



Department of Justice

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JUSTICE DEPARTMENT REQUIRES DIVESTITURES IN BAKER HUGHES' MERGER WITH BJ SERVICES

WASHINGTON – The Department of Justice announced today that it has reached a settlement that will require Baker Hughes Inc. and BJ Services Company to divest two specially equipped vessels and other assets in order to proceed with their proposed merger. The department said that the transaction as originally proposed would combine two of only four companies that provide specialized pumping services, called stimulation services, necessary for the production of oil and gas from wells in the U.S. Gulf of Mexico. Without the divestitures, the department said the transaction would lead to higher prices and a reduction in service quality.

The Department of Justice's Antitrust Division filed a civil antitrust lawsuit today in U.S. District Court for the District of Columbia to block the proposed transaction. At the same time, the department filed a proposed settlement that, if approved by the court, would resolve the competitive concerns alleged in the lawsuit.

Stimulation services prevent sand from interfering with the flow of oil and gas from wells in the Gulf. These critical services are performed using specially designed and equipped vessels that are operated by experienced crews and supported by scientists, engineers and other lab technicians who customize the stimulation job for the specific well formation.

The complaint alleges that, as a result of the transaction, customers that viewed Baker Hughes and BJ Services as their first and second choices, based on reputation and service quality among other factors, would lose their next-best alternative. This would give the merged firm the incentive and ability to raise its prices and lead the two other competitors in the Gulf to bid less aggressively. The transaction also would present the merged firm with the opportunity to move a vessel out of the Gulf, reducing the number of stimulation vessels available and likely increasing prices, the department said.

The proposed settlement requires the companies to divest two vessels used for providing stimulation services—BJ's Blue Ray and Baker Hughes' HR Hughes—along with certain other assets, including a dock facility in Port Fourchon, La., sand control tool assets and stimulation fluid assets. The proposed settlement also provides the purchaser of the divestiture package with an expansive right to hire personnel from both Baker Hughes and BJ Services.

Baker Hughes is a global oilfield service company with operations in more than 90 countries. It provides advanced products and services to help customers drill, evaluate, complete

and produce oil and gas wells. In 2009, Baker Hughes' revenues were approximately \$9.7 billion.

BJ is a leading worldwide provider of completion services and tools to petroleum companies. Completion services and tools are used to prepare a well for production. BJ's fiscal 2009 revenues were approximately \$4.1 billion.

As required by the Tunney Act, the proposed settlement, along with the department's competitive impact statement, will be published in the Federal Register. Any person may submit written comments concerning the proposed settlement during a 60-day comment period to Donna N. Kooperstein, Chief, Transportation, Energy, and Agriculture Section, Antitrust Division, U.S. Department of Justice, 450 Fifth Street, N.W., Suite 8000, Washington, D.C. 20530. At the conclusion of the 60-day comment period, the U.S. District Court for the District of Columbia may enter the proposed settlement upon finding that it is in the public interest.

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