Artificial Lift  
Integrated and expanded sensing Expanded in Artificial and Rod  
Lift segment Continue to build out capabilities to focus on  
specific segments

4

## Edgar Filing: BAKER HUGHES INC - Form 425

Our Product Companies GE Oil and Gas offers its customers a leading portfolio of advanced technology and optimization support across all oil and gas segments. We are a "fullstream" company, upstream to downstream, greenfield to brownfield, onshore and offshore.

2015 Revenues

\$5.4B

### TURBOMACHINERY SOLUTIONS

- o Gas turbines
- o Axial and centrifugal compressors
- o Electric motor- driven compressors
- o Turboexpanders and heat exchangers
- o Modular LNG

\$2.3B

### DIGITAL SOLUTIONS

- o Asset / vibration monitoring
- o Pipeline integrity and inspection
- o Non-destructive testing equipment and services
- o Flow meters
- o Installed sensing
- o Leak detection
- o Nuclear instrument

\$2.2B

### SURFACE

- o Rod lift systems
- o Electrical submersible pumps
- o Downhole tools
- o Surface wellheads
- o Logging services
- o Service and repair

\$4.3B

### SUBSEA SYSTEMS and DRILLING

- o Subsea trees and wellheads
- o Subsea power and processing
- o Manifolds
- o Flexible risers and flow lines
- o BOPs
- o Drilling systems

\$2.2B

### DOW NSTREAM TECHNOLOGY SOLUTIONS

- o Steam turbines
- o Recip. compressors
- o High-speed recip. compressors
- o Pumps, valves and fuel gas systems

Note: Revenues across product companies may not add to the total due to the use of rounded numbers. The mathematical aggregation of revenue reported for GE O and G's five sub-segments differs from revenue reported for GE O and G as a whole due principally to eliminations on inter-sub-segment sales of products and services, which are reflected as an adjustment to the revenue reported for GE O and G but not as an adjustment to the revenue reported for each of the five sub-segments. In addition, revenue and orders for GE O and G's five sub-segments have been recast retrospectively (with no impact on GE O and G as a whole) to reflect the effect of

Edgar Filing: BAKER HUGHES INC - Form 425

internal realignments of individual businesses within GE  
O and G.  
5

---



Turbomachinery Solutions Technology leader with strong differentiation Attractive service business - 10-20+ year contracts GE store: Advanced Manufacturing, Aeroderivatives Gas Turbines, Predictive Analytics, technology from Aviation and Power

Key offerings

Gas Turbines

- o Heavy duty
- o Aeroderivative
- o Industrial

Centrifugal compressors

Small-scale and modular liquefied natural gas

Long-term service agreements

Transactional services

Applications

Large scale liquefied natural gas

Offshore power and processing

Oilfield power and gas (re)injection

Pipeline Compression

Small-scale modular LNG

Business drivers

New Units

55% 2015 Revenues

- o Greenfield projects: liquefied natural gas, offshore, onshore fields, pipelines
- o Brownfield extensions and upgrades
- o Delivery ~2 years after order/final investment decision

Aftermarket Services

45% 2015 Revenues

- o Long-term agreements (55%) ... typically signed with equipment award
- o Transactional and event-based (45%)

6

---

Digital Solutions

Leading positions in high-tech niches Cutting-edge next-gen measurement and controls GE store: Sensing, Robotics, Controls, Predix, Asset Performance Management

Core Industries

OIL and GAS

40%

POWER GEN

30%

AEROSPACE

8%

OTHER

22%

Product Line Platforms

Condition Monitoring

o Monitors

o Field devices

o Tech support

o System 1 software

o Machinery diagnostics

Control Solutions

o Control system upgrade/retrofit projects

o Parts and services

o Cyber security

o Software and HMIs

o Mechanical solutions

Inspection Technologies

o Ultrasonic, eddy current

o Remote visual

o CR/DR, X-Ray, CT

o Software

Measurement and Sensing

o Sensors

o Nuclear instrumentation

o Flow (Panametrics)

o Gas and moisture

o Pressure (Druck)

Pipeline Solutions (PII)

o Inspection services O and G transmission pipelines

o Integrity data analysis and engineering

o Software tools

o Remote monitoring

Software and Services

o Software platform apps

o GE Predix technology

o Plant-wide machinery health services

o Repair and calibration svcs

o Inspection services

7

Surface Short-cycle, service focused offerings, expanding presence in unconventional GE store: Material Science for seals and coatings, High Temperature electronics Key offerings Major customers '15 Revenue profile Key brands Production solutions

- o Artificial Lift
  - Electrical submersible pumps
  - Rod lift systems
  - Progressing cavity pumps
- o Well services
  - Production and cased hole logging services, E-line, slickline
  - Pipe Recovery and perforation

International, National, and Independent Oil Companies

EandP operators

NAM ~55% RoW ~45%

Wood Group

Well Support

Evaluation and optimization

- o Downhole tools
- o Drilling measurements and sensing
- o Monitoring and completion systems

EandP operators

Oilfield service companies

NAM 25% RoW 75%

Field Vantage

Pressure control

- o Well control equipment
- o Surface wellheads
- o Production trees
- o Frac rentals and flowback

Mostly Onshore

International, National, and Independent Oil Companies

EandP operators

NAM ~35% RoW ~65%

Wood Group

Well Support

8

Subsea Systems and Drilling Long-cycle, high technology  
segment Industry first: 20K PSI BOP, Performance based  
contracts GE store: Subsea Processing and Power, Flow  
assurance, Aviation product governance Key offerings Major  
customers Business drivers Key brands  
Subsea Production Systems and Services

- o Trees, Manifolds and Connections
- o Controls and Actuators
- o Wellheads, Connectors and Pipes
- o Power and Processing
- o Life of field management
- o Well construction and intervention

International, National, and Independent Oil Companies  
Specialized developers

- o Subsea project FIDs ... greenfield and brownfield
- o Mid-life upgrades ... electrical submersible pump. controls
- o Well intervention and workover campaigns

Wellstream flexible pipes

- o Flexible production risers, flowlines and jumpers
- o Riser integrity management

International, National, and Independent Oil Companies  
Engineering and Procurement Compaies

- o Adoption of flexible risers for FPSO projects
- o Riser integrity management activity

Drilling products and services

- o Blowout Preventers (BOPs)
- o Marine drilling risers
- o BOP controls and monitoring
- o Inspection and repair services
- o Long-term service agreements

Drilling companies  
International, National, and Independent Oil Companies

- o Deepwater drilling vessel newbuilds/upgrades
- o Post-Macondo BOP standards
- o Inspection and certification
- o Adoption of performance based service agreements

9

---

Downstream Technology Large Installed Base More Stable  
through cycles GE store: Rotating Equipment Technology,  
Predictive Analytics, Steam Turbines Tech Key offerings  
Applications Downstream Products and Services (DPandS)

- o Steam turbines
- o Reciprocating compressors
- o Services and diagnostics

Refining, Petrochem and Fertilizers  
Process and general industrial  
Compression for upstream oil and gas  
Major customers  
Flow and Process Technologies (F and PT)

- o Valves
- o Pumps
- o Regulators and Actuators

Oil Companies  
International  
National  
Independent  
Petrochemical companies  
General industrial companies  
Reciprocating compression

- o High speed compressors
- o Ajax integral and separable compressors
- o Modular CNG solutions

Business drivers

- o DPandS: project business + aftermarket for refineries,  
petrochem and fertilizer plants
- o F and PT: project + flow for downstream and process industries
- o Reciprocating compressors ... mainly upstream ... gas lift,  
natural gas for power generation. Shale gas infrastructure  
levered

10

---

The GE Store in GE, every business can share and access the same technology, markets, structure and intellect . governed by culture and simplification.

GE Store principle:

- o Contribute
- o Crowdsourc
- o Collaborate

Insourced components:

- o Alternators and computational fluid dynamics from Aviation
- o Turbine technology from Oil and Gas + Marine to Transportation
- o Ceramic Matrix Composites (CMCs), from Oil and Gas to Aviation
- o And more ...

Cross-industry technology

Supported by GE Capital:

- o Financing infrastructure investments

POWER Combustion science and services, installed base

AVIATION Advanced materials, manufacturing, and engineering productivity

HEALTHCARE Diagnostics technology--a first-mover and anchor in growth markets

LIGHTING

LED is gateway to energy efficiency

TRANSPORTATION Engine technology and localization in growth regions

OIL and GAS Services and technology--a first-mover in growth regions

RENEWABLE ENERGY

Sustainable power systems and storage

ENERGY CONNECTIONS Electrification, controls and power conversion technology

GLOBAL GROWTH ORGANIZATION

GLOBAL RESEARCH

CULTURE and SIMPLIFICATION

GE DIGITAL (Predix)

GE CAPITAL (Financing)

11

---

Edgar Filing: BAKER HUGHES INC - Form 425

GE O and G - financial summary

(\$ in billions)

Summary financials      Orders by geography (FY'15)

2013	2014	2015	
Orders	19.9	20.1	15.1
Equip.	10.9	10.2	6.6
Svcs.	9.0	9.9	8.5
Revenue	17.3	19.1	16.5
YoY variance%		10.1%	(13.8%)

Middle East, North Africa and Turkey

~15%

Asia

~16%

NAM

~27%

Latin America

EBITDA%-a)

16.4%      17.5%      18.4%

3.3

Sub-Saharan Africa

~12%

Russia and CIS

Europe

~14%

EBITDA-a)

2.8

3.0

~4%

~12%

Backlog

\$23.9      \$25.0      \$22.9      \$21.6

FY'13      FY'14      FY'15

Equipment

Services

13.0      12.0      9.5      7.2

10.9      12.9      13.4      14.4

FY'13      FY'14      FY'15      3Q'16 YTD

Resilient service revenue stream ~2x margin vs Equipment

Note: See footnotes hereto included on page 21, which are an integral part of the selected financial data. (a- Non-GAAP measure, EBIT is equivalent to Segment Profit

12

Supplemental Transaction Information  
13

---



Summary of transaction structure

GE contributes GE Oil and Gas and \$7.4B of cash, and BHI transfers its business to the Partnership:

-- BHI transfers 100% of its assets and liabilities to a newly formed Partnership in exchange for 37.5% of its equity owned through a newly NYSE listed corporation ("new Baker Hughes")

-- GE transfers its Oil and Gas business and \$7.4B of cash in exchange for 62.5% of its equity

-- GE's \$7.4B cash to the Partnership to be used to fund a \$17.50 per share dividend to the existing Baker Hughes shareholders

There will be no incremental net debt on new Baker Hughes or the Partnership as a result of the transaction

-- Neither the Operating Partnership nor BHI will incur any debt to fund the \$17.50 special dividend

-- It is currently expected that the ratings of the new Baker Hughes will be A+ from SandP and A3 from Moody's At the closing of the transaction, the Baker Hughes shareholders will receive Class A shares in the new Baker Hughes on a one-for one basis (representing their 37.5% Ownership) and GE will receive Class B shares (which represents its 62.5% voting ownership)

At the closing of the transaction, the "float" of new Baker Hughes will be substantially the same as it was immediately prior to the transaction

-- Baker Hughes shareholders will receive 100% of the class A shares, which will represent 100% of the free float The Class B shares held by GE will be subject to the restrictions in the Stockholders Agreement

62.5%

Shareholders

\$17.50/sh dividend 100%

Newco, Inc. (NYSE listed)

37.5%

\$7.4B cash

Baker Hughes, a GE company (operating partnership)

GE Oil and Gas

+ \$7.4B cash

Both Baker Hughes, a GE Company and NYSE listed Baker Hughes will file public financials

14

Overview of Shareholders' protections

Board Composition

"New" Baker Hughes board will consist of 9 directors; 4

designated by Baker Hughes and 5 designated by GE

-- GE designees: Jeff Immelt, GE Chairman and CEO, will serve as "New" Baker Hughes Chairman + 4 other directors

-- BHI designees: Martin Craighead, Baker Hughes Chairman and CEO, will be "New Baker Hughes" Vice Chairman + 3 other independent directors

Standstill

Five-year standstill restriction on purchases of "New" Baker Hughes shares by GE

Squeeze-out Transactions

Majority of minority stockholder approval condition

Approval of Special Committee of independent non-GE directors

Restrictions on Transfer to Third Parties

Two-year lock-up on transfer or sale of any "New" Baker Hughes shares (includes tax free spin / split-off / RMT), except to GE affiliates, unless approved by the Special Committee of independent non-GE directors After year 2, permitted to sell in a widely distributed public offering or in connection with the sale of the entire company to a third party

GE Non- Compete

GE will not compete in the oil and gas business from the closing until the expiration of a period of 2 years

following the date on which GE no longer controls "New"

Baker Hughes, subject to certain exceptions Source:

[https://www.sec.gov/Archives/edgar/data/808362/000095010316017539/dp69954\\_8k.htm](https://www.sec.gov/Archives/edgar/data/808362/000095010316017539/dp69954_8k.htm)

15

---

Edgar Filing: BAKER HUGHES INC - Form 425

2018 New Baker Hughes Pro-forma EBITDA-a)

(\$ in billions)

~\$5.2B

~18.3%

EBITDA Margin

~\$5.5B

~19.4%

EBITDA Margin

~\$6.4B

~21.5%

EBITDA Margin

As presented on 10/31      Adjusted Normalized run-rate

GE Oil and Gas	\$2.4	\$2.4	\$2.4
----------------	-------	-------	-------

Baker Hughes	2.4	2.4	2.4
--------------	-----	-----	-----

Cost Synergies	0.6	0.6	0.6
----------------	-----	-----	-----

Rev. Synergies	0.1	0.1	0.4
----------------	-----	-----	-----

Restructuring

costs / other	(0.3)	-	-
---------------	-------	---	---

	-\$5.2	-\$5.5	-\$6.4
--	--------	--------	--------

(a- GE O and G and Baker Hughes estimates; non-GAAP measure

Note: See footnotes hereto included on page 21, which are an integral part of the selected financial data.

16

## Edgar Filing: BAKER HUGHES INC - Form 425

### Deal valuation overview

(\$ in billions)

Combined value	Implied Price/sh	Valuation Benchmark
----------------	------------------	---------------------

BHI market cap-a)	\$23.4	
-------------------	--------	--

GE Oil and Gas	\$28.5	
----------------	--------	--

Equity Value	\$51.9	
--------------	--------	--

Plus: Synergy PV	\$13.7	
------------------	--------	--

Total New BHI	\$65.6	
---------------	--------	--

-\$55

'18E EBIT \$1.8B @ 15.8x

'18E EBITDA \$2.4B @ 11.8x

18x EBITDA/EBIT Through the cycle EBITDA/EBIT %

Average:

OFSE - b)

-11.8x/-18.3x

20% / 17%

OFS-c)

-9.3x/-16.8x

20% / 13%

Value to BHI shareholders

BHI share (37.5% x \$65.6B)

\$24.6

~\$58

Cash dividend

\$7.4

Total value to BHI

\$32.0

~\$76

Total premium: ~37%

GE O and G selected competitors

Siemens Dover Weir

Flowserve

Honeywell Emerson Dril-Quip

Roper

FMC Technologies Aker Solutions Schlumberger

NOV

(a- Based on undisturbed price

(b- OFSE benchmark includes FMC, Dril-Quip, NOV, Weir, Flowserve

(c- OFS benchmark includes Schlumberger, Halliburton, Baker

Hughes, Weatherford

17

Selected Financial Information  
18

---

Edgar Filing: BAKER HUGHES INC - Form 425

GE Oil and Gas selected financial data

(\$ in millions)

Revenue (\$MM)

FY'13 17,341

FY'14 19,085

FY'15 16,450

3Q'15 YTD 12,096

3Q'16 YTD 9,497

Segment Profit / EBIT (\$MM)-a)

2,357 2,758 2,427 1,712 981

Segment Profit Margin / EBIT-a)

13.6% 14.5% 14.8% 14.2% 10.3%

Depreciation and Amortization (\$MM)

481 585 596 451 434

EBITDA (\$MM)-a)

2,838 3,343 3,023 2,163 1,415

EBITDA %-a)

16.4% 17.5% 18.4% 17.9% 14.9%

Capex % of revenue

4.2% 3.4% 3.2% 3.3% 3.2%

Note: See footnotes hereto included on page 21, which are an

integral part of the selected financial data. (a- non-GAAP

measure

19

Edgar Filing: BAKER HUGHES INC - Form 425

GE Oil and Gas selected financial data

(\$ in millions)

FY'13	FY'14	FY'15	3Q'15 YTD		3Q'16 YTD	
Revenue (\$MM)	17,341	19,085	16,450	12,096	9,497	
Equipment	8,852	10,158	8,329	6,182	4,403	
Services	8,488	8,926	8,121	5,914	5,093	

Sub Segment Revenue (\$MM)

Turbomachinery Solutions	5,369	5,787	5,431	3,723	3,123
Digital Solutions		3,131	2,478	2,333	1,701
Surface	2,468	3,208	2,192	1,736	1,021
Subsea Systems and Drilling	4,115	4,893	4,304	3,289	2,216
Downstream Technology Solutions		2,295	2,705	2,216	1,664
	1,603				

Backlog (\$MM)	23,869	24,990	22,862	23,125	21,597
Equipment	13,017	12,049	9,454	10,460	7,152
Services	10,851	12,942	13,408	12,665	14,445

Orders (\$MM)	19,945	20,072	15,137	11,809	7,740
Equipment	10,935	10,183	6,618	5,397	2,389
Services	9,010	9,888	8,519	6,412	5,351

Sub Segment Orders (\$MM)

Turbomachinery Solutions	6,248	6,904	5,088	4,250	2,649
Digital Solutions		3,329	2,570	2,300	1,647
Surface	2,572	3,291	2,008	1,601	1,087
Subsea Systems and Drilling	5,566	4,340	2,962	2,375	1,005
Downstream Technology Solutions		2,230	2,967	2,778	1,935
	1,446				

Note: See footnotes hereto included on page 21, which are an integral part of the selected financial data.

20

## Edgar Filing: BAKER HUGHES INC - Form 425

GE Oil and Gas selected financial data

### Notes

o Revenue 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 prepared solely for purposes of consolidation by GE, and not for stand-alone financial reporting purposes.

o Segment 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, the CEO 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. For each of the years ended December 31, 2013, 2014 and 2015 and for each of the nine-month periods ended September 30, 2015 and 2016, excluded net charges (pre-tax) aggregated \$0.2B, \$0.2B, \$0.5B, \$0.4B and \$0.7B, respectively. The charges in 2015 and 2016 predominately relate to restructuring, rationalization and other similar expenses. Intercompany transactions are reflected in Revenue and Segment Profit on the basis of GE policies and procedures.

o Segment 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.

o Revenue, Sub-Segment Revenue and Segment Profit reflect the historical operations of acquired businesses from their date of acquisition and the historical operations of divested businesses through their date of disposal. Such activities include, but are not limited to:

- the Advanced Sensors and Wayne dispositions within Digital Solutions on December 19, 2013 and June 20, 2014, respectively;

- the Industrial Air and Gas Technology disposition and the Reciprocating Compression acquisition within Downstream Technology Solutions on June 30, 2015 and June 2, 2014, respectively;



## Edgar Filing: BAKER HUGHES INC - Form 425

- the Lufkin acquisition within Surface on July 1, 2013; and

- the Salof acquisition within Turbomachinery Solutions on May 31, 2013, respectively.

o The mathematical aggregation of revenue reported for GE O and G's five sub-segments differs from revenue reported for GE O and G as a whole due principally to eliminations on inter-sub-segment sales of products and services, which are reflected as an adjustment to the revenue reported for GE O and G but not as an adjustment to the revenue reported for each of the five sub-segments. In addition, revenue and orders for GE O and G's five sub-segments have been recast retrospectively (with no impact on GE O and G as a whole) to reflect the effect of internal realignments of individual businesses within GE O and G.

21

---

GE

---