

**From:** Craighead, Martin S  
**Date:** November 12, 2014 at 3:09:55 PM CST  
**To:** Dave Lesar  
**Subject: Re:**

Dave

I acknowledge receipt of your email of 10:53 this morning. I am very disappointed by your complete unwillingness to show any flexibility on your initial value proposal, but have discussed your message with our Board.

Your initial (and only) value proposal of October 13 was not and is not at an adequate value level and therefore, for that reason alone, not in the best interests of the stockholders of Baker Hughes.

I reiterated to you last Sunday that, after careful review, our Board was concerned with value, and with certainty of closure, given the very significant antitrust risk we both see associated with the potential transaction. Through our teams' respective efforts we have made substantial progress in key areas, but not with respect to value to the Blue stockholders.

1. We have constructively engaged in addressing areas of antitrust risk (including a lengthy meeting of our antitrust counsel), and have reached an understanding acceptable to both parties.
2. We have also responded to your counsel's draft merger agreement by providing a complete markup - a markup that you have acknowledged provides a basis for a speedy negotiation.
3. But, in response to our value counterproposal, you continue to be unwilling to improve your first and only proposal.

Our Board has signaled a clear willingness to negotiate and I have very constructively pursued the matter to facilitate reaching an acceptable value level that will enable our board to accept a transaction. We continue to believe in the strong future of Baker Hughes and, at the appropriate value level, would share your excitement about the possibility of combining Baker Hughes and Halliburton for the benefit of our stockholders. But as we have previously indicated, you must improve the value of your proposal if there is to be an agreed transaction. My counter proposal to you yesterday was a very reasonable basis on which to reach agreement. Your intransigence is not a reasonable response and your demand that we accept your offer in the next four hours, and threat to conduct a proxy contest to try to control both sides of this negotiation are entirely inappropriate.

Martin