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November 9, 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. The Board, with the assistance of its advisors has reviewed and thoroughly considered your October 13 proposal. Our Board believes your proposal does not adequately reflect the value of Baker Hughes. In addition, while you have expressed confidence in successfully resolving the significant antitrust issues inherent in your proposal, the draft merger agreement you sent us does not adequately address certainty of closure nor does it provide any compensation to Baker Hughes should a proposed transaction fail to close. Accordingly, we find that your current proposal is not in the best interests of Baker Hughes and its stockholders.

As previously discussed, our Board remains open minded to the possibility of discussions concerning a possible transaction once you have communicated a revised outline of key terms that our Board considers to be at an acceptable level. Those terms must include a reverse termination fee to compensate Baker Hughes for the time, effort and business disruption of a failed process in the event the transaction does not obtain all necessary approvals, your agreement to accommodate all demands of any relevant governments (world-wide), and a termination fee payable in the event that the stockholders of Halliburton vote against any transaction. In summary, we are willing to promptly engage with you, but only if the price and terms provide a basis for discussions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Martin S. Craighead', written in a cursive style.

Martin S. Craighead
Chairman and Chief Executive Officer