



News Release

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Baker Hughes FY 2000 Operating Profit up 290%

FY 2000 Net Income Triples

Fourth Quarter Operating Earnings \$0.24 Per Share

HOUSTON, Texas – February 15, 2001. Baker Hughes Incorporated (BHI - NYSE, PCX, EBS) announced today that operating profit after tax for the year 2000, excluding non-operational items, was \$200.2 million or \$0.60 per share (diluted); up 290% compared with \$51.3 million or \$0.16 per share (diluted) for 1999. Operating profit after tax for the fourth quarter of 2000, excluding non-operational items, was \$81.0 million or \$0.24 per share (diluted); compared to a loss of \$(22.2) million or \$(0.07) per share (diluted) for the fourth quarter of 1999, and up 17% compared with \$69.1 million or \$0.21 per share (diluted) for the third quarter of 2000. Because the company has not sold its Baker Process division within a year of its classification as a discontinued operation, generally accepted accounting principles require that Baker Process be reclassified as a continuing operation, and results for all periods presented include the results of Baker Process.

Net income for the year 2000 was \$102.3 million or \$0.31 per share (diluted), compared to \$33.3 million or \$0.10 per share (diluted) for the year 1999. The net loss for the fourth quarter of 2000 was \$(41.0) million or \$(0.12) per share (diluted), compared to a net loss of \$(92.8) million or \$(0.28) per share (diluted) for the fourth quarter of 1999 and net income of \$65.2 million or \$0.20 per share (diluted) for the third quarter of 2000. Results for the fourth quarter of 2000 include the impact of unusual charges, after tax, of \$57.9 million or \$0.17 per share (diluted) related to the formation of Western GECO and \$75.8 million or \$0.23 per share (diluted) related to the loss on the sale of certain of the company's exploration and production oil and gas properties of its E&P Solutions business and the impairment of certain other of those properties. The impact of these charges was offset partially by credits related to the reversal of excess unusual charge reserves accrued in prior periods of \$11.7 million after-tax or \$0.04 per share (diluted). (See Attachment 3 – Impact of Non-Operational Items.)

Cash earnings (after-tax operating profit, excluding after-tax goodwill amortization) for the year 2000 were \$0.73 per share (diluted), compared with \$0.29 per share (diluted) for the year 1999. Cash earnings for the fourth quarter of 2000 were \$0.27 per share (diluted), compared with a loss of \$(0.04) per share (diluted) for the fourth quarter of 1999, and \$0.24 per share (diluted) for the third quarter of 2000.

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Revenue for the year 2000 was \$5,233.8 million, up 6% or \$297.3 million from \$4,936.5 million in the year 1999. Oilfield Operations revenue, excluding Western Geophysical, for the year 2000 was \$4,187.1 million, up 16% or \$587.1 million from \$3,600.0 million reported for the year 1999. Revenue for the fourth quarter of 2000 was \$1,383.8 million, up 16% from the \$1,192.6 million reported for the fourth quarter of 1999 and up 2% from the \$1,353.7 million reported for the third quarter of 2000. Oilfield Operations revenue, excluding Western Geophysical, for the fourth quarter of 2000 was \$1,158.9 million, up 28% from the \$903.3 million reported for the fourth quarter of 1999 and up 6% from the \$1,092.6 million reported for the third quarter of 2000.

Michael E. Wiley, Baker Hughes Chairman, President, and Chief Executive Officer, said, "In February, one year ago, Baker Hughes set the goal of doubling 1999 operating earnings in the year 2000. I am pleased that as a result of the dedication shown by our employees, we have more than met our goal. In fact, we exceeded the operational earnings we posted in 1999 in the fourth quarter of 2000 alone. Our oilfield operating margins increased in each quarter of the year 2000 and in the fourth quarter every division reported improved margins. We have made outstanding progress towards restoring our financial flexibility by reducing debt by more than \$750 million in 2000. By the end of 2001, we expect to meet our objective of reducing debt by \$1 billion from the peak level of 2000."

Mr. Wiley continued, "The outlook for North American gas-directed exploration and production spending remains strong. However, future activity growth will be moderated by the capacity constraints of service companies and the availability of rigs and crews. The spending increases for 2001 that our customers have announced have generally been between 15 and 20%. The majority of the increases are likely to be directed outside of North America where Baker Hughes historically derives two-thirds of its revenue. Baker Hughes is well positioned to benefit from the increased spending in these markets with best-in-class technologies and an experienced workforce."

Mr. Wiley concluded, "In 2001, we will continue to improve margins and be selective in where and how we deploy our assets. We will invest in markets where we can grow our revenues and returns and we will explore exiting certain markets if the redeployment of the resources involved will improve overall returns."

Q4 Highlights

Centrilift was awarded two multi-million dollar contracts in Kuwait and the Neutral Zone as well as multi-year contracts in Oman for PDO.

Baker Oil Tools performed their 27th horizontal open hole gravel pack in the deepwater Campos basin within southeastern Brazil. The completion was the first open hole completion in the Roncador field and set a new horizontal gravel pack deepwater world record of 5,070 feet with a horizontal section of 1,615 feet.

Baker Atlas continues to enjoy success with its Reservoir Characterization Instrument. Expanding on its success in Angola reported last quarter, Baker Atlas recently ran its first commercial deepwater operation for Petrobras in Brazil.



Baker Oil Tools has been awarded a two-year contract with ExxonMobil as primary supplier for sand control services in the Gulf of Mexico and has been approved as a supplier for acid stimulation and gel frac work, which will be provided by Baker Oil Tool's Republic Tide and R.C. Baker pressure pumping vessels.

Baker Hughes INTEQ began the commercial introduction of its next generation AutoTrak® rotary closed loop drilling system. The tool features improved durability and reliability combined with lower capital costs when compared to the first generation AutoTrak tool introduced three years ago.

Baker Hughes INTEQ's VertiTrak™ straight hole drilling device was introduced commercially in the fourth quarter. The tool was developed jointly with AGIP, SpA and is a variation of AutoTrak, which allows operators to drill vertical wells with minimal displacement. In Argentina, the VertiTrak tool and a team formed by Hughes Christensen and INTEQ, allowed an operator to save \$2.3 million in cost and 28 days in drilling time compared to the previous "best-curve" well in the basin.

Working through its Baker Hughes Enterprise Service and Technology (BEST) organization Baker Hughes won a contract from the Karachaganak Petroleum Operating (KPO) consortium to provide all integrated services for their Karachaganak field. The three-year contract, with an option for an additional three years, covers all rig site and associated offsite services. Baker Hughes will provide completions, wireline logging, and drilling products and services.

Conference Call

The company has scheduled a conference call to discuss the results of today's earnings announcement. The call will begin at 10:00 A.M. Eastern time, 9:00 A.M. Central time. To access the call, which is open to the public, please contact the conference call operator at (630) 395-0065, 15 - 20 minutes prior to the scheduled start time, and ask for the "Baker Hughes Conference Call." A replay will be available through Friday, February 23, 2001. The number for the replay is (402) 220 -2279. The call and replay will also be webcast on www.bakerhughes.com/investor.

Attachments

- Attachment 1 – Segment Highlights
- Attachment 2 – Geographic Highlights
- Attachment 3 – Impact of Non-Operational Items
- Attachment 4 – Outlook
- Attachment 5 – Supplemental Information



Financial Information

A table of comparative results follows:

(In millions, except per share amounts) UNAUDITED	Three Months Ended		
	December 31,		September 30,
	2000	1999	2000
Revenues	\$ 1,383.8	\$ 1,192.6	\$ 1,353.7
Costs of revenues	1,032.8	1,060.4	1,019.5
Selling, general and administrative	193.7	190.5	188.1
Merger related costs	-	(1.6)	-
Unusual charge (credit) - net	95.0	44.3	(1.7)
Total costs and expenses	1,321.5	1,293.6	1,205.9
Operating income (loss)	62.3	(101.0)	147.8
Equity in income (loss) of affiliates	(6.5)	1.4	0.6
Interest expense	(41.3)	(42.0)	(43.8)
Interest income	2.9	0.6	0.9
Gain (loss) on trading securities	-	31.5	(3.1)
Income (loss) before income taxes	17.4	(109.5)	102.4
Income tax benefit (provision)	(58.4)	16.7	(37.2)
Net income (loss)	\$ (41.0)	\$ (92.8)	\$ 65.2
Earnings per share:			
Basic	\$ (0.12)	\$ (0.28)	\$ 0.20
Diluted	(0.12)	(0.28)	0.20
Depreciation, depletion and amortization expense, excluding goodwill amortization	\$ 124.9	\$ 169.3	\$ 150.8
Goodwill amortization	11.8	12.1	12.2
Total depreciation, depletion and amortization expense	\$ 136.7	\$ 181.4	\$ 163.0
Capital expenditures	\$ 147.0	\$ 109.0	\$ 134.1
Shares outstanding, basic (millions)	332.2	329.2	331.2
Shares outstanding, diluted (millions)	332.2	329.2	333.8
Earnings before interest expense and taxes (EBIT) ¹	\$ 163.2	\$ 10.9	\$ 147.7
Earnings before interest expense, taxes, depreciation, depletion and amortization (EBITDA) ¹	\$ 299.9	\$ 192.3	\$ 310.7

¹Computed excluding non-operational items.



Financial Information

A table of comparative results follows:

(In millions, except per share amounts)
UNAUDITED

	Twelve Months Ended	
	December 31,	
	2000	1999
Revenues	\$ 5,233.8	\$ 4,936.5
Costs of revenues	4,009.6	4,009.8
Selling, general and administrative	759.6	741.9
Merger related costs	-	(1.6)
Unusual charge - net	69.6	4.8
Total costs and expenses	4,838.8	4,754.9
Operating income	395.0	181.6
Equity in income (loss) of affiliates	(4.6)	7.0
Interest expense	(173.3)	(167.0)
Interest income	4.8	5.1
Gain on trading securities	14.1	31.5
Income before income taxes	236.0	58.2
Income taxes	(133.7)	(24.9)
Net income	\$ 102.3	\$ 33.3
Earnings per share:		
Basic	\$ 0.31	\$ 0.10
Diluted	0.31	0.10
Depreciation, depletion and amortization expense, excluding goodwill amortization	\$ 563.2	\$ 742.4
Goodwill amortization	48.3	48.3
Total depreciation, depletion and amortization expense	\$ 611.5	\$ 790.7
Capital expenditures	\$ 599.2	\$ 640.5
Shares outstanding, basic (millions)	330.9	328.2
Shares outstanding, diluted (millions)	332.9	329.9
Earnings before interest expense and taxes (EBIT) ¹	\$ 474.4	\$ 248.7
Earnings before interest expense, taxes, depreciation, depletion and amortization (EBITDA) ¹	\$ 1,085.9	\$ 1,039.4

¹Computed excluding non-operational items.



Forward-Looking Statements

This news release and its attachments (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”, “intends”, “will” and similar expressions are intended to identify forward-looking statements.

General Outlook – Oilfield Businesses: Baker Hughes’ expectations in this news release, including (without limitation) Attachment 4, regarding its outlook for its production and refining business (including, without limitation, the company’s oilfield operations and the oilfield component of the company’s Baker Process division), improved 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 effect of competition; 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 sub contracting capacity at forecasted costs to meet the company’s revenue goals; 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; price of, and the demand for, crude oil and natural gas; drilling activity; weather; the legislative environment in the United States and other countries; OPEC policy; conflict in the Middle East and other major petroleum-producing or consuming regions; the development of technology that lowers overall finding and development costs; the condition of the capital and equity markets and the timing of any of the foregoing.

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

General Outlook – Baker Process: Baker Hughes’ expectations in this news release, including (without limitation) Attachment 4, regarding its outlook for its Baker Process division and improvement and growth in Baker Process’ business 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; the condition of the capital and equity markets and the timing of any of the foregoing. The ability of the company to restructure its Köln, Germany operations is also subject to the ability of the company to timely address legal and contractual restraints. This may affect the timing of the incurrence of expenses related to the restructuring.

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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Attachment 1 - Segment Highlights

Operational highlights for the three months and years ended December 31, 2000 and December 31, 1999 and the three months ended September 30, 2000 are detailed below.

Comparison of Quarters -- Year over Year
(for the three months ended December 31, 2000 and 1999)
UNAUDITED

	Revenue (\$ millions)		Operating Profit Before Tax (\$ millions)	
	December 2000	December 1999	December 2000	December 1999
Oilfield Operations, excluding Western Geophysical	\$ 1,158.9	\$ 903.3	\$ 167.5	\$ 66.1
Western Geophysical	146.6	200.6	18.0	(15.0)
Oilfield Operations	1,305.5	1,103.9	185.5	51.1
Baker Process	78.3	88.7	(1.7)	(17.2)
Corporate, net interest and other	-	-	(61.9)	(65.0)
Non-operational items ¹	-	-	(104.5)	(78.4)
Total	\$ 1,383.8	\$ 1,192.6	\$ 17.4	\$ (109.5)

Comparison of Quarters -- Sequential
(for the three months ended December 31, 2000 and September 30, 2000)
UNAUDITED

	Revenue (\$ millions)		Operating Profit Before Tax (\$ millions)	
	December 2000	September 2000	December 2000	September 2000
Oilfield Operations, excluding Western Geophysical	\$ 1,158.9	\$ 1,092.6	\$ 167.5	\$ 150.5
Western Geophysical	146.6	180.9	18.0	17.1
Oilfield Operations	1,305.5	1,273.5	185.5	167.6
Baker Process	78.3	80.2	(1.7)	(0.6)
Corporate, net interest and other	-	-	(61.9)	(63.2)
Non-operational items ¹	-	-	(104.5)	(1.4)
Total	\$ 1,383.8	\$ 1,353.7	\$ 17.4	\$ 102.4

Comparison of Years
(for the twelve months ended December 31, 2000 and 1999)
UNAUDITED

	Revenue (\$ millions)		Operating Profit Before Tax (\$ millions)	
	December 2000	December 1999	December 2000	December 1999
Oilfield Operations, excluding Western Geophysical	\$ 4,187.1	\$ 3,600.0	\$ 521.2	\$ 304.0
Western Geophysical	723.7	946.7	52.7	56.8
Oilfield Operations	4,910.8	4,546.7	573.9	360.8
Baker Process	323.0	389.8	(5.2)	(22.3)
Corporate, net interest and other	-	-	(267.8)	(256.8)
Non-operational items ¹	-	-	(64.9)	(23.5)
Total	\$ 5,233.8	\$ 4,936.5	\$ 236.0	\$ 58.2

¹See attachment 3 for a reconciliation of the impact of non-operational items.

Oilfield Operations

All comments in this section refer to Baker Hughes Oilfield Operations excluding Western Geophysical.

Revenue for the fourth quarter of 2000 increased 28% compared to the fourth quarter of 1999 and increased 6% compared to the third quarter of 2000. Every division, excluding Centrilift and E&P Solutions, also reported sequential increases in revenue. The largest revenue percent increases in the fourth quarter of 2000 compared to the third quarter of 2000 were at Baker Atlas, Baker Oil Tools, and INTEQ, which all posted increases of 10% or more.

Oilfield Operations' operating profit before tax for the fourth quarter of 2000 improved 152% compared to the fourth quarter of 1999 and improved 11% compared to the third quarter of 2000. Every division improved operating margin in the fourth quarter of 2000 compared to both the fourth quarter of 1999 and third quarter of 2000. All divisions except INTEQ had a double-digit operating margin in the fourth quarter of 2000.

Comparing the fourth quarter of 2000 to the fourth quarter of 1999, the incremental operating profit before tax margin was 39%, and comparing the fourth quarter of 2000 to the third quarter of 2000, the incremental operating profit before tax margin was 24%.

Baker Oil Tools' fourth quarter of 2000 revenues increased 37% compared to the fourth quarter of 1999 and increased 12% compared to the third quarter of 2000. Operating margin improved in the fourth quarter of 2000 compared to both the third quarter of 2000 and fourth quarter of 1999 and was the strongest since the second quarter of 1998. Baker Oil Tools' operating profits exceeded its cost of capital in the fourth quarter of 2000, for the second consecutive quarter.

Baker Atlas' fourth quarter 2000 revenues increased 35% compared to the fourth quarter of 1999 and increased 12% compared to the third quarter of 2000. Baker Atlas' revenues, operating profits and operating profit margins in the fourth quarter were at all time record levels as a result of ongoing price improvements, primarily in North America, and the reallocation of resources to more profitable operations.

Hughes Christensen's fourth quarter 2000 revenues increased 37% compared to the fourth quarter of 1999 and increased 3% compared to the third quarter of 2000. Operating margin improved in the fourth quarter of 2000 compared to both the third quarter of 2000 and fourth quarter of 1999. Hughes Christensen's operating profits exceeded its cost of capital in the fourth quarter of 2000 for the fifth consecutive quarter.

Centrilift's fourth quarter 2000 revenues increased 36% compared to the fourth quarter of 1999 and decreased 5% compared to the third quarter of 2000. Operating margin improved in the fourth quarter of 2000 compared to both the third quarter of 2000 and fourth quarter of 1999 and was the strongest ever. Centrilift's operating profits exceeded its cost of capital in the fourth quarter of 2000 for the sixth consecutive quarter.



Baker Petrolite's fourth quarter 2000 revenues increased 14% compared to the fourth quarter of 1999 and increased 7% compared to the third quarter of 2000. Operating margin for the fourth quarter 2000 improved compared to the fourth quarter of 1999 and the third quarter of 2000.

INTEQ's fourth quarter of 2000 revenues increased 28% compared to the fourth quarter of 1999 and increased 11% compared to the third quarter of 2000. INTEQ's fourth quarter of 2000 operating margin improved compared to both the fourth quarter of 1999 and the third quarter of 2000, and was the strongest since the second quarter of 1998. As INTEQ builds on strong performances in the Gulf of Mexico and the North Sea, and works to manage costs in the rest of the world, it is expected to obtain its goal of a double-digit operating margin in the first or second quarter of 2001.

Baker Process

During the year 2000 the company actively marketed the Baker Process division with the intent of selling the entire unit. The company has not been successful in securing an acceptable offer for the entire division. Future marketing efforts will focus on individual product lines.

Baker Process' revenues for the year 2000 declined 17% compared to the year 1999, reflecting continued weakness in certain chemical and industrial markets and a withdrawal from accepting certain large production and refining systems projects. Revenues for the fourth quarter of 2000 declined 12% compared to the fourth quarter of 1999 and declined 2% compared to the third quarter of 2000.

Baker Process' operating loss before tax improved \$17.1 million for the year 2000 compared to the year 1999. Baker Process' operating loss before tax for the fourth quarter was \$(1.7) million, an improvement of \$15.5 million compared to the fourth quarter of 1999 and a decline of \$1.1 million compared to the third quarter of 2000. The operating loss improved compared to the fourth quarter of 1999 as a result of withdrawal from accepting large production and refining systems projects and reduced operating expenses.

Corporate Expense

Corporate expense, including net interest expense, was \$61.9 million for the fourth quarter of 2000, compared to \$65.0 million for fourth quarter of 1999, and \$63.2 million for third quarter of 2000. The decrease in corporate expense for the fourth quarter of 2000, compared to the fourth quarter of 1999, was primarily related to a \$3.0 million decrease in net interest expense, offset partially by an increase in Project Renaissance costs. The decrease in corporate expense in the fourth quarter of 2000 compared to the third quarter of 2000 was due to lower interest expense offset by changes in corporate cost center expenses, foreign exchange and Project Renaissance.



Attachment 2 - Geographic Highlights

The following table sets forth the geographic distribution of Oilfield Operations revenue changes, excluding Western Geophysical, and the Baker Hughes Rotary Rig Count changes by geographic region.

UNAUDITED	Three Months Ended December 00 vs. December 99	
Geographic Region	% Change in Revenue	% Change in Rigs
North America	37%	30%
Latin America	30%	34%
Europe	12%	24%
Middle East	29%	19%
Asia Pacific	6%	16%
Africa	35%	35%
Outside North America	23%	25%
Worldwide Total	28%	28%

Rig activity was up strongly in every geographic region in the fourth quarter of 2000 compared to the fourth quarter of 1999.

Revenue increased in every region in year over year comparisons and was up strongest in North America, Latin America, the Middle East and Africa. Revenue increases were greater than the corresponding rig activity increases in North America and the Middle East; approximated the changes in rig activity in Latin America and Africa; and were less than the rig activity increases in Europe and Asia Pacific. Western Hemisphere revenues improved 35% in the fourth quarter of 2000 compared to the fourth quarter of 1999, while Eastern Hemisphere revenues improved 18% in the fourth quarter of 2000 compared to the fourth quarter of 1999. North America accounted for 43% of Baker Hughes’ revenue in the fourth quarter of 2000.

Sequentially, comparing results for the fourth quarter of 2000 to the third quarter of 2000, Western Hemisphere revenues improved 9% due to increased revenues in all regions. Eastern Hemisphere revenues improved 3% for the fourth quarter of 2000 compared to the third quarter of 2000 as revenue increases in Europe and Asia Pacific offset declines in the Middle East and Africa.

Attachment 3 – Impact of Non-Operational Items

The following schedules detail the non-recurring items the company recognized in the twelve months and three months ended December 31, 2000.

Impact of Non-Operational Items for the 12 Months Ended December 31, 2000				
UNAUDITED (in millions except earnings per share)	Profit before tax	Tax	Profit after tax	Diluted earnings per share
As reported income (including impact of non-operational items)	\$ 236.0	\$ (133.7)	\$ 102.3	\$ 0.31
Add:				
Western Geophysical options, bonus and vacation accruals recorded as an unusual charge	6.0	(0.2)	5.8	0.02
Western Geophysical tax expense on formation of Western GECO venture recorded as an unusual charge		45.0	45.0	0.13
Western GECO special reserve recorded in equity from affiliates	9.5	(2.4)	7.1	0.02
Loss on sale / impairment of E&P business recorded as an unusual charge	105.0	(29.2)	75.8	0.23
Gain on sale of several product lines	(12.9)	7.5	(5.4)	(0.02)
Reversal of excess unusual charges and other items	(28.5)	7.2	(21.3)	(0.06)
Gain on Tuboscope (Varco) – realized and unrealized	(14.1)	5.0	(9.1)	(0.03)
Operating results, excluding impact of non-operational items	\$ 301.0	\$ (100.8)	\$ 200.2	\$ 0.60

Impact of Non-Operational Items for the 3 Months Ended December 31, 2000				
UNAUDITED (in millions except earnings per share)	Profit before tax	Tax	Profit after tax	Diluted earnings per share
As reported income (including impact of non-operational items)	\$ 17.4	\$ (58.4)	\$ (41.0)	\$ (0.12)
Add:				
Western Geophysical options, bonus and vacation accruals recorded as an unusual charge	6.0	(0.2)	5.8	0.02
Western Geophysical tax expense on formation of Western GECO venture recorded as an unusual charge		45.0	45.0	0.13
Western GECO special reserve recorded in equity from affiliates	9.5	(2.4)	7.1	0.02
Loss on sale / impairment of E&P business recorded as an unusual charge	105.0	(29.2)	75.8	0.23
Reversal of excess unusual charges and other items	(16.0)	4.3	(11.7)	(0.04)
Operating results, excluding impact of non-operational items	\$ 121.9	\$ (40.9)	\$ 81.0	\$ 0.24



Attachment 4 - 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 above under "Forward-Looking Statements" in the press release. These statements do not include the potential impact of any acquisition, disposition, merger or joint venture that could occur in the future. Information regarding Western GECO is based upon information that Western GECO has provided to Baker Hughes. Information derived from this information is subject to the accuracy of the information that Western GECO provided. Additionally, any forward-looking statements relating to Western GECO are also subject to the factors listed in "Forward-Looking Statements" in this news release.

- Oilfield revenues, excluding Western Geophysical, are expected to be up 14-19% for the year 2001 as compared to the year 2000. In the first quarter of 2001 revenues are expected to be up 18-20% compared to the first quarter of 2000.
- Incremental profit before tax margin from oilfield revenue, excluding Western GECO, is expected to be between 30% and 40% compared to the same period of the prior year.
- Western GECO is expected to contribute between \$25 to \$35 million in pre-tax profit for the year 2001.
- Baker Process is expected to be breakeven for the year 2001. Baker Process is expected to incur approximately \$8 million of expense in the first quarter of 2001 in connection with a restructuring of its operations in Köln, Germany. Including this expense Baker Process is expected to lose \$8 to \$10 million in the first quarter of 2001.
- Corporate expense, excluding interest expense, is expected to be between \$120 and \$130 million for the year 2001 and is expected to be between \$30 and \$32.5 million per quarter during 2001.
- Interest expense is expected to be between \$125 and \$135 million for the year 2001.
- Earnings per share (diluted) are expected to be between \$1.00 and \$1.20 for the year 2001. Earnings per share (diluted) are expected to be between \$0.20 and \$0.22 per share for the first quarter of 2001.
- Capital spending is expected to be between \$300 and \$360 million for the year 2001. Spending in the first half of the year is expected to be between \$180 and \$200 million. 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-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 \$90 and \$95 million per quarter or between \$360 and \$380 million for 2001. 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 the company's assets that are subject to depreciation or amortization or an unexpected casualty, impairment or other loss in those assets.
- The tax rate on operating results for the 12 months ended December 31, 2001 is expected to be approximately 33.5%. 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-Outlook", the following factors could affect the tax rate: the level 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.



Attachment 5 – Supplemental Information

Revenue (\$ millions)						
UNAUDITED						
	Oilfield ex Western Geophysical	Western Geophysical	Total Oilfield Operations	Baker Process	Corporate and Other	Total
March 31, 1998	\$1,176.7	\$339.7	\$1,516.4	\$123.5	\$7.5	\$1,647.4
June 30, 1998	1,147.4	378.6	1,526.0	127.3	6.3	1,659.6
September 30, 1998	1,093.2	357.7	1,450.9	127.6	6.1	1,584.6
December 31, 1998	962.4	344.9	1,307.3	111.7	-	1,419.0
March 31, 1999	940.8	273.7	1,214.5	110.8	-	1,325.3
June 30, 1999	871.8	239.0	1,110.8	100.2	-	1,211.0
September 30, 1999	884.1	233.4	1,117.5	90.1	-	1,207.6
December 31, 1999	903.3	200.6	1,103.9	88.7	-	1,192.6
March 31, 2000	942.6	214.8	1,157.4	83.4	-	1,240.8
June 30, 2000	993.0	181.4	1,174.4	81.1	-	1,255.5
September 30, 2000	1,092.6	180.9	1,273.5	80.2	-	1,353.7
December 31, 2000 ¹	1,158.9	146.6	1,305.5	78.3	-	1,383.8

Operating Profit Before Tax (\$ millions)						
UNAUDITED						
	Oilfield ex Western Geophysical	Western Geophysical	Total Oilfield Operations	Baker Process	Corporate and Other	Total
March 31, 1998	\$ 158.1	\$ 61.5	\$ 219.6	\$ 10.0	\$ (56.7)	\$ 172.9
June 30, 1998	159.3	64.5	223.8	9.5	(52.3)	181.0
September 30, 1998	99.3	60.7	160.0	2.8	(60.6)	102.2
December 31, 1998	72.1	65.4	137.5	1.8	(64.5)	74.8
March 31, 1999	85.0	44.2	129.2	0.2	(62.2)	67.2
June 30, 1999	76.8	22.1	98.9	(2.0)	(65.7)	31.2
September 30, 1999	76.1	5.5	81.6	(3.3)	(63.9)	14.4
December 31, 1999	66.1	(15.0)	51.1	(17.2)	(65.0)	(31.1)
March 31, 2000	90.5	1.2	91.7	(2.5)	(73.1)	16.1
June 30, 2000	113.5	15.6	129.1	(0.4)	(69.6)	59.1
September 30, 2000	150.5	17.1	167.6	(0.6)	(63.2)	103.8
December 31, 2000 ¹	167.5	18.0	185.5	(1.7)	(61.9)	121.9

Quarterly Capital Spending and DD&A for Western Geophysical						
UNAUDITED						
	Q1	Q2	Q3	Q4	Total	
1998						
Capital Expenditures	\$ 135.4	\$ 185.6	\$ 172.6	\$ 176.2	\$ 669.8	
Total DD&A	\$ 84.3	\$ 106.9	\$ 102.6	\$ 121.7	\$ 415.5	
1999						
Capital Expenditures	\$ 126.7	\$ 85.4	\$ 72.9	\$ 34.5	\$ 319.5	
Total DD&A	\$ 113.6	\$ 109.4	\$ 111.7	\$ 86.7	\$ 421.4	
2000						
Capital Expenditures	\$ 104.8	\$ 63.8	\$ 77.9	\$ 63.1	\$ 309.6	
Total DD&A	\$ 77.7	\$ 54.2	\$ 70.2	\$ 57.5	\$ 259.6	

¹Western GECO was formed on November 30, 2000, combining the seismic fleets, data processing assets, exclusive and nonexclusive multi-client surveys, and other assets of the Western Geophysical division of Baker Hughes and Schlumberger’s Geco-Prakla.

