

BAKER HUGHES INC

Form 425

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Halliburton and Baker Hughes

Creating a leading oilfield services company

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Subject Company: Baker Hughes Incorporated

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The following is a roadshow presentation being used by Halliburton Company regarding its proposed merger with Baker Hughes

2

Safe Harbor

The statements in this presentation that are not historical statements, including statements regarding the integration of Halliburton and Baker Hughes, whether the transaction will close and the expected timing thereof and whether all required regulatory clearances and approvals will be obtained, are forward-looking statements within the meaning of the federal securities laws. These statements are subject to numerous risks and uncertainties, many of which are beyond the company's control, which could cause actual results to differ materially from the results expressed or implied by the statements. These risks and uncertainties include, but are not limited to:

to: failure to obtain the required votes of Halliburton's or Baker Hughes' stockholders; the timing to consummate the proposed transaction; the conditions to closing of the proposed transaction may not be satisfied or the closing of the proposed transaction otherwise does not occur; the risk a regulatory approval that may be required for the proposed transaction is not obtained or is obtained subject to conditions that are not anticipated; the diversion of management time on transaction-related issues; the ultimate timing, outcome and results of integrating the operations of Halliburton and Baker Hughes and the ultimate outcome of Halliburton's operating efficiencies applied to Baker Hughes' products and services; the effects of the business combination of Halliburton and Baker Hughes, including the combined company's future financial condition, results of operations, strategy and plans; expected synergies and other benefits from the proposed transaction and the ability of Halliburton to realize such synergies and other benefits; expectations regarding regulatory approval of the transaction; results of litigation, settlements, and investigations; and other risks and uncertainties described in Halliburton's Form 10-K for the year ended December 31, 2014 and Baker Hughes' Form 10-K for the year ended December 31, 2014, recent Current Reports filed by Halliburton and Baker Hughes on Form 8-K, and other Securities and Exchange Commission filings. These filings also discuss some of the important risk factors identified that may affect Halliburton and Baker Hughes' respective business, results of operations and financial condition. Halliburton and Baker Hughes undertake no obligation to revise or update publicly any forward-looking statements for any reason.

3

Safe Harbor

Participants in Solicitation

Additional information

Halliburton, Baker Hughes, their respective directors and certain of their respective executive officers may be considered participants in the solicitation of proxies in connection with the proposed transaction. Information about the directors and executive officers of Halliburton is included in its Annual Report on Form 10-K for the year ended December 31, 2014, which was filed with the SEC on February 24, 2015.

for its 2014 annual meeting of stockholders, which was filed with the SEC on April 8, 2014, and its Current Reports on Form 8-K on July 21, 2014 and December 9, 2014. Information about the directors and executive officers of Baker Hughes is set forth in its Current Report on Form 10-K for the year ended December 31, 2014, which was filed with the SEC on February 26, 2015, its proxy statement for its annual meeting of stockholders, which was filed with the SEC on March 5, 2014, and its Current Reports on Form 8-K filed with the SEC on March 10, 2014, September 10, 2014 and December 10, 2014. These documents can be obtained free of charge from the sources indicated in the proxy statement. Additional information regarding the participants in the proxy solicitations and a description of their direct and indirect interest in Baker Hughes, or its securities, or other holdings or otherwise, are contained in the proxy statement/prospectus and other relevant materials filed with the SEC.

This communication does not constitute an offer to buy or sell or the solicitation of an offer to buy or sell any securities or a request for approval. This communication relates to a proposed business combination between Halliburton and Baker Hughes. In connection with the proposed business combination, Halliburton has filed with the Securities and Exchange Commission (the "SEC") a registration statement on Form S-4, including Amendments No. 1 and 2 thereto, and a definitive joint proxy statement/prospectus of Halliburton and Baker Hughes, and other documents related to the proposed transaction. The registration statement was declared effective by the SEC on February 17, 2015. A copy of the definitive proxy statement/prospectus has been mailed to stockholders of Halliburton and Baker Hughes. **INVESTORS AND SECURITY HOLDERS OF HALLIBURTON AND BAKER HUGHES ARE URGED TO READ THE JOINT PROXY STATEMENT/PROSPECTUS AND THE REGISTRATION STATEMENT AND OTHER DOCUMENTS FILED OR THAT MAY BE FILED WITH THE SEC CAREFULLY AND IN THEIR ENTIRETY BECAUSE THEY CONTAIN OR WILL CONTAIN IMPORTANT INFORMATION.** Investors and security holders are urged to read these documents and other documents filed with the SEC by Halliburton and/or Baker Hughes through the website maintained by the SEC at <http://www.sec.gov>. Copies of the documents filed with the SEC by Halliburton are available free of charge on Halliburton's website at <http://www.halliburton.com> or by contacting Halliburton's Investor Relations Department by email at investors@Halliburton.com or by phone at +1-281-871-2688. Copies of the documents filed with the SEC by Baker Hughes are available free of charge on Baker Hughes' website at <http://www.bakerhughes.com> or by contacting Baker Hughes' Investor Relations Department by email at trey.clark@bakerhughes.com or alondra.oteyza@bakerhughes.com or by phone at +1-713-439-8039 or +1-713-439-8822.

Creating a leading oilfield services company
Unsurpassed breadth and depth of products and services
Nearly \$2 billion of annual cost synergies once fully integrated
Combined company well-positioned for continued superior growth, margins and returns
Accretive
to

cash
flow
by
end
of
year
one
after
close;
accretive
to
earnings
per
share

by end of year two after close

Pro forma capital structure maintains strong investment grade ratings and provides substantial flexibility

Transaction consistent with our commitment to efficiency and returns

Compelling combination benefitting both companies
shareholders and customers worldwide

4

Expanded Platform
for Superior
Growth, Margins &
Returns
Comprehensive
Mature Fields
Capabilities

Best-in-Class
Unconventional
Solutions
Robust
Deep Water
Technology
Portfolio
Accelerating our strategy
5

6

Compelling transaction for Shareholders
Premium for Baker Hughes shareholders

Receive 1.12 HAL shares and \$19.00 in cash for each share of Baker Hughes

Baker Hughes shareholders to own ~37% of the combined company

Average historical premiums*

3-year: 34.5%

5-year: 25.9%

Valuation

8.1x 2014 Consensus EBITDA Estimates*

Opportunity to participate in the significantly enhanced value of the combined company

Both companies are committed to a successful integration

Combination creates a must-own stock in the sector

* -

Calculated effective November 12, 2014

7
Clear path to 2H 2017 integration

Operational efficiencies

R&D optimization

Administrative structure

One-time integration costs

estimated to be ~\$500 million (\$50 million / quarter through 2017)

Extensive

plans

Integration costs

Nearly \$2 billion of annual cost synergies

North American

Operational Efficiencies

Administration and

Organizational Efficiencies

R&D Optimization

International

Operational Efficiencies

Real Estate

Corporate

18%

31%

23%

8%

9%

11%

Source:

Company financials.

(1)

Based on difference between Halliburton and Baker Hughes North American operating margin applied to Baker Hughes LTM

2010A

2014A

700 bps

2013A

2012A

2011A

700 bps = ~\$800 million / year

(1)

North America alone is an \$800 million annual opportunity

8

Halliburton North American operating margin

Baker Hughes North American operating margin

5%

10%

15%

20%

25%

30%

35%

Q3

Q4

Q1

Q2

Q3

Q4

Q1

Q2

Q3

Q4

Q1

Q2

Q3

Q4

Q1

Q2

Q3

Halliburton offices / facilities
Real Estate
Logistics
Security
Support Services
Personnel Utilization
Management

Targeting \$1 billion in annual fixed cost savings

Enhanced Fixed

Cost Absorption

9

Baker Hughes offices / facilities

Halliburton and Baker Hughes have dedicated considerable time and resources to analyzing the combination

Sean Boland, a nationally recognized antitrust attorney, and economic experts have analyzed the proposed transaction for Halliburton

Carefully evaluated potential divestitures needed to obtain regulatory approval
Halliburton has identified businesses that might be divested, if

required by regulators

Halliburton believes that divestitures required will be less than \$7.5B threshold

Halliburton is confident that a combination is
achievable from a regulatory standpoint

10

Anticipated divestitures will not diminish the compelling value
created by the combination

The Integration Process
11

12

Halliburton 2014 Summary

Record Revenue
and EBITDA

Generated record revenue of \$32.9 Billion and EBITDA of \$7.0 Billion

Industry leading total company revenue growth and returns for 2014

Record year for both divisions and 12 of 13 product lines

Macondo
Settlement

Reached an agreement to settle a substantial majority of the plaintiffs
class claims asserted against the company

Approximately \$1.1 Billion settlement, including legal fees

BHI Acquisition

Announced a definitive agreement to acquire Baker Hughes

Combination will create a bellwether oilfield services company; a
stronger, more diverse organization with unsurpassed depth and breadth
of services

US Rig Count Behavior
Last Three Major Cycles
Weeks
Source: Baker Hughes
Steep decline in rigs may lead to quicker recovery
13
40%

50%
60%
70%
80%
90%
100%
110%
1
11
21
31
41
51
61
71
81
91
101
111
121
131
141
151
161
1997
Cycle
2001
Cycle
2008
Cycle
2014
Cycle

14
Navigating
The Downturn
Looking Beyond
The Cycle
Adjusting cost structure
Lowering input costs

Live within our cash flow
Focused investment in capital equipment
Maintain competitive advantages
Continue strategic initiatives
Unconventionals
Deepwater
Mature
Fields
Two-Pronged Strategy