

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA**

UNITED STATES OF AMERICA, <i>Plaintiff,</i>)	
)	Civil Action No.:
v.)	Filed:
)	Judge:
BAKER HUGHES INCORPORATED <i>and</i>)	Date Stamped:
)	
BJ SERVICES COMPANY, <i>Defendants.</i>)	
)	

HOLD SEPARATE STIPULATION AND ORDER

It is hereby stipulated and agreed by and between the undersigned parties, subject to approval and entry by the Court, that:

I. DEFINITIONS

As used in this Hold Separate and Stipulation and Order (“Stipulation and Order”):

. "Acquirer" means the entity to whom Defendants divest the Divestiture assets.

. "Baker Hughes" means defendant Baker Hughes Incorporated, a Delaware corporation headquartered in Houston, Texas, its successors and assigns, and its subsidiaries, divisions, groups, affiliates, partnerships and joint ventures, and their directors, officers, managers, agents, and employees.

. "BJ" or "BJ Services" means defendant BJ Services Company, a Delaware corporation headquartered in Houston, Texas, its successors and assigns, and its subsidiaries,

divisions, groups, affiliates, partnerships and joint ventures, and their directors, officers, managers, agents, and employees.

. “Divestiture Assets” means the real property and tangible and intangible assets listed in Schedules A through C to the proposed Final Judgment. Divestiture Assets shall not be interpreted to include (a) any equipment installed on stimulation vessels other than the Blue Ray or HR Hughes; (b) BJ Services’ ownership or leasehold interest in skids or non-vessel based pumping equipment; or (c) the Tangible or Intangible Assets primarily used in connection with the design, development, testing, production, quality control, marketing, servicing, sale, installation, or distribution of Baker Hughes’ Sand Control Tools or BJ Services’ Stimulation Fluids other than (i) those BJ Stimulation Fluids assets specifically set forth in Schedule C and (ii) any information, data, or documents relating to any Divestiture Assets.

. "Gulf" means the United States Gulf of Mexico.

. “Intangible Asset” means any asset other than a Tangible Asset, including, but not limited to:

- (1) patents or patent applications, licenses and sublicenses, copyrights, trademarks, trade secrets, trade names, service marks, and service names, but excluding the following trade names: BJ, Baker Oil Tools, and Baker Hughes.
- (2) know-how, including recipes, formulas, machine settings, drawings, blueprints, designs, design protocols, design tools, simulation capability, specifications for materials, specifications for parts and devices,

- (3) computer software (*e.g.* vessel communication and remote monitoring software), databases (*e.g.* databases containing technical job histories) and related documentation;
- (4) procedures and processes related to operations, quality assurance and control, and health, safety and environment;
- (5) data concerning historic and current research and development, including, but not limited to, designs of experiments, and the results of successful and unsuccessful designs and experiments;
- (6) all contractual rights; and
- (7) all authorizations, permits, licenses, registrations, or other forms of permission, consent, or authority issued, granted, or otherwise made available by or under the authority of any governmental authority.

. "Sand Control Tools" means those tools used or installed in connection with the performance of Stimulation Services at or below the zones in which hydrocarbons are located; including but not limited to, the components of sump packer assemblies, frac pack assemblies, and high rate water pack assemblies; screens; fluid loss valves; blank pipe; isolation tubing; production seals; and service tools.

. "Stimulation Fluids" means acids, proppants, gels, or other fluids or additives used to provide Stimulation Services.

.. "Stimulation Services" means acidizing, gravel packs, frac packs, high rate water packs, or hydraulic fracturing services performed from vessels or

skid-mounted pumping equipment.

. “Tangible Asset” means any physical asset (excluding real property or marine stimulation vessels not specifically identified as part of the Divestiture Assets), including, but not limited to:

- (1) all machinery, equipment, hardware, spare parts, tools, dies, jigs, molds, patterns, gauges, fixtures (including production fixtures), business machines, computer hardware, other information technology assets, furniture, laboratories, supplies, materials, vehicles, spare parts in respect of any of the foregoing and other tangible personal property;
- (2) improvements, fixed assets, and fixtures pertaining to the real property identified as part of the Divestiture Assets, and
- (3) all inventories, raw materials, work-in-process, finished goods, supplies, stock, parts, packaging materials and other accessories related thereto;
- (4) business records including financial records, accounting and credit records, tax records, governmental licenses and permits, bid records, customer lists, customer contracts, supplier contracts, service agreements; operations records including vessel logs, calendars, and schedules; job records, research and development records, health, environment and safety records, repair and performance records, training records, and all manuals and technical information Defendants provide to their own employees, customers, suppliers, agents or licensees.

. “Transaction” means Baker Hughes’ proposed merger with BJ Services, which

was the subject of Hart-Scott-Rodino Report No. 2009-0748, filed with the Federal Trade Commission and the U.S. Department of Justice on September 14, 2009.

II. OBJECTIVES

The proposed Final Judgment filed in this case is meant to ensure defendants' prompt divestiture of the Divestiture Assets for the purpose of maintaining competition in the provision of vessel stimulation services in the Gulf in order to remedy the effects that the United States alleges would otherwise result from Baker Hughes' merger with BJ Services. This Stipulation and Order ensures that, prior to such divestiture, the Divestiture Assets will be preserved in their current or an improved state. This Stipulation and Order also ensures that BJ Services remains an independent, economically viable, and ongoing business concern in the United States, and that competition is maintained between Baker Hughes and BJ Services in the United States until the divestiture of the Divestiture Assets under the proposed Final Judgment is accomplished.

III. JURISDICTION AND VENUE

This Court has jurisdiction over the subject matter of this action and over each of the parties hereto and venue of this action is proper in the United States District Court for the District of Columbia.

IV. COMPLIANCE WITH AND ENTRY OF FINAL JUDGMENT

A. The parties stipulate that a Final Judgment in the form attached hereto as Exhibit A may be filed with and entered by the Court, upon the motion of any party or upon the Court's own motion, at any time after compliance with the requirements of the Antitrust Procedures and Penalties Act ("APPA"), 15 U.S.C. § 16, and without further notice to any party or other

proceedings, provided that the United States has not withdrawn its consent, which it may do at any time before the entry of the proposed Final Judgment by serving notice thereof on defendants and by filing that notice with the Court. Defendants agree to arrange, at their expense, publication as quickly as possible of the newspaper notice required by the APPA. The publication shall be arranged no later than five (5) calendar days after Defendants' receipt from the United States of the text of the notice and the identity of the newspaper within which the publication shall be made. Defendants shall promptly send to the United States (1) confirmation that publication of the newspaper notice has been arranged, and (2) the certification of the publication prepared by the newspaper within which the notice was published.

B. Defendants shall abide by and comply with the provisions of the proposed Final Judgment, pending the Judgment's entry by the Court, or until expiration of time for all appeals of any Court ruling declining entry of the proposed Final Judgment, and shall, from the date of the signing of this Stipulation and Order by the parties, comply with all the terms and provisions of the proposed Final Judgment as though the same were in full force and effect as an Order of the Court.

C. Defendants shall not consummate the transaction sought to be enjoined by the Complaint herein before the Court has signed this Stipulation and Order.

D. This Stipulation and Order shall apply with equal force and effect to any amended proposed Final Judgment agreed upon in writing by the parties and submitted to the Court.

E. In the event (1) the United States has withdrawn its consent, as provided in Paragraph IV(A) above, or (2) the proposed Final Judgment is not entered pursuant to this

Stipulation and Order, the time has expired for all appeals of any Court ruling declining entry of the proposed Final Judgment, and the Court has not otherwise ordered continued compliance with the terms and provisions of the proposed Final Judgment, then the parties are released from all further obligations under this Stipulation and Order, and the making of this Stipulation and Order shall be without prejudice to any party in this or any other proceeding.

F. Defendants represent that the divestiture ordered in the proposed Final Judgment can and will be made and that defendants later will raise no claim of mistake, hardship, or difficulty of compliance as grounds for asking the Court to modify any of the provisions contained therein.

G. Defendants shall take no action that would jeopardize, delay, or impede the divestiture required by the proposed Final Judgment, or, if a trustee is appointed pursuant to the Final Judgment, interfere with the ability of the trustee to complete the divestiture pursuant to the Final Judgment to an Acquirer acceptable to the United States.

**V. HOLD SEPARATE AND PRESERVATION OF
DIVESTITURE ASSETS**

For the duration of the period specified in Section VI:

A. Defendant Baker Hughes and Defendant BJ Services shall operate as independent, ongoing, economically viable competitive businesses in the United States separate, distinct and apart from each other. Defendant Baker Hughes may ensure that BJ Services complies with Baker Hughes' policies and procedures relating to compliance with FCPA, environmental, health, safety, human resource, and securities or other laws and regulations.

Within twenty (20) days after the entry of this Stipulation and Order, defendants will inform the United States of the steps they have taken to comply with this Stipulation and Order.

B. Defendants shall not coordinate any aspect of their commercial operations in the United States, including research and development, design, testing, manufacture, bidding, provision of services, marketing or sales, except to the extent such coordination would have occurred in the ordinary course pursuant to any joint venture or other agreements that existed between the Defendants prior to the date of the filing of the Complaint in this matter. Other than as accepted above, Defendants shall take all steps necessary to ensure that;

- (1) the management of BJ Services will not be influenced by Baker Hughes;
- (2) the books, records, competitively sensitive sales, marketing, and pricing information, and decision-making concerning research and development, design, provision of services, bidding, marketing, sales of Baker Hughes and BJ Services in the United States will be kept separate and apart;
- (3) Defendants shall use all reasonable efforts to maintain and increase their respective research and development and sales and revenues in the provision of Stimulation Services and from the sale of Stimulation Fluids and Sand Control Tools; and
- (4) Defendants shall take all steps necessary to ensure that they will both be maintained and operated as ongoing, economically viable, and active competitors in the provision of Stimulation Services, and in the sale of Stimulation Fluids and Sand Control Tools.

C. Baker Hughes shall not, except as part of a divestiture approved by the United States in accordance with the terms of the proposed Final Judgment, remove, sell, lease, assign, transfer, pledge, or otherwise dispose of any asset or assets of the Divestiture Assets.

D. Other than for cause, Defendants shall not transfer or terminate, or alter to the detriment of any employee, any current employment or salary agreements for any Baker Hughes or BJ Services employee who, on the date of entry of this Stipulation and Order, works for Baker Hughes or BJ Services, respectively, and who is subject to the acquirer's right to hire, as set forth in Schedule D to the proposed Final Judgment.

E. Defendants shall take all steps necessary to ensure that the tangible Divestiture Assets and facilities are fully maintained in operable condition at no less than their capability and shall maintain and adhere to normal repair and maintenance schedules.

F. Defendants shall maintain, in accordance with sound accounting principles, separate, accurate, and complete financial ledgers, books, and records that report on a periodic basis, such as the last business day of every month, consistent with past practices, the assets, liabilities, expenses, revenues, and income from their respective United States' operations.

G. Defendants shall take no action that would jeopardize, delay, or impede the sale or use of the Divestiture Assets.

H. Defendants shall take no action that would interfere with the ability of any trustee appointed pursuant to the Final Judgment to complete the divestiture pursuant to the Final Judgment to an Acquirer acceptable to the United States.

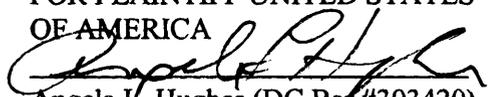
**VI. DURATION OF HOLD SEPARATE AND ASSET
PRESERVATION OBLIGATIONS**

Defendants' obligations under Section V of this Stipulation and Order shall remain in effect until (1) the divestiture of the Divestiture Assets in accordance with the proposed Final Judgment has been completed, or (2) further order of the Court. If the United States voluntarily dismisses the Complaint in this matter, Defendants are released from all further obligations under this Stipulation and Order.

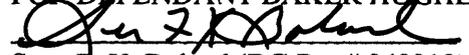
Dated: April 27, 2010

Respectfully submitted,

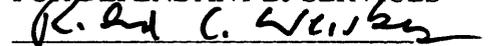
FOR PLAINTIFF UNITED STATES
OF AMERICA


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ORDER

IT IS SO ORDERED by the Court, this _____ day of _____, 2010.

United States District Judge