

BAKER HUGHES INC  
Form 425  
September 09, 2015

Barclays CEO Energy Power  
Conference  
Jeff Miller  
President, Halliburton  
September 8, 2015

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Filer: Halliburton Company  
Subject Company: Baker Hughes Incorporated  
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Safe Harbor

The statements in this presentation that are not historical statements, including statements regarding future financial performance, macroeconomic trends, estimated demand by well type, the upside of the North American oil and gas industry, the expected closing of the pending Baker Hughes transaction, and the growth potential and other expected benefits and synergies of the Baker Hughes transaction, 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: with respect to the pending acquisition of Baker Hughes, the terms and timing of any divestitures undertaken in order to obtain the required regulatory approvals, 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 that 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, and expectations regarding regulatory approval of the transaction; changes in the demand for or price of oil and/or natural gas can be significantly impacted by weakness in the worldwide economy; changes in

capital spending by customers; and structural changes in the oil and natural gas industry. Halliburton's Form 10-K for the year ended December 31, 2014, Halliburton's Form 10-Q for the quarter ended June 30, 2015, recent Current Reports on Form 8-K and other Securities and Exchange Commission filings discuss some of the important risk factors identified that may affect Halliburton's business, results of operations, and financial condition. Halliburton undertakes no obligation to revise or update publicly any forward-looking statements for any reason.

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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 solicitation of a vote or approval. This communication relates to a proposed business combination between Halliburton and Baker Hughes. In connection with this

proposed  
business

combination,  
Halliburton  
has  
filed  
with  
the  
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 11, 2014. 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 may obtain copies of 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](mailto: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 [alondra.oteyza@bakerhughes.com](mailto:alondra.oteyza@bakerhughes.com) or by phone at +1-713-439-8822.

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 and Baker Hughes is set forth

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,

its

proxy

statement for its 2015 annual meeting of stockholders, which was filed with the SEC on April 7, 2015, and its Quarterly Report for the quarter ended June 30, 2015, which was filed with the SEC on July 24, 2015. Information about the directors and executive officers of Baker Hughes is set forth in its Annual Report on Form 10-K for the year ended December 31, 2014, which was filed with the SEC on February 10, 2015, its proxy statement for its 2015 annual meeting of stockholders, which was filed with the SEC on March 27, 2015, and its Quarterly Report on Form 10-Q for the quarter ended June 30, 2015, which was filed with the SEC on July 24, 2015. These documents can be obtained free of charge from the sources indicated above. Additional information regarding the participants in the proxy solicitations and a description of their direct and indirect interests, by security holdings or otherwise, are contained in the proxy statement/prospectus and other relevant documents filed with the SEC.

Participants in Solicitation

Additional information

Safe Harbor



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Source: Baker Hughes US Rig Count  
through 9/4/15

Index of the US Rig Count  
Comparing the Cycles

-53%

-43%

-57%

0.40

0.60

0.80

1.00

1

7

13

19

25

31

37

43

49

55

61

67

73

79

85

91

97

103

109

115

121

127

133

139

145

151

Weeks

1997-2001

2001-2008

2008-2011

2014-Curr

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Macro Outlook

Customer Capital Allocation

Flexibility

Less Flexible

Lower Decline

Long Cycle  
More Flexible  
Higher Decline  
Short Cycle  
North America  
Unconventionals  
North America Gas  
North America  
Conventional Oil  
Deepwater  
Oil Sands  
LNG  
International  
Oil & Gas  
Lowest Cost of Supply  
Source of Flexible Growth  
Challenged Cost of Supply  
Portfolio Diversification  
Highest Cost of Supply  
Robust Cash Flows once  
Producing  
Lower Average Cost of Supply  
Higher Average Cost of Supply  
OPEC  
Source: ConocoPhillips, Internal Estimates

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Why North America is Attractive

Unconventionals are the Highest Service Opportunity Per Capex Dollar

Source: internal Estimates, Spears Oilfield Logix, Quest Offshore

<10%

Up to 50

%

Oil Sands

Deepwater

Exploration

Russia

Deepwater

Development

NAM

-

Conventional

Int'l Land

-

Conventional

OPEC

NAM

-

Unconventional

Service Opportunity % of Total Spend Per Well

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Lowest Cost per BOE  
Lowest Cost per Foot  
Reservoir Delivery  
Incremental Barrels and  
Maximum Recovery

We collaborate, execute and  
innovate to create value for our customers.

Deep Water

Unconventionals

Mature Fields

Strategic Markets



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8  
Challenges in Deepwater  
48  
%  
55  
%

Demand by Well Type  
(2010-2014)

Demand by Well Type  
(2015E-2019E)

Development

Development

Exploration Activity

Development Activity

Exploration Success Rate (Right-Axis)

Source: Quest Offshore

0%

10%

20%

30%

40%

50%

60%

70%

80%

0

100

200

300

400

2010

2011

2012

2013

2014

2015E

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Resiliency in Mature Fields

Decline Rate (per Annum) of Mature Fields

(2013-2016)

Consulting-Led Projects

Improved Recovery Rates

Customer 1

Customer 2

Customer 3

Customer 4

Customer 5

Sector Average

Customer 6

Customer 7

Customer 8

Customer 9

Customer 10

Source: Wood MacKenzie

-5.8%

-7.1%

-7.3%

-7.8%

-7.9%

-8.2%

-8.3%

-9.6%

-10.1%

-10.7%

-11.7%

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COST PER BOE

(PRODUCTION UNIT COST)

Improving Unconventional Economics

=

CUSTOM

CHEMISTRY  
SUBSURFACE  
INSIGHT

+

+

+

DRILLING

OPTIMIZATION

SUPPLY

CHAIN

FRAC OF THE

FUTURE

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EARLY  
ADOPTERS

EARLY  
MAJORITY

LATE

MAJORITY  
LAGGING  
ADOPTERS  
CUSTOMER ADOPTION  
TIME

=

CUSTOM  
CHEMISTRY  
SUBSURFACE  
INSIGHT

+

Improving Unconventional Economics

+

+

DRILLING  
OPTIMIZATION  
SUPPLY  
CHAIN  
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Planned

Reservoir Recovery

Equidistant well spacing

Geometric stage placement

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Planned

Realized

BYPASSED

RESERVES

BYPASSED

**RESERVES**

Reservoir Recovery

2/3 of Stages Underperform

Less than 8% Oil Recovery Factor

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EARLY

ADOPTERS

EARLY

MAJORITY

LATE

MAJORITY  
LAGGING  
ADOPTERS  
CUSTOMER ADOPTION  
TIME  
CUSTOM  
CHEMISTRY  
SUBSURFACE  
INSIGHT  
Improving Unconventional Economics  
DRILLING  
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PRODUCTION

INFILL PADS

Maximizing Recovery

NEW WELLS

Increasing

Reserves

REFRAC PADS

Lowest Cost Per

Barrel

Portfolio Approach to Technology

Current Wells

Barclays CEO Energy Power  
Conference  
Christian Garcia  
Acting CFO



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Source:

EIA,

Baker

Hughes

US

Rig  
Count

through  
8/28/15

Unfavorable Activity Mix  
Commodity Price Weakness  
Pricing Pressure  
North America Outlook  
WTI Oil Price

Rig count appears to be bottoming  
since the end of the second quarter  
but currently has unfavorable  
mix toward vertical rigs.

3Q15 vs 2Q15

-6%

9%

0.40

0.60

0.80

1.00

\$30

\$40

\$50

\$60

10-Apr

22-May

3-Jul

14-Aug

Horizontal/Directional

Vertical

International Outlook  
Middle East  
2%  
International Rig Count  
is Down  
Year-to-Date  
13%

Offshore vs

Land

Activity and Pricing

Currency Headwinds

Offshore

19%

Land

11%

Source: Baker Hughes International Rig Count

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Halliburton and Baker Hughes

Creating a Leading Oilfield Services Company

Next Steps

Complete the Requirements for the EU Filing

Receive

2  
nd  
Round  
of  
Bids  
for  
Drilling  
Services  
and  
Drill Bits  
Announce Any Additional Divestitures  
Complete the Divestiture Process  
Receive Feedback from Regulatory Authorities  
Compelling Strategic Combination  
Significant Cost Synergies  
Deal  
Announced  
Drilling Services and Drill  
Bits Marketed For Sale  
Received Indications  
of Interest  
Substantial  
Compliance  
with  
DOJ  
2  
Request  
Timing Agreement  
With DOJ  
Shareholder  
Approval  
Targeted Closing  
In Late 2015  
Next Steps  
nd

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Summary

Looking through the Cycle

North America offers the greatest upside in the recovery

Making progress towards the Baker Hughes acquisition

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