

Filed by Baker Hughes Incorporated  
Pursuant to Rule 425 of the Securities Act of 1933, as amended, and  
deemed filed pursuant to Rule 14a-12 of the Securities Exchange Act of 1934, as amended  
Subject Company: BJ Services Company  
Commission File No: 001-10570

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In connection with the proposed merger, Baker Hughes Incorporated (“**Baker Hughes**”) will file with the Securities and Exchange Commission (the “**SEC**”) a Registration Statement on Form S-4 that will include a joint proxy statement of Baker Hughes and BJ Services Company (“**BJ Services**”) that also will constitute a prospectus of Baker Hughes regarding the proposed transaction. INVESTORS AND SECURITY HOLDERS OF BAKER HUGHES AND BJ SERVICES ARE URGED TO CAREFULLY READ THE JOINT PROXY STATEMENT/PROSPECTUS WHEN IT BECOMES AVAILABLE BECAUSE IT WILL CONTAIN IMPORTANT INFORMATION REGARDING BAKER HUGHES, BJ SERVICES AND THE PROPOSED TRANSACTION. A definitive joint proxy statement/prospectus will be sent to security holders of Baker Hughes and BJ Services seeking their approval of the proposed transaction. Investors and security holders may obtain a free copy of the proxy statement/prospectus (when available) and other documents filed by Baker Hughes and BJ Services with the SEC at the SEC’s web site at [www.sec.gov](http://www.sec.gov).

The joint proxy statement/prospectus and such other documents (relating to Baker Hughes) may also be obtained from Baker Hughes for free (when available) from Baker Hughes’ web site at [www.bakerhughes.com/investor](http://www.bakerhughes.com/investor) or by directing a request to: Baker Hughes Incorporated, 2929 Allen Parkway, Suite 2100, Houston, TX 77019, Attention: Corporate Secretary, or by phone at (713) 439-8600. The joint proxy statement/prospectus and such other documents (relating to BJ Services) may also be obtained from BJ Services for free (when available) from BJ Services’ web site at [www.bjservices.com](http://www.bjservices.com) or by directing a request to: BJ Services Company, P.O. Box 4442, Houston, Texas 77210-4442, Attention: Investor Relations, or by phone at (713) 462-4239.

Baker Hughes, its directors, executive officers and certain members of management and employees may be considered “participants in the solicitation” of proxies from Baker Hughes’ stockholders in connection with the proposed transaction. Information regarding such persons and a description of their interests in the proposed transaction will be contained in the joint proxy statement/prospectus when it is filed with the SEC.

BJ Services, its directors, executive officers and certain members of management and employees may be considered “participants in the solicitation” of proxies from BJ Services’ stockholders in connection with the proposed transaction. Information regarding such persons and a description of their interests in the proposed transaction will be contained in the joint proxy statement/prospectus when it is filed with the SEC.

Except for the historical information set forth in this document, the matters discussed in this document are forward-looking statements that involve certain assumptions and known and unknown risks, uncertainties and other factors that could cause our actual results to differ materially. Such forward-looking statements include, but are not limited to, statements about the benefits of the business combination transaction involving Baker Hughes and BJ Services, including expected future financial and operating results, anticipated accretion to Baker Hughes’ earnings per share arising from the transaction, the expected amount and timing of cost savings and operating synergies, whether and when the transactions contemplated by the merger agreement will be consummated, the new combined company’s plans, market and other expectations, objectives, intentions and other statements that are not historical facts.

The following additional factors, among others, could cause actual results to differ from those set forth in the forward-looking statements: the ability to obtain regulatory approvals for the transaction and the approval of the merger agreement by the stockholders of both parties; the risk that the cost savings and any other synergies from the transaction may not be realized or take longer to realize than expected; disruption from the transaction making it more difficult to maintain relationships with customers, employees or suppliers; the ability to successfully integrate the businesses; unexpected costs or unexpected liabilities that may arise from the transaction, whether or not consummated; the inability to retain key personnel; continuation or deterioration of current market conditions; the outcome of pending litigation; future regulatory or legislative actions that could adversely affect the companies; and the business plans of the customers of the respective parties. Additional factors that may affect future results are contained in Baker Hughes’ and BJ Services’ filings with the SEC, which are available at the SEC’s web site at [www.sec.gov](http://www.sec.gov). Except as required by law, neither Baker Hughes nor BJ Services intends to update or revise statements contained in these materials based on new information, future events or otherwise.

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# Forward-Looking Statements

Information set forth in this document (and all oral statements made regarding the subjects of this document) contain "forward-looking statements" (as defined in Section 21E of the Securities Exchange Act of 1934, as amended), which reflect our expectations regarding future events without taking into account the impact of the pending transaction to acquire BJ Services Company. Such forward-looking statements include, but are not limited to, statements about our expectations regarding our business outlook and business plans, the business plans of our customers, changes in revenue, pricing, expenses, capital spending, backlogs, profitability, tax rates, strategies for our operations, impact of our common stock repurchases, oil and natural gas market conditions, market share and contract terms, costs and availability of resources, economic and regulatory conditions, and environmental matters. Our forward-looking statements are based on assumptions that we believe to be reasonable but that may not prove to be accurate.

The following factors, among others, could cause actual results to differ from those set forth in the forward-looking statements: the level of petroleum industry exploration, development and production expenditures; the price of, volatility in pricing of, and the demand for, crude oil and natural gas; the ability to obtain regulatory approvals for the pending transaction to acquire BJ Services Company and the approval of the transaction by stockholders; the ability to successfully integrate any acquired businesses and unexpected costs or unexpected liabilities that may arise from any transaction, whether or not consummated; the outcome of pending litigation; the inability to retain key personnel; continuation or deterioration of current market conditions; future regulatory or legislative actions that could adversely affect our business; and the business plans of customers. Additional factors that may affect future results are contained in our filings with the Securities and Exchange Commission ("SEC"), which are available at the SEC's web site <http://www.sec.gov>. Baker Hughes disclaims any obligation to update and revise statements contained in these materials based on new information or otherwise.

## Additional Information and Where to Find It

Baker Hughes and BJ Services will file a joint proxy statement/prospectus and other documents with the SEC. INVESTORS AND SECURITY HOLDERS ARE URGED TO CAREFULLY READ THE JOINT PROXY STATEMENT/PROSPECTUS WHEN IT BECOMES AVAILABLE, BECAUSE IT WILL CONTAIN IMPORTANT INFORMATION REGARDING BAKER HUGHES, BJ SERVICES AND THE ACQUISITION. A definitive joint proxy statement/prospectus will be sent to security holders of Baker Hughes and BJ Services seeking their approval of the acquisition. Investors and security holders may obtain a free copy of the proxy statement/prospectus (when available) and other documents filed by Baker Hughes and BJ Services with the SEC at the SEC's web site at [www.sec.gov](http://www.sec.gov). The proxy statement/prospectus and such other documents (relating to Baker Hughes) may also be obtained for free from Baker Hughes by accessing Baker Hughes' website at [www.bakerhughes.com/investor](http://www.bakerhughes.com/investor). The proxy statement/prospectus and such other documents (relating to BJ Services) may also be obtained for free from BJ Services by accessing BJ Services' website at [www.bjservices.com](http://www.bjservices.com).

## Participants in the Solicitation

Baker Hughes, its directors, executive officers and certain members of management and employees may be considered "participants in the solicitation" of proxies from Baker Hughes' stockholders in connection with the acquisition. Information regarding such persons and a description of their interests in the acquisition will be contained in the joint proxy statement/prospectus when it is filed.

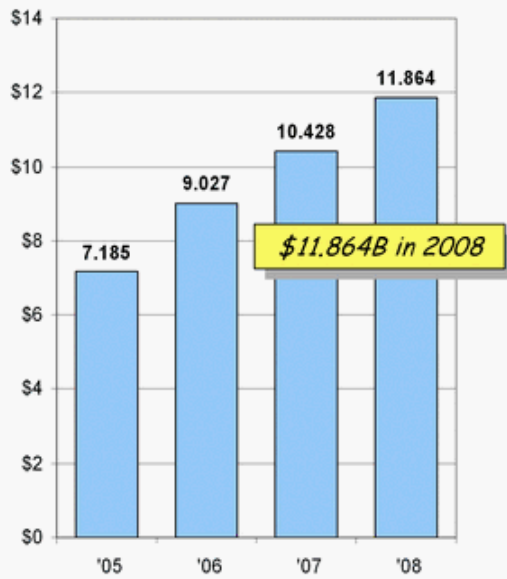
BJ Services, its directors, executive officers and certain members of management and employees may be considered "participants in the solicitation" of proxies from BJ Services' stockholders in connection with the acquisition. Information regarding such persons and a description of their interests in the acquisition will be contained in the joint proxy statement/prospectus when it is filed.

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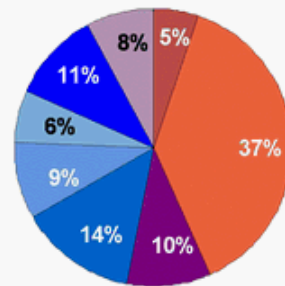
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# Revenue Growth

Revenue (billions)



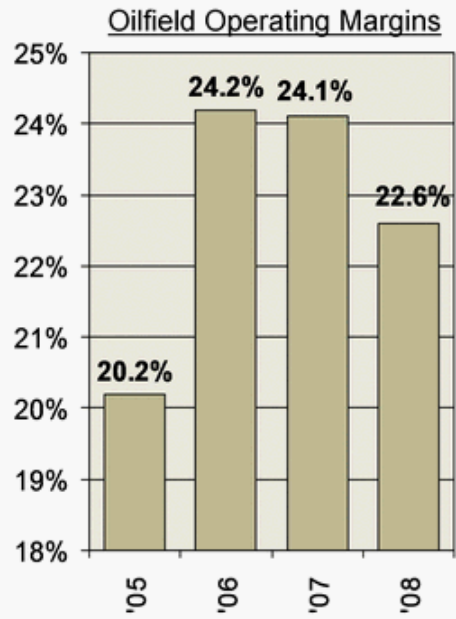
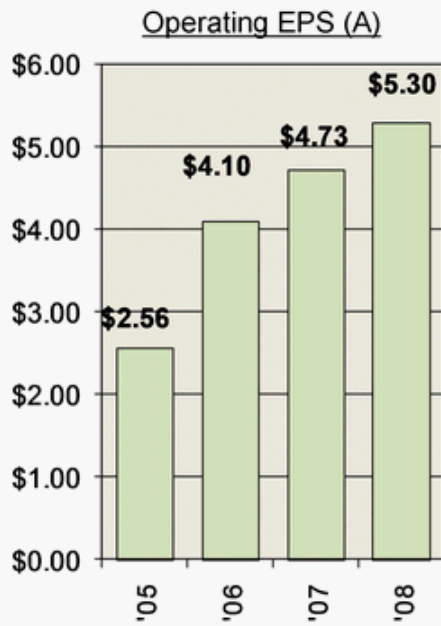
2008 Revenue



- Canada
- United States
- Latin America
- Europe
- Africa
- CIS
- Middle East
- Asia Pacific

*90+ Countries  
2<sup>nd</sup> highest  
non-NA in OFS*

# Profit Growth



(A) See reconciliation of GAAP and Operating Profit on following slide

# Reconciliation of GAAP and Operating Profit

## Reconciliation of GAAP and Operating Profit (A) (for the twelve months ended December 31, 2006)

UNAUDITED (in millions except earnings per share)	Profit Before Tax	Tax	Profit After Tax	Diluted Earnings Per Share
Income from continuing operations (GAAP)	\$3,736.8	(\$1,338.2)	\$2,398.6	\$7.21
Items:				
Less: Gain on sale of interest in WesternGeco	(1,743.5)	708.3	(1,035.2)	(3.11)
Operating results, excluding the impact of identified items	\$1,993.3	(\$629.9)	\$1,363.4	\$4.10

[A] Operating profit before tax and operating profit after tax are non-GAAP measures comprised of income from continuing operations excluding the impact of certain identified items. The item in the second quarter of 2006 related to the pre-tax gain of \$1,743.5 million (\$1,035.2 million after tax) from the sale of our 30% interest in WesternGeco, our seismic joint venture with Schlumberger Limited, to Schlumberger on April 28, 2006 for \$2.4 billion in cash. The company believes that operating profit is useful to investors because it is a consistent measure of the underlying results of the company's business. Furthermore, management uses operating profit internally as a measure of the performance of the company's operations. Income from continuing operations is reconciled to operating profit in this section of this news release. Reconciliation of GAAP and operating profits for historical periods can be found on the company's website at <http://www.bakerhughes.com/investor>.

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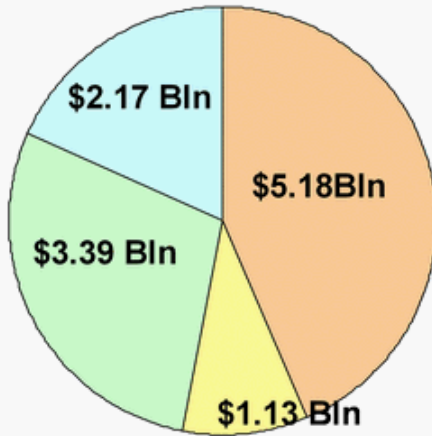
Baker Hughes by the Numbers





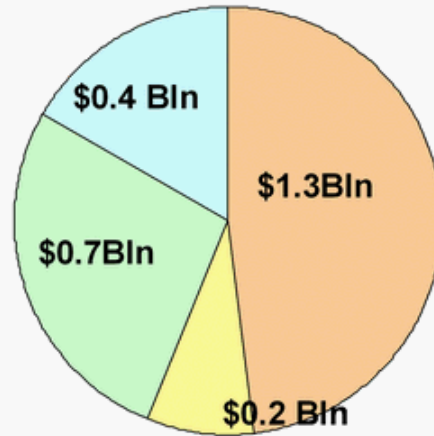
# Segment and Regional Focus

## 2008 Region Revenue



NA LA EARC MEAP

## 2008 Region Operating Profit



NA LA EARC MEAP

# Second Quarter Results

- **North America**

- \$794 M
- Revenue down 38% y/y, down 27% seq
- Operating profit margin 0.3%
  - Adj. operating profit margin<sup>1</sup> 1.5%



<sup>1</sup> Excluding severance costs and allowance for doubtful accounts

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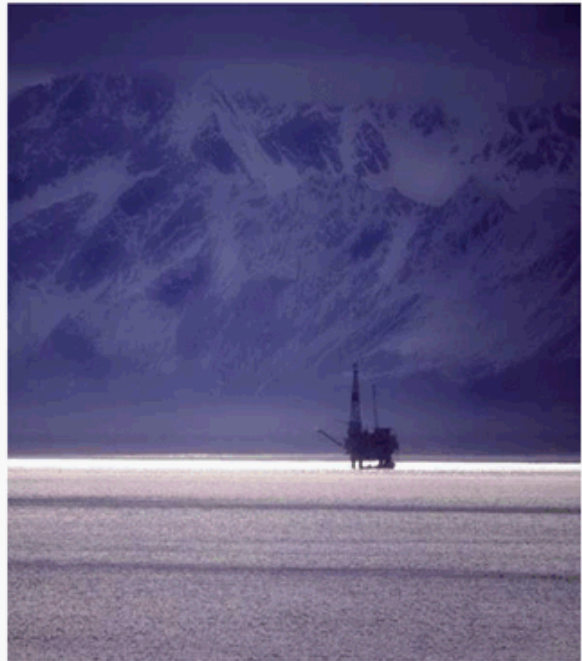
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Baker Hughes by the Numbers



# Second Quarter Results

- **Europe / Africa / Russia & Caspian**
  - \$743 MM
  - Revenue down 18% y/y, down 4% seq
  - Operating profit margin 17.5%
    - Adj. operating profit margin<sup>1</sup> 18.7%



<sup>1</sup> Excluding severance costs and allowance for doubtful accounts

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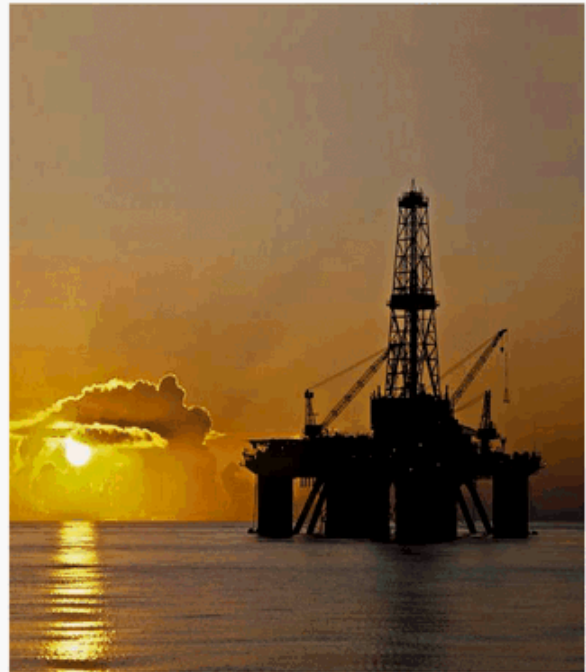
Baker Hughes by the Numbers



## Second Quarter Results

### ■ Latin America Revenue

- \$276 MM
- Revenue up 4% y/y, down 4% seq
- Operating profit margin 12.6%
  - Adj. operating profit margin<sup>1</sup> 20.8%



<sup>1</sup> Excluding severance costs and allowance for doubtful accounts

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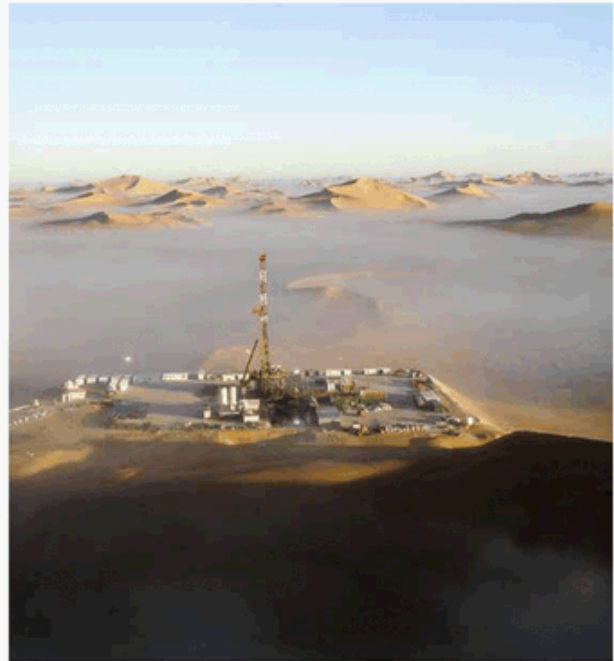
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## Second Quarter Results

- **Middle East / Asia Pacific**

- \$523 MM
- Revenue down 4% y/y, down 1% seq
- Operating profit margin 13.8%
  - Adj. operating profit margin<sup>1</sup> 14.5%



<sup>1</sup> Excluding severance costs and allowance for doubtful accounts

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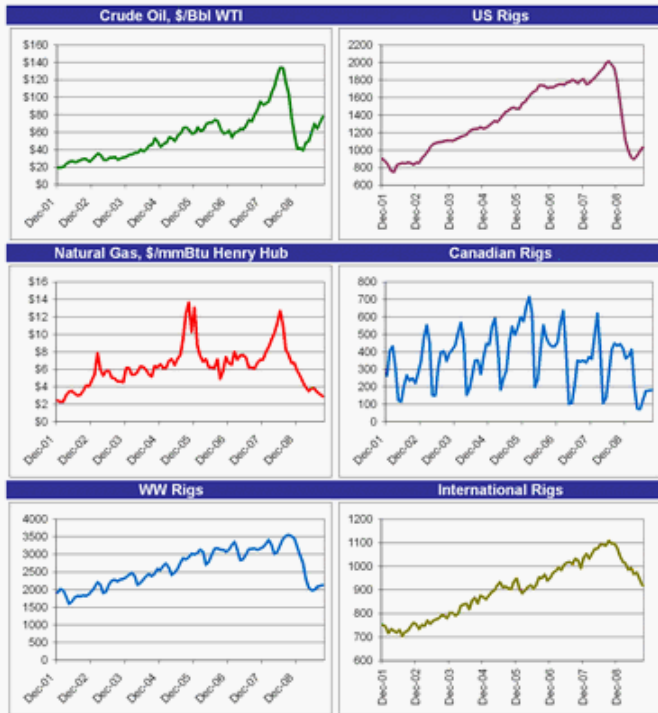
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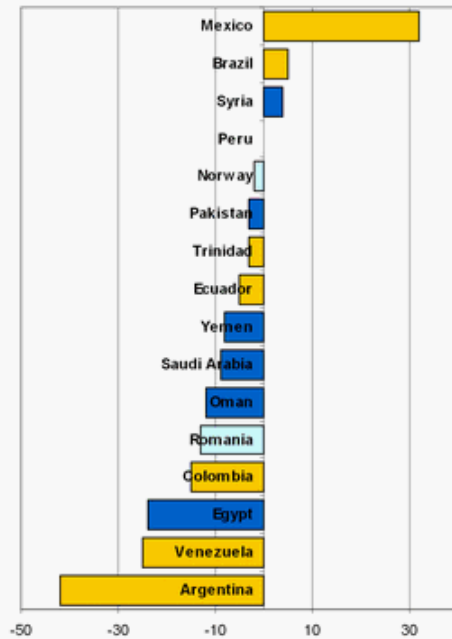
Baker Hughes by the Numbers



# Since September 2008



## Changes in Rig Count Since September 2008



# Exiting the Downturn A Stronger Company

- Reducing the size of our workforce
  - Over \$250 million annual savings
  - Achieve run-rate by Q309
- Efficiencies in shared services organizations
  - \$50 million in 2010
- Closed and consolidated facilities
- Strengthened balance sheet
- Added key executives
  - President Eastern Hemisphere
  - President Middle East
  - President product line
  - President reservoir technology
  - VP supply chain
  - VP information technology
  - VP reliability
- Geographic organization

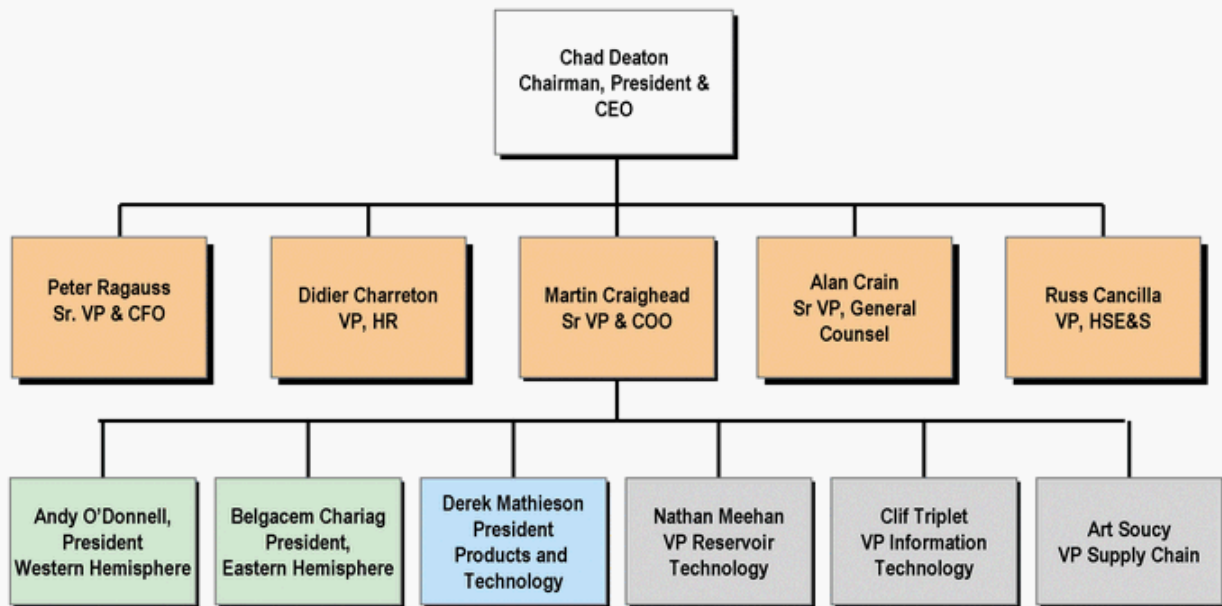


# Regions and Geomarkets



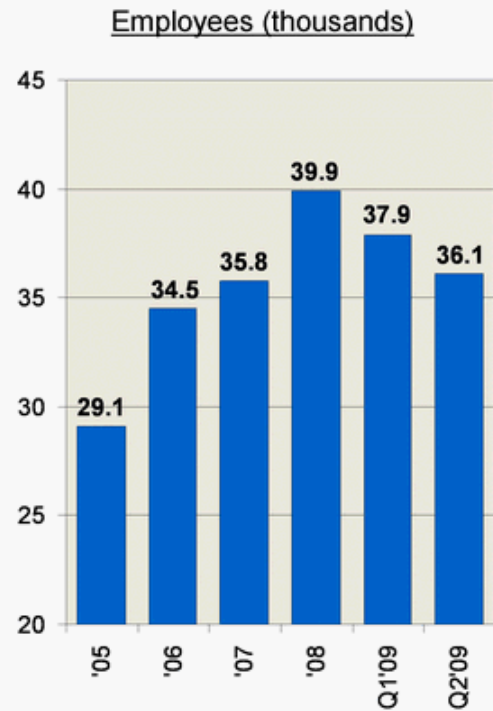


# New Organization



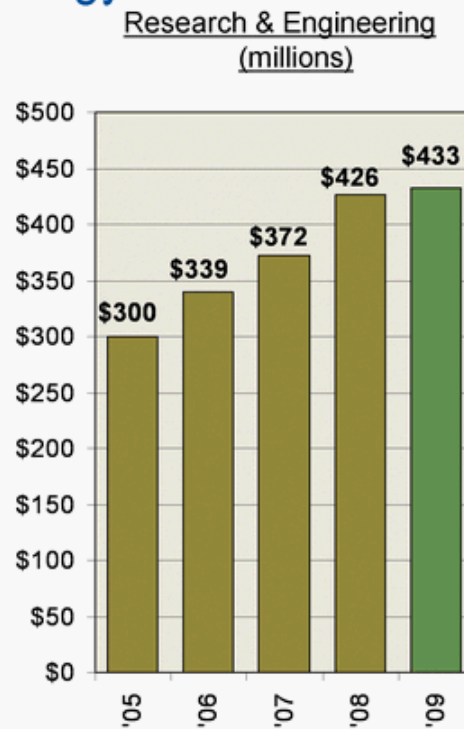
## Investing for Growth - People

- Rapid growth of employment through 2008
- 2009 reductions in force
- Monitoring activity levels and adjusting capacity accordingly
- Continued growth required to support some international contract wins
- Focus on employee development, training and career path
- Continue developing our local workforce



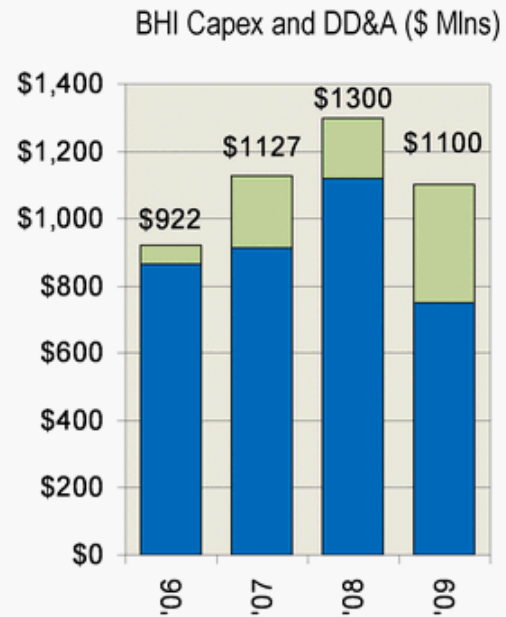
## Investing for Growth - Technology

- Maintain leading technologies and market share
- Deep new product pipeline full
- Disciplined product development & commercialization methodology
- R&E focused on new product development / reduced sustaining engineering spend
- Baker Hughes' Research & Engineering spend in 2008 was 3.6% of revenue



## Investing for Growth - Infrastructure

- 2008 Capital spending of \$1.3 B
- 2009 Capital spending of \$1.1 B
- Continue building out infrastructure (~\$350 million)
- Match build out of rental fleet and new technologies to market conditions

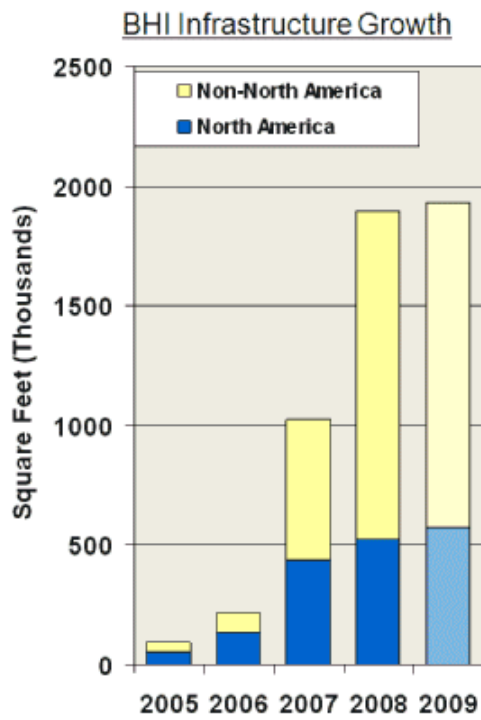


\* Guidance as of 5 August 2009. Please see Earnings News Release for discussion of applicable risk factors.

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# Investing for Growth - Infrastructure



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# Drill Bits

**Hughes Christensen**  
Diamond Drill Bits  
Tricone® Drill Bits



**Tricone**



**PDC**

... a leading manufacturer and supplier of Tricone® and PDC fixed cutter drill bits to the worldwide oil, natural gas and geothermal industries.

... Competitive drivers include **improving rate of penetration, extending run life, improving bit reliability, matching the right bit to the right geology**

... Competitors include

- **Hughes Christensen**
- Smith
- National Oilwell-Varco
- Halliburton

# Drilling Fluids

## Baker Hughes Drilling Fluids

Water-based muds  
Oil-based muds  
Completion fluids



... offers environmentally-compliant emulsion and water based fluids, completion fluids and drilling waste management services.

... Competitive drivers include improving drilling efficiency minimizing cost, minimizing environmental impact and minimizing reservoir damage

... Competitors include

- MI (Smith-Schlumberger)
- Halliburton
- Baker Hughes

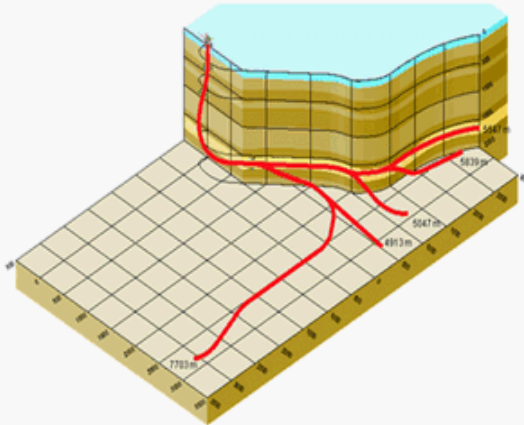


# Directional Drilling LWD/MWD



## INTEQ

Conventional directional drilling  
Rotary steerable systems  
MWD  
LWD



... provides conventional directional drilling, rotary directional drilling, measurement-while-drilling MWD, logging-while-drilling LWD and well site information services.

... Competitive drivers include **sophistication and accuracy of the drilling process, equipment reliability, optimal well bore placement, optimal well bore quality**

... Competitors include

- Schlumberger
- **Baker Hughes**
- Halliburton

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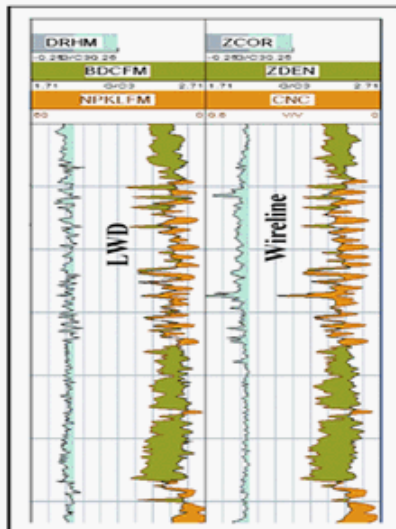
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# Wireline Formation Evaluation

## Baker Atlas

Open hole Logging  
Cased hole logging  
Geophysics



... provides wire-line conveyed well logging, data analysis and perforating services for formation evaluation, production and reservoir management.

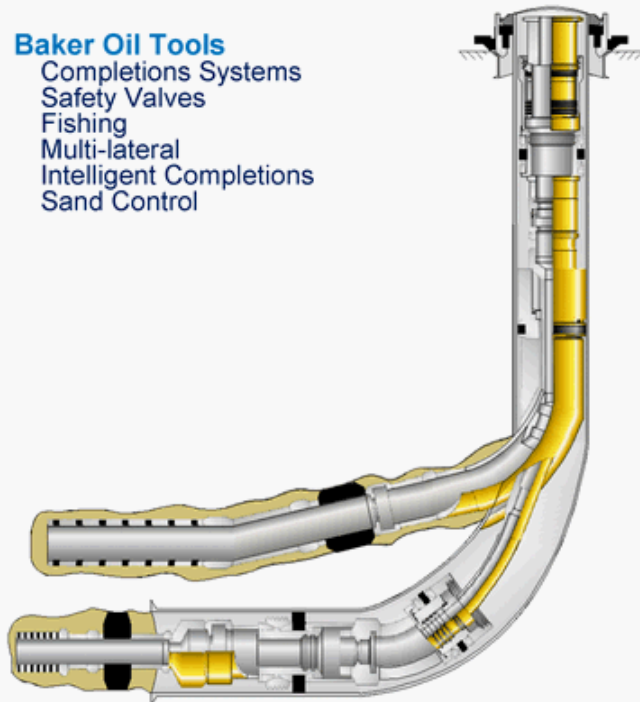
... Competitive drivers include data acquisition reliability, sophistication and accuracy of measurements, ability to interpret results, ability to differentiate technology and services

- ... Competitors include
- Schlumberger
  - Baker Hughes
  - Halliburton
  - Weatherford

# Completions

## Baker Oil Tools

Completions Systems  
Safety Valves  
Fishing  
Multi-lateral  
Intelligent Completions  
Sand Control



... Downhole completion, workover and fishing technology to assure safe and efficient hydrocarbon production.

... Competitive drivers include engineering and manufacturing quality, reduced well construction costs, enhanced production and ultimate recovery, minimized risk, reliable performance over the life of the well

- ... Competitors include
- Baker Hughes
  - Halliburton
  - Schlumberger
  - Weatherford
  - BJ Services
  - Smith International

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# Specialty Chemicals

## Baker Petrolite

Drilling Fluid & Stimulation Additives  
Oil & Gas Production  
Pipeline Inspection  
Refining  
Industrial Chemicals



... provides chemical technology solutions for hydrocarbon production, transportation and processing including corrosion inhibitors and flow assurance additives.

... Competitive drivers include improved production / throughput, reduced maintenance costs / frequency, lower treatment costs / intervals, resolve environmental issues

... Competitors include

- Baker Hughes
- Nalco
- Champion Servo
- GE Water Technology

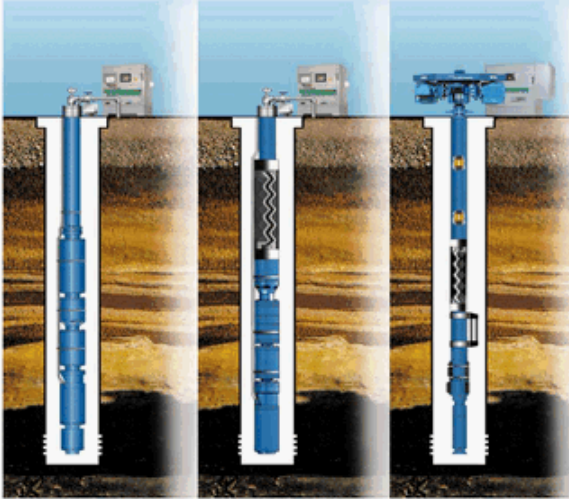
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# Artificial Lift

## Centrilift

Electric Submersible Pumps  
Progressing Cavity Pumps



... provides electric submersible pump ESP and progressing cavity pump PCP systems, applications engineering, project management and well monitoring services.

... Competitive drivers include **system reliability, system run-life, optimizing production, operating efficiency, service delivery**

... ESP competitors include

- Baker Hughes
- Schlumberger
- Wood Group

... PCP competitors include

- Weatherford
- Robbins & Myers
- Baker Hughes

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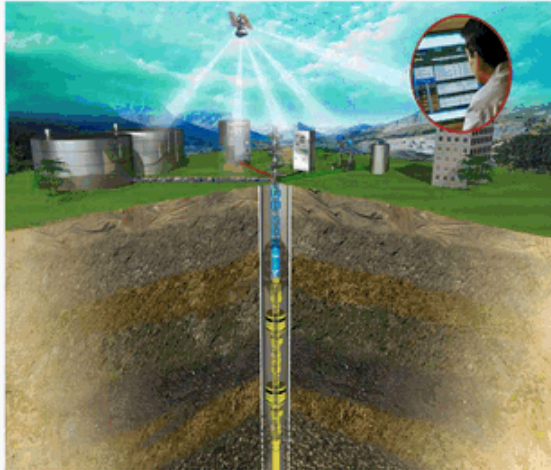
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# Permanent Monitoring / Chemical Injection Systems

## ProductionQuest

Permanent Monitoring Systems  
Chemical Automation Systems



... provides electronic downhole gauges, chemical injection line installation and service and fiber optic-based permanent downhole gauge technology.

... Competitive drivers include **application engineering expertise, ability to integrate a system, product reliability, functionality, field support**

... Competitors include

- Schlumberger
- **Baker Hughes**
- Halliburton
- Weatherford

# Reservoir Technology and Consulting

## Gaffney, Cline and Associates

- Broad reservoir management capabilities
- Integrated technical and reservoir management advice
- Exploration support
- EOR and field development
- Operations management consulting



## GeoMechanics International

- Impacts many BHI services
- Leading rock mechanics experts
- Enhance Baker Hughes services
- GMI insights can help BHI develop new technologies and services



## Helix RDS

- Subsurface well consulting
- Production technology and management
- Gas storage and CO2 sequestration
- Unconventional oil & gas production
- Deepwater development solutions



## Epic Consulting Services, Ltd.

- Reservoir engineering and simulation
- Geological modeling and analysis



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# Best-in-Class



Schlumberger



## Drilling and Evaluation

<b>Drill Bits</b>	<b>Hughes Christensen</b>	<b>1</b>		<b>4</b>	
<b>Drilling &amp; Evaluation</b>	<b>INTEQ</b>	<b>2</b>	<b>1</b>	<b>2</b>	<b>4</b>
<b>Drilling Fluids</b>	<b>BH Drilling Fluids</b>	<b>3</b>	<b>1**</b>	<b>2</b>	
<b>Wireline &amp; Testing</b>	<b>Baker Atlas</b>	<b>2</b>	<b>1</b>	<b>2</b>	<b>4</b>

## Completion and Production

<b>Completions</b>	<b>Baker Oil Tools</b>	<b>1</b>	<b>3</b>	<b>2</b>	<b>4</b>
<b>ESPs</b>	<b>Centrilift</b>	<b>1</b>	<b>2</b>		<b>4</b>
<b>Oilfield Chemicals</b>	<b>Baker Petrolite</b>	<b>1</b>			

Source: BHI estimates, Spears & Associates

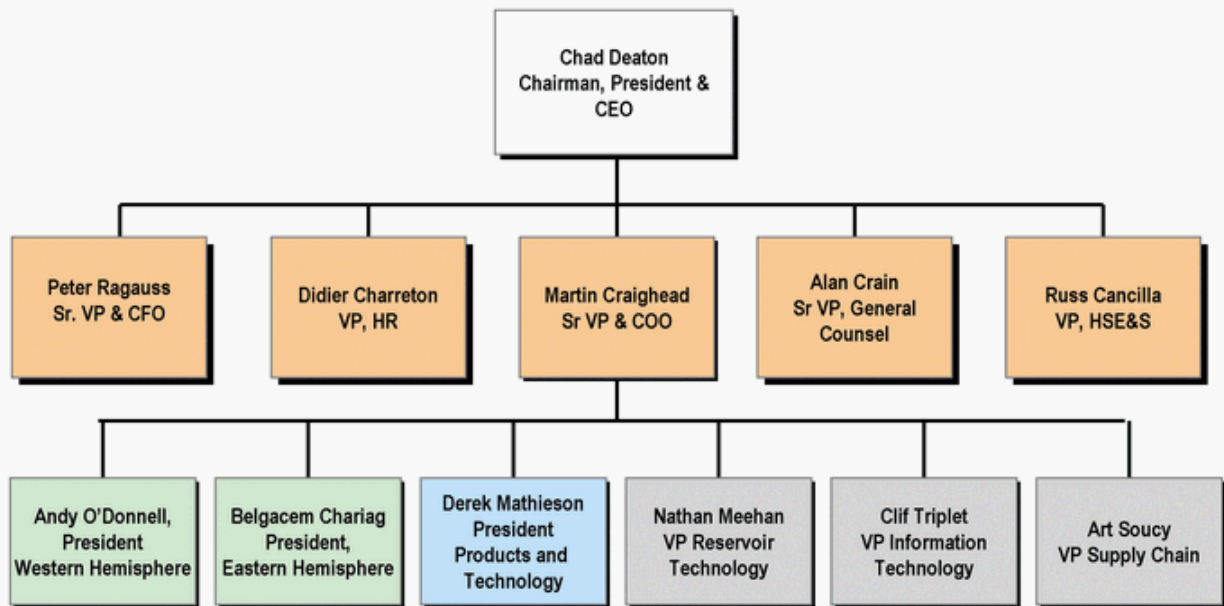
\*\* SII/SLB joint venture in MI

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# Organization





# Technology Growth Drivers

## **Hughes Christensen**

Quantec PDC Bits  
Genesis Zx PDC Bits  
Tricone Bits  
GaugePro XPR Exp. Reamer  
FastMax Tricone Bits

## **INTEQ**

AutoTrak  
AutoTrak eXpress  
MagTrak NMR  
CoilTrak  
TesTrak  
AziTrak  
CoPilot

## **Baker Hughes Drilling Fluids**

PERFORMAX Water-based Fluids  
Terra-Max  
Micro-Wash Cleanup Fluid  
Rheo-Logic

## **Baker Atlas**

3D Explorer  
XMAC F1Imaging  
MREX NMR  
GasView  
Nautilus Ultra

Understanding  
the Reservoir

Accessing  
the Formation

Producing  
Hydrocarbons

Extended Reach Drilling  
Deepwater  
Unconsolidated Formations  
High Pressure / High Temperature  
Lower Costs Wells  
Heavy Oil  
Mature Fields  
Production Optimization  
Water Management

## **Baker Oil Tools**

Multi-lateral Systems  
Equalizer  
Intelligent Well Systems  
Frac-Point  
Solid Expandable Systems

## **Centrilift**

ESPs  
PCPs  
Subsea Boosting Systems  
Centinel +

## **Baker Petrolite**

Flow Assurance  
Water Treatment  
PMG  
Downstream

## **Production Optimization**

Permanent Monitoring  
Intelligent Lifting  
Chemical Injection

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# Product Development & Commercialization

## Technology Road Map



## Technology Road Map

- Thorough understanding of landscape
- Market needs compared with capabilities
- Market segments quantified
- Opportunities identified

## Product Development Methodology

- Measures progress at stages
- Ensures new projects meet returns targets

## Life cycle management

## Product Development Methodology

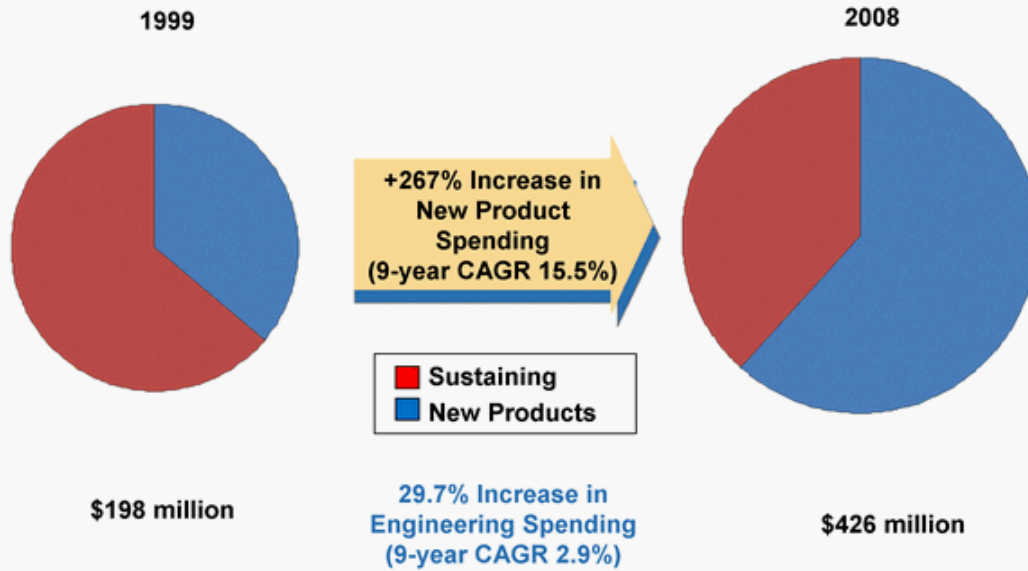


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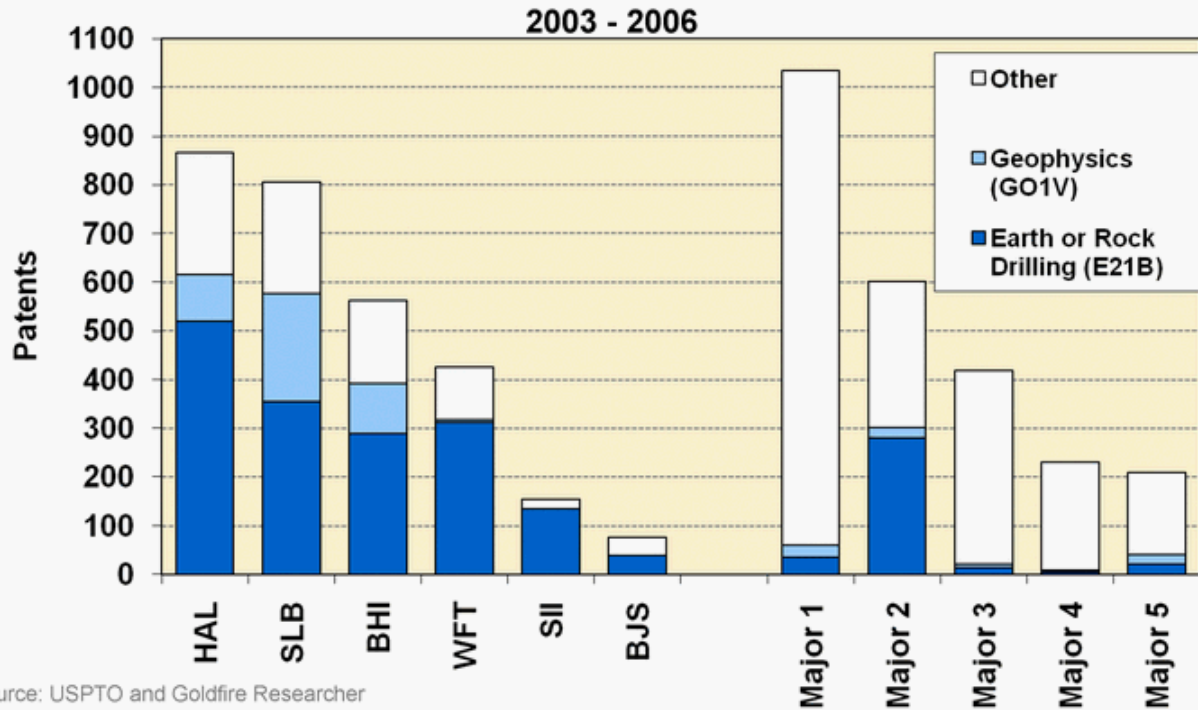
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# Investing in Technology

## Research and Engineering Spending



# Key Upstream Industry Intellectual Property



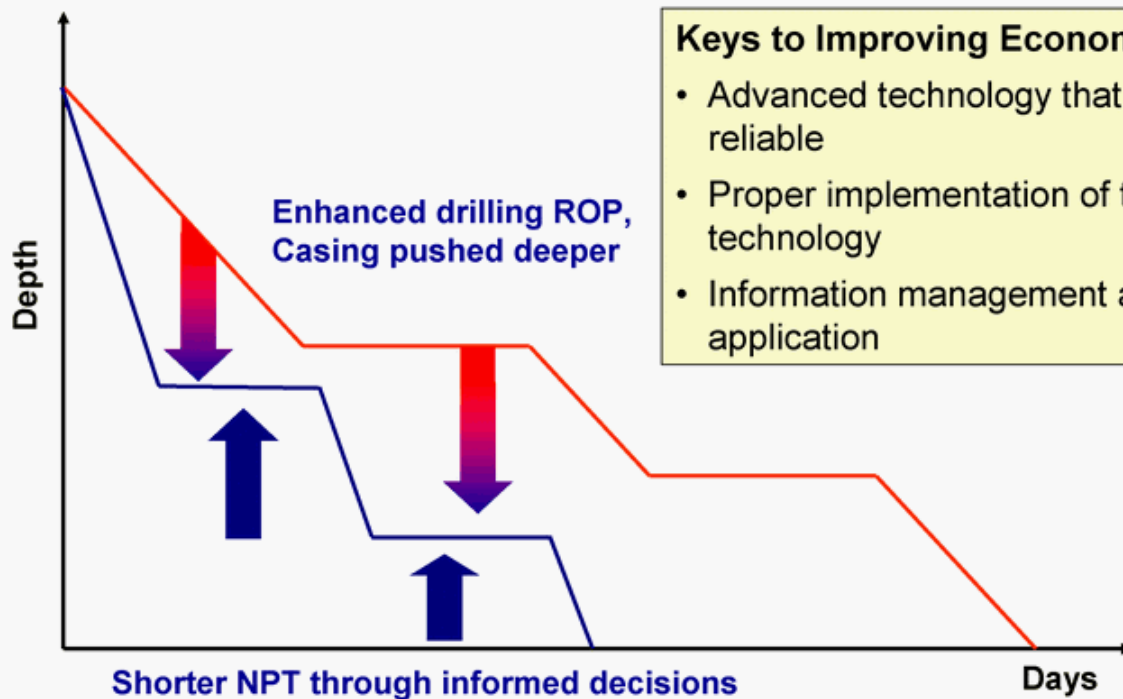
Source: USPTO and Goldfire Researcher

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# Understanding and Accessing the Reservoir

## Drilling and Evaluation



### Keys to Improving Economics

- Advanced technology that is reliable
- Proper implementation of the technology
- Information management and application

# Understanding and Accessing the Reservoir

## Quantec Bits

**Smooth Cut Technology**

**Quantec Cutters**

**Diamond Volume Management (DVM)**

**Unmatched Stability**

**Optimized Hydraulics**

**Enhanced Gauge Protection**

**Wear Resistance**

Generation	Wear Resistance
Genesis	Low
Genesis Z	Medium
Quantec	High

Quantec cutters are significantly more wear-resistant than previous generation cutters.

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Baker Hughes Incorporated

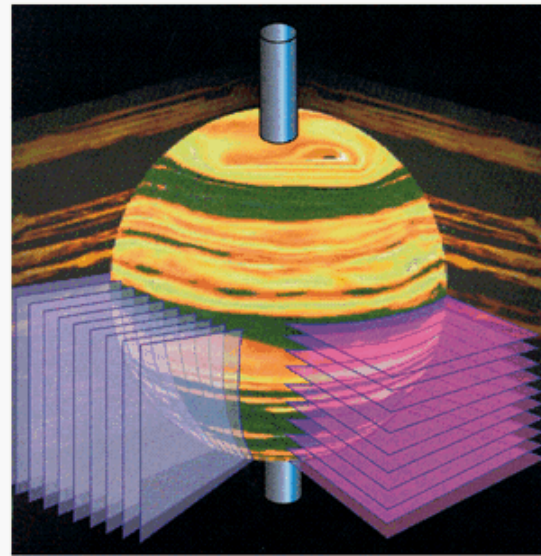


# Understanding and Accessing the Reservoir

## Thinly bedded zones



Core photograph of a thinly bedded reservoir interval.



3D Explorer

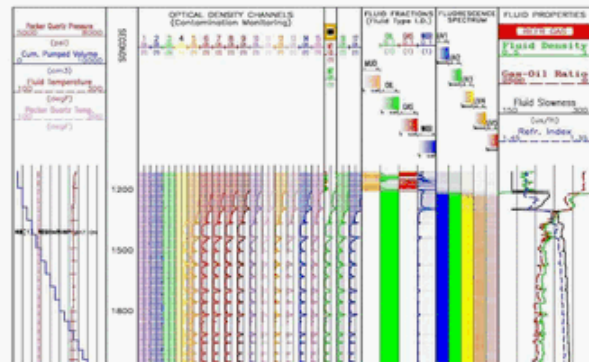
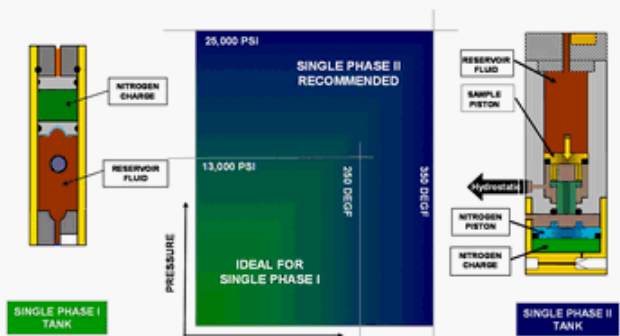
# REsolution Suite

## Smart Samples

- 24+ PVT quality samples, up to 840cc each
- U.S. DOT exempt tanks
- Single-phase sampling capabilities, 450-600cc each
- Capable to 25,000 psi and 350 degF.

## Advanced Downhole Fluid Analysis

- SampleView IC
  - Real-time, compositional information of density, viscosity, Gas/Oil Ratio (GOR) and sound speed.
  - Fluid identification
  - Contamination monitoring



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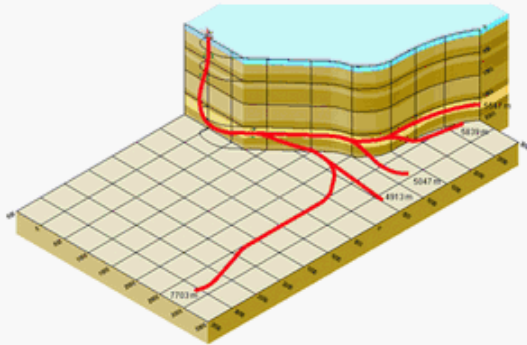


# Understanding and Accessing the Reservoir

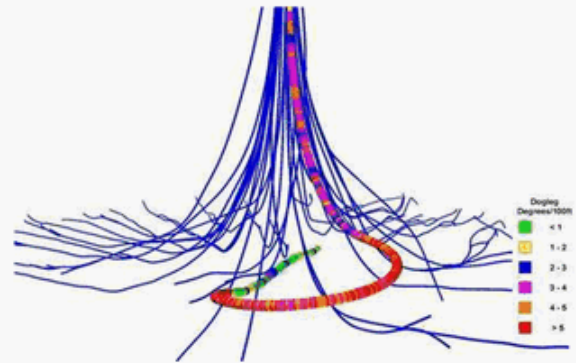
## AutoTrak RCLS

### The first ever integrated closed-loop steering & LWD system

- Reduces customers OPEX and time to production
- Complex wells to difficult/impossible to reach targets
- Higher quality wells for enhanced production and reduced drilling risk



Expose >44,400 ft of reservoir from a single slot



Reach inaccessible, trapped reserves

## ***Impossible Before AutoTrak RCLS!***

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Baker Hughes Incorporated

# Williston Basin -- Six-Leg Horizontal Well

## ■ Challenge

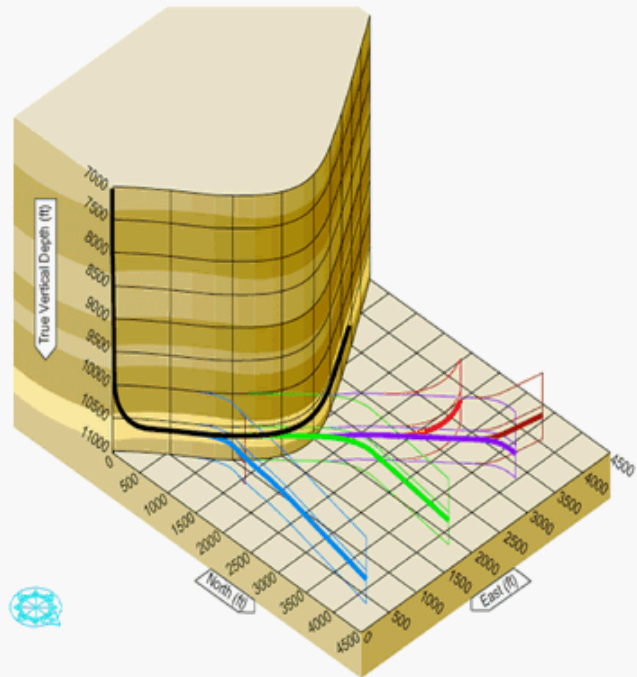
- Drill six-leg 5 7/8" horizontal hole
- intervals utilizing open hole sidetracks
- Extremely abrasive rock, elevated
- temperatures of Bakken formation

## ■ Baker Hughes Solution

- Deployed 4 3/4" Ultra X-treme motor with
- NaviGamma and Multiple Propagation
- Resistivity (MPR) MWD

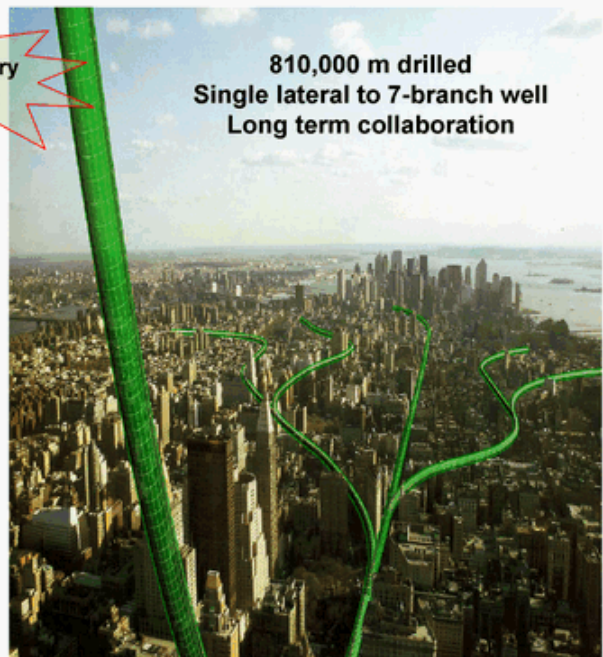
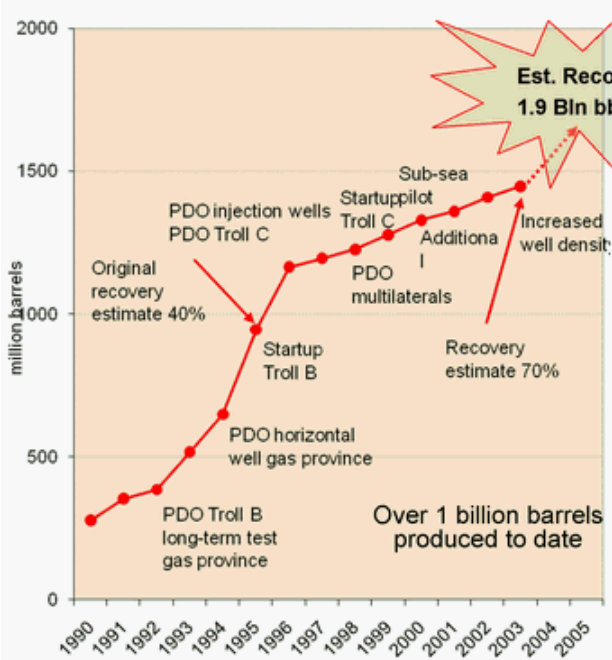
## ■ Results

- Drilled a total lateral interval of 19,773 ft
- in 599.2 drilling hours
- Maximum temperatures reaching 275°F
- Drilling time includes time drilling involved
- to open-hole sidetrack each leg
- This marks the first attempt at drilling this
- wellbore design as a test of possible
- completion strategies in the Williston Basin



# AutoTrak RCLS Success

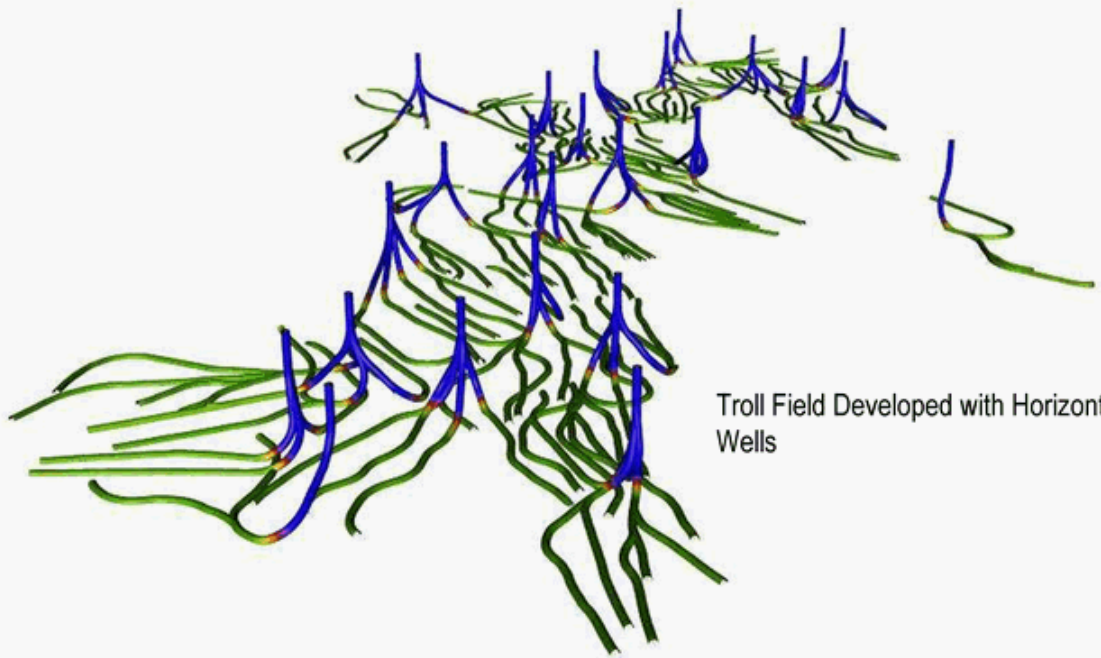
## Troll Field Offshore Norway



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# AutoTrak RCLS Success

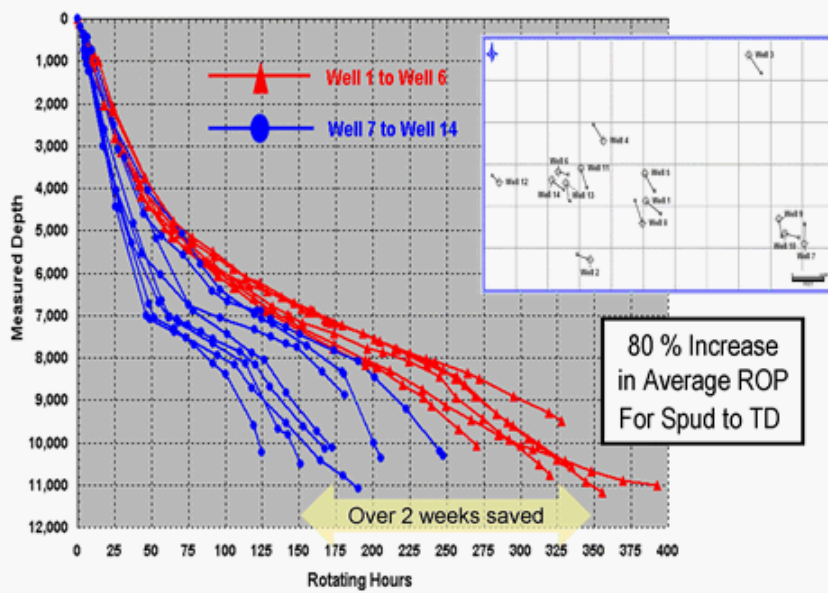


Troll Field Developed with Horizontal Wells

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# Barnett Shale -- Drilling Performance



6 Wells Drilled Prior to Optimization @ 32 ft/hr  
 8 Wells Drilled After Optimization @ 57 ft/hr

## Example of Dull Bit Condition And Drilling Statistics



Depth in: 915'  
 Depth out: 6831'  
 Footage: 5,916'  
 Hours: 43.5  
 ROP: 136 ft/hr

# Producing Hydrocarbons

## Completion & Production

Exploration &  
Discovery

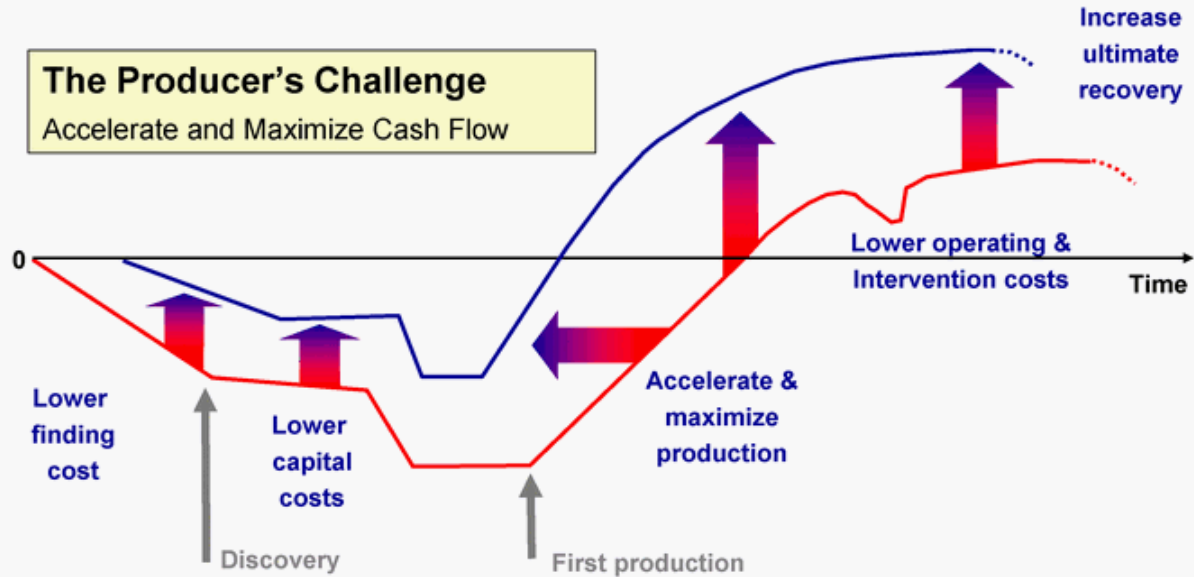
Appraisal &  
Development

Production &  
Intervention

Abandonment

### The Producer's Challenge

Accelerate and Maximize Cash Flow



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# Producing Hydrocarbons

## Multilateral Wells

### Location

Saudi Arabia

### Problem / Objective

Reduce drilling costs to produce two deep zones and increase reservoir contact.

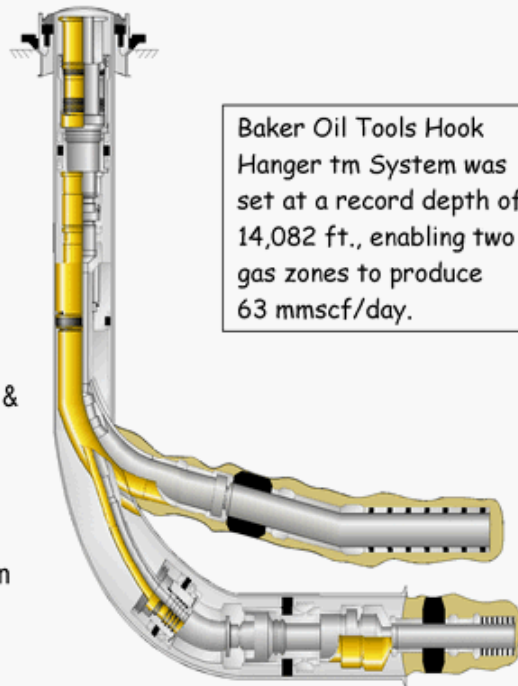
### Solution

Multilateral technology to produce two zones from one well.

Used Hughes Christensen bits; INTEQ drilling systems & LWD; Baker Atlas logging systems; Baker Oil Tools multilateral completion.

### Results

8,800' of lateral hole in 2 zones; HOOK Hanger junction placed at record depth of 14,000'; enabled selective production from both laterals; Initial production exceeded target by 25%.



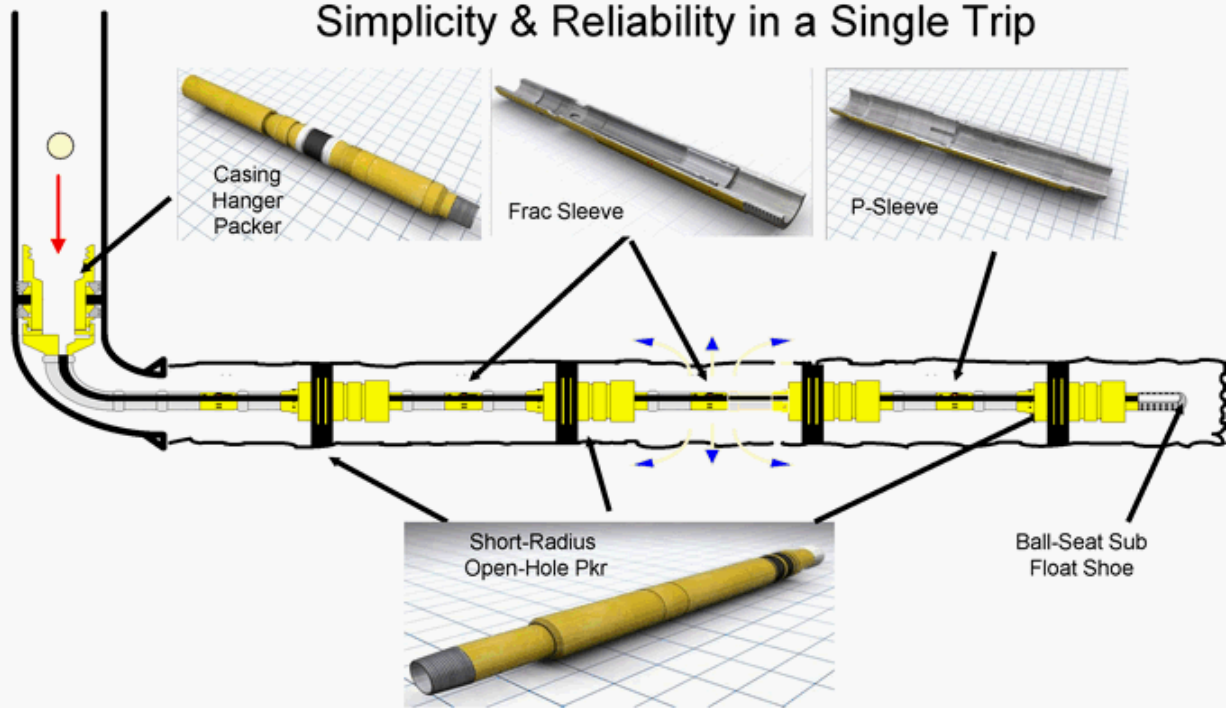
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# Frac Point – Completion System

Simplicity & Reliability in a Single Trip

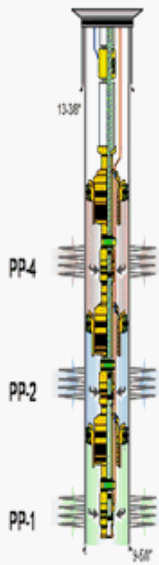


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# Producing Hydrocarbons

## Intelligent Components



Intelligent Completions



Intelligent Artificial Lift



Chemical Automation

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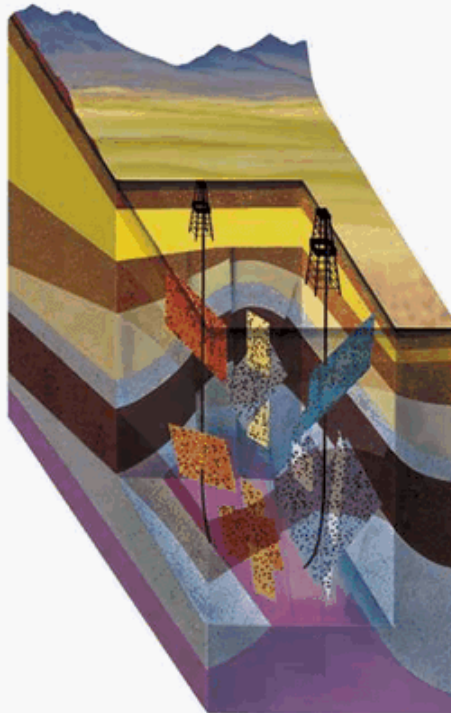
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# Producing Hydrocarbons

## Reservoir Monitoring

### Permanent Sensors:

- **Microseismic**
  - Injection
  - Production
  - Hydraulic Fractures
- **Pressure, Temperature**
- **Resistivity to fluid type**
- **Processing, Interpretation**



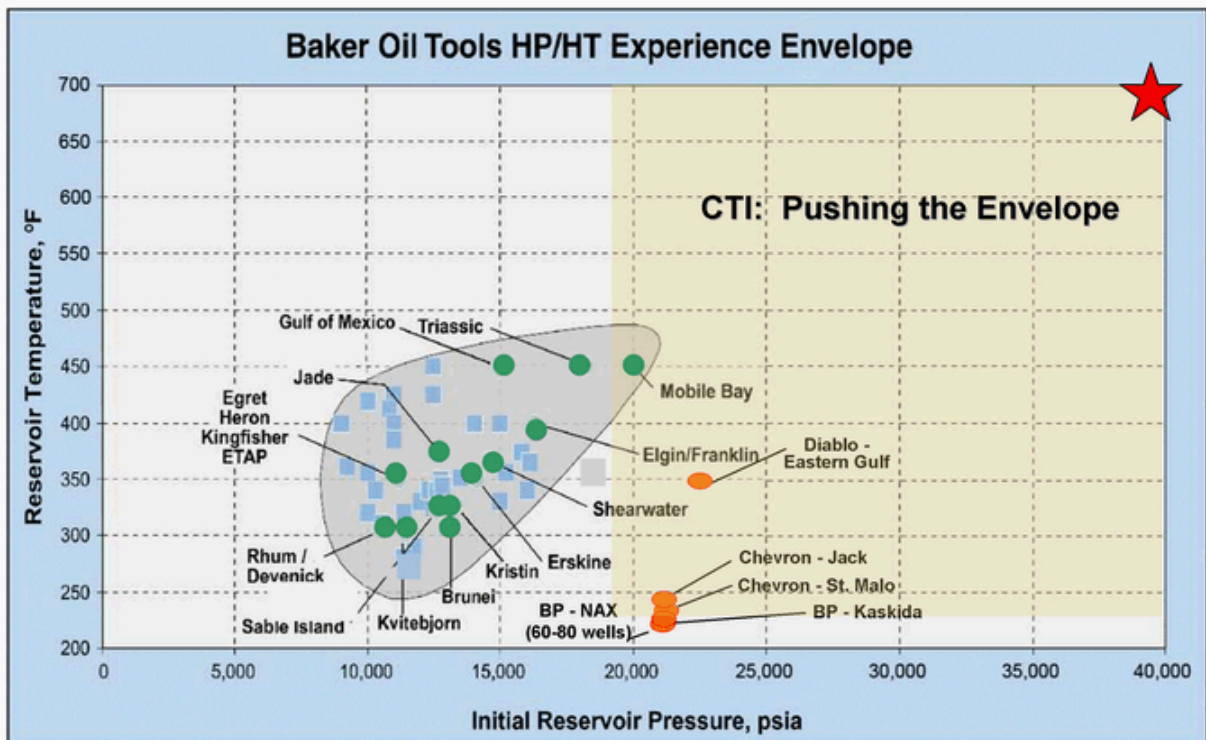
**Optimize drilling,  
decrease  
uncertainty &  
reduce risk through  
improved well  
placement**

**Optimize field  
development,  
production &  
enhanced oil  
recovery  
programs**

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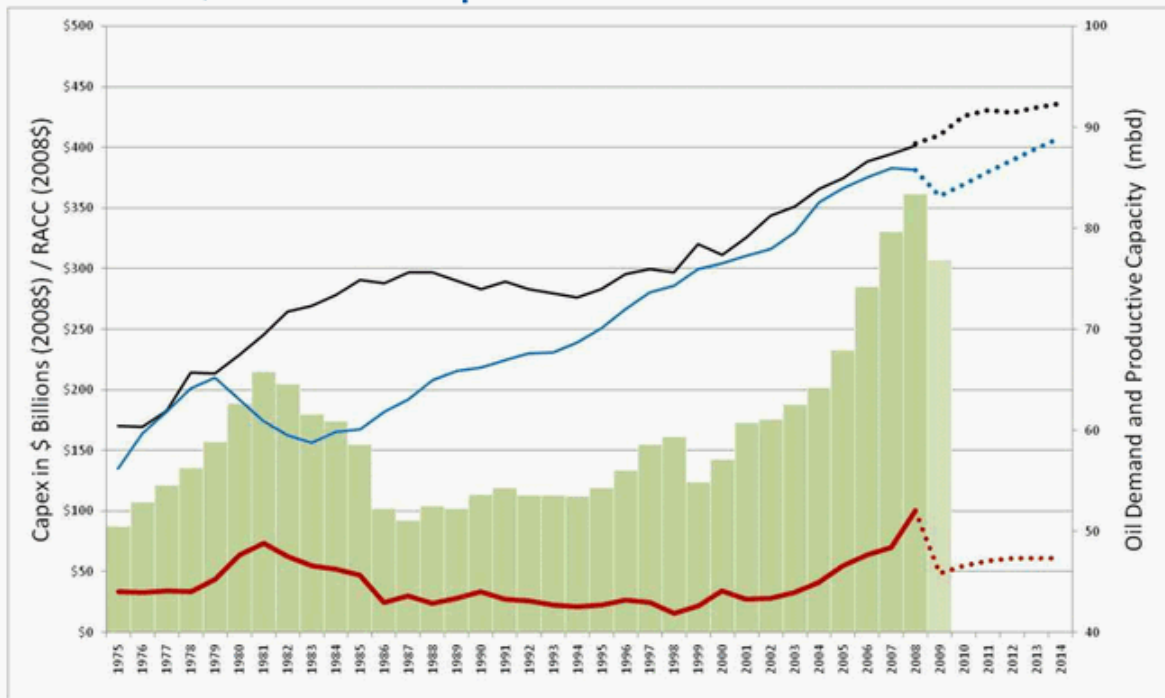
# Center for Technology Innovation



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# Demand, Price & CapEx



Source: IEA, EIA, Barclay's, BHI estimates

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# Fundamental Market Drivers

## Energy markets

- Global hydrocarbon demand to grow through 2020
- Oil and gas price volatility remain
- Cycles will continue
- Natural gas gains in importance
- Increased "brown field" development

## Geographic shift

- From mature provinces
  - North America
  - North Sea
- To Eastern Hemisphere
  - Middle East
  - Russia
  - Caspian
  - W. Africa
- Influence of NOC's increases
- Russian / Chinese service companies to enter the market

## Consolidations will continue

- Customers
- Service companies

## Demographic challenge

- loss of experienced service company hands
- Indigenization of workforce
- Recruit, develop & retain

## Customer strategy

- drive "commoditization"

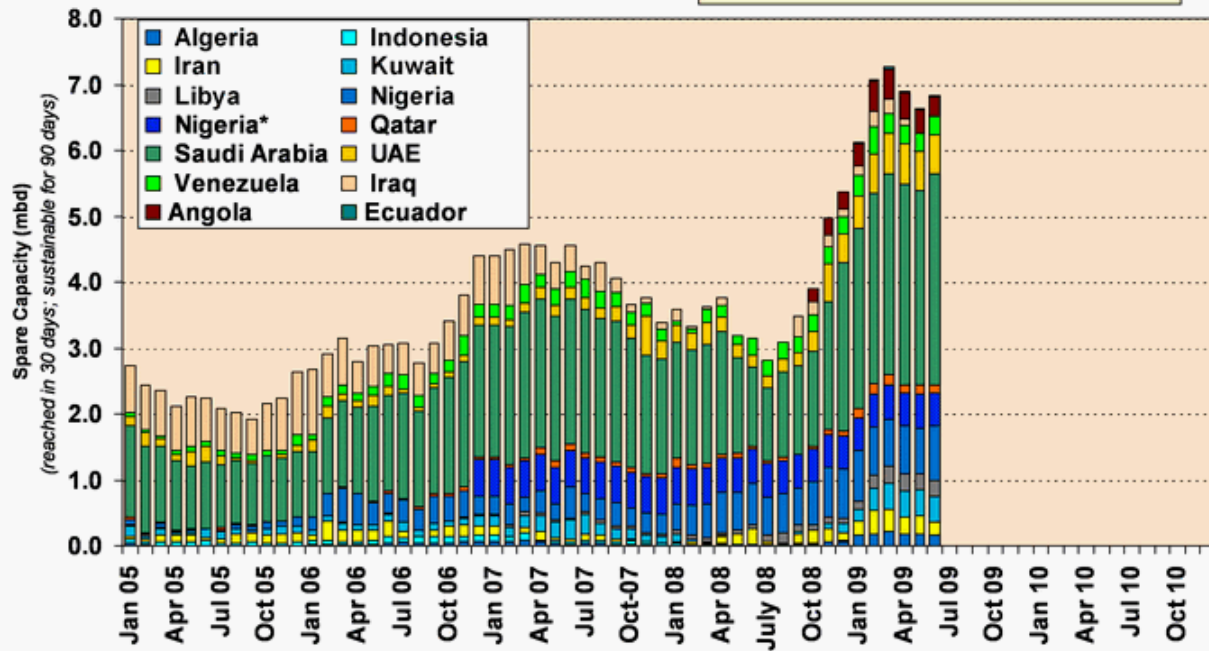
## Service company strategy

- Differentiate on technology and service
- Increased responsibility for R&D
- Become more international / local content
- Continued cost and capital discipline
- Focus on execution



# OPEC Spare Capacity

*“Capacity that can be brought online in 30 days and sustained for 90 days”*



Source: IEA Monthly OMR

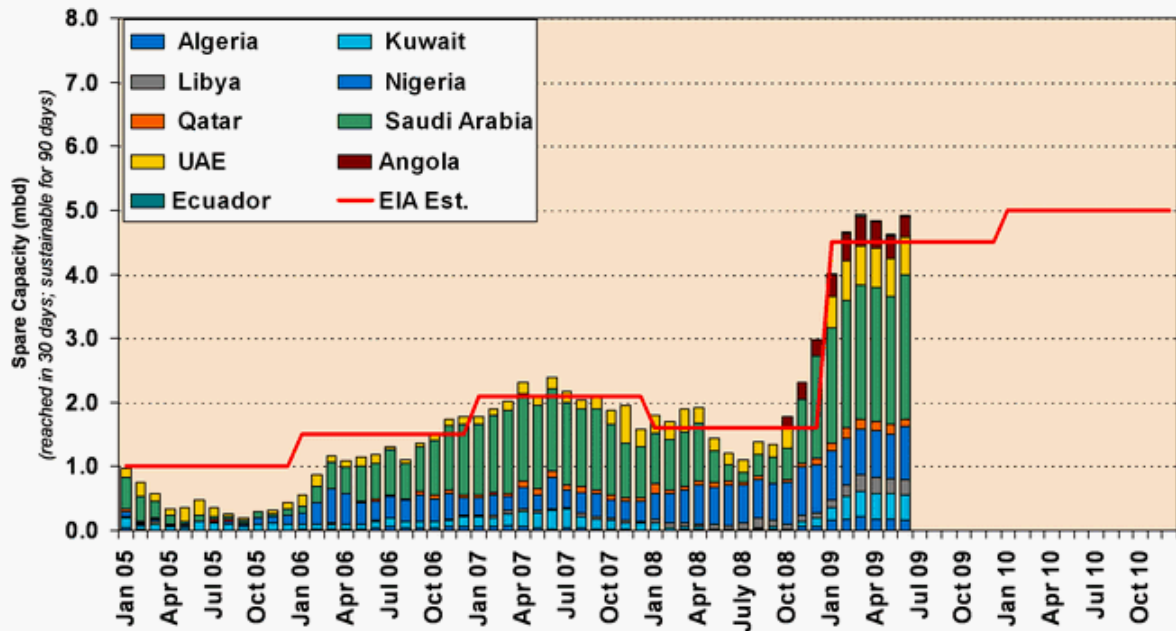
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# OPEC Spare Capacity

*“Capacity that can be brought online in 30 days and sustained for 90 days”*

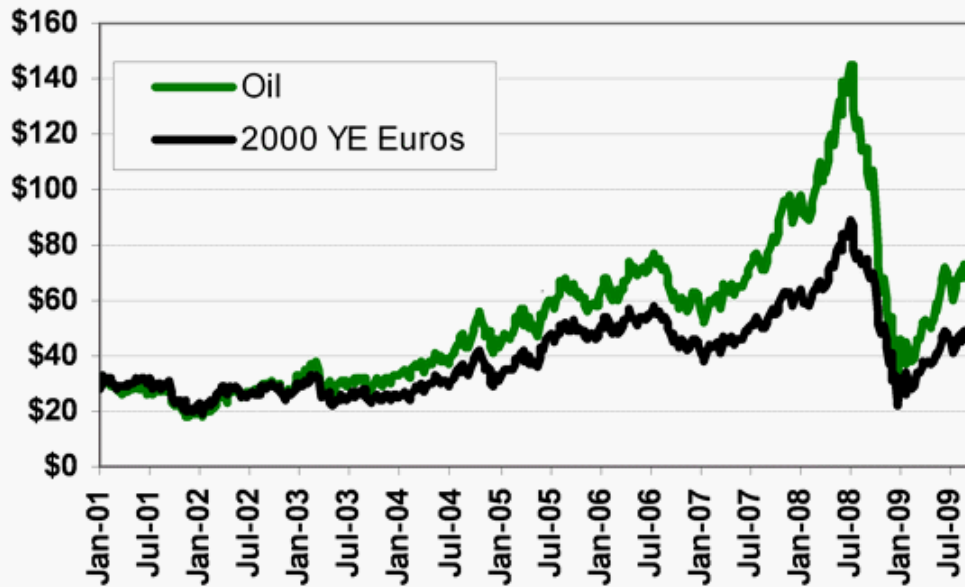


Source: IEA Monthly OMR, EIA, March 2009

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# Impact of US Dollar

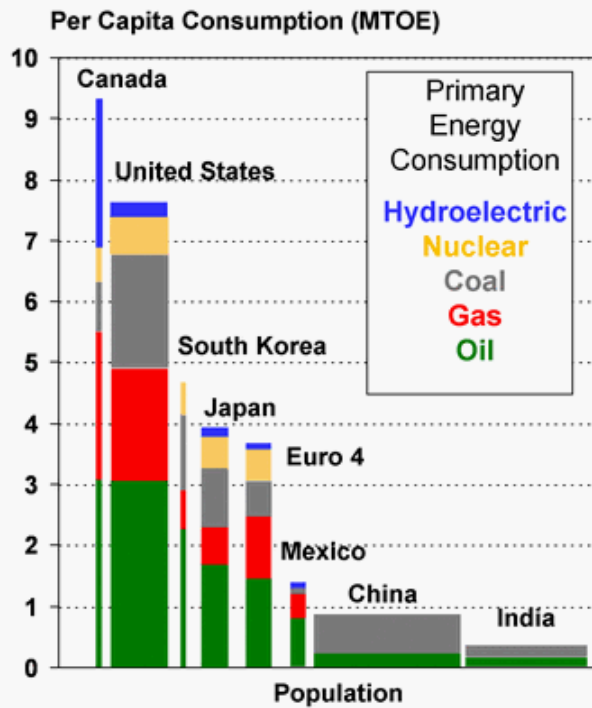


Source: Bloomberg

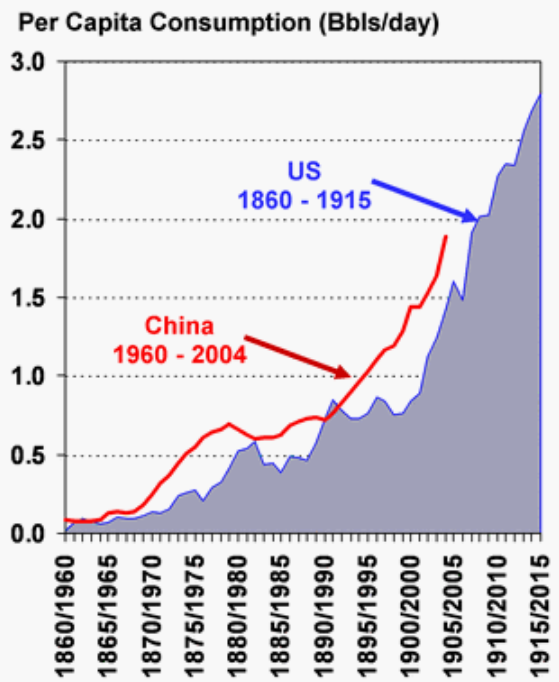
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# The Demand Challenge



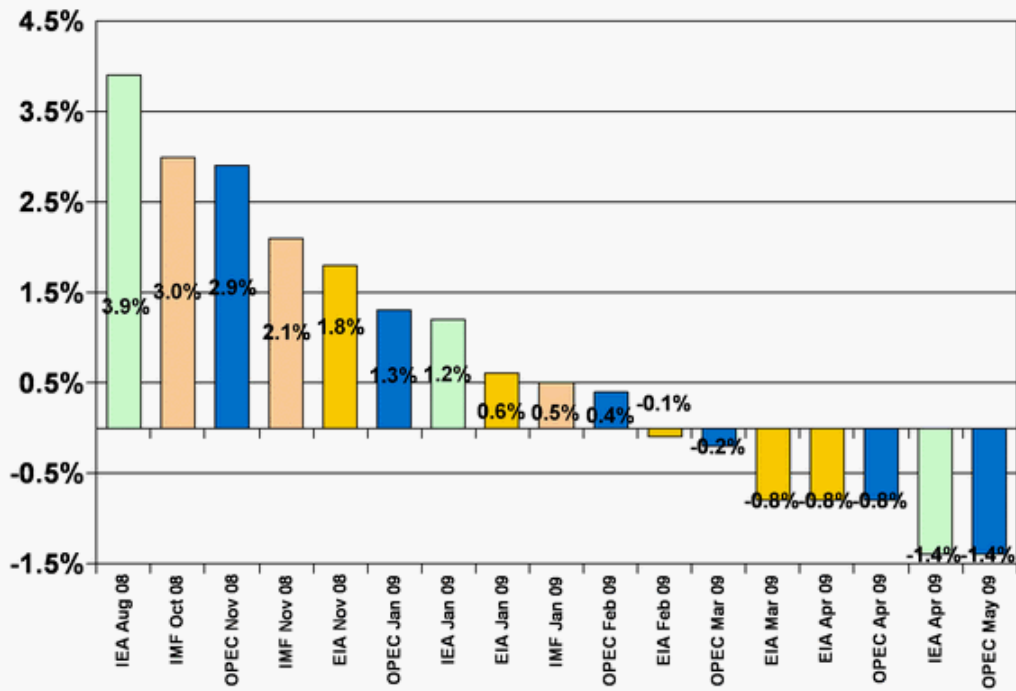
Source: EIA, CIA 2008 World Factbook



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# Changes in GDP Growth Estimates

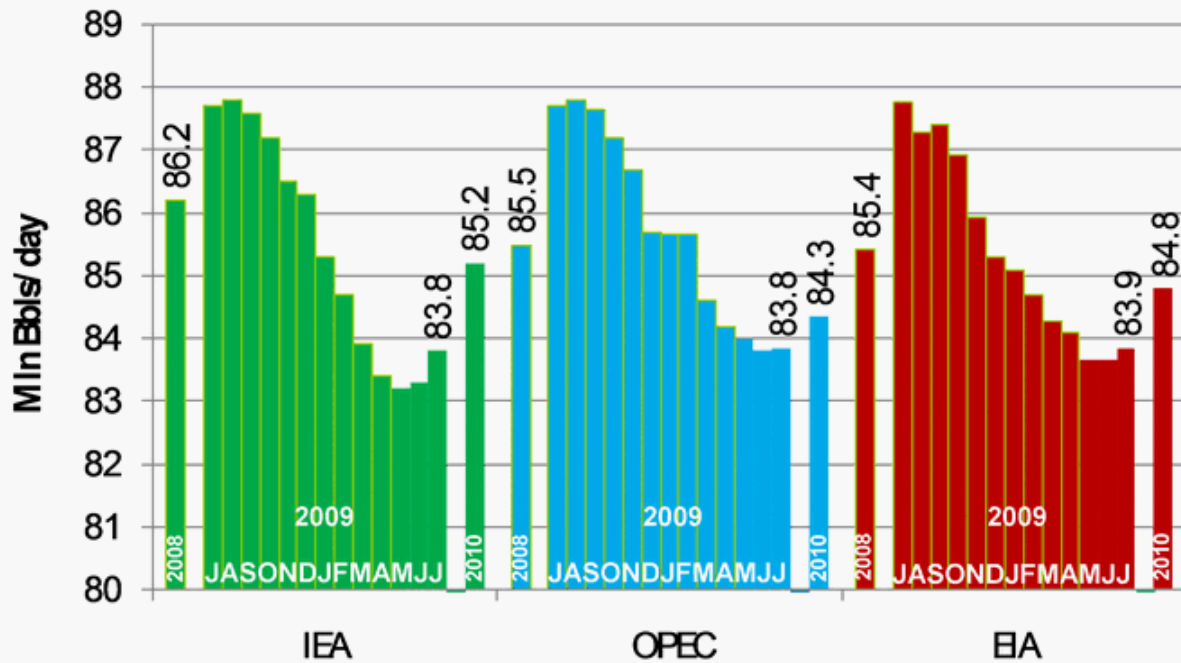


Source: IEA, EIA, OPEC

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# Demand Outlook for 09 Stabilized; 1<sup>st</sup> Look at 2010

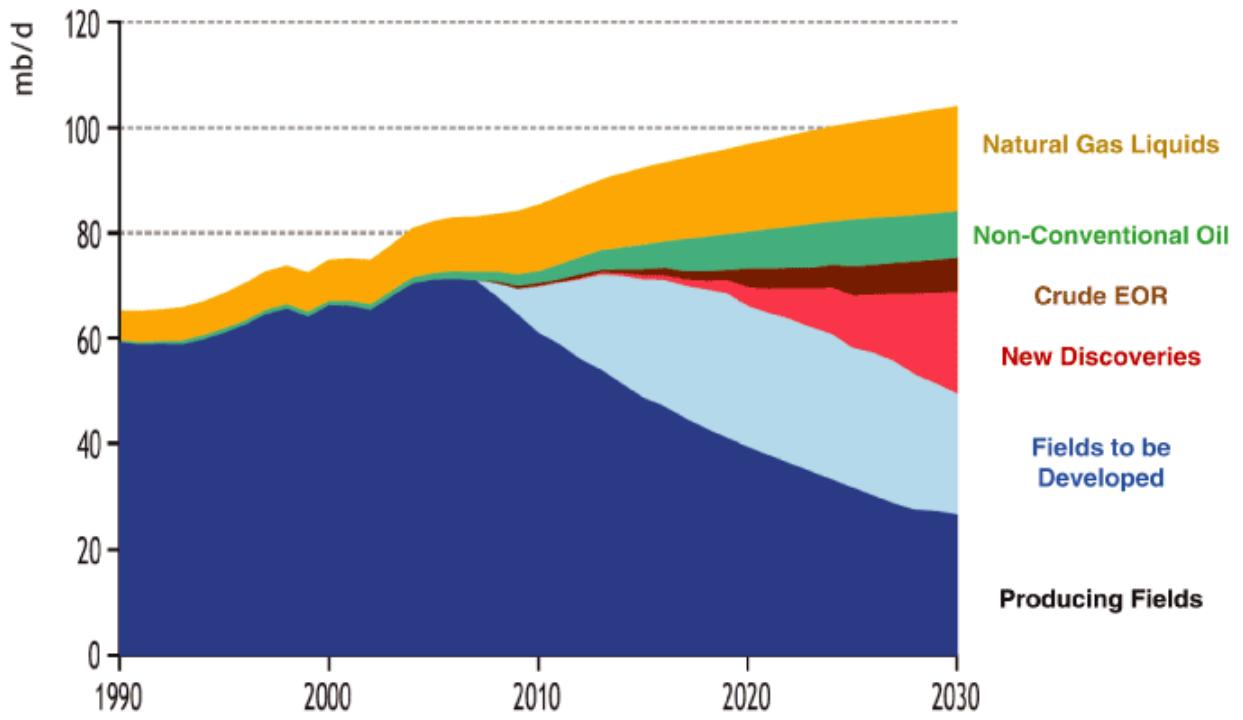


Source: IEA, OPEC, EIA

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# Supply Challenge

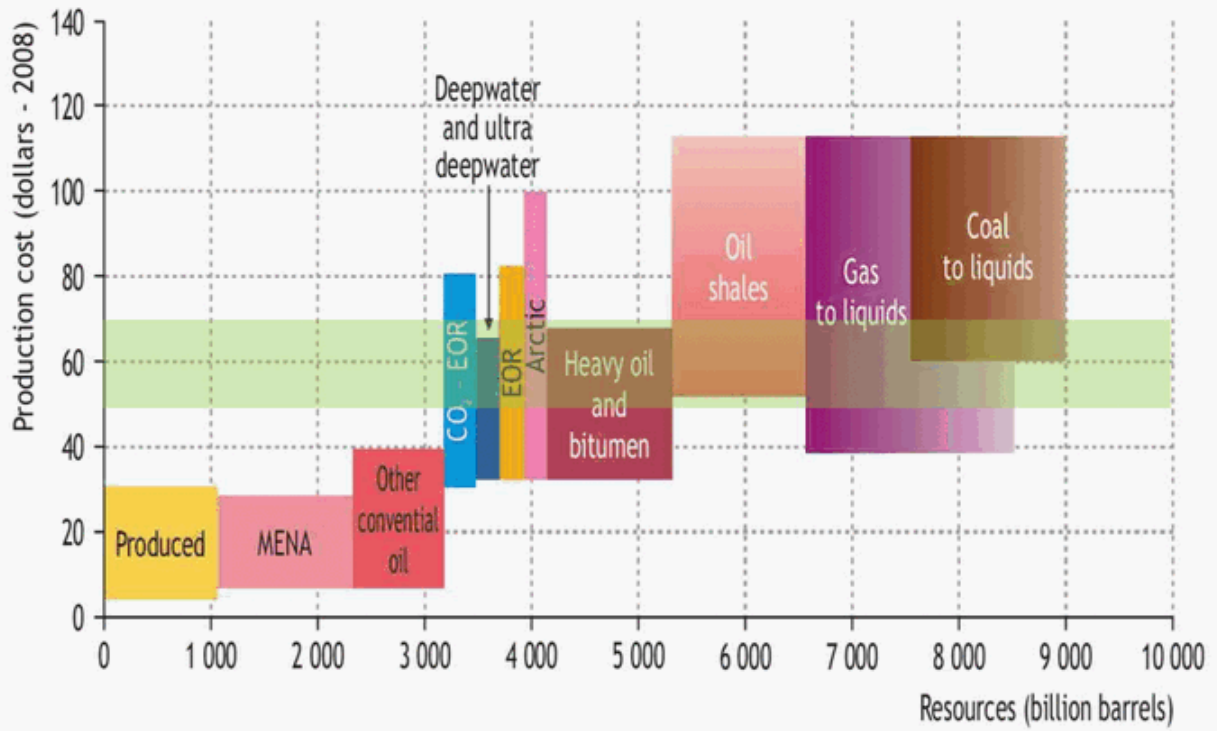


Source: International Energy Agency

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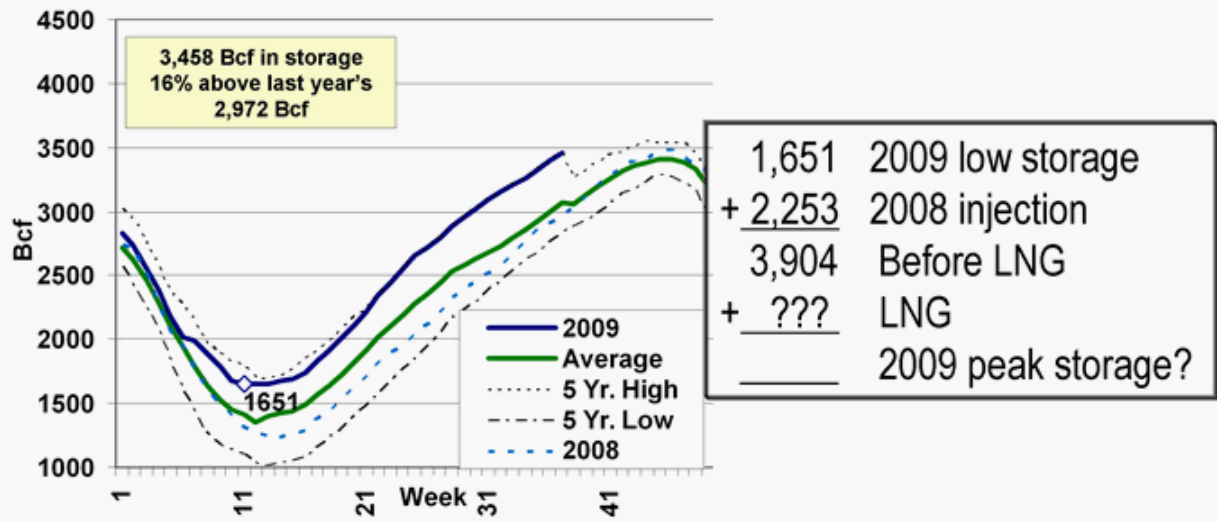
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# Lower Prices Stressing Projects





# US Natural Gas Inventory and LNG



Source: Bloomberg, EIA

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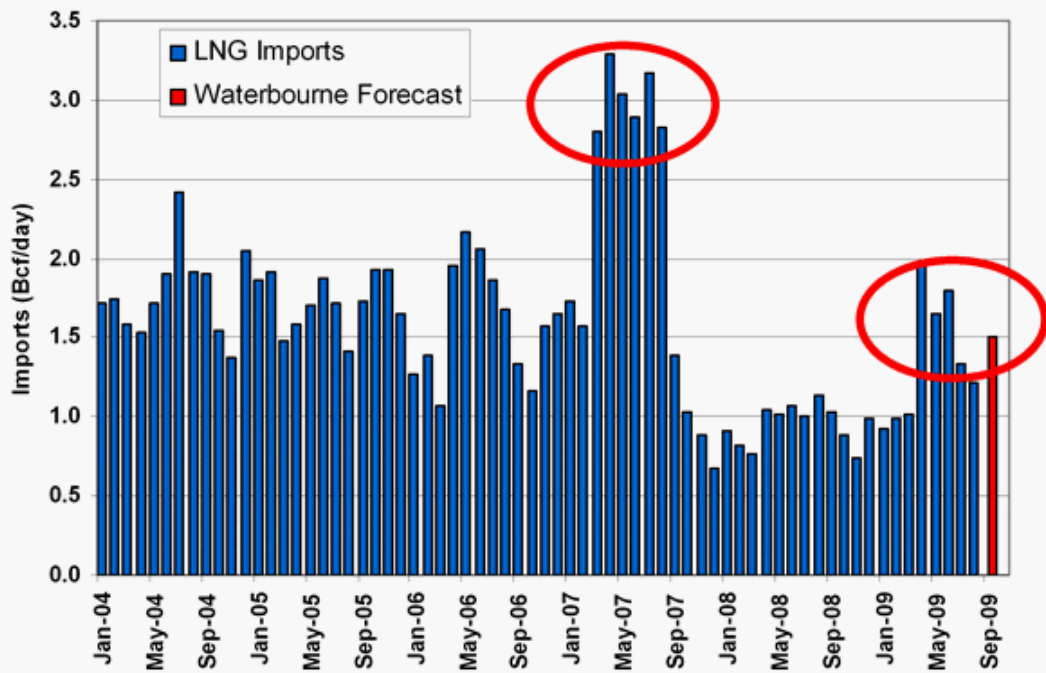
60

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Macroeconomics – Gas

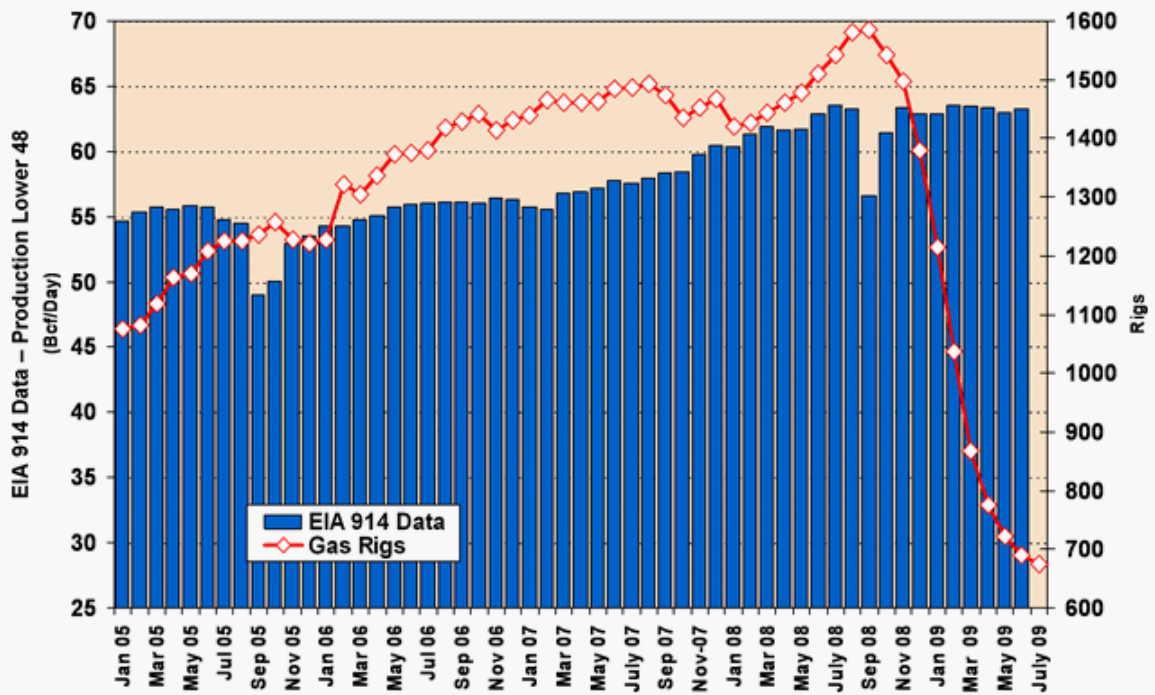


# A Step Change in LNG Imports



Source: Bloomberg / Waterborne Energy, Inc.

# US Natural Gas Production +0.7%

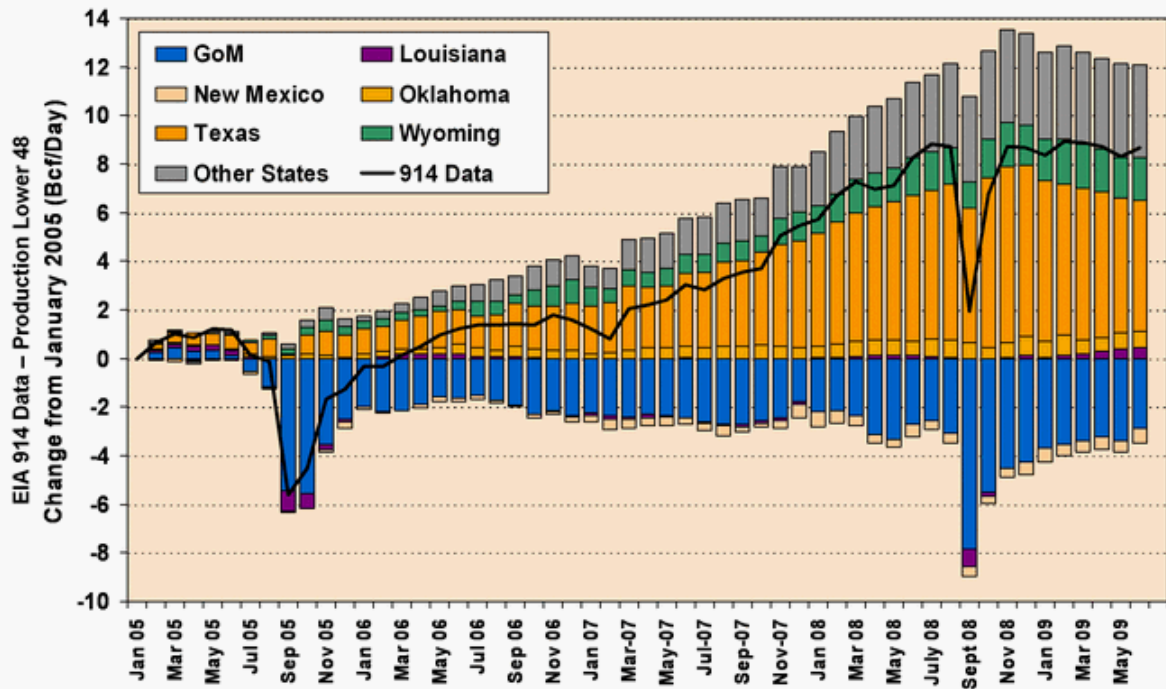


Source: EIA, August 2009 / Baker Hughes

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# US Natural Gas Production

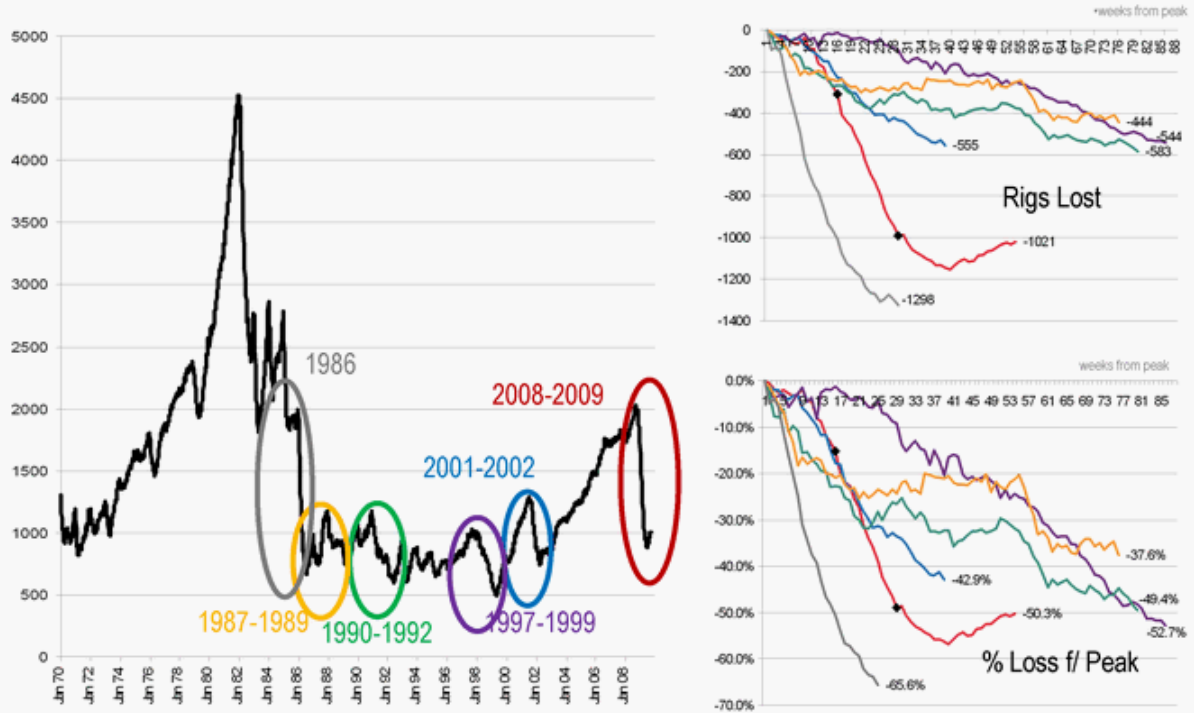


Source: EIA

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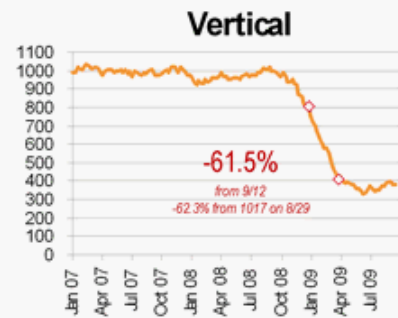
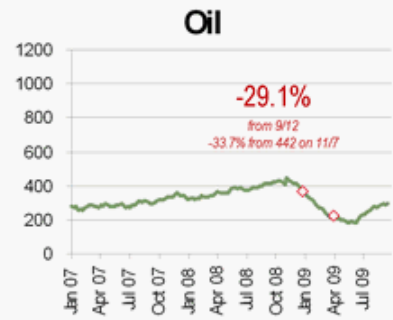
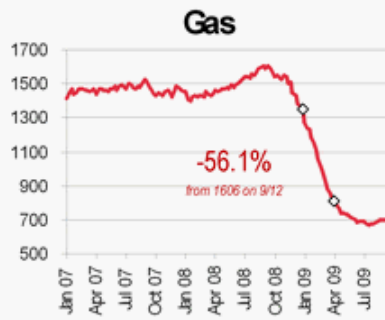
Baker Hughes Incorporated

# This US Cycle Compared to Past Cycles



Source: Baker Hughes Rig Count (9/18/09)

# US Rig Count 2007 to Date\*

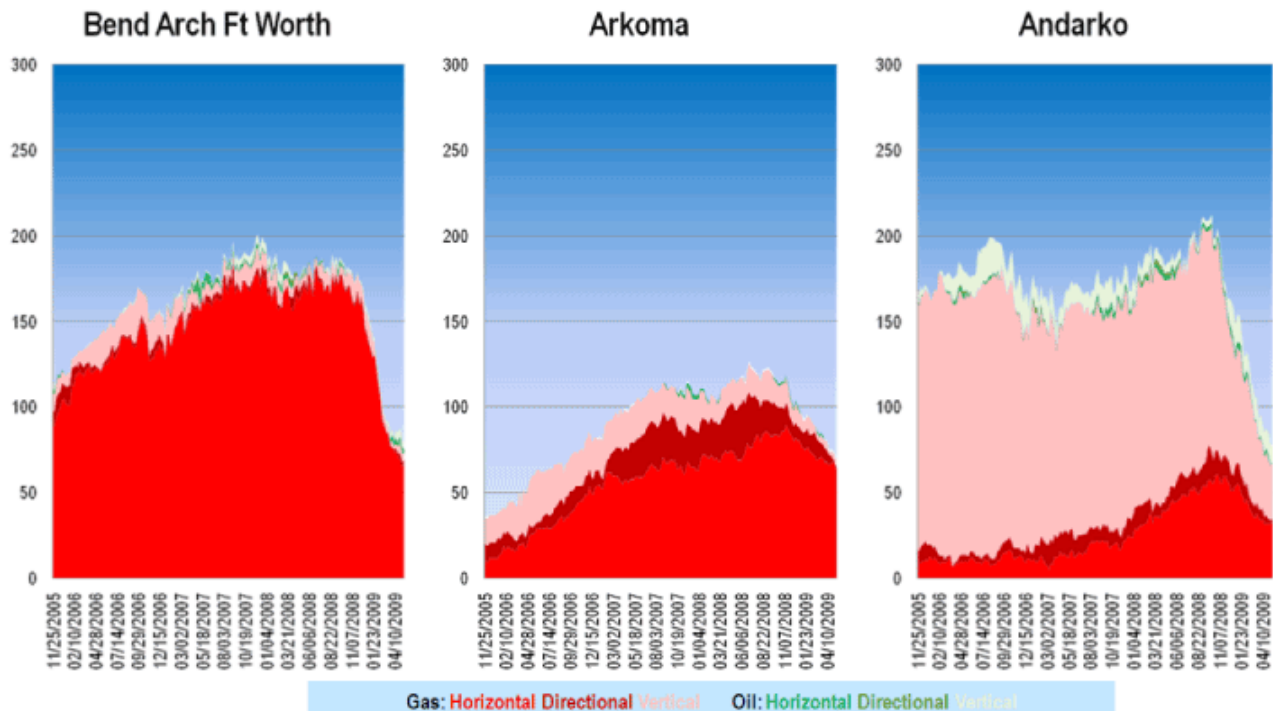


Source: Baker Hughes Rig Count (9/18/09)

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# US Land Drilling – “Old” Unconventional Plays



Gas: Horizontal Directional Vertical Oil: Horizontal Directional Vertical

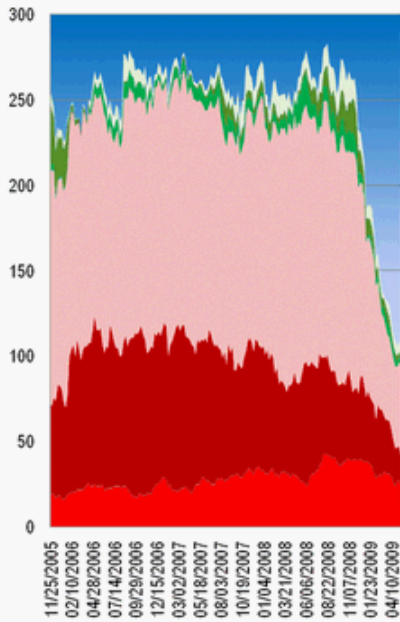
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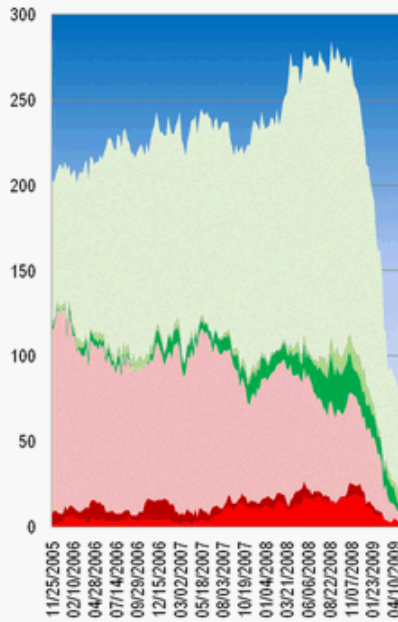


# US Land Drilling – The Standards

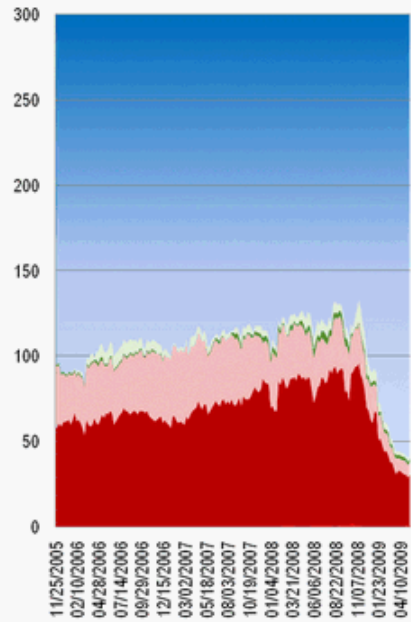
Western Gulf Onshore



Permian



Uinta-Piceance



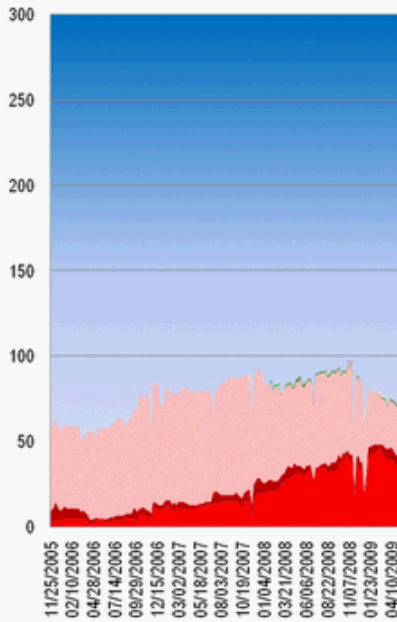
Gas: Horizontal Directional Vertical Oil: Horizontal Directional Vertical

Advancing Reservoir Performance

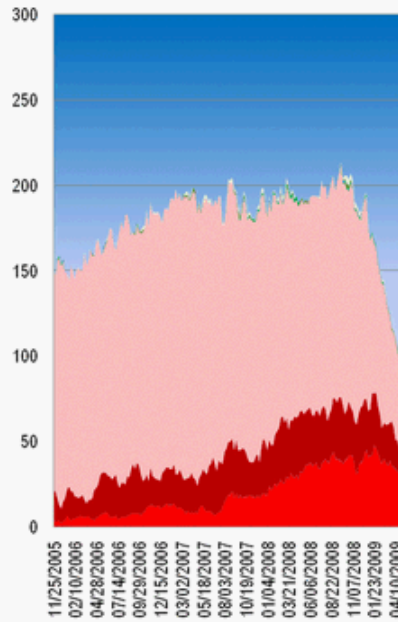
Baker Hughes Incorporated

# US Land Drilling – “New” Unconventional Plays

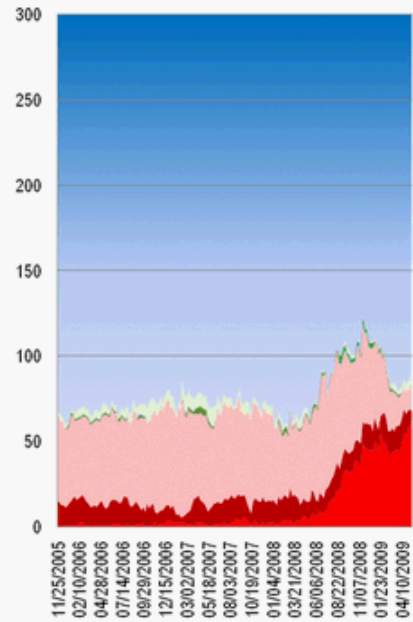
## Appalachian



## East Texas



## Louisiana - Mississippi

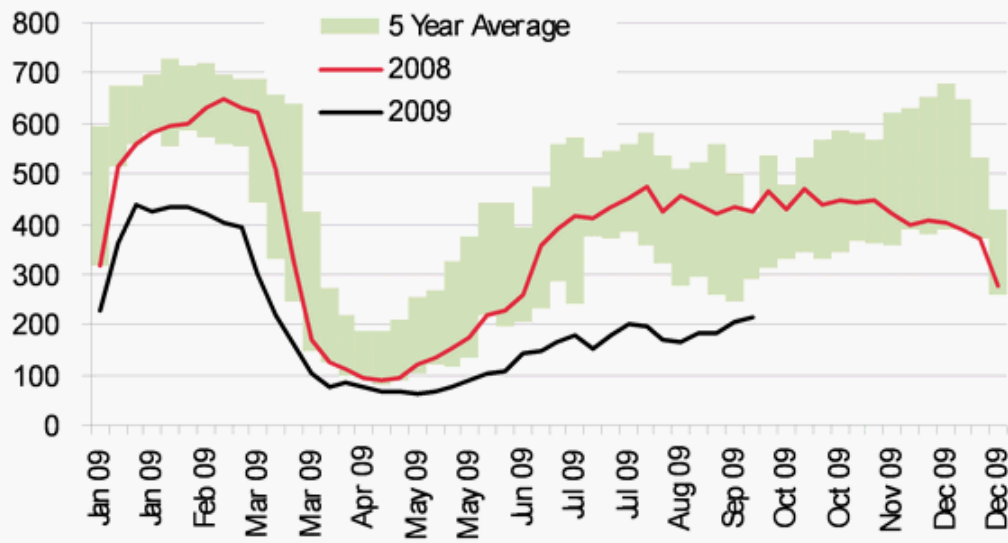


Gas: Horizontal Directional Vertical Oil: Horizontal Directional Vertical

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# Canada Rig Count 2009 vs 2004-2008

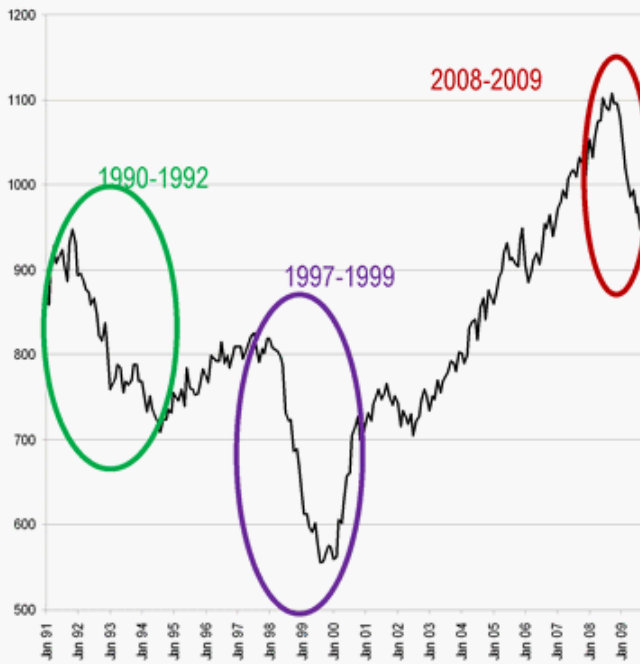


Source: Baker Hughes Rig Count (9/18/09)

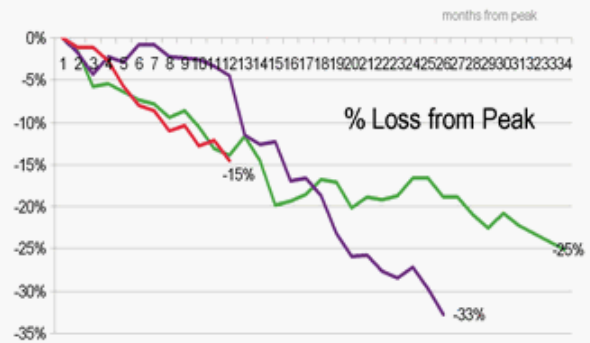
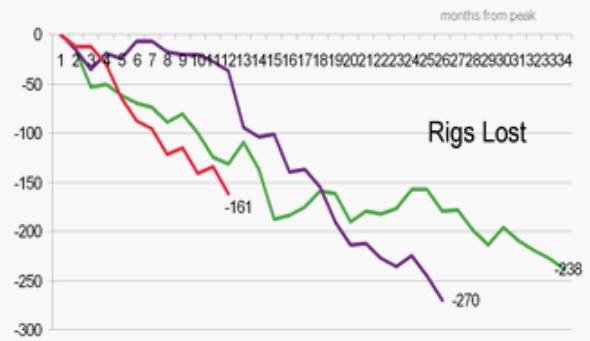
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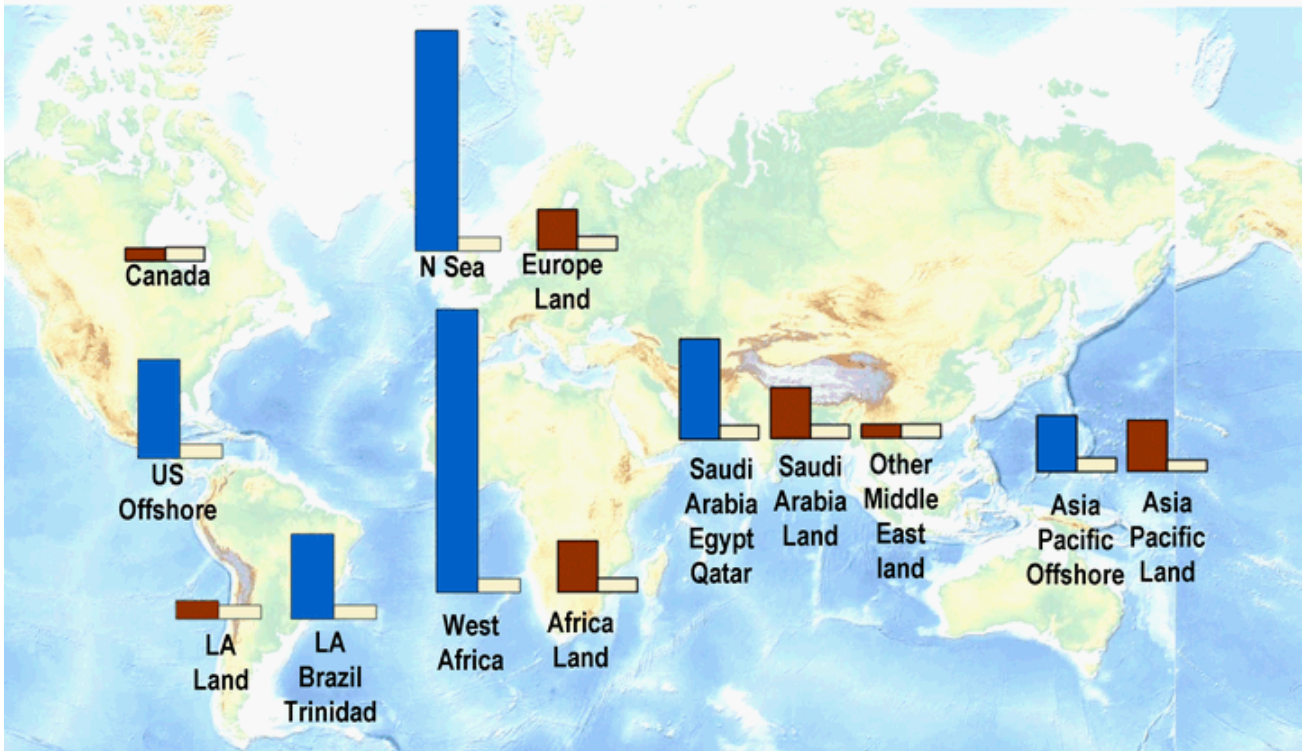
# This Int'l Cycle Compared to Past Cycles



Source: Baker Hughes – August 2009



# Equivalent Rigs

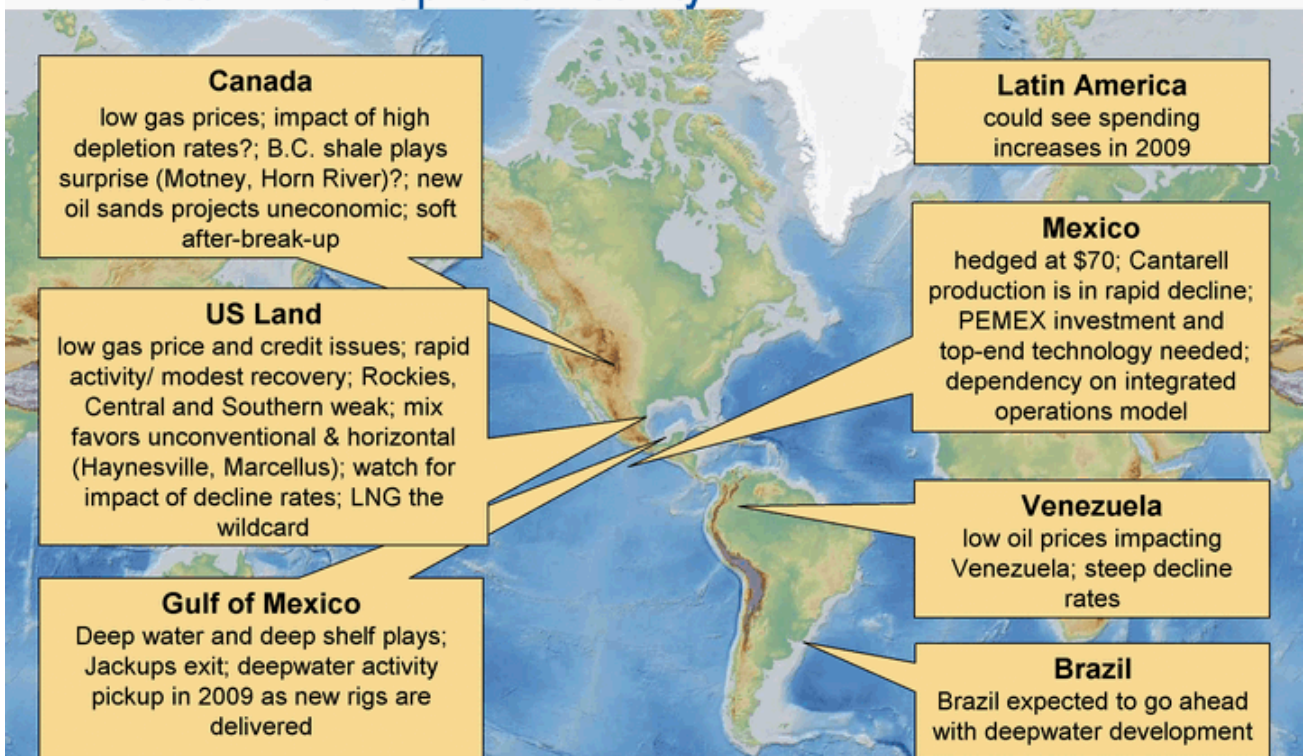


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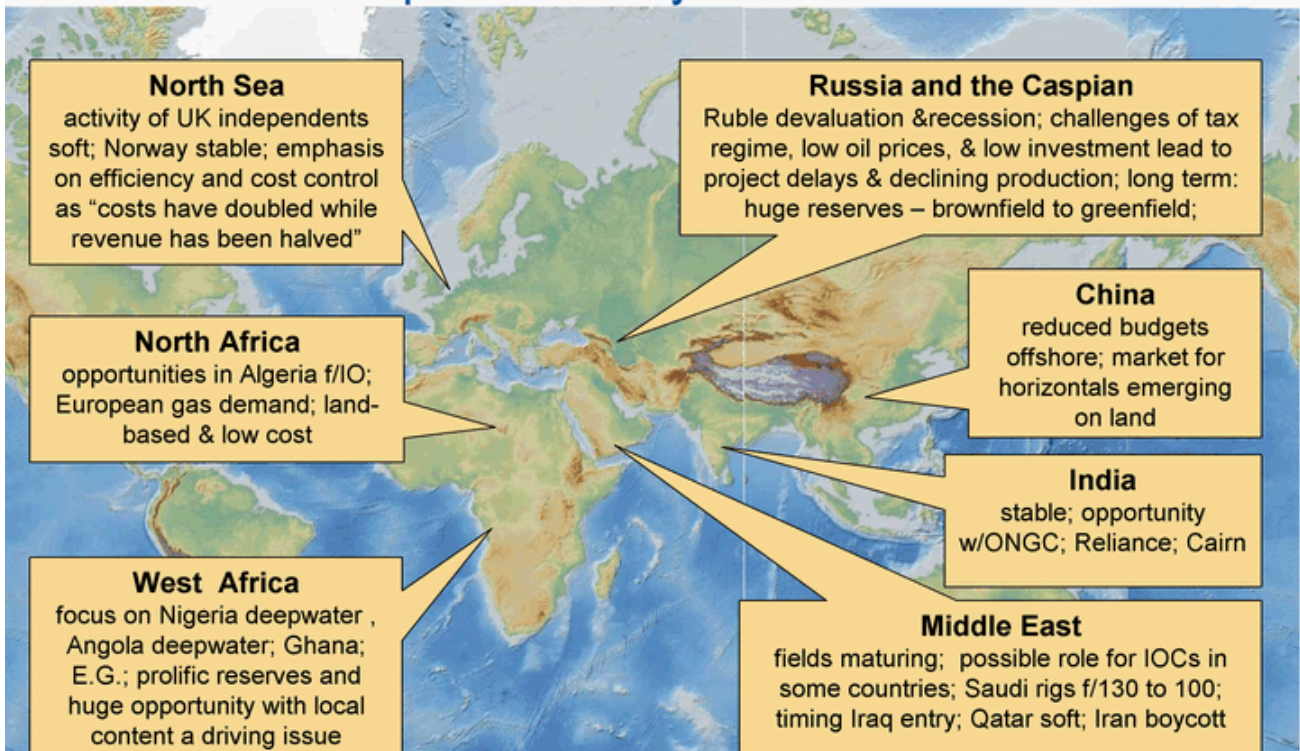
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# Western Hemisphere Activity



# Eastern Hemisphere Activity





# Recent Contract Awards - Brazil

## Directional Drilling LWD/MWD

- National Oil Company
- 3 year award through 2010
  - 50% deepwater DD/LWD
  - \$500 million

## Drilling Fluids

- National Oil Company
- 5 year award through 2013
  - 50% O/S fluids & FES
  - \$500 million

## Directional Drilling LWD/MWD, Completions, Artificial lift

- International Oil Company
- 4 year award
  - \$170 million



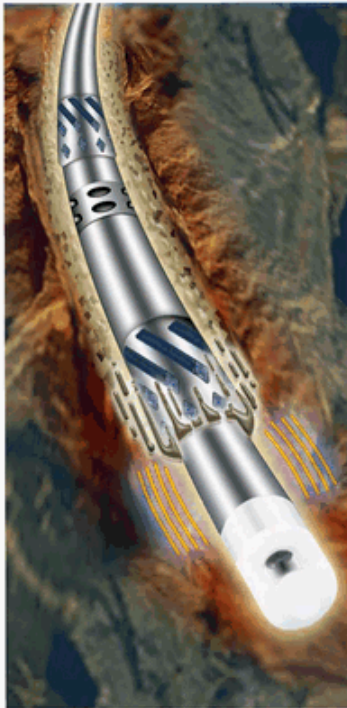
## Recent Contract Awards - Mexico

### **Integrated Project**

- National Oil Company
- 2 year contract
  - 15 offshore wells
  - \$460 million



# Saudi Aramco – BHI Joint Development



Advanced Nuclear Magnetic  
Resonance (NMR) Logging-While-  
Drilling (LWD) Tool

for Small Holes in both Horizontal and  
Deviated Wells

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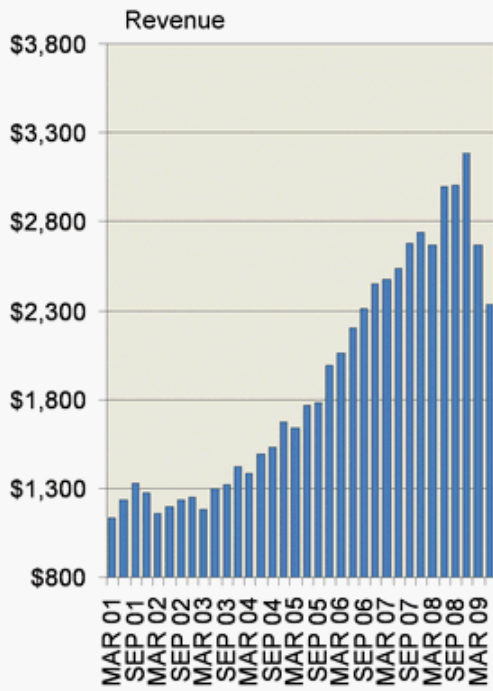
76

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Activity Summary - EHO



# Revenue and EPS Performance

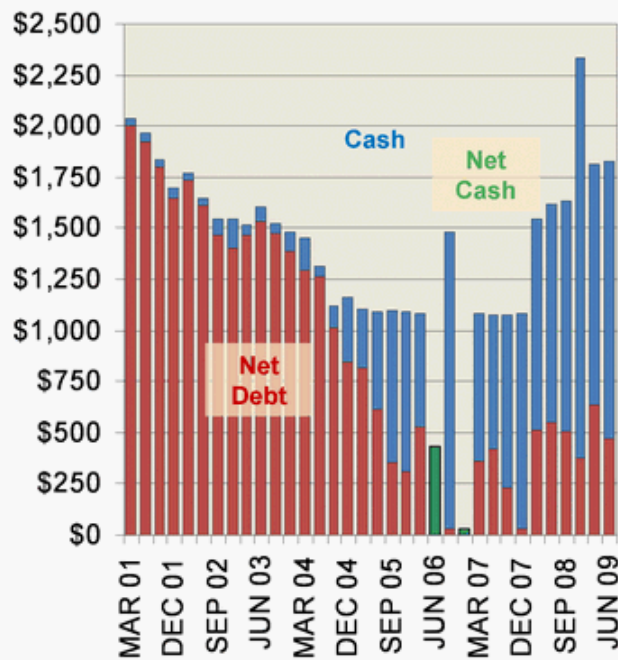


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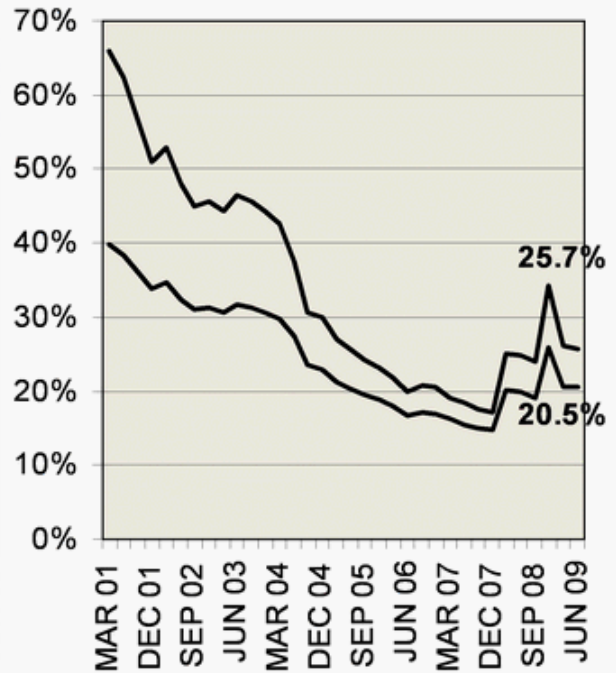
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# Debt and Debt Ratios

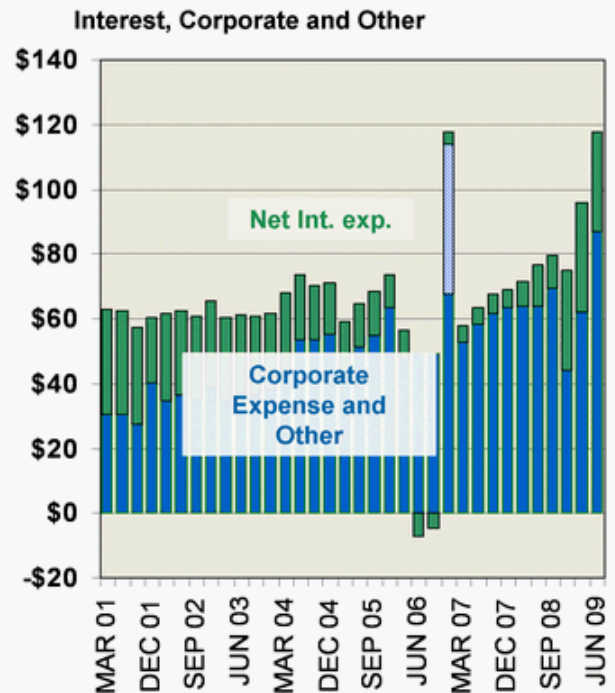
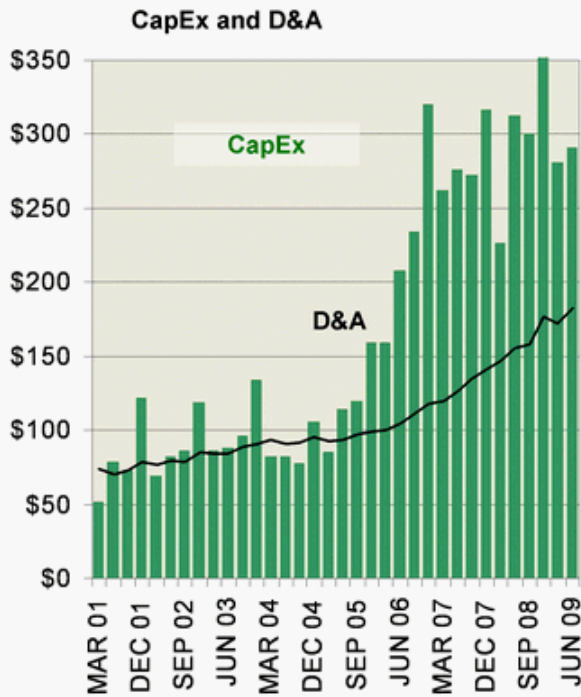
Net Debt, Cash



Debt/Equity and Debt/Total Cap



# CapEx, D&A, Interest, Corporate & Other



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**BAKER HUGHES** INVESTOR RELATIONS Our Divisions: ▼

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**CURRENT STOCK PRICE**  
**38.21**  
May 4, 2009 10:22 AM EST  
Minimum 20 minute delay

**Stockholder Tools**

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- Stockholder Briefcase
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- SEC Filings
- E-mail Alerts
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- Oilfield Glossary
- Financial Glossary
- News Feeds
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**INFRASTRUCTURE, TECHNOLOGY AND PEOPLE**  
How we deliver excellence to the industry and to our shareholders. [Click to expand >>](#)

**RIG COUNTS**

- North America
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**2008 ANNUAL REPORT**

Our interactive Annual Report contains key elements from the printed 2008 report as well as additional information and links for our investors.

[View our 2008 Interactive Annual Report](#)

**EARNINGS ANNOUNCEMENTS**

Baker Hughes Announces First Quarter Results  
[Press Release](#)  
[Webcast](#)

This web site contains, and has materials that contain, forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The words "expected", "will" and similar expressions

For more information please contact:

**Gary Flaharty**

Director, Investor Relations  
713 439 8039  
713 439 8080 (fax)  
[gflaharty@bakerhughes.com](mailto:gflaharty@bakerhughes.com)

**Gene Shiels**

Asst. Director, Investor Relations  
713 439 8822  
713 439 8080 (fax)  
[gene.shiels@bakerhughes.com](mailto:gene.shiels@bakerhughes.com)