



**BAKER  
HUGHES**

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Baker Hughes, a GE Company

**Baker Hughes, a GE Company**

**October 31, 2016**

### Additional Information and Where to Find It

In connection with the proposed transaction between GE and Baker Hughes, the new NYSE listed corporation (“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 Baker Hughes (the “Combined Proxy Statement/Prospectus”). Baker Hughes and Newco will prepare and file the Combined Proxy Statement/Prospectus with the SEC, and Baker Hughes 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 Baker Hughes 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 BAKER HUGHES 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 Baker Hughes 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 Baker Hughes with the SEC on Baker Hughes’ website at <http://www.bakerhughes.com> or by contacting Baker Hughes Investor Relations at [alondra.oteyza@bakerhughes.com](mailto:alondra.oteyza@bakerhughes.com) or by calling +1-713-439-8822.

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### Participants in the Solicitation

GE, Baker Hughes, 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 for the quarter ended June 30, 2016, which was filed with the SEC on August 1, 2016 and certain of its Current Reports filed on Form 8-K. Information regarding the directors and executive officers of Baker Hughes is contained in Baker Hughes’ 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 Baker Hughes. 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; 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 Baker Hughes may not be obtained; (2) the risk that the proposed transaction may not be completed in the time frame expected by GE or Baker Hughes, 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, Baker Hughes 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 Baker Hughes’ reports filed with the SEC, including GE’s and Baker Hughes’ 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 Baker Hughes 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.



# A compelling, transformational combination

- ✓ **The best partner to Oil & Gas customers** ... offering solutions based on complementary equipment & services technology across the full spectrum of the oil and gas value chain
- ✓ **More innovative solutions to market faster and more cost effectively** ... Baker Hughes' leading products and services with GE Oil & Gas highly differentiated manufacturing capabilities
- ✓ **Best-in class physical + digital technology** ... combine Baker Hughes domain expertise, technology and culture of innovation with GE Store and GE industry-leading Digital Platform
- ✓ **Value creation for customers and shareholders** ... positioned to weather short-term volatility and participate in industry upcycle



# Impact for Baker Hughes shareholders

- ✓ Ongoing ownership in a stronger, more competitive business
- ✓ Cash dividend of \$17.50 per share equal to 30%+ of undisturbed share price
- ✓ Participation in substantial value creation through synergies
- ✓ Revenue growth driven by increased customer touch points

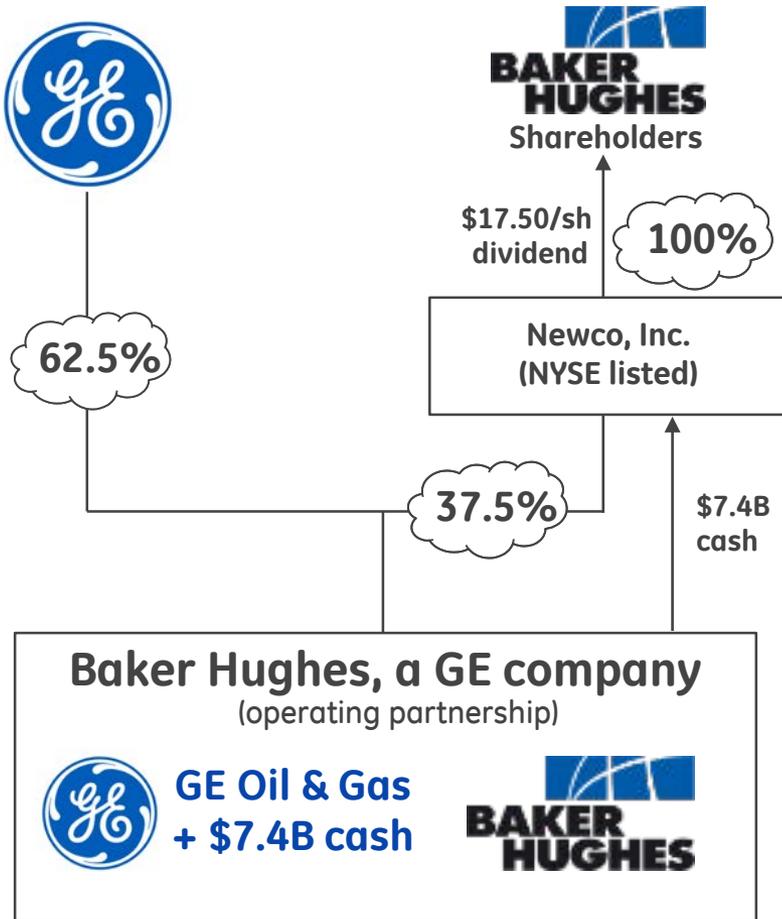


# Deal overview

- 1** Merge GE Oil & Gas with Baker Hughes ... GE owns 62.5%, new Baker Hughes owns 37.5%
  - + *Create new, publicly traded company with separate investor base*
  - + *GE to contribute \$7.4B to fund cash dividend to Baker Hughes shareholders upfront*
  - + *Close expected mid-2017 ... ~\$.04 accretive to GE EPS in 2018*
- 2** Combination of GE Oil & Gas & Baker Hughes establishes a new industry leader
  - + *2x scale, complementary capabilities, more diversified*
  - + *Can weather the cycle in short term & over time; significantly levered to recovery*
- 3** Platform is positioned to deliver substantial customer value
  - + *Technical solutions → productivity*
  - + *Best digital platform*
  - + *Global execution*
- 4** Synergy opportunity is substantial ... cost and revenue
  - + *~\$1.6B synergies (~\$1.2B cost & ~\$0.4B revenue)*
- 5** Disciplined capital allocation ... O&G long-term fit for GE
  - + *Essential industry & fits GE Store*
- 6** Efficient transaction structure using like-for-like equity with modest cash outlay including disposition proceeds



# 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

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



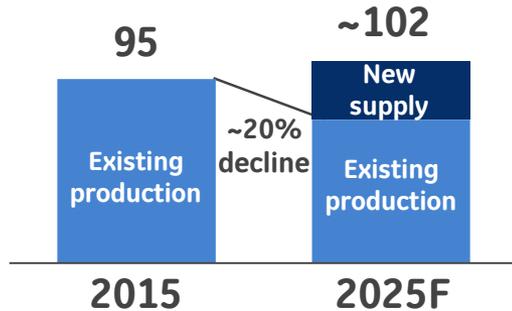
# Right time in cycle ... strong long-term fundamentals

## Factors driving industry

### Oil

(MBOE/D)

Demand  
102+ MBOE/D  
~1% CAGR

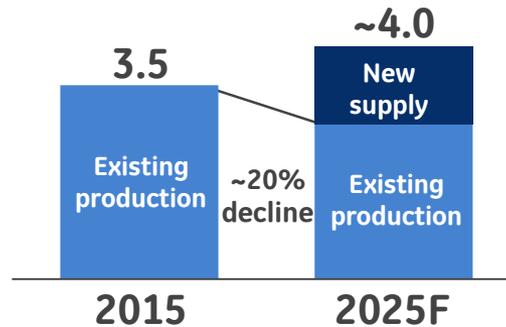


- NAM unconventional ~25% E&P spend
- New fields emerging in international onshore
- Subsea & offshore required

### Gas

(BCM/Y)

Demand  
4.0+ BCM/Y  
~2% CAGR



- Gas ↑ ~1.5% to 2040
- LNG growing 2-3x faster
- NAM long-term, low cost source

## Customer expectations

- 1 Increasing requirements for solutions offering
- 2 Focusing on cost savings & standardization
- 3 Driving efficiency & productivity with digital
- 4 Capex to opex switch

Transaction assumes slow recovery ... \$45-60/bbl through 2019



# Creating a productivity leader in Oil & Gas

~70,000 employees

~\$34B revenue '20F

*The most advanced  
service technology  
company*



*The leader in  
O&G technology  
equipment*



**Integrated digitally-enabled offerings  
to set new standards for the oil & gas industry**



# The GE Store

IN GE, EVERY BUSINESS CAN SHARE & ACCESS THE SAME TECHNOLOGY, MARKETS, STRUCTURE & INTELLECT. GOVERNED BY CULTURE & SIMPLIFICATION.

✓ **GE Store principle:**

- Contribute
- Crowdsourcing
- Collaborate

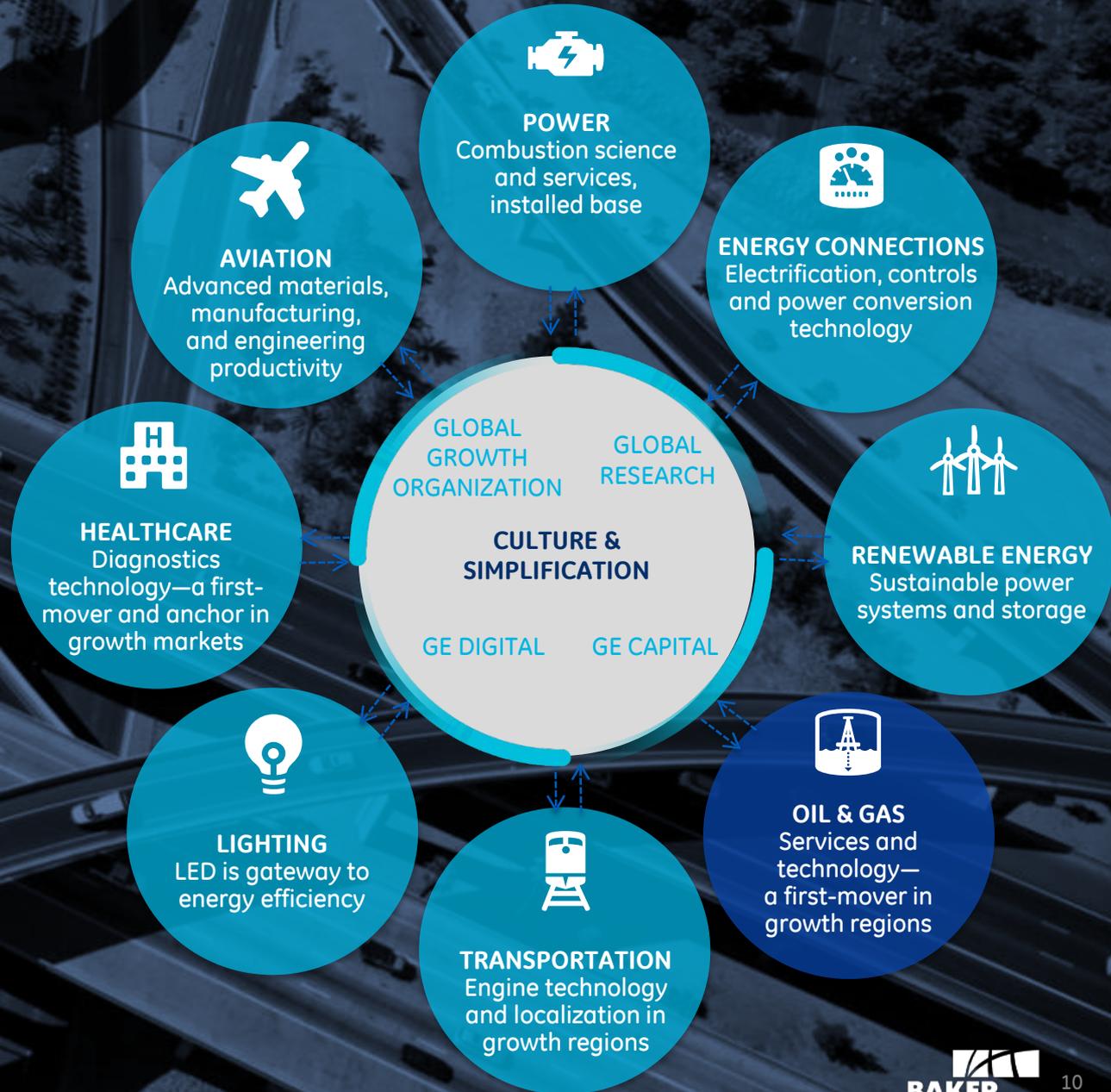
✓ **In sourced components:**

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

✓ **Cross-industry technology**

**Supported by GE Capital:**

- Financing infrastructure investments



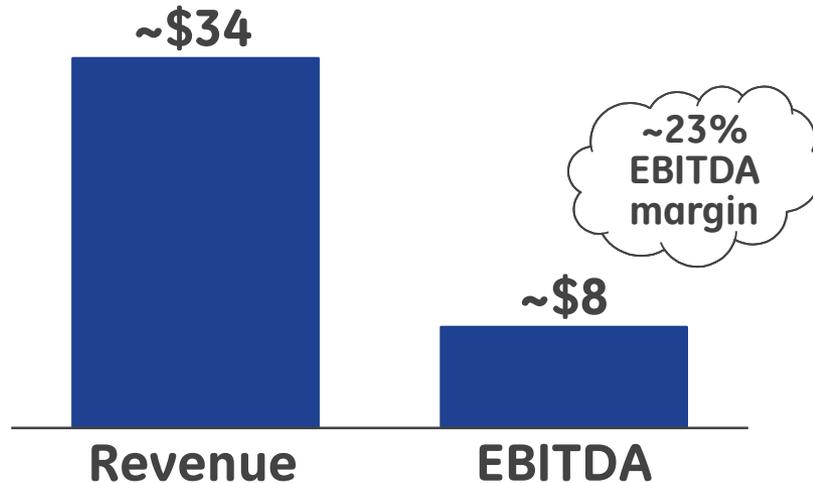
**Creating an industry leader**



# Baker Hughes, a GE company

## 2020F outlook

(Proforma financials, \$ in billions)



- ✓ ~\$1.6B synergies
  - ~\$1.2B cost, ~\$0.4B revenue

## A stronger company

- 1 Complete fullstream portfolio
- 2 Complementary technology ... with opportunity to leverage GE Store
- 3 Solutions-based offerings & services for customers
- 4 Robust synergy opportunities
- 5 Predix platform to enable digital capabilities

A better company together ... servicing customers



# 1 Strong complementary portfolio ... ability to go fullstream

## GE Oil & Gas

<u>Business segments (% '15 revenue)</u>	<u>Market position</u>
 <b>Surface (13%)</b> <i>Artificial lift (ESP &amp; RLS), surface wellheads, downhole tools, logging services</i>	
 <b>Subsea Systems &amp; Drilling (26%)</b> <i>Trees and wellheads, power &amp; processing, manifolds, risers, BOPs and drilling systems</i>	
 <b>Turbomachinery Solutions (33%)</b> <i>Gas turbines, compressors, modular LNG, turboexpanders, heat exchangers</i>	
 <b>Downstream Technology (14%)</b> <i>Steam turbines, recip. compressors, pumps, valves and fuel gas systems</i>	
 <b>Digital Solutions (14%)</b> <i>Monitoring, inspection, measurement equipment &amp; services</i>	

## Baker Hughes

<u>Business segments (% '15 revenue)</u>	<u>Market position</u>
 <b>Advanced Drilling Services (24%)</b> <i>Directional drilling, measurement and logging while drilling, drilling bits and fluids</i>	
 <b>Logging &amp; Evaluation (6%)</b> <i>Wireline &amp; surface logging, reservoir / core analysis, geoscience &amp; seismic services</i>	
 <b>Completions Systems (40%)</b> <i>Well construction, completion equipment, wellbore intervention, pressure pumping</i>	
 <b>Production Optimization (22%)</b> <i>Artificial lift (ESP, gas lift, progressing cavity pump), chemicals, intelligent production sys.</i>	
 <b>Industrial Services (8%)</b> <i>Processing and pipeline services</i>	



 Top 3 in segment  
 Limited presence

 Meaningful footprint



# Strong competitive scope and value proposition across the industry

\$XB Industry spend '15  
% Newco presence



Drilling & evaluation  
Completion & production

Production & surface equipment  
Subsea & drilling systems

LNG and pipeline solutions

Refinery & petrochemical solutions

← Powered by the GE Store →



Imaging & Sensors



Electrical Technologies



Software Sciences & Analytics



Materials



Advanced Manufacturing



Computational Fluid Dynamics

Fullstream combination with GE Store providing best-in-class productivity solutions to customers



# Combined portfolio matches oil field service leaders

(\$ in billions)

		2016 Segment Size	 + 			
Exploration / Early Stages	Geophysical Equipment Services	~\$7	○	●	◐	-
	Drill Bits	~\$52	●	●	●	-
Downhole Drilling Tools	◐		◐	-	●	
Solids Control & Waste Mgmt.	◐		●	●	-	
Drilling & Completion Fluids	●		●	●	-	
Land Contract Drilling	-		◐	-	○	
Rig Equipment	◐		●	-	○	
Drilling Services	●		●	●	◐	
Casing & Tubing and Cementing Services	●		●	●	◐	
Completions	Coiled Tubing Services	~\$41	●	●	●	○
	Completion Equipment & Services		●	◐	●	●
	Hydraulic Fracturing		●	●	●	◐
	Production Testing		-	●	●	○
	Surface Equipment		●	●	◐	○
	Rental & Fishing Services		◐	◐	-	●
	Wireline Logging		●	●	●	◐
Production	Subsea Equipment	~\$33	●	●	-	-
	Artificial Lift		●	●	○	●
	Specialty Chemicals		●	◐	◐	-
	Upstream turbomachinery*		●	-	-	-
Mid- / Down-stream	Pipeline*	~\$22	●	-	-	-
	LNG liquefaction*		●	-	-	-
	Downstream & Process Equip.*		◐	○	-	
<b>Total 2016 revenue</b>			<b>\$24</b>	<b>\$29</b>	<b>\$16</b>	<b>\$6</b>



Source: Spears OMR October 2016, Quest, ThomsonEikon estimates  
 Note: market segment analysis excludes \$10B market for Digital Solutions across up-/mid-/downstream and other industries

● Top 3 in segment  
 ○ Limited presence

◐ Meaningful footprint

\* GE management estimate



## 2 Complementary capabilities



### Common Technology DNA



#### Services capabilities

- ✓ *Established global infrastructure*
- ✓ *Complete upstream offering*

#### Advanced products

- ✓ *Robust portfolio ... offshore & complex reservoir solutions*
- ✓ *Strong development capabilities*

#### Integrated project management

- ✓ *Customer interaction through out life of field*
- ✓ *Reservoir understanding*

#### Balanced portfolio

- ✓ *Largest O&G equipment provider*
- ✓ *Full value chain exposure (Upstream-midstream-downstream)*

#### GE Store

- ✓ *Materials & modeling*
- ✓ *Digital thread*
- ✓ *Global reach / strong balance sheet*

#### Manufacturing excellence

- ✓ *Best-in-class processes*
- ✓ *Advanced / virtual mfg. capabilities*

Combination creates an industry differentiated solutions provider  
... ability to better, more efficiently serve our customers



Breadth of  
portfolio



Geographic  
presence



Efficiency of  
operations



New business  
models



# Baker Hughes + GE Store ... future of drilling

*AutoTrak™: 100MM+ ft. drilled ... record 13,574 ft. in one run in 3Q '16 in NAM*

## Technology injection for drilling

## Benefits

- 
- + **Battery technology** → Downhole batteries
  - + **GE Healthcare technology** → Advanced sensor analytics (i.e. NMR, acoustics)
  - + **Systems modeling & integration** → shorter BHA (From 65' to 30')
  - + **Fluid mechanics science** → Downhole power generation
  - + **Material science** → Corrosion resistant BHA
  - + **Bit composite encapsulated sensors** → Accurate well placement

- ✓ Increased rate of penetration ... *drill faster*
- ✓ Increasing tool performance ... *drill more efficiently*
- ✓ Increasing longevity & overall utilization
- ✓ Better wellbore trajectory
- ✓ HP/HT capabilities to ensure durability
- ✓ Real-time analytics and data visibility
- ✓ Technology enhancements & adv. manufacturing ... cost out

Baker Hughes best-in-class drilling system enhanced by GE technology



# 3 Integrated solutions across the value chain

## Offshore completion & production



- ✓ Subsea infrastructure: x-trees, manifolds, processing
- ✓ Well access & control
- ✓ Infrastructure maintenance
- ✓ Rotating equip. for offshore



- ✓ Subsurface construction
- ✓ Well intervention
- ✓ Stimulation
- ✓ Artificial lift
- ✓ Chemicals

## Onshore completion & production



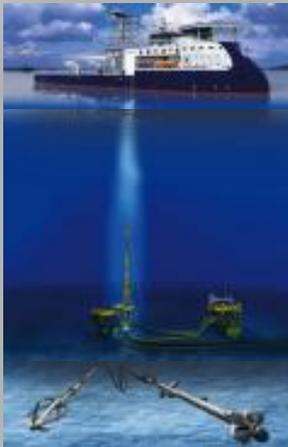
- ✓ Surface wellheads
- ✓ Artificial lift
- ✓ Oilfield power
- ✓ Pumps & compression



- ✓ Subsurface construction
- ✓ Well intervention
- ✓ Stimulation
- ✓ Artificial lift
- ✓ Chemicals



## Evaluation & drilling



- ✓ Well access & control: IWOCs and BOPs
- ✓ Drilling tools
- ✓ Wireline tools



- ✓ Advanced drilling
- ✓ Drilling support: bits, fluids
- ✓ Wireline logging
- ✓ Subsurface software
- ✓ Reservoir sampling & analysis

## Mid & downstream



- ✓ Compression: LNG and pipeline
- ✓ Power generation
- ✓ Measurement & control
- ✓ Gas distribution
- ✓ Valves and flow technology
- ✓ Digital: asset optimization



- ✓ Chemicals

# Great customers across all segments

## Top GE Oil & Gas customers



## Top Baker Hughes customers



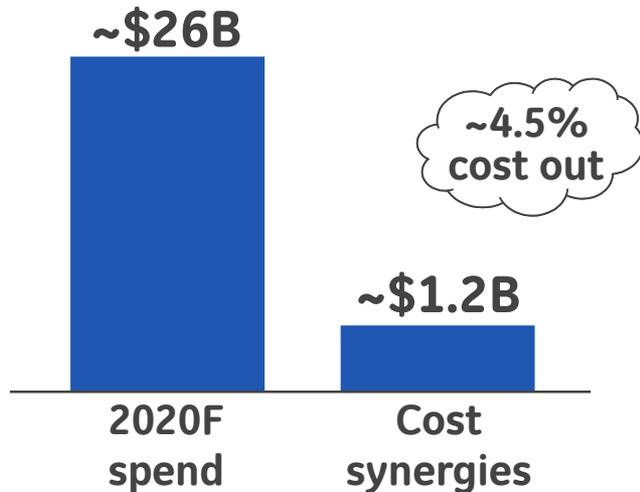
## Opportunity

- + End-to-end integrated customer solutions
- + Broad portfolio offering
- + Reliable long-term partner
- + Digitize assets & oilfields
- + New technology introduction
- + Global capabilities
- + New business models

Providing customers productivity solutions across the value chain



# 4 Robust synergy opportunity



Cost synergy timing		
<u>2018F</u>	<u>2019F</u>	<u>2020F</u>
~\$0.6B	~\$1.0B	~\$1.2B

## Drivers

- |   | <u>\$MM</u> |
|---|-------------|
| <b>1</b> Sourcing/procurement improvements<br>- Material deflation through combined buy                             | ~\$400      |
| <b>2</b> Manufacturing & service footprint rationalization<br>- Consolidate properties across extensive footprint   | ~\$200      |
| <b>3</b> Process optimization<br>- Advanced manufacturing & digital condition-based maintenance                     | ~\$200      |
| <b>4</b> SG&A consolidation<br>- Right-size back office, eliminate duplication                                      | ~\$400      |
| -----   |             |
| <b>5</b> Revenue synergies<br>- Enhanced ability to deliver integrated solutions, address greater scope of projects | ~\$400      |

Experienced teams ... have successfully managed downturn

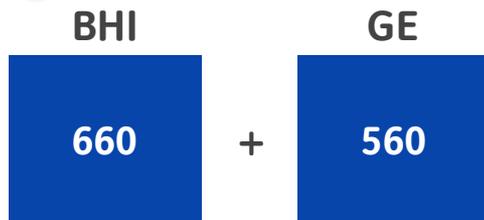


# Cost synergy examples

## Structural savings

### Manufacturing & service optimization

#### 1 Facilities rationalization



~25% facility overlap ... consolidation opportunity

#### 2 Material deflation

- Supplier rationalization + volume leverage
- Standardization + demand management

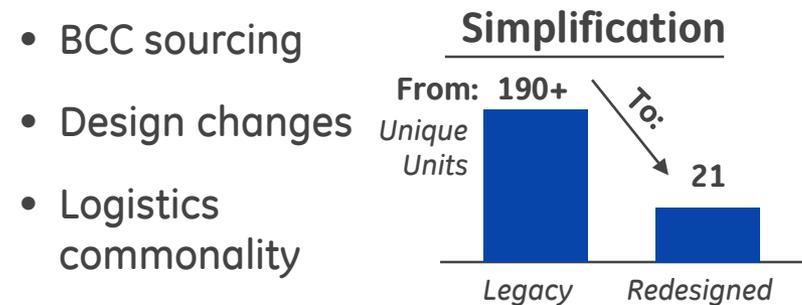
### Functional support consolidation

- Process harmonization
- Simplification
- Duplication removal
- Integration

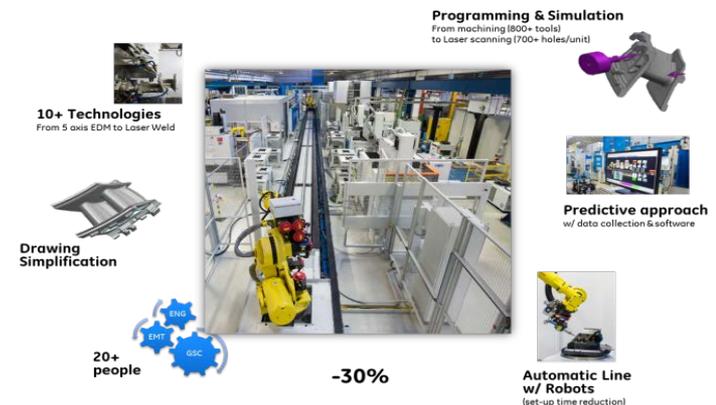


## Product cost out

Legacy of manufacturing excellence:  
acquisition example ... 50% reduction in rod-  
lift unit cost



Enhancements through digital thread:  
Brilliant Factories ... 30% reduction in lead time



# Petro-economies looking for integrated capabilities

- + Reservoirs in harsher environments & more remote locations
- + Project size and complexity is increasing
- + Lack of established infrastructure ... power generation
- + Buying preference toward productive solutions ... simpler supply chain to gain lowest cost per barrel
- + Significant pipeline of identifiable projects to be developed

## Examples

### Africa subcontinental – onshore



- Remote area
- Limited infrastructure ... investment beyond E&P
- Lack of local work force

### 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

Unique offering ... Newco + GE Store, capabilities from molecule to megawatt

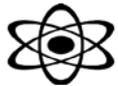


# 5 Winning in Digital

GE Store Digital capabilities

## PREDIX

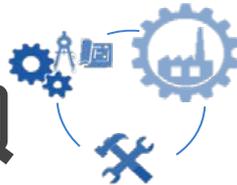
Digital Thread



Physics



Analytics



Digital Twin



Applications



Asset Performance Management



Brilliant Factory



Intelligent Environments



Operations & Process Optimization



Production Optimization

Oil & Gas applications

### Oil & Gas Ecosystem

MACHINE & EQUIPMENT HEALTH



Securely Connect Equipment



High Probability of Detection



Data-Rich Actionable Insights

RELIABILITY MANAGEMENT



Confidence Around Best Outcomes



Identify Emerging Problems



Collaboration

MAINTENANCE OPTIMIZATION



Balance Performance & Reliability



Optimize Maintenance



Maintenance Strategy

*From molecule to power generation  
The power data coming to O&G to drive  
improved customer outcomes*

Becoming the Digital Industrial standard within the industry ...  
driving integrated customer outcomes

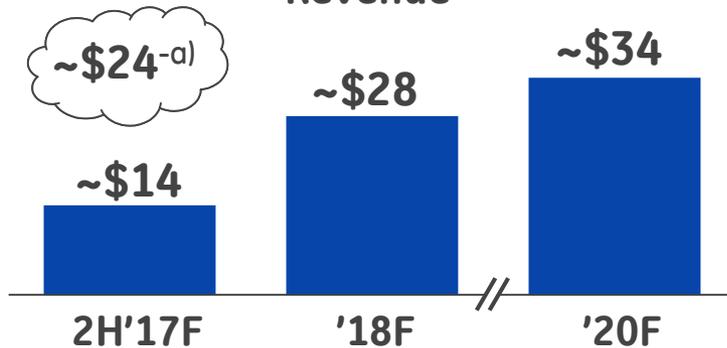


# Financial outlook

(\$ in billions)

## Proforma financials

### Revenue



EBITDA%	~8%	~18%	~23%
FCF	~\$0.5B	~\$1.7B	~\$3.6B

## Assumptions

- Assume \$45-60/bbl oil price through 2019; slow recovery to \$60 in 2019
- ~\$1.2B cost synergies by '20 ... ~4.5% of cost
- ~\$0.4B revenue synergies by '20 ... +1% share
- No additional debt for Baker Hughes
- Baker Hughes ~60% of '14 peak EBITDA in '20

## Value creation for investors

- + Creating an unparalleled fullstream digital industrial service company for the industry
- + Brings together two leading industry players with deep history of technical innovation
- + Capability to provide integrated solutions for customers
- + Best-in class physical & digital technology ... supported by the GE Store
- + Robust synergy opportunities
- + Better positioned to navigate cycles
- + Significant value creation opportunity for investors



(a- Based on '17F analyst consensus



# Impact for GE

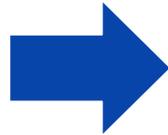
# Deal valuation and funding

(\$ in billions)

## Valuation

### GE contributes ...

- ✓ 100% of GE Oil & Gas
- ✓ \$7.4B of cash

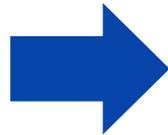


## BHI/GE partnership

**62.5%**

### Baker Hughes contributes ...

- ✓ 100% of Baker Hughes



**37.5%**

## Synergies

NPV of synergies ~\$13.7B

- ✓ BHI shareholders ~\$5.1B
- ✓ GE shareholders ~\$8.6B

## GE cash outlay

**\$7.4B**



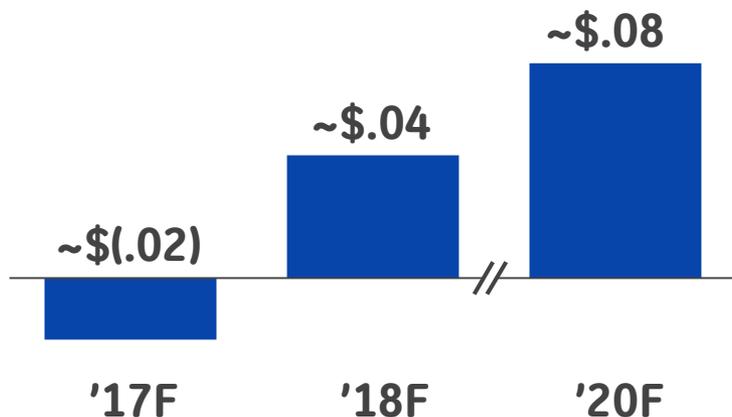
**Debt-funded**

- \$7.4B borrowing from GE Capital ... leveraging excess debt at no incremental cost to GE through '19
- \$7.4B is part of leverage capacity
- No GE rating impact



# GE earnings impact & valuation

## GE EPS impact



## Deal valuation

IRR	> 15%
CFRR > 10%	Yr. 5
NPV of synergies	\$13.7B
EBITDA multiple <sup>-a)</sup>	11.0x
Synergized multiple <sup>-b)</sup>	6.7x

- Expect mid-year 2017 close ... 2017 minimal synergies + purchase accounting
- ~\$1.6B of synergies by 2020 ... ~75% cost, ~25% revenue
- Baker Hughes achieves ~60% of 2014 peak earnings in 2020
- Free cash flow conversion ~90% by 2020; incremental ~\$1B FCF by 2019

**EPS accretive in 2018 + long-term value creation**



(a- BHI TEV in transaction / BHI 2018 consensus EBITDA

(b- BHI TEV in transaction / (BHI 2018 consensus EBITDA plus run rate synergies)



# Capital allocation

- ✓ Plan to sell GE Water
  - + Running process with potential buyers ... targeting mid-2017 close
  - + Industry leader in technology, products, and services
  - + Gain will fund restructuring & integration costs for BHI deal ... up to \$1B excess gain to fund core GE restructuring
- ✓ No change to capital allocation strategy
  - + Sustain an attractive dividend ... yield > peers
  - + GE Capital dividends through 2018 allocated to buyback
  - + Continue organic investment in P&E, R&D, global, digital, pension
  - + Disciplined M&A ... improve competitive position, returns >15%
- ✓ Transaction funded within leverage capacity

Capital allocation strategy unchanged





# Baker Hughes, a GE company

- + Creating an unparalleled fullstream digital industrial service company for the industry
- + Brings together two leading industry players with deep history of technical innovation
- + Capability to provide integrated solutions for customers
- + Best-in class physical & digital technology ... supported by the GE Store
- + Global reach with operations in ~120 countries
- + Provides for significant synergy opportunities
- + Better positioned to navigate industry cycles

Molecule to megawatt ... significant value creation for investors



# GE is uniquely positioned

Leading today

+

Tomorrow

Premium Industrial businesses

+ Essential ... builds, powers, moves, cures

+ Valuable ... foundation of GE Store

Leadership in analytics & SW for assets

Leadership in next generation manufacturing

New levels of productivity for GE, our customers & the world

## Baker Hughes, a GE Company

### Strategic value

- + Builds leader in essential industry
- + Enhances digital capability
- + Leverages the GE Store

### Financial value

(GE EPS impact)





**BAKER  
HUGHES**

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Baker Hughes, a GE Company