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November 4, 2014

David J. Lesar
Chairman of the Board and Chief Executive Officer
Halliburton
3000 North Sam Houston Parkway East
Houston, Texas 77032

Dear Dave:

I am writing on behalf of the Board of Directors of Baker Hughes Incorporated in response to your letter of yesterday, November 3. Your letter demonstrates that despite the fact that we have approached your acquisition proposal with full dedication, responding expeditiously and with an open mind, Halliburton insists on pressuring our Board to make a decision without the full and careful consideration necessary to protect our stockholders.

The threshold question is whether Halliburton has offered compelling financial consideration commensurate with the overall value of Baker Hughes and the risks associated with your proposal. In addition, we have both agreed that a combination of Halliburton and Baker Hughes will raise significant issues under the antitrust laws of the United States and other jurisdictions. Your proposal has numerous complexities and it remains unclear whether there are workable solutions that appropriately address the antitrust risk and the completion risk. All these factors must be as carefully analyzed by our Board, with the assistance of our financial and legal advisors, as they have been analyzed by your board and advisors over an extended period of many months.

Finally, the timing predicament with respect to director nominations, which Halliburton asserts that it is facing, is one of its own making. The November 14 nomination deadline in our bylaws is clear and a matter of public record. After having taken the time Halliburton felt it needed to prepare its proposal, it chose to inform Baker Hughes of its intention when it would create an unrealistic timing situation and then attempted to impose deadlines that are inconsistent with both the realities of a large, complex transaction of this type and the appropriate review we owe our stockholders. Please understand that our Board is working to ensure optimal value creation for our stockholders and their decision cannot and will not be dictated by anyone else's timing.

Numerous points in your letter mischaracterize our dialogue to date and inhibit an even-handed discussion. I note some of these below, not in an attempt to be argumentative but simply to emphasize a few points.

- The statement about the unavailability of our antitrust counsel to meet with your antitrust counsel is incorrect. Our counsel offered to rearrange her schedule to meet three days earlier than the October 30 meeting date. Her offer was declined by your representatives. In any case, the meeting on October 30 was valuable.
- Nearly two weeks ago I advised you that I had a long-planned, overseas business trip, but that I would have a team working diligently to analyze your proposal and they would continue to do so during my absence. Our team has done exactly that, continues the process of doing so, and I am in constant contact with them each day.
- As our chief legal officer has communicated to your general counsel, we do not believe that our by-laws governing the deadline for you to notify us of director nominations may be amended or waived without our publicly disclosing such action and your acquisition proposal. We strongly disagree with your suggestion to the contrary.
- Our chief legal officer has explained to your general counsel in writing on multiple occasions that the draft confidentiality agreement proposed by Halliburton is inappropriate for the transaction you propose but that Baker Hughes is prepared to execute a confidentiality agreement in the form of one previously signed by both companies in 2005 that pertained to potential discussions regarding such a transaction. As a courtesy, he provided a copy of that agreement to your general counsel when requested.

We have made progress in analyzing both the regulatory and financial aspects of your proposal. We are proceeding with this review and consideration. As you must realize, much of our progress is internal and very time consuming, including reviewing your valuation proposal and claims of potential synergies with our financial advisors and considering and analyzing the range of antitrust risks and potential remedies. Meetings and discussions with you are not the predominant measure of progress, and the meetings you are requesting would be premature until we have fully prepared for them. Let me assure you that we are moving with great effort and speed in order to be properly prepared as soon as possible if it makes sense for us to fully engage together in the coming days.

As I have previously told you, our Board is analyzing and discussing this proposal, and we will respond to you by November 10. Given the many months of internal analysis and consideration by Halliburton to address the issues associated with your proposal before you even contacted us, it is not reasonable to suggest that our efforts to respond in less than a month from receiving it is in any way unreasonable.

Sincerely,



Chairman and Chief Executive Officer
Baker Hughes Incorporated