

BAKER HUGHES INC

Form 425

March 28, 2017

Filed by General Electric Company

Pursuant to Rule 425 under the Securities Act of 1933

And deemed filed pursuant to Rule 14a-12

Under the Securities Exchange Act of 1934

Subject Company: Baker Hughes Incorporated

Commission File No.: 001-09397

Date: March 28, 2017

Scotia Howard Weil
2017 Energy Conference

Lorenzo Simonelli
President and CEO, GE Oil and Gas

New Orleans, March 28, 2017

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Tightening Oil supply/demand ... some uncertainty remains
Supply and demand tightening ... a good sign

Mbbl/d

102
100
98
96
94
92

FORECAST

3
2
1
-
(1)

Q1'15 Q3'15 Q1'16 Q3'16 Q1'17 Q3'17 Q1'18 Q3'18

Demand

Supply

Implied Balance (RHS)

(Supply - Demand)

New investment will be needed

Mbbl/d

120
100
80
60
40
20
0

FORECAST

Business as Usual

New Policies Scenario

'2 degrees' Scenario

2000 2010 2020 2030 2040

Producing

Under Development

Demand Scenarios

What's changing? Supply/demand tightening ... inventory levels continue to warrant caution OPEC/Russia compliance looks promising ... wildcard on sustainability and US response Significant investment in oil and gas projects needed ... in any scenario Focus on lowering cost/barrel ... critical to win

Source: EIA, IEA, Rystad Energy, Morgan Stanley Research

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Gas critical in energy transition
Gas growing 2X other fossils ... LNG share of trade
(up arrow) 2X by '40
(TCM/Y)

Gas Demand

LNG

3.5

4.0+

'16

'25

Gas ...

1.5-2%

CAGR

LNG ...

4-5% CAGR

% of Global energy mix

23%

24-25%

What's changing?

Gas gaining share in global energy mix ... playing stronger
role in Power Generation

Shale supply growth from US outpaces conventional gas LNG

required to connect demand to supply ... 2X trade vs. 2000
Advanced technology solutions driving productivity required
to facilitate energy transition

Demand outlook intact ... delivering productivity is
critical

Source: BP Energy Outlook 2017, IEA, GE Internal Analysis

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Success means disrupting the productivity conundrum

1 Impact across the value chain ... task focus not enough to make a real impact

2 Lead in technology ... players without differentiated technology will be commoditized

3 Demonstrate a clear path from big data to better outcomes

4 Innovate commercial offerings ... enable true customer collaboration

5 Drive a performance culture

NewCo has unparalleled offering ... delivering value for customers + investors

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1. Impact across the value chain

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Baker Hughes, a GE Company will have a unique portfolio

Drilling and Evaluation

Completion and Production

LNG and Pipeline Solutions

Refinery and Petrochemical Solutions

Find and produce hydrocarbons

Transport hydrocarbons

Process and market products

Digital Solutions

Broad portfolio ... fullstream capability for Land and

Offshore solutions

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Working across the value chain ... case study stranded gas

LNG solutions
Condition Monitoring
Flow and process technologies
Oilfield power gen
Pressure control
Drilling services
Completions
Downhole technology
Digital enables End-to-end connectivity
Pipeline solutions
Gas engines
Power generation
Inspection technologies

Challenges and Opportunities
30 - 50% of global gas reserves stranded

Tough geographies ... infrastructure, financing, know how
350 TCF of nat gas can be produced for less \$0.6/MMBtu
Distinctive solutions
Fullstream portfolio + GE Store
Company to country approach
GE financing capability
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2. Be a technology leader

Addressing LNG market challenges

High variation in project costs

LNG FOB Price \$/Mbtu

Target zone for industry

12

10

8

6

4

2

0 500 1000 1500

Plant Cost \$/TPA

FLNG

Brownfield

Greenfield

Shifting dynamics for LNG investments

1.9 mtpa

0.9

'13 '16

56%

Average Offtake Contract Volume

14yrs

8

'13 '16

45%

Average Offtake Contract Length

~47%

'13 '16

47%

Non-investment grade LNG buyers % of total

Dynamics

Outlook intact ... LNG demand growing at 4-5% CAGR

Significant Cost / TPA fluctuation from target zone of

~less\$500 \$/TPA Shorter, smaller offtake contracts ...

financing more challenging

GE leadership

Technology leadership

Modular solutions

Efficiency / uptime guarantees

Flexible commercial solutions

Sources: GE internal analysis, IHS, Shell LNG Outlook, BP

Energy Outlook

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GE's leading LNG offerings

Turbines, Compressors, Drivers

300

MTPA

Powered by GE technology

~410 CCs

~330 GTs

Largest installed base

Digital Solutions and Services

40%+

Of installed base is digitally connected

Financing Solutions

Participated in financing of

\$40B+

LNG projects since 2005 -a)

Best-in-class and most referenced technology

Highest power density ... footprint (down arrow)30%

eLNG solutions ... VSI Induction CAPEX (down arrow)10%

vs. LCI

Pushing boundaries with customers

Fastest speed to market with modular solutions ... lead

times (down arrow)30% Product Co-development ... innovating

to push technology boundaries

Lowest total cost of ownership

Industry best efficiency and availability ratings ... 25-40%

TCO reduction

MTBM extension and downtime reduction

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Unparalleled execution capability
Aasta Hansteen Project
Statoil... first deep-water development in Norwegian Sea...
deepest 36' pipeline
First LM6000 MD application in Offshore... optimizing
footprint 30% weight 5%

Freeport LNG
Main refrigeration compressor trains, driven by GE
variable-speed drive electric motors ... emissions 32%
Advanced full load string testing and engineering
Equipment financing, debt and export credit

30%
Footprint Reduction
5%
Weight Reduction
32%
Emissions Reduction
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3. Demonstrate clear path from Big Data to better outcome

Digital is here. It is a Reality.

The Opportunity

\$220B

Potential O and G savings by 2035 from technology-driven productivity

\$2B+

Annual APM Opportunity for O and G

less 1%

Of available data is used to make decisions

Our View

80% of O and G execs see Digital as top 5 priority ...

companies will have to prove their worth over the next 12-18 months

People investment is key ... ~600 GE O and G data scientists by year end 2017 ... 175 in Silicon Valley

Adoption will create value ... Silicon Valley and Oilfield must meet half-way

Next 12-24 Months

3-5%

O and G productivity enabled by Digital ... CAPEX + OPEX

1%

1% NPT reduction: \$10B+ productivity opportunity on ESP's ... \$5B+ on Rod Pumps

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New business models emerging ... OaaS

Digital will unlock additional 3-5% productivity

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GE's leading portfolio of Digital businesses
Sensing capabilities at the edge ... a GE strength
Vibration Sensors
350K connected machines
4MM+ installed sensors

Harsh Environment Sensors
Leader in Subsea leak detection
Leader in high temperature applications

Corrosion Monitoring and Inspection
Advanced inspection capabilities
1.2MM KM of pipelines inspected

Software ... rapidly expanding product suite
Edge to Cloud Connectivity
1,700
CUSTOMERS ON SYSTEM 1
>24K
>170 TB
ASSETS UNDER MANAGEMENT
DATA UNDER MANAGEMENT

Asset Performance Management
MOST COMPLETE APM SUITE
>120
ACTIVE APM CUSTOMERS IN O and G

Digital Twin ... Material Science, Physics + Analytics
15%
NPV IMPROVEMENT OPPORTUNITY

Fastest Growing Ecosystem ...
Unmatched Investment Rate
\$1.5B+ -a)
ACQUISITIONS IN PAST 12M
400+ -a)
PREDIX PARTNERS

Full set of capabilities ... GE + Non-GE equipment
(a- Total GE Company Digital data
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Advanced software solutions for the industrial world
Asset Performance Management
Customer Challenges
Multiple tools for process surveillance
No prescriptive analytics in use
GE Value Proposition
25M
Calculations per day
24/7
Analytics and optimization
~\$100M
For every 1% efficiency gain

Predictive Corrosion Management
30% of refining maintenance cost can be directly
related to corrosion-a)
~\$32B annual direct cost of corrosion -a)
10K+
Measurement points by end of '17
~\$50M+
Potential savings per refinery

Automated Inspection for Flare Stacks
Labor intensive processes
Inspection areas hard to reach
Robotic- and Sensor-Based Inspection
Data Analytics
Risk-Based Outputs

(a- Represents industry wide numbers, not customer specific
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4. Innovate commercial offerings

Expanding CSA offerings further into Oil and Gas industry
Growing Services backlog through downturn
(\$ in billions)

\$12.9

\$13.4

\$14.3

'14 '15 '16

Advantages

Customer view

Availability

Intervals b/w maintenance

Efficiency

GE view

Data rich, 1B+ operating hrs

Incentives aligned

Earnings, Cash visibility

Expanding offerings along the value stream

1st performance driven contract with bonus scheme linked
to customer production

13-year service agreement covering all major maintenance
requirements Industry-first performance based CSA ...

GE Energy Financial

Services support Comprehensive life of well solutions ...
maintenance, intervention and upgrades

Note: Backlog, a Non-GAAP measure, as per GE Oil and gas
Supplemental Selected Financial Information, Jan 26th 2017

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5. Drive a performance culture

Integration update

Oct '16

Deal announcement

Dec '16

Joint integration planning team operational

1H '17

Detailed transaction execution and integration planning

Mid- '17

Anticipated deal close

Integration update

Continuous customer engagement ... very positive feedback

Employee outreach and communications ongoing ...

40+ regional roadshows completed to date

Decisions made on core processes and systems

Regulatory process underway

Expect to make initial S-4 filing later today -a)

Synergy workstreams generated 350+ ideas

Synergy plan

0.7

\$1.2

\$1.6

'18

'19

'20

350+

Synergy Ideas Generated

150+

Prioritized Synergy Opportunities

Integration planning on track ... >\$1.6B synergy

ideas generated

(a- Commences SEC review

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Summary

Work across the value chain ... Unparalleled capability
Technology leader ... World-class portfolio of businesses
Digital capability ... Transforming industry Commercial
innovation ... Long history of performance-based contracts
Performance culture ... What GE is built on

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GE

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Additional Information and Where to Find It

In connection with the proposed transaction between GE and Baker Hughes, Bear Newco, Inc. ("Newco") will prepare and file with the SEC a registration statement on Form S-4 that will include a combined proxy statement/prospectus of Newco and 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. 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 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.

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Information regarding the directors and executive officers of GE is contained in GE's proxy statement for its 2017 annual meeting of stockholders, filed with the SEC on March 8, 2017, its Annual Report on Form 10-K for the year ended December 31, 2016, which was filed with the SEC on February 24, 2017 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 2017 annual meeting of stockholders, filed with the SEC on March 9, 2017, its Annual Report on Form 10-K for the year ended December 31, 2016, which was filed with the SEC on February 8, 2017 and certain of its Current Reports filed on Form 8-K. These documents can be obtained free of charge from the sources indicated above.

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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; the projected future financial performance of GE Oil and Gas, Baker Hughes and Newco; oil and natural gas market conditions; costs and availability of resources; legal, economic and regulatory conditions; and any assumptions underlying any of the foregoing, are forward-looking statements. Forward-looking statements concern future circumstances and results and other statements that are not historical facts and are sometimes identified by the words "may," "will," "should," "potential," "intend," "expect," "endeavor," "seek," "anticipate," "estimate," "overestimate," "underestimate," "believe," "could," "project," "predict," "continue," "target" or other similar words or expressions. Forward-looking statements are based upon current plans, estimates and expectations that are subject to risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those indicated or anticipated by such forward-looking statements. The inclusion of such statements should not be regarded as a representation that such plans, estimates or expectations will be achieved. Important factors that could cause actual results to differ materially from such plans, estimates or expectations include, among others, (1) that one or more closing conditions to the transaction, including certain regulatory approvals, may not be satisfied or waived, on a timely basis or otherwise, including that a governmental entity may prohibit, delay or refuse to grant approval for the consummation of the proposed transaction, may require conditions, limitations or restrictions in connection with such approvals or that the required approval by the stockholders of 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

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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 developments, future events or otherwise, except as required by law. Readers are cautioned not to place undue reliance on any of these forward-looking statements.

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