

JUSTICE NEWS

Department of Justice

Office of Public Affairs

FOR IMMEDIATE RELEASE

Sunday, May 1, 2016

Halliburton and Baker Hughes Abandon Merger After Department of Justice Sued to Block Deal

The Department of Justice announced today that Halliburton and Baker Hughes have abandoned their planned merger, originally valued at \$34 billion. The department filed suit on April 6, 2016, to block the merger, alleging that the transaction would unlawfully eliminate significant head-to-head competition between the companies in at least 23 markets crucial to the exploration and production of oil and natural gas in the United States.

“The companies’ decision to abandon this transaction – which would have left many oilfield service markets in the hands of a duopoly – is a victory for the U.S. economy and for all Americans,” said Attorney General Loretta E. Lynch. “This case serves as a stark reminder that no merger is too big or too complex to be challenged, and that the hardworking men and women of the department’s Antitrust Division stand ready, willing and able to vigorously enforce the nation’s antitrust laws when companies propose deals that would enhance shareholder value at the expense of consumer interests. I am proud of the lawyers, economists, and others at the Justice Department whose work on this multi-year investigation and litigation made this result possible.”

“Very few things are as important to our economy as oil and gas,” said Deputy Assistant Attorney General David I. Gelfand of the Justice Department’s Antitrust Division. “But the merger of Halliburton and Baker Hughes would have raised prices, decreased output and lessened innovation in at least 23 oilfield products and services critical to the nation’s energy supply. We achieved the only result that could adequately protect American consumers – an abandonment of this unlawful merger. We thank our enforcement partners around the world, especially from the European Commission, Australia, Brazil and Mexico, for their close and constructive collaboration on this matter.”

Before the lawsuit was filed, Halliburton had offered to divest certain assets in an effort to address the department’s competitive concerns. According to the complaint, however, the proposal was inadequate because it did not include full business units, withheld many critical assets and personnel, involved numerous ongoing entanglements between the merged company and the divestiture buyer and generally failed to replicate the robust competition between the parties that exists today.

Halliburton is a Delaware corporation headquartered in Houston. Founded in 1919, Halliburton is the largest provider of services and products to the oil and gas industry in the United States. It has operations in approximately 80 countries and earned revenue of \$23.6 billion in 2015.

Baker Hughes is a Delaware corporation headquartered in Houston. It was formed in 1987 with the merger of Baker International and Hughes Tool Company, both founded over 100 years ago. The third-largest provider of oilfield services in the world, Baker Hughes operates in more than 80 countries and earned revenue of \$15.7 billion in 2015.

16-514

Antitrust Division

Topic:
Antitrust

Updated May 1, 2016