

## News Release

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### BHI 3Q Continuing Operations EPS of \$0.26 per Share

HOUSTON, Texas – October 24, 2002. Baker Hughes Incorporated (BHI - NYSE, PCX, EBS) announced today that income from continuing operations, in accordance with generally accepted accounting principles, for the third quarter of 2002 was \$87.5 million or \$0.26 per share (diluted). On August 13, 2002 the company announced that it had signed a letter of intent with Groupe Laperriere & Verreault Inc. ("GL&V") of Montreal, Canada that would result in the sale of EIMCO Process Equipment ("EIMCO"), a unit of the Process segment. Accordingly, the company has classified and is now reporting EIMCO as a discontinued business. Net income was \$64.7 million or \$0.19 per share (diluted) including a loss of \$1.6 million from operations at EIMCO and an estimated loss of \$21.2 million on disposal of EIMCO which includes a \$20.3 million write-off of the cumulative translation adjustment.

#### Financial Results

In Accordance with Generally Accepted Accounting Principles (GAAP)  
 (in millions except per share amounts)

	3 months ended September 30, 2002	3 months ended September 30, 2001	3 months ended June 30, 2002
Income from continuing operations	\$ 87.5	\$ 136.4	\$ 72.5
Income / (loss) on discontinued operations	(22.8)	0.7	(0.1)
Net income	\$ 64.7	\$ 137.1	\$ 72.4
Income from continuing operations per share (diluted)	\$ 0.26	\$ 0.41	\$ 0.21
Income on discontinued operations per share (diluted)	(0.07)	-	-
Net income per share (diluted)	\$ 0.19	\$ 0.41	\$ 0.21

Revenue for the third quarter of 2002 was \$1,288.1 million compared to \$1,384.4 million for the third quarter of 2001 and \$1,258.6 million for the second quarter of 2002. Oilfield revenue for the third quarter of 2002 was \$1,259.0 million compared to \$1,348.8 million for the third quarter of 2001 and \$1,225.3 million for the second quarter of 2002.

Operating profit after tax from continuing operations for the third quarter of 2002 was \$87.5 million or \$0.26 per share. Operating profit after tax from continuing operations for the third quarter of 2001 was \$145.0 million or \$0.43 per share, excluding the third quarter 2001 gain

of \$2.4 million, net of tax, on the sale of the company's interest in a joint venture, and \$71.3 million or \$0.21 per share for the second quarter of 2002, excluding \$1.2 million, net of tax, for the reversal of an excess restructuring accrual. The prior year results have been adjusted to exclude the impact of goodwill amortization for comparative purposes and the impact of classifying EIMCO as a discontinued business per Statement of Financial Accounting Standard No. 144.

Michael E. Wiley, Baker Hughes Chairman, President, and Chief Executive Officer, said, "I congratulate our field organization for third quarter revenue and profits that increased compared to the second quarter. Our oilfield divisions delivered this strong performance despite lower than expected North American activity, Tropical Storm Isidore and a strike in Norway."

Looking forward to the remainder of the year and 2003, Mr. Wiley said, "I expect fourth quarter activity levels to remain relatively flat, while our results will show the impact of Tropical Storm Isidore and Hurricane Lili. In 2003, I expect North American operators to increase their investment in natural gas development. Current levels of drilling are just not sufficient to sustain production, in my view. I expect activity levels in the rest of the world to remain relatively stable in 2003."

### ***Sibneft Service Contract***

On August 27, 2002, the company announced the signing of agreements with OAO Sibneft in which Baker Hughes is to provide well drilling and production products and services for the Noyabrsk area of Western Siberia. The agreement represents the first time Baker Hughes will establish support bases and build the necessary operations capability in Russia and will allow Baker Hughes to demonstrate how its products, services and technology can enhance production from both new and mature fields in Russia.

### ***Financial Flexibility***

On September 10, 2002, the company announced the authorization of a \$275.0 million stock repurchase program. During the third quarter of 2002, approximately 1.3 million shares were purchased at an average price of \$27.07 per share and retired. The company has authorization remaining to purchase up to \$239.0 million in stock. During the third quarter, debt was reduced by \$101.5 million to \$1,548.1 million. Compared to the beginning of the year, debt has been reduced by \$146.5 million or 9%.



## Financial Information

A table of comparative results follows:

(In millions, except per share amounts)  
UNAUDITED

	Three Months Ended		
	September 30, 2002	2001	June 30, 2002
Revenues	\$ 1,288.1	\$ 1,384.4	\$ 1,258.6
Costs and Expenses:			
Costs of revenues	915.7	967.9	910.1
Selling, general and administrative	214.7	205.3	219.2
Restructuring charge	-	-	(1.9)
Gain on disposal of assets	-	(3.4)	-
Total costs and expenses	1,130.4	1,169.8	1,127.4
Operating income	157.7	214.6	131.2
Equity in income of affiliates	1.5	19.6	5.9
Interest expense	(27.2)	(30.4)	(27.4)
Interest income	1.5	1.0	1.1
Income from continuing operations before income taxes	133.5	204.8	110.8
Income tax	(46.0)	(68.4)	(38.3)
Income from continuing operations	87.5	136.4	72.5
Discontinued operations:			
Income (loss) from operations of EIMCO	(1.6)	0.7	(0.1)
Loss on disposal	(21.2)	-	-
Income (loss) on discontinued operations	(22.8)	0.7	(0.1)
Net income	\$ 64.7	\$ 137.1	\$ 72.4
Basic earnings per share:			
Income from continuing operations	\$ 0.26	\$ 0.41	\$ 0.21
Income (loss) on discontinued operations	(0.07)	-	-
Net income	\$ 0.19	\$ 0.41	\$ 0.21
Diluted earnings per share:			
Income from continuing operations	\$ 0.26	\$ 0.41	\$ 0.21
Income (loss) on discontinued operations	(0.07)	-	-
Net income	\$ 0.19	\$ 0.41	\$ 0.21
Shares outstanding, basic (millions)	337.3	335.8	337.3
Shares outstanding, diluted (millions)	338.1	337.3	338.8
Depreciation, depletion and amortization expense (excluding amortization of goodwill in 2001)	\$ 79.9	\$ 72.8	\$ 78.8
Capital expenditures	\$ 75.1	\$ 67.8	\$ 73.7
<b>Calculation of EBIT and EBITDA:</b>			
Income from continuing operations before income taxes	\$ 133.5	\$ 204.8	\$ 110.8
Interest expense	27.2	30.4	27.4
Restructuring charges	-	-	(1.9)
Gain on disposal of assets	-	(3.4)	-
Earnings before interest expense and taxes (EBIT)	160.7	231.8	136.3
Total depreciation, depletion and amortization expense <sup>1</sup>	79.9	85.1	78.8
Earnings before interest expense, taxes, depreciation, depletion and amortization (EBITDA)	\$ 240.6	\$ 316.9	\$ 215.1

<sup>1</sup>Prior periods have been adjusted to include amortization of goodwill associated with equity method investments.



## Financial Information

A table of comparative results follows:  
(In millions, except per share amounts)  
UNAUDITED

	Nine Months Ended September 30,	
	2002	2001
Revenues	\$ 3,762.7	\$ 3,872.6
Costs and Expenses:		
Costs of revenues	2,709.8	2,752.9
Selling, general and administrative	637.8	589.1
Restructuring charge	(1.9)	6.0
Gain on disposal of assets	-	(2.4)
Total costs and expenses	3,345.7	3,345.6
Operating income	417.0	527.0
Equity in income of affiliates	20.5	38.9
Interest expense	(83.0)	(96.7)
Interest income	3.8	2.8
Income from continuing operations before income taxes, extraordinary loss and cumulative effect of accounting change	358.3	472.0
Income tax	(123.6)	(158.2)
Income from continuing operations before extraordinary loss and cumulative effect of accounting change	234.7	313.8
Extraordinary loss	-	(1.5)
Cumulative effect of accounting change	(42.5)	0.8
Discontinued operations:		
Loss from operations of EIMCO	(0.6)	(1.1)
Loss on disposal	(21.2)	-
Loss on discontinued operations	(21.8)	(1.1)
Net income	\$ 170.4	\$ 312.0
Basic earnings per share:		
Income from continuing operations	\$ 0.70	\$ 0.93
Loss on discontinued operations	(0.06)	0.00
Cumulative effect of accounting change	(0.13)	0.00
Net income	\$ 0.51	\$ 0.93
Diluted earnings per share:		
Income from continuing operations	\$ 0.69	\$ 0.92
Income (loss) on discontinued operations	(0.06)	0.00
Cumulative effect of accounting change	(0.13)	0.00
Net income	\$ 0.50	\$ 0.92
Shares outstanding, basic (millions)	337.1	335.5
Shares outstanding, diluted (millions)	338.3	337.5
Depreciation, depletion and amortization expense (excluding amortization of goodwill in 2001)	\$ 237.1	\$ 216.5
Capital expenditures	\$ 210.8	\$ 203.6
<b>Calculation of EBIT and EBITDA:</b>		
Income from continuing operations before income taxes	\$ 358.3	\$ 472.0
Interest expense	83.0	96.7
Restructuring charges	(1.9)	6.0
Gain on disposal of assets	-	(2.4)
Earnings before interest expense and taxes (EBIT)	439.4	572.3
Total depreciation, depletion and amortization expense <sup>1</sup>	237.1	253.9
Earnings before interest expense, taxes, depreciation, depletion and amortization (EBITDA)	\$ 676.5	\$ 826.2

<sup>1</sup>Prior periods have been adjusted to include amortization of goodwill associated with equity method investments.



## Consolidated Condensed Balance Sheets

(In millions)	UNAUDITED September 30, 2002	AUDITED December 31, 2001
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 81.6	\$ 45.4
Accounts receivable, net	1,204.3	1,302.3
Inventories	1,047.1	1,032.8
Other current assets	222.9	236.5
Assets of discontinued operations	94.3	118.6
Total current assets	2,650.2	2,735.6
Investment in affiliates	956.8	929.0
Property, net	1,363.0	1,362.5
Goodwill	1,229.1	1,248.3
Intangible assets, net	133.4	136.5
Other assets	250.3	264.3
Total assets	\$6,582.8	\$6,676.2
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 531.0	\$ 540.5
Short-term borrowings and current portion of long-term debt	1.9	12.2
Accrued employee compensation	243.6	312.4
Other current liabilities	325.4	297.2
Liabilities of discontinued operations	42.1	50.4
Total current liabilities	1,144.0	1,212.7
Long-term debt	1,546.2	1,682.4
Deferred income taxes	178.7	210.3
Other long-term liabilities	264.1	243.0
Stockholders' equity:		
Common stock	336.1	336.0
Capital in excess of par value	3,120.0	3,119.3
Retained earnings	236.3	182.3
Accumulated other comprehensive loss	(242.6)	(309.8)
Total stockholders' equity	3,449.8	3,327.8
Total liabilities and stockholders' equity	\$6,582.8	\$6,676.2



## Segment Highlights

Operational highlights for the three months ended September 30, 2002, September 30, 2001 and June 30, 2002 are detailed below.

### Comparison of Quarters -- Year over Year

For the three months ended September 30, 2002 and 2001

UNAUDITED

	Revenue (\$ millions)		Operating Profit Before Tax (\$ millions)	
	September 2002	September 2001	September 2002	September 2001
Oilfield, excluding WesternGeco	\$ 1,259.0	\$ 1,348.8	\$ 197.6	\$ 243.8
WesternGeco	-	-	(0.5)	19.4
Oilfield	1,259.0	1,348.8	197.1	263.2
Process <sup>1</sup>	29.1	35.6	(3.4)	(3.7)
Corporate, net interest and other	-	-	(60.2)	(58.1)
Non-operational items <sup>2</sup>	-	-	-	3.4
Total	\$ 1,288.1	\$ 1,384.4	\$ 133.5	\$ 204.8

### Comparison of Quarters -- Sequential

For the three months ended September 30, 2002 and June 30, 2002

UNAUDITED

	Revenue (\$ millions)		Operating Profit Before Tax (\$ millions)	
	September 2002	June 2002	September 2002	June 2002
Oilfield, excluding WesternGeco	\$ 1,259.0	\$ 1,225.3	\$ 197.6	\$ 168.6
WesternGeco	-	-	(0.5)	4.0
Oilfield	1,259.0	1,225.3	197.1	172.6
Process <sup>1</sup>	29.1	33.3	(3.4)	(1.0)
Corporate, net interest and other	-	-	(60.2)	(62.7)
Non-operational items <sup>2</sup>	-	-	-	1.9
Total	\$ 1,288.1	\$ 1,258.6	\$ 133.5	\$ 110.8

<sup>1</sup>All periods adjusted to reflect discontinuation of EIMCO.

<sup>2</sup>See *Reconciliation of GAAP Results and Operating Results*.



## ***Oilfield Segment***

Unless otherwise noted, all comments in this section refer to Baker Hughes Oilfield Operations, excluding WesternGeco.

The following table details the percentage change in revenue in the September 2002 quarter compared to the September 2001 quarter and June 2002 quarter.

<b>Comparison of Revenue</b>		
For the three months ended September 30, 2002 compared to the three months ended:		
	<u>September 30, 2001</u>	<u>June 30, 2002</u>
<b>Product Line</b>		
INTEQ	-2%	0%
Baker Atlas	-15%	0%
Baker Oil Tools	-5%	8%
Baker Petrolite	6%	2%
Centrilift	-9%	3%
Hughes Christensen	-19%	8%
<b>Geography</b>		
North America	-17%	7%
Western Hemisphere	-18%	5%
Eastern Hemisphere	8%	0%

Oilfield revenue for the third quarter of 2002 decreased 7% compared to the third quarter of 2001 and increased 3% compared to the second quarter of 2002. Sequentially, revenue increased at every division despite disruptions caused by a strike in Norway and weather in the Gulf of Mexico.

Third quarter 2002 Oilfield operating profit fell 19% compared to the third quarter of 2001 and increased 17% compared to the second quarter of 2002. At 15.7%, Oilfield operating margins increased 190 basis points compared to the second quarter. Sequentially, operating margins improved at every division. In total, pricing remained unchanged during the period.

## ***WesternGeco***

WesternGeco's contribution in the third quarter of 2002 was a pre-tax loss of (\$0.5) million, a decrease of \$19.9 million compared to the third quarter of 2001 and a decrease of \$4.5 million compared to the second quarter of 2002.

## ***Baker Value Added***

Using an internal benchmark of 12% cost of capital, Centrilift, Hughes Christensen and Baker Oil Tools, were BVA positive for the quarter. Baker Atlas, Baker Petrolite and INTEQ, were BVA positive excluding goodwill.

## ***Process Segment***

Due to the treatment of EIMCO as a discontinued operation, the Process segment now consists primarily of Bird Machine Company. Process segment third quarter 2002 revenues decreased 18% compared to third quarter 2001 revenues, and decreased 13% compared to second quarter 2002. Revenues and profits were impacted by weaker than expected non-U.S. activity.



## ***Corporate, Net Interest and Other***

Corporate, net interest and other expenses were \$60.2 million in the September 2002 quarter, up \$2.1 million compared to the September 2001 quarter and down \$2.5 million compared to the June 2002 quarter. The increase in the September 2002 quarter compared to the September 2001 quarter was primarily due to increased depreciation of the costs associated with the now completed Project Renaissance. The decrease in corporate expenses in the current quarter compared to the June 2002 quarter was due to lower foreign exchange losses.

## ***Outlook***

The following statements are based on current expectations. These statements are forward-looking, and actual results may differ materially. Factors affecting these forward-looking statements are detailed under Forward-Looking Statements. These statements do not include the potential impact of any acquisition, disposition, merger or joint venture that could occur in the future. Information regarding WesternGeco is based upon information that WesternGeco has provided to Baker Hughes. Information derived from this information is subject to the accuracy of the information that WesternGeco provided. Additionally, any forward-looking statements relating to WesternGeco are also subject to the factors listed in Forward-Looking Statements in this news release.

- Oilfield segment revenues are expected to be down 2% to 3% for the year 2002 as compared to the year 2001. Oilfield segment revenues are expected to be flat to slightly down in the fourth quarter of 2002 compared to the third quarter of 2002.
- WesternGeco is expected to contribute \$10 to \$15 million in pre-tax operating profit for the year 2002.
- The Process segment is expected to post a pre-tax operating loss of approximately \$7 to \$10 million for the year 2002.
- Corporate and other expenses, excluding interest expense, are expected to be between \$140 and \$150 million for the year 2002.
- Net interest expense is expected to be between \$100 and \$110 million for the year 2002 and approximately \$25 to \$28 million in the December 2002 quarter.
- Operating profit after tax per share (diluted) from continuing operations, excluding non-operational items is expected to be between \$0.92 and \$0.95 for the year 2002. Operating profit after tax per share (diluted), excluding non-operational items is expected to be between \$0.23 and \$0.26 for the fourth quarter of 2002.
- Capital spending is expected to be between \$290 and \$300 million for the year 2002. Baker Hughes' expectation regarding its level of capital expenditures is only its forecast regarding this matter. This forecast may be substantially different from actual results. In addition to the factors described in Forward-Looking Statements-General Outlook, the following factors could affect levels of capital expenditures: the accuracy of the company's estimates regarding its spending requirements; the occurrence of any



unanticipated acquisition or research and development opportunities; changes in the company's strategic direction; and the need to replace any unanticipated losses in capital assets.

- Depreciation and amortization expense is expected to be between \$315 and \$325 million for 2002. Baker Hughes' expectation regarding its depreciation and amortization expense is only its forecast regarding this matter. This forecast may be substantially different from actual results, which could be impacted by an unexpected increase in the company's assets that are subject to depreciation or amortization or an unexpected casualty, impairment or other loss in those assets.
- The effective tax rate on operating results for the 12 months ended December 31, 2002 is expected to be approximately 34.5%. Baker Hughes' expectation regarding its tax rate is only its forecast regarding this matter. This forecast may be substantially different from actual results. In addition to the factors described in Forward-Looking Statements-General Outlook, the following factors could affect the tax rate: the level and sources of the profitability of the company; changes in tax laws or tax rates in the jurisdictions in which the company operates; and the ability of the company to fully utilize tax loss carry-forwards and credits in various jurisdictions.



## Impact of SFAS 142 on Prior Year Operating Results

The following table is a reconciliation of previously reported operating profit and earnings per share to the pro forma amounts, which are adjusted for the exclusion of amortization related to goodwill and goodwill associated with equity method investments. The table also reflects the impact of classifying EIMCO as a discontinued operation.

(in millions, except earnings per share) UNAUDITED		Operating Profit Before Tax	Income Taxes	Operating Profit After Tax	Diluted Earnings per Share
Q1 2001	Operating profit	\$ 116.3	\$ (39.1)	\$ 77.2	\$ 0.22
	Goodwill amortization	10.6	(1.3)	9.3	0.03
	Goodwill amortization associated with equity method investments	2.0	(0.1)	1.9	0.01
	Pro forma operating profit	<u>\$ 128.9</u>	<u>\$ (40.5)</u>	<u>\$ 88.4</u>	<u>\$ 0.26</u>
Q2 2001	Operating profit	\$ 157.9	\$ (52.8)	\$ 105.1	\$ 0.31
	Goodwill amortization	10.5	(1.3)	9.2	0.03
	Goodwill amortization associated with equity method investments	2.0	(0.1)	1.9	0.01
	Pro forma operating profit	<u>\$ 170.4</u>	<u>\$ (54.2)</u>	<u>\$ 116.2</u>	<u>\$ 0.35</u>
Q3 2001	Operating profit	\$ 201.4	\$ (67.4)	\$ 134.0	\$ 0.40
	Goodwill amortization	10.4	(1.2)	9.2	0.03
	Goodwill amortization associated with equity method investments	1.9	(0.1)	1.8	-
	Pro forma operating profit	<u>\$ 213.7</u>	<u>\$ (68.7)</u>	<u>\$ 145.0</u>	<u>\$ 0.43</u>
Q4 2001	Operating profit	\$ 198.1	\$ (66.3)	\$ 131.8	\$ 0.39
	Goodwill amortization	12.2	(1.4)	10.8	0.03
	Goodwill amortization associated with equity method investments	2.0	(0.1)	1.9	0.01
	Pro forma operating profit	<u>\$ 212.3</u>	<u>\$ (67.8)</u>	<u>\$ 144.5</u>	<u>\$ 0.43</u>
2001	Operating profit	\$ 673.7	\$ (225.6)	\$ 448.1	\$ 1.33
	Goodwill amortization	43.7	(5.2)	38.5	0.11
	Goodwill amortization associated with equity method investments	7.9	(0.4)	7.5	0.02
	Pro forma operating profit	<u>\$ 725.3</u>	<u>\$ (231.2)</u>	<u>\$ 494.1</u>	<u>\$ 1.46</u>



## Reconciliation of GAAP Results and Operating Results

The following tables reconcile GAAP and operating results referenced in this news release. Reconciliations of prior periods can be found on the company's website at [www.bakerhughes.com/investor](http://www.bakerhughes.com/investor).

### Reconciliation of GAAP Results and Operating Results

For the three months ended June 30, 2002

UNAUDITED (in millions except earnings per share)	Recorded As	Profit Before Tax	Tax	Profit After Tax	Diluted Earnings Per Share
Income from continuing operations		\$ 110.8	\$ (38.3)	\$ 72.5	\$ 0.21
Non-operational items:					
Reversal of excess restructuring accrual for Bird Machine's German operation in the first quarter of 2001	Restructuring charges	(1.9)	0.7	(1.2)	0.00
Operating profit, excluding impact of non-operational items		\$ 108.9	\$ (37.6)	\$ 71.3	\$ 0.21

### Reconciliation of GAAP Results and Operating Results

For the three months ended September 30, 2001

UNAUDITED (in millions except earnings per share)	Recorded As	Profit Before Tax	Tax	Profit After Tax	Diluted Earnings Per Share
Income from continuing operations		\$ 204.8	\$ (68.4)	\$ 136.4	\$ 0.41
Non-operational items:					
Gain on the sale of interest in a joint venture	Gain on disposal of assets	(3.4)	1.0	(2.4)	(0.01)
Operating profit, excluding impact of non-operational items		\$ 201.4	\$ (67.4)	\$ 134.0	\$ 0.40

## Conference Call

The company has scheduled a conference call to discuss the results of today's earnings announcement. The call will begin at 8:30 A.M. Eastern time, 7:30 A.M. Central time on Thursday, October 24, 2002. To access the call, which is open to the public, please contact the conference call operator at (706) 643-3468, 20 minutes prior to the scheduled start time, and ask for the "Baker Hughes Conference Call." A replay will be available through Thursday, October 31, 2002. The number for the replay is (706) 645-9291; the access code for the replay is: 5737813. The call and replay will also be webcast on [www.bakerhughes.com/investor](http://www.bakerhughes.com/investor).



## **Forward-Looking Statements**

This news release (and oral statements made regarding the subjects of this release, including on the conference call announced herein) 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 “expect,” “expected,” “will be,” “will,” and similar expressions are intended to identify forward-looking statements.

**General Outlook – Oilfield Segment:** Baker Hughes’ expectation regarding its outlook for its oilfield businesses (including, without limitation, the company’s oilfield operations and its minority interest in its production and refining process equipment venture), changes in profitability and growth in those businesses and the oil and gas industry are only its forecasts regarding these matters. These forecasts may be substantially different from actual results, which are affected by the following factors: the level of petroleum industry exploration and production expenditures; drilling rig and oil and gas industry manpower and equipment availability; the company’s ability to implement and effect price increases for its products and services; the company’s ability to control its costs; the availability of sufficient manufacturing capacity and subcontracting capacity at forecasted costs to meet the company’s revenue goals; the effect of competition, particularly the ability of the company to introduce new technology on its forecasted schedule and at its forecasted cost; the ability of the company’s competitors to capture market share; world economic conditions; the price of, and the demand for, crude oil and natural gas; drilling activity; weather; the legislative and regulatory environment in the United States and other countries in which the company operates; OPEC policy; war or extended period of conflict involving the United States, Middle East or other major petroleum-producing or consuming regions; acts of war or terrorism; the development of technology that lowers overall finding and development costs; new laws and regulations that could have a significant impact on the future operations and conduct of all businesses as a result of the bankruptcies of large U.S. entities; labor-related actions, including strikes, slowdowns and facility occupations; the condition of the capital and equity markets and the timing of any of the foregoing.

**Oilfield Pricing Changes:** Baker Hughes’ expectation’s regarding pricing changes for its products and services are only its expectations regarding pricing. Actual pricing changes could be substantially different from the company’s expectations, which are affected by many of the factors listed above in “General Outlook – Oilfield Segment,” as well as existing legal and contractual commitments to which the company is subject.

**EIMCO - Baker Hughes’ expectations with regard to the expected closing of the EIMCO transaction** are its expectations and are subject to various conditions being met including, but not limited to, GL&V’s satisfactory due diligence review of EIMCO’s business, regulatory approvals, the negotiation and execution of a definitive sale agreement, purchaser’s financing, and approval by both the Baker Hughes and GL&V boards of directors.

**General Outlook – Process Segment:** Baker Hughes’ expectations in this news release regarding its outlook for its process segment and improvement and growth in Process’ businesses and its markets are only its forecasts regarding these matters. These forecasts may be substantially different from actual results, which are affected by the following factors: the effect of competition; the health of the markets of the company’s customers, including, without limitation, the production and refining, industrial, chemical, municipal wastewater and mining markets; the level of customer expenditures and investment, especially in the oil and gas, industrial, chemical, municipal wastewater and mining markets; the company’s ability to control its costs; the ability of the company’s competitors to capture market share; world economic conditions; the legislative and regulatory environment in the United States and other countries in which the company operates; the condition of the capital and equity markets and the timing of any of the foregoing.

Baker Hughes is a leading provider of drilling, formation evaluation, completion and production products and services to the worldwide oil and gas industry.

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