



# Baker Hughes, a GE Company Investor Update

December 8, 2016

# Agenda and Speakers

**New Baker Hughes**

Lorenzo Simonelli

**BHI Deal Rationale**

Martin Craighead

**Creating Customer Value + Productivity Leadership**

- Commercial Innovation
- Digital Transformation
- Technology Leadership
- Optimizing Operations

Maria Borrás/Derek Mathieson/Rod Christie

Matthias Heilmann

Art Soucy/Kishore Sundararajan

Jody Markopoulos

**Integration Update**

Uwem Ukpog

**Summary**

Lorenzo Simonelli

**Q&A**



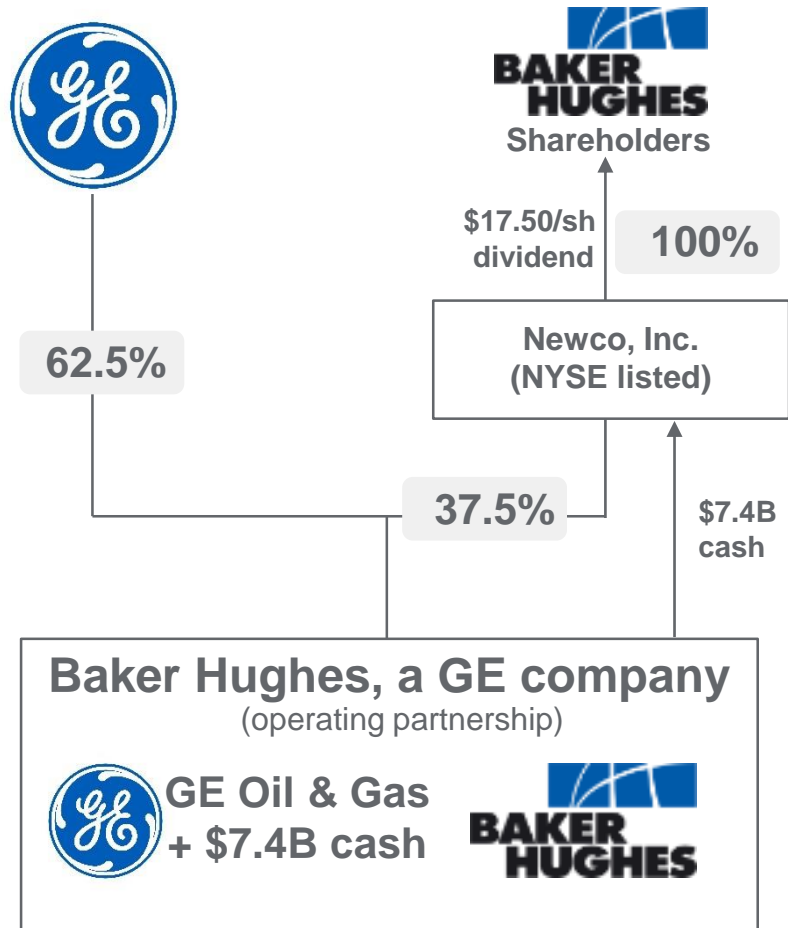
# Baker Hughes, a GE Company

Lorenzo Simonelli

# What We Like About the Deal

- 1 Fullstream technology provider ... industry-unique portfolio
- 2 Combining strengths ... technology, services, global capability
- 3 2x scale ... better ability to influence customer outcomes
- 4 Blended leadership team ... deep industry expertise
- 5 GE Digital capability ... significant impact on oilfield services productivity
- 6 Significant synergies + NewCo better positioned to navigate cycles

# Transaction Overview ... the “new” Baker Hughes



- Merge GE Oil & Gas with Baker Hughes ... GE owns 62.5%, new Baker Hughes owns 37.5% through partnership structure
- Publicly traded company with separate investor base; robust minority protections
- Ownership interest & voting aligned
- GE to contribute \$7.4B to fund cash dividend, Baker Hughes distributes \$17.50 per share dividend to shareholders
- Baker Hughes shareholders receive dividend & 37.5% equity of stronger business
- Blended leadership team
- 9 member Board ... 5 appointed by GE, 4 by Baker Hughes, including M. Craighead

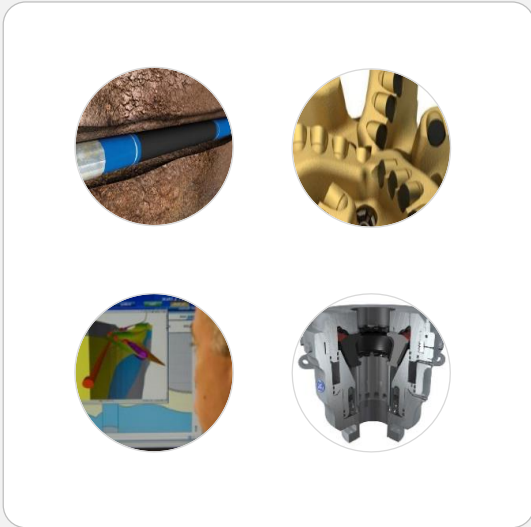
# Update Since 10/31 Transaction Announcement

- ✓ 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

# Baker Hughes, a GE Company

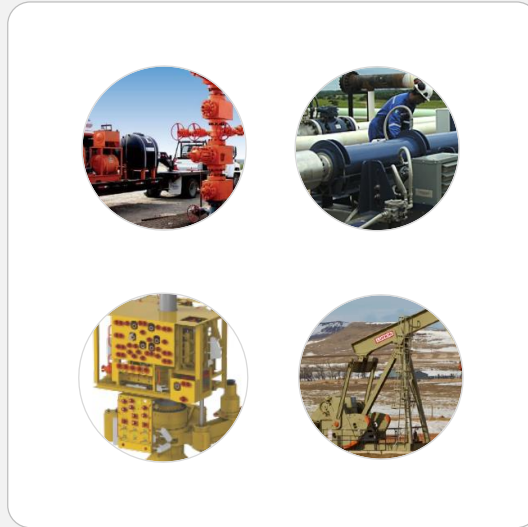
~\$34B\* revenue ~70,000 employees >120 countries

## Drilling & Evaluation



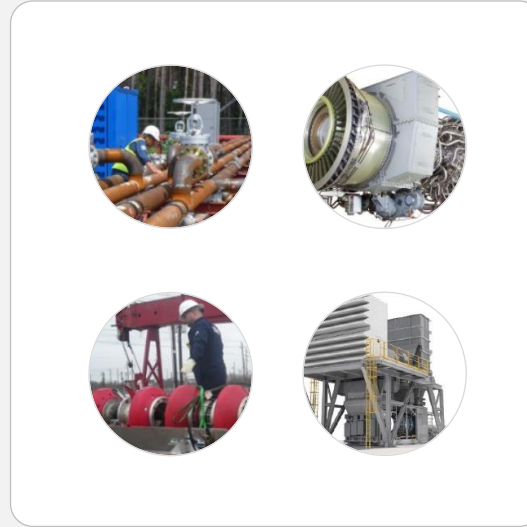
Find and produce hydrocarbons

## Completion & Production



Transport hydrocarbons

## LNG & Pipeline Solutions



## Refinery & Petrochemical Solutions



Process & market products

Digital Solutions

\* 2020F

Broad solutions portfolio ... fullstream capability



# Creating the Productivity Leader in the O&G Industry

## Fullstream portfolio

Drilling & Evaluation

Completion & Production

LNG & Pipeline Solutions

Refinery & Petrochemical  
Solutions

Digital Solutions

#1 or #2 in key  
segments



## Productivity drivers

- ✓ Commercial Innovation
- ✓ Digital Transformation
- ✓ Technology Leadership
- ✓ Operations Optimization

Unique differentiators



## Better outcomes

↓ Cost per Barrel

Faster cycle times

↑ ROI

Execution = Results

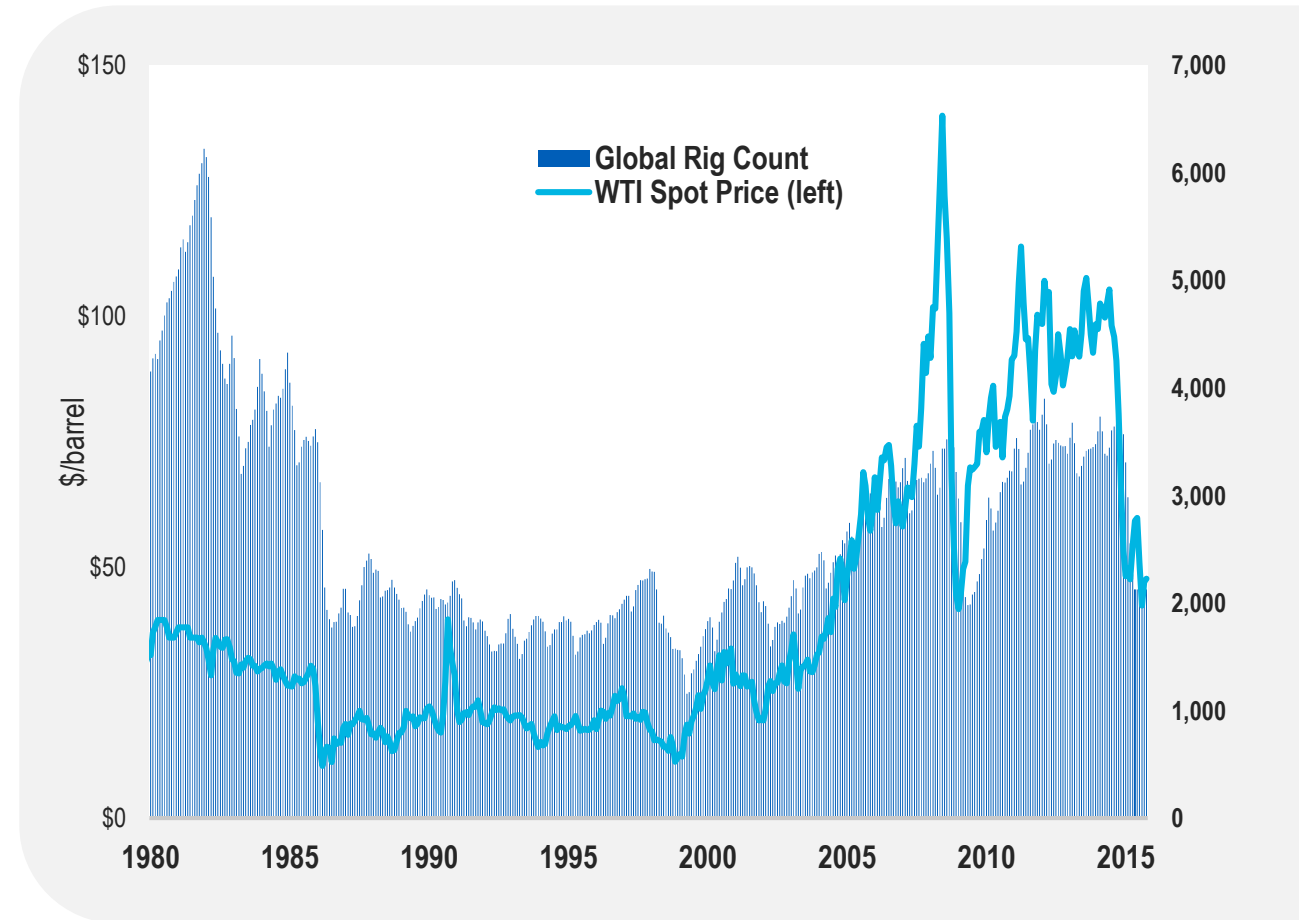


# Deal Rationale

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

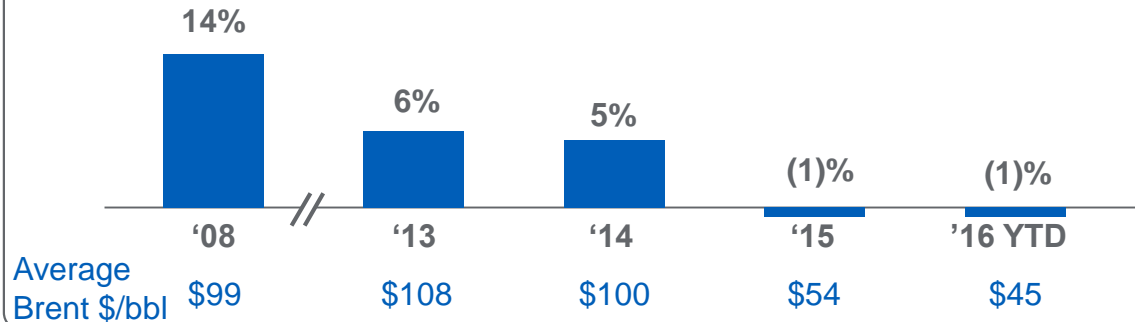


An equipment, services and digital partner is essential to driving productivity

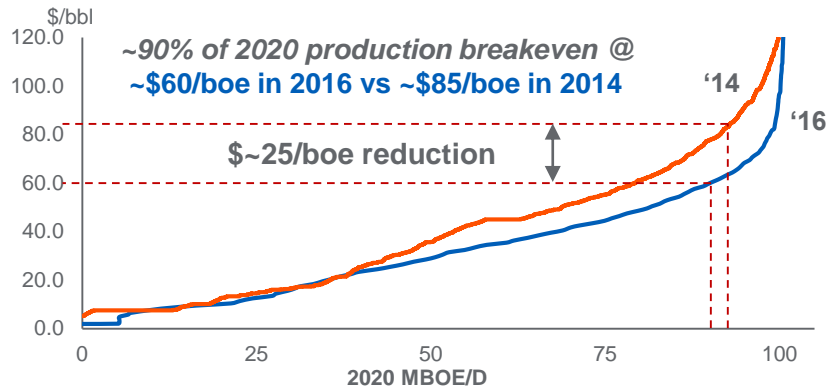
# Customers Require More Productivity

## Diminishing returns through cycle

ROCE – Selected Majors & Independents



## Breakevens will remain lower for longer



- ~\$25/boe reduction in cost curve '14 vs.'16
- Prices likely to recover with activity pick-up ... structural reductions may persist

## Customer requirements

1

Step change in productivity

...

unit cost of oil and gas production must be improved

2

Differentiation required + partners with broad offering

...

new wave of innovation

# Creating Customer & Investor Value

- Productivity leader for the industry
  - Fullstream portfolio
  - 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

A win for GE & Baker Hughes shareholders ... creating long-term value



# Commercial Innovation

Maria Borrás, Derek Mathieson, Rod Christie

# Adding Value for our Customers



# Global Coverage ... Market Channel Improvement

## New Baker Hughes

- 1 80 → 120+ countries
- 2 Company to Country
- 3 Channel stability
- 4 Financing

## Expanded Global Coverage

### Africa subcontinental – onshore



- Remote areas
- Limited infrastructure ... investment beyond E&P
- Leverage local presence

### West Africa – offshore



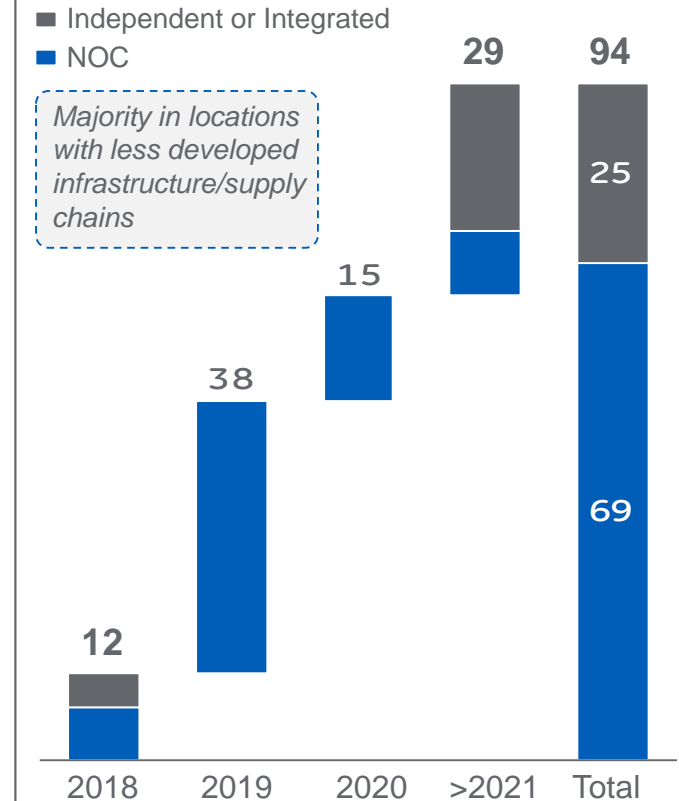
- Stranded gas ... monetization during field development
- Ultra-deepwater wells
- Connection to onshore power plants

### Brazil – offshore



- Complex, multi-prospect discovery
- Early production system during reservoir evaluation
- Concept hinges on FPSO

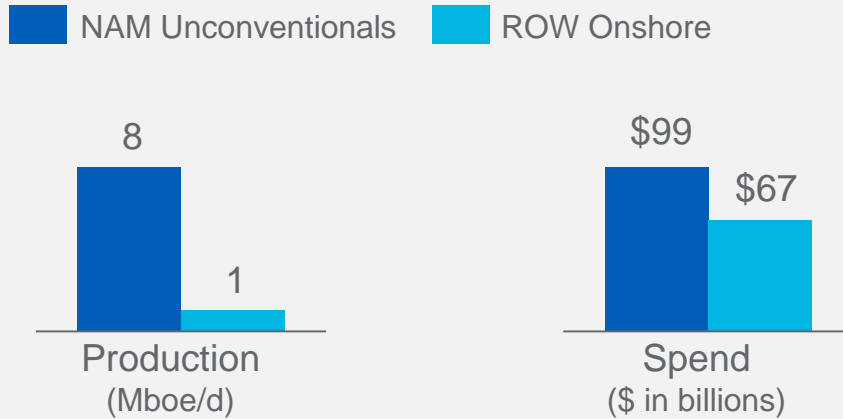
## ~\$70B of spend with NOCs with bias towards integration



\$50B of identifiable projects in next 5 years in world's petroeconomies

# North America Unconventionals ... Key to Supply

## Incremental Production & annual spend ... '16-'20



- ✓ NAM unconventional is critical short-cycle supplier
- ✓ By 2020, unconventional will account for ~70% of total US Production
- ✓ Complexity of well increasing

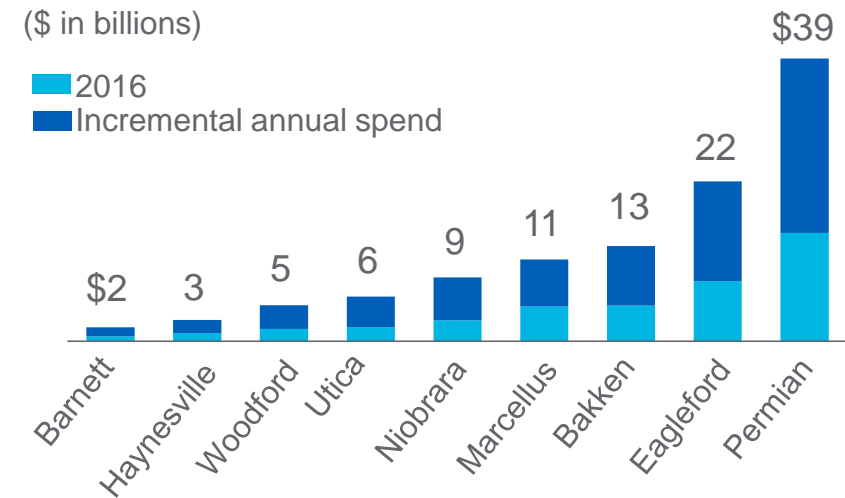
Sources: IHS, Rystad

## US + Canada ~80-90% of unconventional production in 2020



- ✓ NAM Capex spend ↑ ~80% between '16-'18
- ✓ Permian growth ~12% p.a.

## Selected shale plays ... annual spend until 2020



Critical growth area. Play to win.





# Unlocking Value in Unconventional

## Drilling



- Reservoir modeling expertise
- Industry leading RSS (AutoTrak Curve)
- BHA optimization capability



- GE design + manufacturing ... ↑ RSS reliability & performance
- Advanced wellbore placement ... MEMS gyros & solid state sensors
- Predictive analytics

Productivity  
for  
customers

- ✓ Integrated ecosystem
- ✓ Digital productivity programs ... ↓ NPT
- ✓ Drilling automation: Predictive + Predix

## Completion & Production

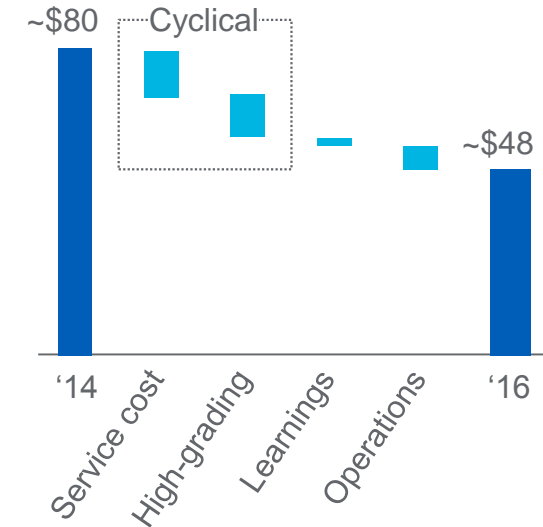
- Best in class completion equipment
- Leading production chemicals franchise
- Leading ESP offering



- Brilliant Factory ... ↑ product quality and ↓ lead times
- Digital integration ... design optimization
- Sensors + connectivity + Predix

- ✓ Advanced AL Systems + productivity tools
- ✓ Digital thread: reservoir to well construction to production
- ✓ Predictive analytics ... production optimization

## Cost / bbl reductions '14 vs. '16



~70% of cost reductions have been cyclical, not structural

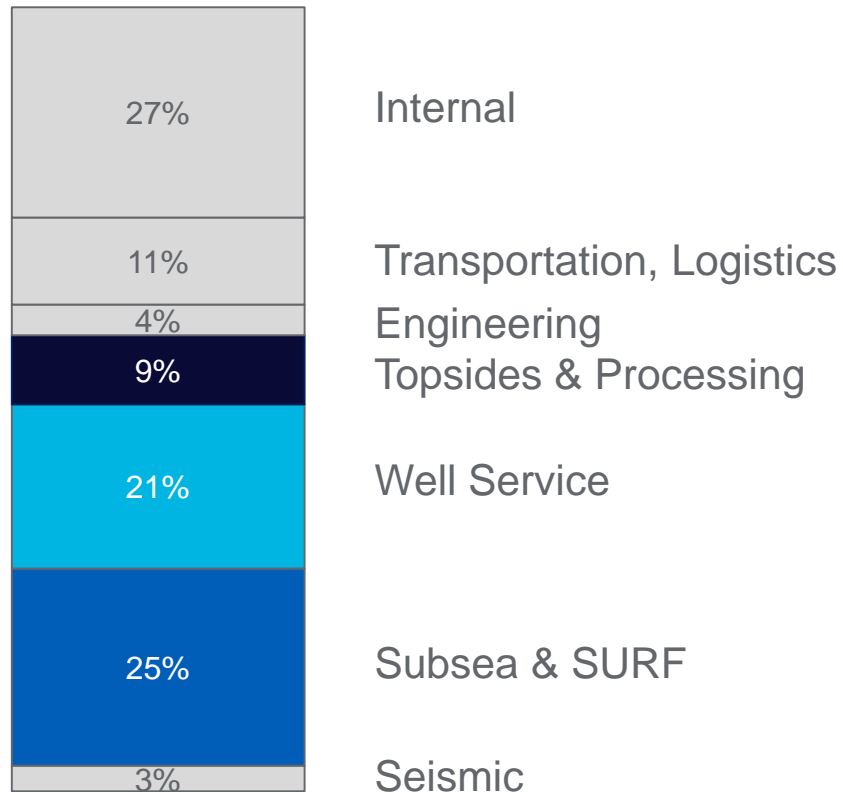
Scope influence + technology to structurally reduce cost/bbl = winning in North America



# Enabling Deepwater Productivity

Influencing up to 55% of Offshore development spend

Example: W. Africa Offshore Project Spend

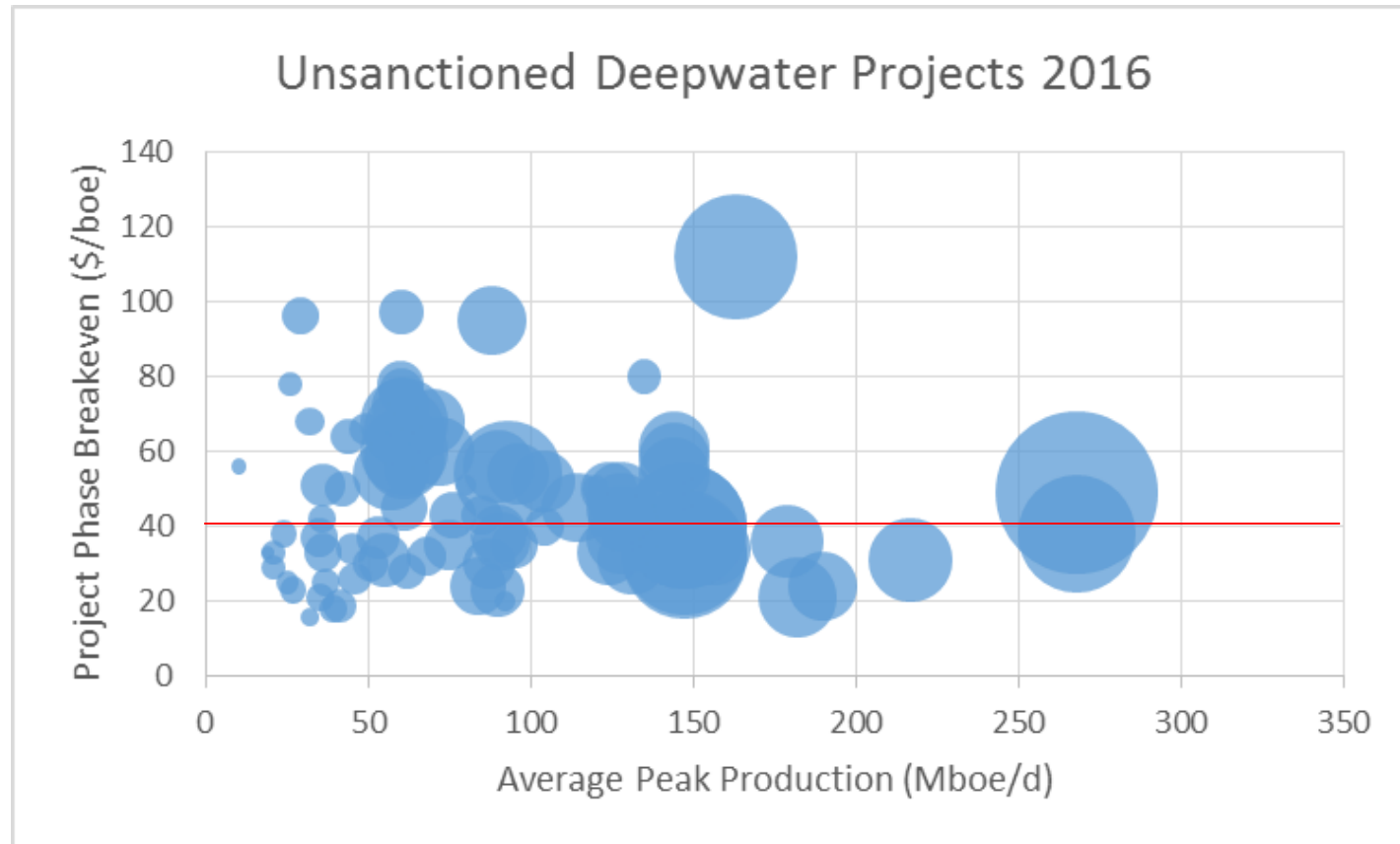


## Technology, Digital and Commercial solutions

<b>Well Construction</b>	Baker Hughes 1-2-1 strategy redefining drilling productivity and reliability in deepwater
	+
<b>Subsea</b>	5D modelling trees, BOP reliability and evolving services models improving project economics
	+
<b>Production</b>	Digital twin and OPEX commercial models for rotating machinery, and processing equipment
	+
<b>Midstream, LNG</b>	LNG plant & liquefaction equipment, processing equipment, pipeline services
	+
<b>Financing</b>	Innovative business models, risk sharing

2x new Baker Hughes opportunity to drive improvement in total project lifting cost (vs. standalone)

# Unlock Deepwater Opportunities with Better Productivity



- Focus on major projects across all deepwater basins
- 11B BOE are marginal at +/- \$40/boe ... ~1.9MMbbl/day peak production potential
- ~10% improvement in lifting cost from fullstream productivity program could unlock ~\$200B addressable deepwater opportunity

~\$200B addressable deepwater opportunity could be accelerated with fullstream productivity

# Next Chapter in Capex & Opex Productivity

## New Baker Hughes: 'molecule to megawatt' connectivity ... optimization across value chain



- ✓ Lifecycle project view = ↑ information connection
- ✓ Technology & phase optimization
- ✓ ↑ standardization = ↑ ability to redeploy assets

## GE O&G: asset-performance focused, digitally powered programs ... focus on uptime



- ✓ Reliability centered maintenance
- ✓ Digital monitoring and diagnostics
- ✓ Incentives aligned with customers

Fullstream involvement enables changed characteristics of customer value proposition

# Productivity from Contractual Service Agreements (CSA)

## Contractual Service Agreements

## GE Oil & Gas

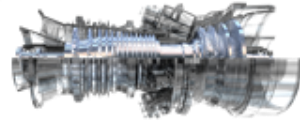
### Evolution

1995

Aircraft engines



Gas turbines



Locomotives



Diagnostic imaging



Gas turbines & compressors



**CHENIERE**



PETRONAS

Blowout preventers



DIAMOND  
OFFSHORE

Today

**20+ years track record**

### Data rich

- ✓ >6,800 units
- ✓ 1B+ hours in operation

### Customer commitment

- ✓ Uptime
- ✓ Output
- ✓ Align with revenue model

### GE benefit

- ✓ Less cyclical
- ✓ Ability to drive productivity



### Potential use cases

- ✓ Drilling
- ✓ Production outcomes

→ From transaction to campaign-based



# Digital Transformation

Matthias Heilmann



# Digital Essential to Unlock Productivity

## New BHI for New BHI

### Productivity

- Digital Thread
- Brilliant manufacturing



- Digital twin
- Services effectiveness & efficiencies
- Design & Innovation acceleration

**Productivity**

## New BHI for Customers

### Apps

- Service transformation
- Digital enabled CSAs



- Better outcomes for customers
- Optimize GE/BHI equipment
- Fullstream data analytics

**New offerings / business models**

## New BHI for Industry

### Platforms

- Predix Industrial Internet Operating System

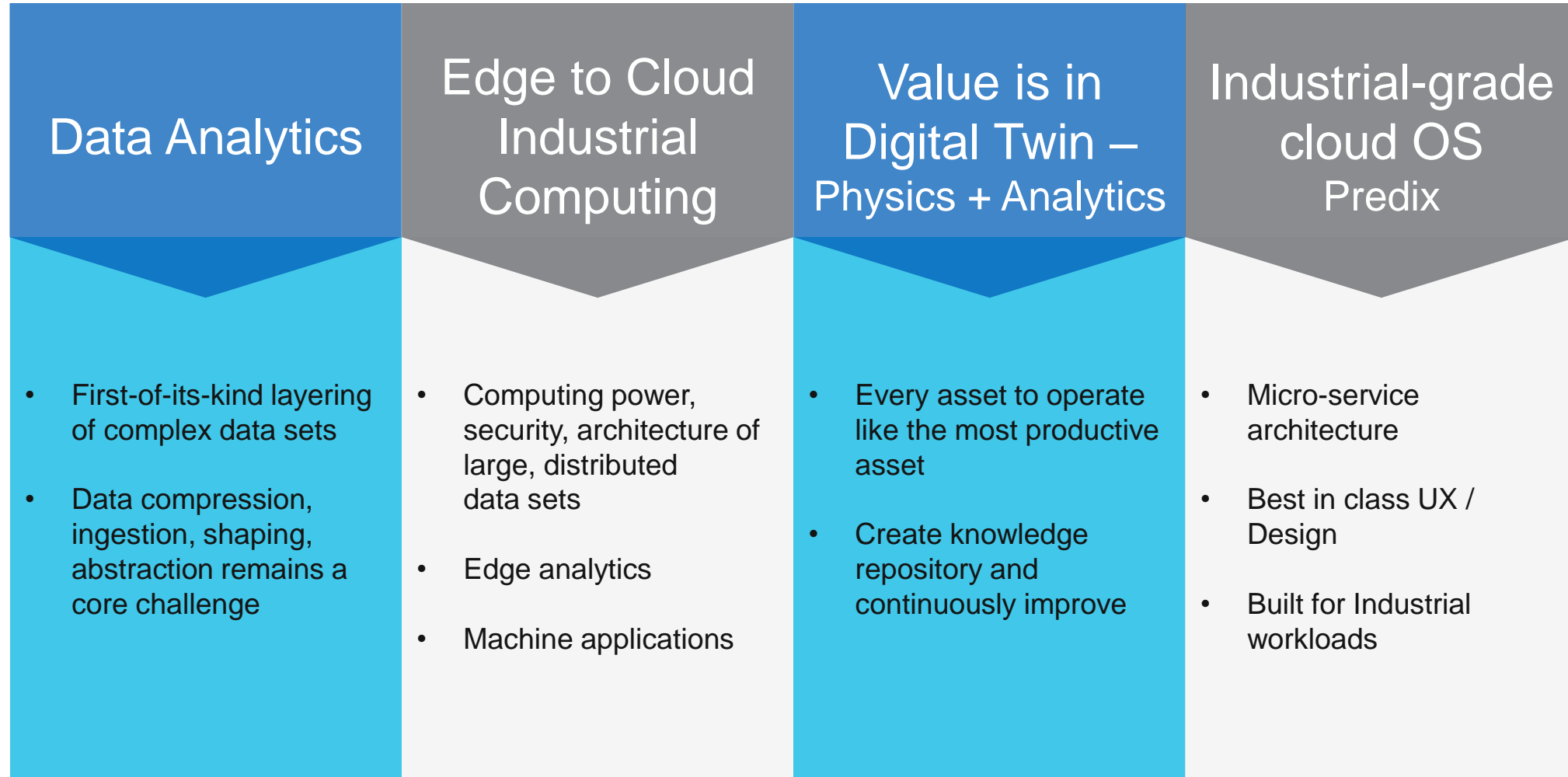


- Leapfrog digital industrial transformation
- Industrial strength, cyber security, scale
- Predix Process + Production Optimization

**New revenue streams / markets**

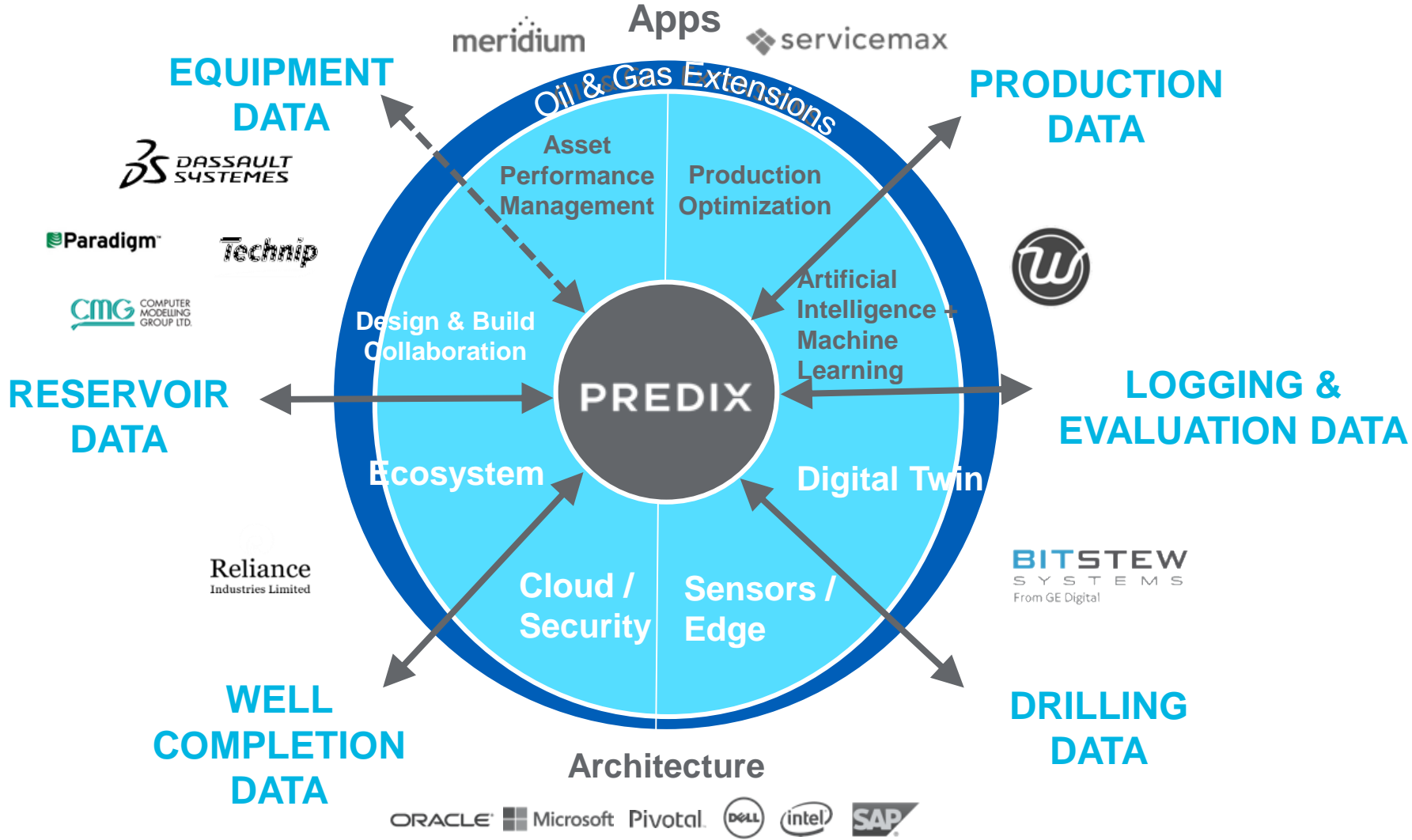
Delivering better customer outcomes and shareholder value

# Leapfrog Digital Transformation ... GE's Learnings





# Predix Powered Oil & Gas Offerings





# Asset Performance Management for Upstream

Largest Predix APM deployment at scale covering systems + platforms

Machine learning + digital twin analytics

Events, alerts, workflows

Full deployment ... cover 400-600 assets & asset classes, deployed 20MM+ tags



Next Steps: Expansion into reliability management + inspection

**\$100MM+**  
bottom line impact per 1% efficiency improvement

## Customer Challenge

- Siloed business operations
- Safety concerns
- Reactive to process upsets



## Solution

Predix APM + O&G extensions providing fleet-wide insights for real-time visibility of global plant operations

- 1) Excursion & anomaly management
- 2) Equipment monitoring & analysis
- 3) Process Surveillance
- 4) Knowledge repository ... best practice sharing

## Outcomes & Value

Connected | Insights | Optimized



Improved safety, engineering productivity, data visibility & efficient decision making

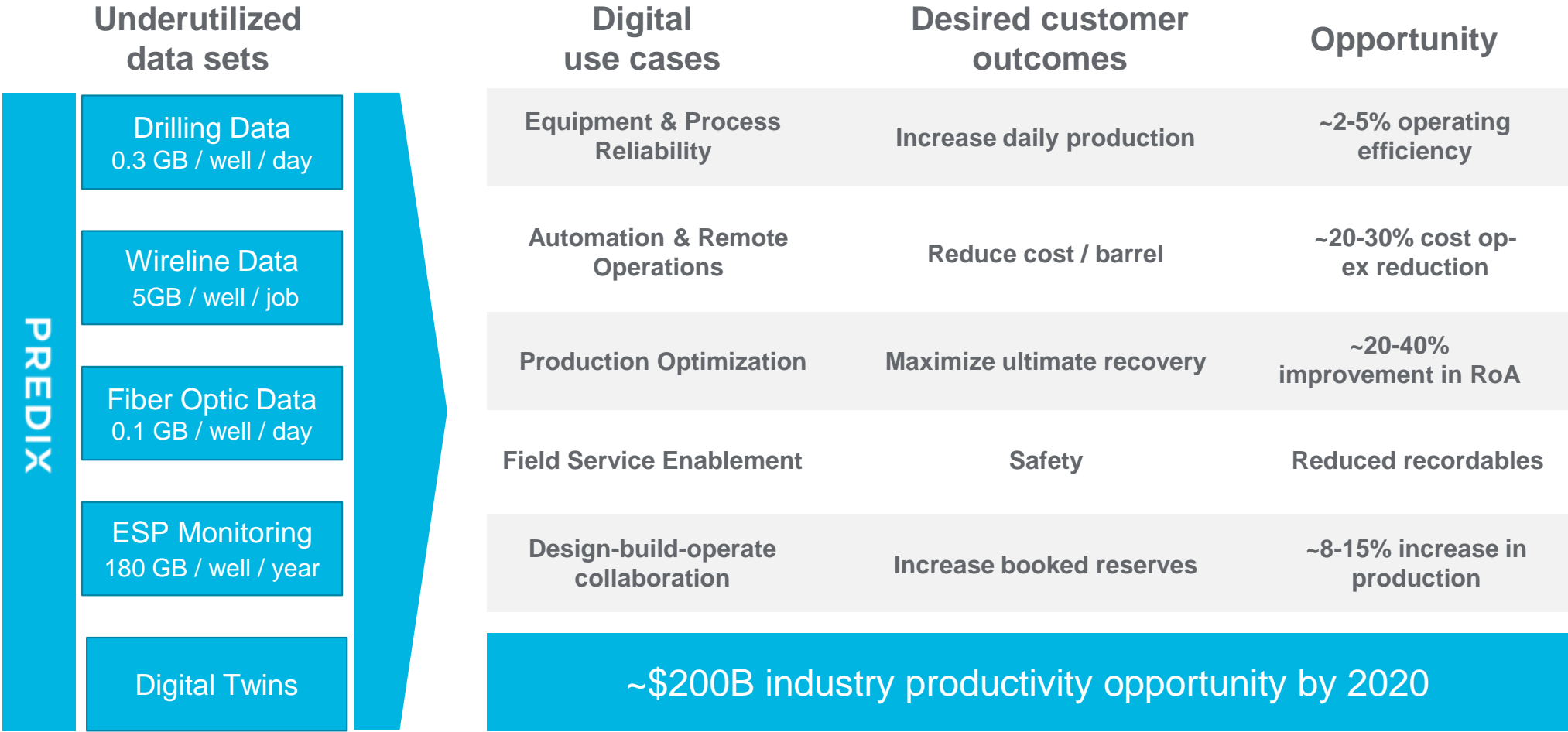


Reduced production deferrals



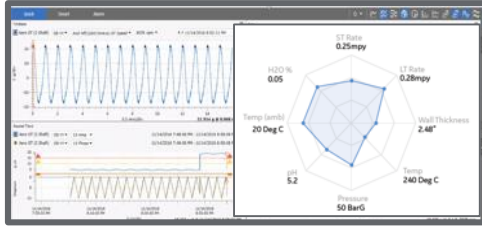
Contributing to 2-4% higher global operations efficiency

# New Baker Hughes Delivering Outcomes that Matter



Source: GE analysis

# The Value is in the Twin

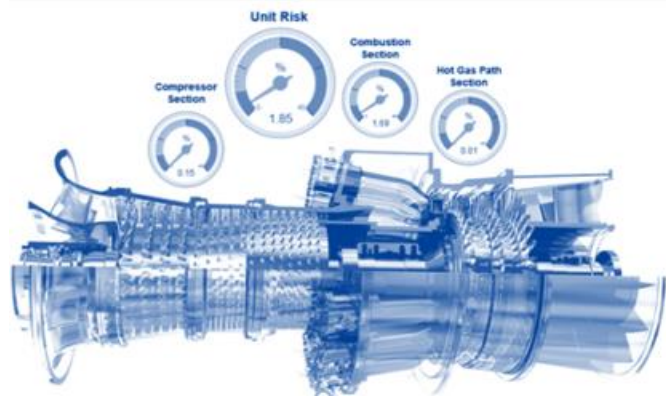


## Fleet Monitoring Results

### Key Process Parameters

- Vibration
- Flow
- Pressure
- Temperature
- Fuel Gas quality
- Weather
- Service/cycle type
- Combustion Mode

**3-15%**  
GE reliability improvement realized

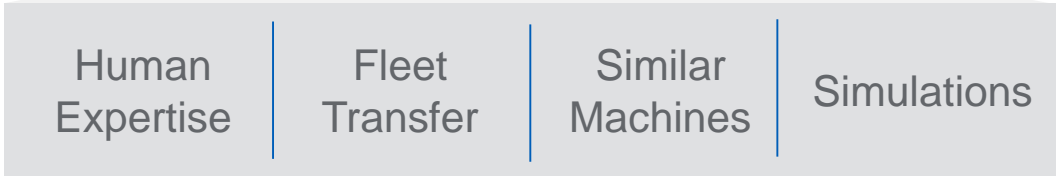



### Emerging Technology: Connected Twins

- Optimal configurations
- Failure mode identification
- Optimal controls
- New algorithms
- New security and fraud mitigation techniques

Connected Assets  
**~8-10x**  
more valuable

## Learning Modes

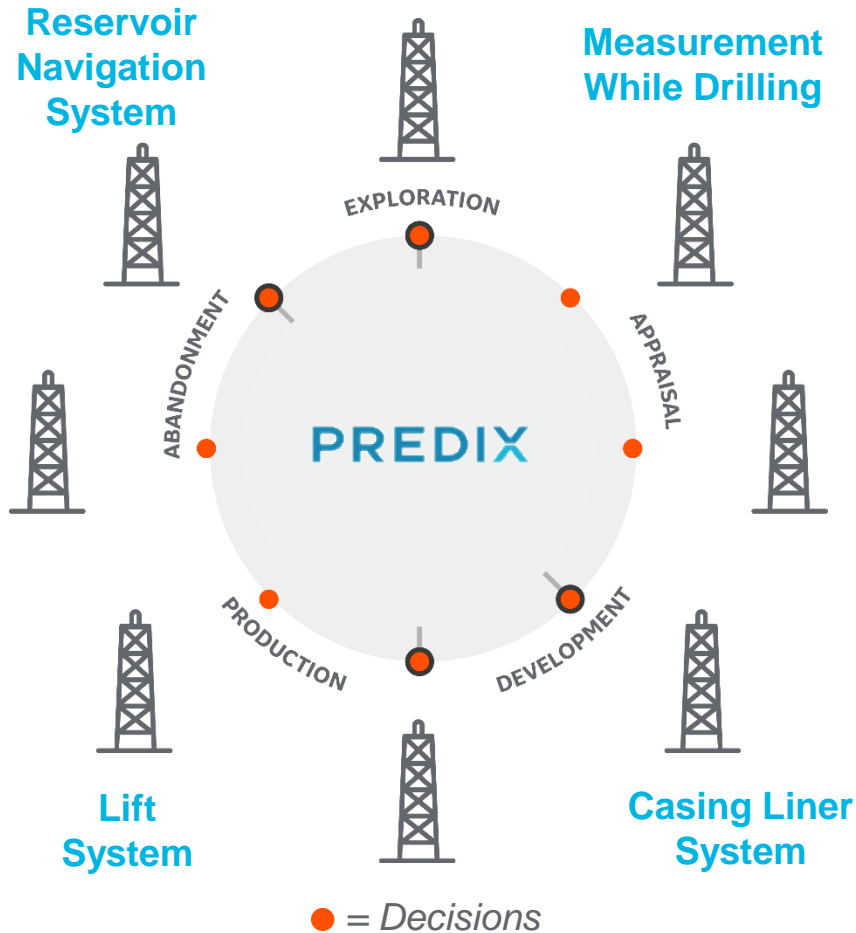



### Potential Use Cases

- 30k artificial lift systems
- Drilling tools

**Building Blocks: Gold Data | Physical + Digital Models | Learning | Analytics**

# Digital Capabilities Deliver Smarter Drilling Operations



## Benefits of Accelerating Digital Transformation

- ✓ 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

**12-20%**  
average  
industry  
drilling NPT

**20-30%**  
anticipated  
reliability  
improvement

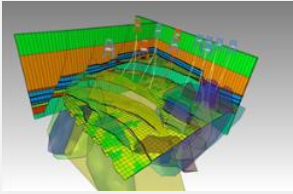
**~\$15B+**  
industry  
productivity  
opportunity

# Technology Leadership

Art Soucy, Kishore Sundararajan

# Leading Technology Driving Value Across Portfolio

## Reservoir Performance Evaluation



- ✓ Reservoir dynamics and characterization
- ✓ New sensing and modeling techniques

## Brilliant Drilling Systems



- ✓ Rotary drilling tools leveraging GE expertise
- ✓ Advanced wellbore trajectory survey

## Smart Completions



- ✓ Digital integration of completion activity
- ✓ Advanced materials for harsh environment
- ✓ Remote monitoring

## Production optimization



- ✓ Advanced analytics
- ✓ Integrated advanced sensors
- ✓ Life of well performance prediction

## LNG/Pipeline



- ✓ Advanced Gas Turbine Technology
- ✓ Power Gen Equipment
- ✓ Highest power density
- ✓ Modular Solutions

## Refinery & Petrochemical



- ✓ Steam Turbine Technology
- ✓ Centrifugal & Recip Compressors
- ✓ Flexible Mechanical Drive Options

**Service Quality**

**Agility**

**Cost per barrel**

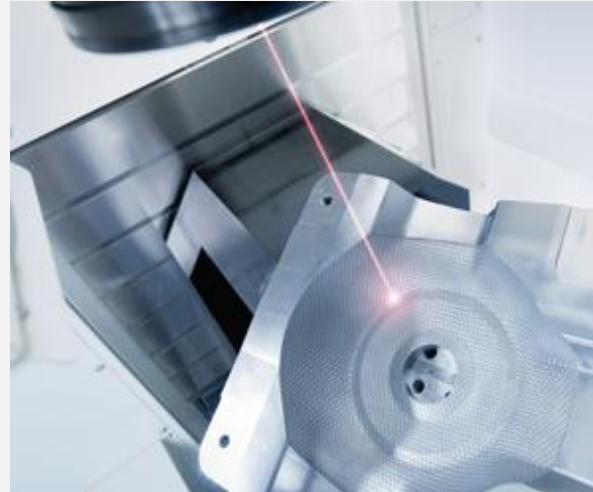
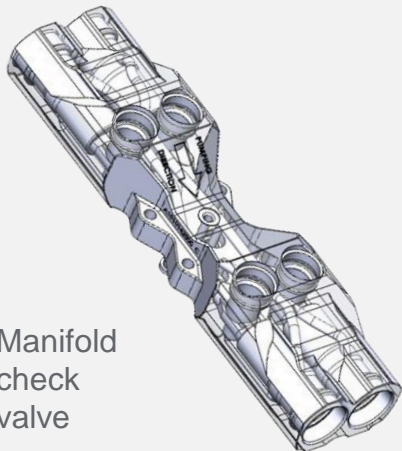


# Additive Manufacturing Advancing Technology

## Baker Hughes investment:

\$11 million

- 5 machines
- 32 downhole parts



- 24 fewer parts
- 20% cost reduction
- Higher reliability – less parts, no pressure plugs required

## GE investment \$1.5B+

- Thinking additively
- 845 parts eliminated



Advanced Turbo Prop

**\$1B+ acquisitions**<sup>-a)</sup>



**CONCEPTLASER**



# Electronics Driving Significant Efficiencies in Drilling

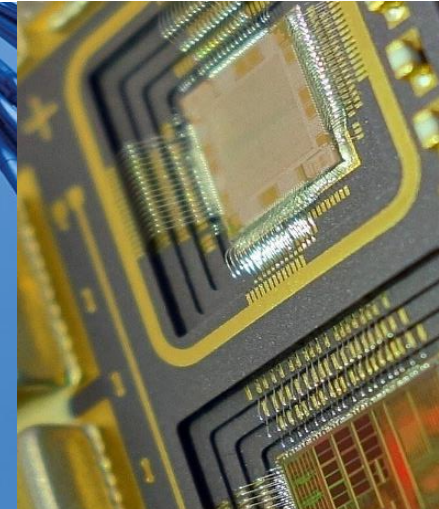
## \$3B+

People related negative productivity by top 4 OFS companies since 2014

Improved electronics, sensor and analytical capability critical to success

## 1-2-1 Strategy

- 1 tool
- 2 people at the rig
- 1 year of experience



Higher automation + standardized procedures = less non-productive time

# Autonomous Drilling Systems now a Possibility



**2016**

- Islands of autonomy
- No integrated system
- Pockets of expertise
- Systems incompatible



**2020**

- Automated drilling systems
- New business model
- Improved safety, lower risk for employees

Fundamentally different approach ... 20-30% capex and opex reduction target

# 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

Making the best products better with access to technology and capability from the GE Store

# Operations Optimization

Jody Markopoulos

# Digital Thread improving Efficiencies at BHI + GE

## Commercial



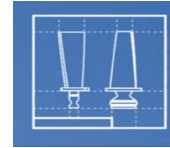
↑ Funnel size  
↑ Convertibility

## Engineering



↓ NPI Cycle  
↓ Product Cost

## Supply Chain



↑ Inventory turns  
↓ Lead time

## Services



↑ Asset reliability  
↑ FSE utilization

## PREDIX



### Virtual validation

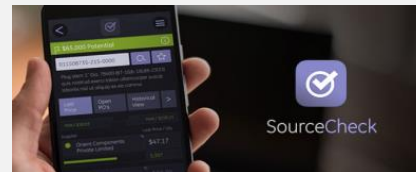


#### Subsea tree 3D model

- Defect reduction by **80%**



### Sourcing data lake



#### On-the-move sourcing analytics

- Enabling **4%+** external deflation



### Installed base mining

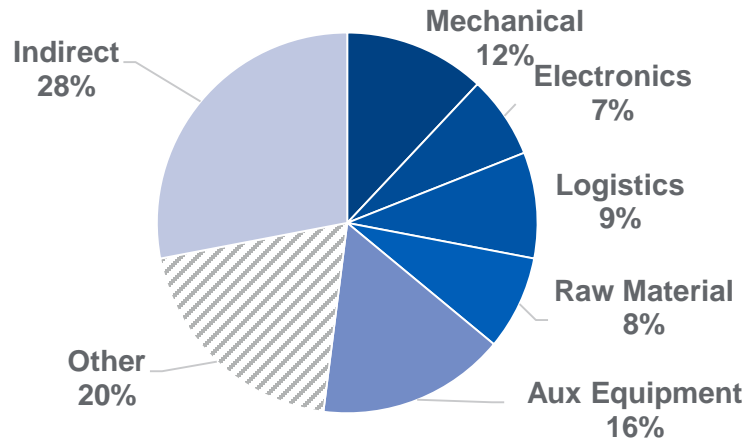


#### Bently Nevada vibration systems

- **\$24MM** upgrades

# Supply Optimization ... Day 1 Focus

~80% overlap on sourcing categories\*



Proven track record ... Examples:



Electronics Center of Excellence



Big Data Analytics

## Focus Areas

- 1 Supply base rationalization**
  - Deeper, stronger supply base
  - Global risk management
- 2 Procurement infrastructure**
  - Volume efficiency
  - Process standardization and automation
- 3 Value engineering**
  - Should cost
  - Product standardization
- 4 Landed cost optimization**
  - Logistics efficiency
  - Make/buy trade-offs



\*2015 spend



# Optimizing Fulfilment ... Service Delivery Excellence

## Operational excellence



**Lean Culture**  
- 2x throughput



**Brilliant Factory**  
- ↓ 25% lead time

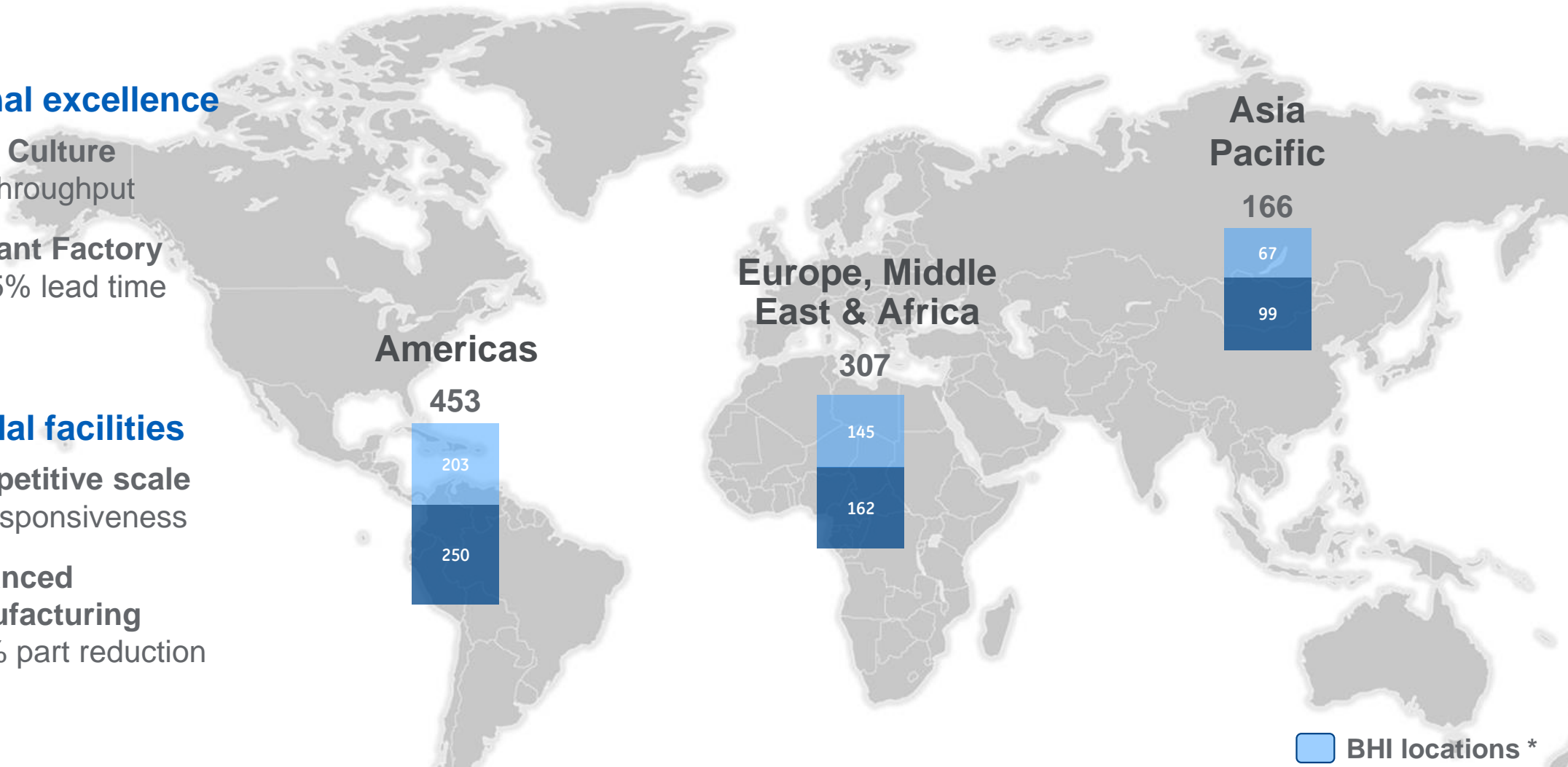
## Multi-modal facilities



**Competitive scale**  
- ↑ responsiveness



**Advanced manufacturing**  
- 50% part reduction



■ BHI locations \*  
■ GE locations

More flexibility. Retain & develop critical talent. Better Customer Service.

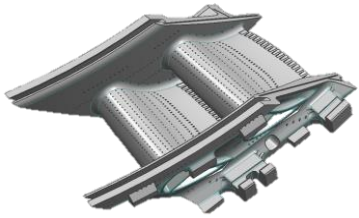


\* excludes chemical storage

# Brilliant Factory: Talamona, Italy



**10+ Technologies**  
From 5 axis EDM to Laser Weld



**Programming & Simulation**  
From machining (800+ tools)  
to Laser scanning (700+ holes/unit)



**Predictive approach**  
w/ data collection & software



5 Suppliers to  
**ONE**

**25%**  
% Lead time  
**IMPROVEMENT**

**10**  
operations in  
a **SINGLE** line



## Potential use cases

**~1,100/year** Drilling Motor  
Radial Bearings

**~4,000/year** Sub Surface Safety  
Valve components

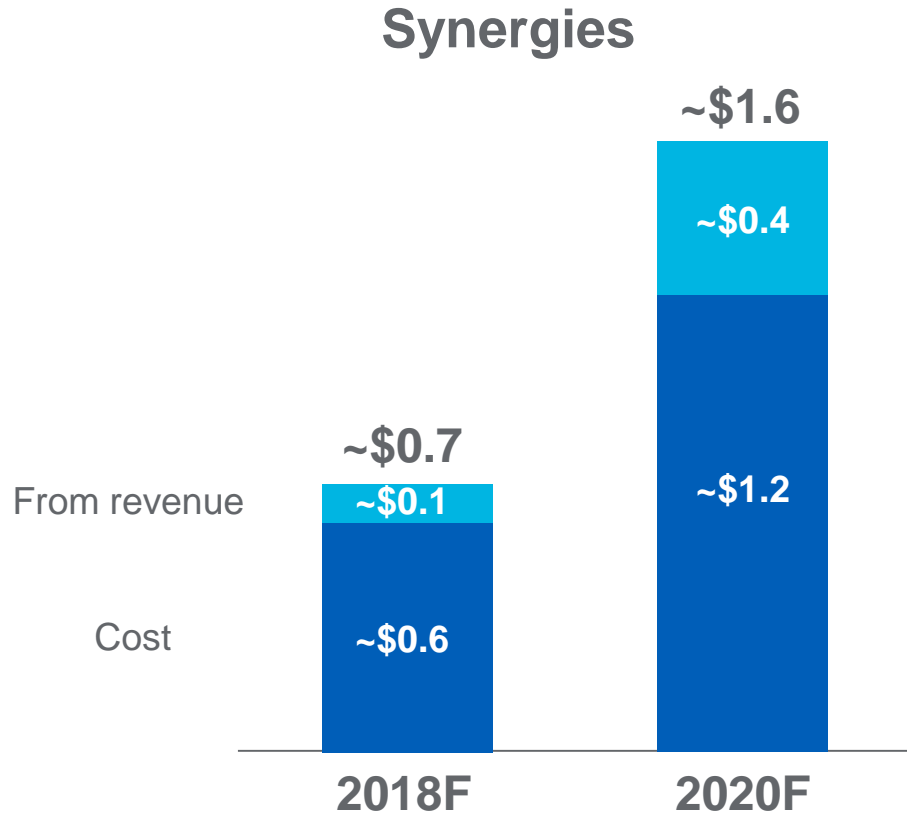


# Integration Status Update

Uwem Ukpong

# Creating value

(EBITDA \$ in billions)



### 2020F EBITDA synergy benefits

+ Revenue synergies	~\$0.4
<hr/>	
+ Sourcing/procurement improvements	~\$0.4
+ Manufacturing, service footprint rationalization	~\$0.2
+ Process optimization	~\$0.2
+ SG&A consolidation	~\$0.4

Clear focus since October 31st

# Integration planning

- Joint integration planning launched, led by Derek Mathieson and Uwem Ukpong
- Appointed 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 Crotonville learning center
- Joint Baker Hughes/GE Steering Committee of senior executives
- Leveraging prior integration experience from both companies
- Employee outreach and communications ongoing
- Regulatory process underway

# Focused on Customers and Value Creation from Day 1

## Targeted work programs

1

Strategy and operating model for NewCo



2

Integration and synergy capture planning



## Taking the best of both organizations

- ✓ Commitment to Health Safety and Environment
- ✓ Customer focus and relationships
- ✓ Technology expertise and innovation
- ✓ Service culture
- ✓ Talent and development

# Summary

Lorenzo Simonelli

# Financial Overview

(\$ in billions)

## Key metrics



## 2015 to 2018F EBITDA dynamics

2015 Adjusted EBITDA	~\$4.8
'16E cost out	~1.3
Synergies	
- Cost	~0.6
- From revenue	~0.1
Lower volume / price	~(1.4)
2018F Adjusted EBITDA	~\$5.5
Restructuring / other charges	~(0.3)
2018F EBITDA	~\$5.2



(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 fullstream capability
- ✓ 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 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**

- Proforma 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**

- 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.
- 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. Intercompany transactions are reflected in Revenue and Segment Profit on the basis of GE policies and procedures.
- 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.

## **Baker Hughes**

- Revenue 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.