

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM S-8  
REGISTRATION STATEMENT  
UNDER THE SECURITIES ACT OF 1933

**Baker Hughes, a GE company**  
(Exact name of Registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**81-4403168**  
(I.R.S. Employer  
Identification Number)

**17021 Aldine Westfield Road**  
**Houston, Texas 77073**  
**713-439-8600**  
(Address of Registrant's principal executive offices)

**Baker Hughes, a GE company 2017 Long-Term Incentive Plan**  
**Amended and Restated Baker Hughes Incorporated 2002 Director & Officer Long-Term Incentive Plan**  
**Amended and Restated Baker Hughes Incorporated 2002 Employee Long-Term Incentive Plan**  
**Baker Hughes Incorporated Compensation Deferral Plan (Amendment and Restatement Effective January 1, 2009), as amended**  
(Full title of the plan)

**William D. Marsh, Esq.**  
**Chief Legal Officer**  
**Baker Hughes, a GE company**  
**17021 Aldine Westfield Road**  
**Houston, Texas 77073**  
**713-439-8600**  
(Name, address and telephone number of agent for service)

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer   
Non-accelerated filer  Smaller reporting company   
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act.

**CALCULATION OF REGISTRATION FEE**

<b>Title of Securities to be Registered</b>	<b>Amount to be Registered (1)</b>	<b>Proposed Maximum Offering Price per Share</b>	<b>Proposed Maximum Aggregate Offering Price</b>	<b>Amount of Registration Fee</b>
Class A Common Stock, par value \$0.00001 per share, to be issued under the Baker Hughes, a GE company 2017 Long-Term Incentive Plan	57,400,000	\$36.19(2)	\$2,077,306,000	\$240,759.77(3)
Class A Common Stock, par value \$0.00001 per share, to be issued under the Amended and Restated Baker Hughes Incorporated 2002 Director & Officer Long-Term Incentive Plan	3,905,324(4)	\$36.19(2)	\$141,333,676	\$16,380.57(3)
Class A Common Stock, par value \$0.00001 per share, to be issued under the Amended and Restated Baker Hughes Incorporated 2002 Employee Long-Term Incentive Plan	7,040,864(5)	\$36.19(2)	\$254,808,868	\$29,532.35(3)
Class A Common Stock, par value \$0.00001 per share, to be issued under the Baker Hughes Incorporated Director Compensation Deferral Plan, as amended	16,715(6)	\$36.19(2)	\$604,916	\$70.11(3)

- (1) Pursuant to Rule 416(a) and Rule 416(b) of the Securities Act of 1933, as amended (the "Securities Act"), this Registration Statement shall also cover any additional shares of the Registrant's Class A Common Stock ("Common Stock") in respect of the securities identified in the above table as a result of any stock dividend, stock split, recapitalization or other similar transactions. Pursuant to Rule 416(c) under the Securities Act, this Registration Statement also covers an indeterminate amount of interests to be offered or sold pursuant to the Baker Hughes, a GE company 2017 Long-Term Incentive Plan (the "2017 Plan"), the Amended and Restated Baker Hughes Incorporated 2002 Director & Officer Long-Term Incentive Plan (the "2002 D&O Plan"), the Amended and Restated Baker Hughes Incorporated 2002 Employee Long-Term Incentive Plan (the "2002 Employee Plan") and the Baker Hughes Incorporated Director Compensation Deferral Plan, as amended (the "Director Plan," and together with the 2017 Plan, the 2002 D&O Plan, and the 2002 Employee Plan, the "Plans").
- (2) The Proposed Maximum Offering Price Per Share, estimated in accordance with Rule 457(c) and 457(h) under the Securities Act for purposes of calculating the registration fee, is \$36.19, which was determined based on the average of the high and the low prices of common stock of Baker Hughes Incorporated as reported on the New York Stock Exchange on June 27, 2017, minus a special cash dividend of \$17.50 per share.
- (3) Estimated solely for the purpose of computing the registration fee pursuant to Rule 457(a) under the Securities Act.
- (4) Represents shares issuable pursuant to outstanding awards of restricted stock, restricted stock units and stock options granted under the 2002 D&O Plan.
- (5) Represents shares issuable pursuant to outstanding restricted stock, restricted stock units and stock options granted under the 2002 Employee Plan.
- (6) Represents shares issuable pursuant to outstanding stock options granted under the Director Plan.

## PART I

### INFORMATION REQUIRED IN THE SECTION 10(a) PROSPECTUS

The information required by Item 1 and Item 2 of Part I of Form S-8 is omitted from this filing in accordance with Rule 428 under the Securities Act and the introductory note to Part I of Form S-8. The documents containing the information specified in Part I will be delivered to the participants in the Plans covered by this Registration Statement as required by Rule 428(b)(1) under the Securities Act.

## PART II

### INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

#### Introductory Statement

The Registrant is filing this Registration Statement on Form S-8 with respect to up to 57,400,000 of its shares of Common Stock issuable in connection with the 2017 Plan, up to 3,905,324 of its shares of Common Stock issuable in connection with the 2002 D&O Plan, up to 7,040,864 of its shares of Common Stock issuable in connection with the 2002 Employee Plan and up to 16,715 of its shares of Common Stock issuable in connection with the Director Plan.

On July 3, 2017, pursuant to the terms of the Transaction Agreement and Plan of Merger, dated as of October 30, 2016, among General Electric Company (“GE”), Baker Hughes Incorporated (“Baker Hughes”), the Registrant (which was known as “Bear Newco, Inc.” and was renamed “Baker Hughes, a GE company”) and Bear MergerSub, Inc., as amended by the Amendment to Transaction Agreement and Plan of Merger, dated as of March 27, 2017, among GE, Baker Hughes, the Registrant, Bear MergerSub, Inc., BHI Newco, Inc. and Bear MergerSub 2, Inc. (as it may be further amended from time to time, the “Transaction Agreement”), the transactions contemplated by the Transaction Agreement (the “Transactions”) were consummated. As a result of the Transactions, and subject to the same terms and conditions as applied immediately prior to the Transactions, (A) each restricted share of Baker Hughes’ common stock, par value \$1.00 per share (“Baker Hughes Common Stock”) outstanding prior to the Transactions was converted into the right to receive one restricted share of Common Stock (the “Registrant Restricted Stock”), (B) each option to purchase shares of Baker Hughes Common Stock outstanding prior to the Transactions was converted into an option to acquire Common Stock (the “Registrant Option”), and (C) each restricted stock unit outstanding prior to the Transactions was converted into a restricted stock unit with respect to Common Stock (the “Registrant Restricted Stock Unit”). Following each of those conversions, a special dividend in an amount equal to \$17.50 per share (the “Dividend”) was applied to each share of Registrant Restricted Stock and each Registrant Restricted Stock Unit, and the exercise price per share of each Registrant Option was reduced by the per share amount of the Dividend.

#### **Item 3. Incorporation of Documents by Reference.**

The following documents filed with the Securities and Exchange Commission (the “Commission”) are incorporated as of their respective dates in this Registration Statement by reference.

- (a) the Registrant’s prospectus, dated May 30, 2017 (the “Prospectus”), filed with the Commission pursuant to Rule 424(b) promulgated under the Securities Act in connection with the registration statement on Form S-4, as amended (File No. 333-2126991);
  - (b) the description of the Registrant’s Class A Common Stock, par value \$0.0001 per share, included under the caption “Description of New Baker Hughes Capital Stock” in the prospectus forming a part of the Registrant’s Registration Statement on Form S-4, initially filed with the Commission on March 29, 2017 (File No. 333-2126991), including exhibits, and as amended; and
  - (c) the current reports on Form 8-K filed with the Commission on July 3, 2017, and any amendment or report filed updating such Forms.
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All other documents subsequently filed by the Registrant pursuant to Section 13(a), 13(c), 14 and 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act") prior to the filing of a post-effective amendment to this Registration Statement that indicates that all securities offered have been sold or that deregisters all securities then remaining unsold, shall be deemed to be incorporated by reference in this Registration Statement and to be a part hereof from the date of filing of such documents. Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Registration Statement to the extent that a statement contained herein or in any other subsequently filed document that also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Registration Statement.

**Item 4. Description of Securities.**

Not applicable.

**Item 5. Interests of Named Experts and Counsel.**

Not applicable.

**Item 6. Indemnification of Directors and Officers.**

The Registrant's certificate of incorporation and bylaws contain provisions indemnifying its directors and officers to the fullest extent permitted by law. The Registrant plans to enter into indemnification agreements with each of its directors and executive officers which, in some cases, may be broader than the specific indemnification provisions contained under Delaware law.

In addition, as permitted by Delaware law, the Registrant's certificate of incorporation provides that no director will be liable to the Registrant or its stockholders for monetary damages for breach of fiduciary duty as a director. The effect of this provision is to restrict the Registrant's rights and the rights of its stockholders in derivative suits to recover monetary damages against a director for breach of fiduciary duty as a director, except that a director will be personally liable for: (a) any breach of his or her duty of loyalty to the Registrant or its stockholders; (b) acts or omissions not in good faith which involve intentional misconduct or a knowing violation of law; (c) the payment of dividends or the redemption or purchase of stock in violation of Delaware law; or (d) any transaction from which the director derived an improper personal benefit. This provision does not affect a director's liability under the federal securities laws. To the extent the Registrant's directors, officers and controlling persons are indemnified under the provisions contained in the Registrant's certificate of incorporation, the Registrant's bylaws, Delaware law or contractual arrangements against liabilities arising under the Securities Act, the Registrant has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

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**Item 7. Exemption from Registration Claimed.**

Not applicable.

**Item 8. Exhibits.**

See attached Exhibit list.

**Item 9. Undertakings.**

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement; *provided, however*, that paragraphs (i) and (ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Commission by the Registrant pursuant to Section 13 or 15(d) of the Exchange Act that are incorporated by reference in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

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(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the Registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

The undersigned Registrant further undertakes that, insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

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**SIGNATURES**

**The Registrant.** Pursuant to the requirements of the Securities Act, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Houston, Texas on July 3, 2017.

Baker Hughes, a GE company

By: /s/ Lorenzo Simonelli

Name: Lorenzo Simonelli

Title: President & Chief Executive Officer

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**POWER OF ATTORNEY**

Each person whose signature appears below constitutes and appoints, Brian Worrell, William Marsh and Lee Whitley, each of them severally, his or her true and lawful attorneys-in-fact and agents, each of whom may act alone, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Registration Statement on Form S-8, and to sign any related registration statement that is to be effective upon filing pursuant to Rule 462(b) promulgated under the Securities Act of 1933, as amended, and all post-effective amendments thereto, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or his or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on the 3rd day of July, 2017.

<b>Signature</b>	<b>Title</b>
<u>/s/ Lorenzo Simonelli</u> Lorenzo Simonelli	President & Chief Executive Officer, Director (Principal Executive Officer)
<u>/s/ Brian Worrell</u> Brian Worrell	Chief Financial Officer (Principal Financial Officer)
<u>/s/ Kurt Camilleri</u> Kurt Camilleri	Vice President, Controller & Chief Accounting Officer (Principal Accounting Officer)
<u>/s/ Jeffrey R. Immelt</u> Jeffrey R. Immelt	Director
<u>/s/ Martin S. Craighead</u> Martin S. Craighead	Director
<u>W. Geoffrey Beattie</u>	Director

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/s/ Gregory D. Brenneman  
Gregory D. Brenneman Director

/s/ Clarence P. Cazalot, Jr.  
Clarence P. Cazalot, Jr. Director

/s/ Lynn L. Elsenhans  
Lynn L. Elsenhans Director

/s/ Jamie S. Miller  
Jamie S. Miller Director

/s/ James J. Mulva  
James J. Mulva Director

/s/ J. Larry Nichols  
J. Larry Nichols Director

/s/ John G. Rice  
John G. Rice Director

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Exhibit Index

The following exhibits are filed as part of this Registration Statement:

<b>Exhibit No.</b>	<b>Description of Document</b>
3.1	Amended and Restated Certificate of Incorporation of Baker Hughes, a GE company effective as of July 3, 2017 (incorporated by reference to Exhibit 3.1 of the Registrant's Form 8-K filed with the Securities and Exchange Commission on July 3, 2017)
3.2	Amended and Restated Bylaws of Baker Hughes, a GE company (incorporated by reference to Exhibit 3.2 of the Registrant's Form 8-K filed with the Securities and Exchange Commission on July 3, 2017)
4.1	Baker Hughes, a GE company Long Term Incentive Plan*
4.2	Amended and Restated Baker Hughes Incorporated 2002 Director & Officer Long-Term Incentive Plan*
4.3	Amended and Restated Baker Hughes Incorporated 2002 Employee Long-Term Incentive Plan*
4.4	Baker Hughes Incorporated Director Compensation Deferral Plan (Amendment and Restatement Effective January 1, 2009), as amended*
5	Opinion of Shearman & Sterling LLP regarding the legality of the securities being offered hereby*
23.1	Consent of Deloitte & Touche LLP*
23.2	Consent of KPMG S.p.A.*
23.3	Consent of Shearman & Sterling LLP (contained in Exhibit 5)*
24	Power of Attorney (included as part of the signature pages to this Registration Statement)*

\* Filed herewith

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**Baker Hughes, a GE company 2017 Long-Term Incentive Plan****SECTION 1. PURPOSE**

The purposes of this Baker Hughes, a GE company 2017 Long-Term Incentive Plan (the “Plan”) are to encourage selected Employees and Directors of Baker Hughes, a GE company (together with any successor thereto, the “Company”) and its Subsidiaries (as defined below) to acquire a proprietary interest in the growth and performance of the Company, to generate an increased incentive to contribute to the Company’s future success and prosperity, thus enhancing the value of the Company for the benefit of its stockholders, and to enhance the ability of the Company and its Subsidiaries to attract and retain exceptionally qualified individuals upon whom, in large measure, the sustained progress, growth and profitability of the Company depend.

**SECTION 2. DEFINITIONS**

As used in the Plan, the following terms shall have the meanings set forth below:

- (a) “Affiliate” shall mean any entity that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, the Company or General Electric Company.
  - (b) “Award” shall mean any Option, Stock Appreciation Right, Restricted Stock, Restricted Stock Unit, Performance Award, Dividend Equivalent, or Other Stock-Based Award granted under the Plan.
  - (c) “Award Agreement” shall mean any written agreement, contract, or other instrument or document, including an electronic communication, as may from time to time be designated by the Company as evidencing any Award granted under the Plan.
  - (d) “Board” shall mean the Board of Directors of the Company, as constituted from time to time.
  - (e) “Cause” shall mean: (i) If the Participant is a party to an agreement with the Company or an Affiliate and such agreement provides for a definition of Cause, the definition contained therein; (ii) If no such agreement exists: (A) the Participant’s material failure to perform his or her employment duties for the Company or an Affiliate (other than any such failure resulting from incapacity due to physical or mental illness); (B) the Participant’s willful engagement in dishonesty, illegal conduct or gross misconduct, which is, in each case, materially injurious to the Company or its Affiliates; (C) the Participant’s embezzlement, misappropriation or fraud, whether or not related to the Participant’s employment with the Company or its Affiliates; (D) the Participant’s conviction of or plea of guilty or nolo contendere to a crime that constitutes a felony (or state law equivalent) or a crime that constitutes a misdemeanor involving moral turpitude, if such felony or other crime is work-related, materially impairs the Participant’s ability to perform services for the Company or its Affiliates or results in material harm to the Company or its Affiliates; or (E) any other act or omission that constitutes Cause, as determined in the reasonable, good faith discretion of the Committee.
  - (f) “Change in Control” shall mean: (i) any person (as such term is used in Section 13(d) of the Exchange Act) or persons acting together in a manner which would constitute such persons a “group” for purposes of Section 13(d) of the Exchange Act acquires and “beneficially owns” (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, at least 50% of the total voting power represented by the Company’s then-outstanding voting securities; provided, however, that for purposes of this clause (i), the following acquisitions shall not constitute a Change in Control: (A) any acquisition directly from the Company, (B) any acquisition by the Company, General Electric Company or any of their Affiliates, or (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any of its Affiliates; (ii) the consummation of a merger or consolidation of the Company with any other entity, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least 50% of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation; or (iii) there is consummated a sale or disposition by the Company of all or substantially all of the Company’s assets, other than a sale or disposition by the Company of all or substantially all of the Company’s assets to an entity, at least 50% of the combined voting power of the voting securities of which are owned by stockholders of the Company in substantially the same proportions as their ownership of the Company immediately prior to such sale.
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Notwithstanding the foregoing, any direct or indirect spin-off, split-off or similar transaction involving Company securities by any stockholder of the Company to its stockholders, including pursuant to a Permitted Spin Transaction (as defined in the Amended & Restated Operating Agreement of Newco LLC), shall not constitute a Change in Control. With respect to an Award that is subject to Section 409A and for which payment or settlement of the Award will accelerate upon a Change in Control, no event set forth herein will constitute a Change in Control for purposes of the Plan unless such event also constitutes a “change in ownership,” “change in effective control,” or “change in the ownership of a substantial portion of the Company’s assets” as defined under Section 409A.

- (g) “Code” shall mean the Internal Revenue Code of 1986, as amended from time to time.
  - (h) “Committee” shall mean a committee of the Board acting in accordance with the provisions of Section 3, designated by the Board to administer the Plan. To the extent necessary to comply with applicable regulatory regimes, any action by the Committee will require the approval of Committee members who are: (i) “non-employee directors” as defined in Rule 16b-3 of the Securities Exchange Act of 1934, as amended and (ii) “outside directors” as defined in Section 162(m) of the Code. The Board is responsible for administering the Plan as it relates to any Award provided to a Director. For purposes of the Plan, reference to the Committee shall be deemed to refer to any subcommittee, subcommittees, or other persons or groups of persons to whom the Committee delegates authority pursuant to Section 3(b).
  - (i) “Director” shall mean any member of the Board who is not an Employee at the time of receiving an Award under the Plan.
  - (j) “Dividend Equivalent” shall mean any right granted under Section 6(e) of the Plan.
  - (k) “Employee” shall mean any employee of the Company or of any Affiliate.
  - (l) “Fair Market Value” shall mean, with respect to any Shares or other securities, the closing price of a Share on the date as of which the determination is being made or as otherwise determined in a manner specified by the Committee.
  - (m) “Incentive Stock Option” shall mean an option granted under Section 6(a) of the Plan that is intended to meet the requirements of Section 422 of the Code, or any successor provision thereto.
  - (n) “Non-Qualified Stock Option” shall mean an option granted under Section 6(a) of the Plan that is not intended to be an Incentive Stock Option.
  - (o) “Option” shall mean an Incentive Stock Option or a Non-Qualified Stock Option.
  - (p) “Other Stock-Based Award” shall mean any right, including a Deferred Stock Unit, granted under Section 6(f) of the Plan.
  - (q) “Participant” shall mean an Employee or Director designated to be granted an Award under the Plan.
  - (r) “Performance Award” shall mean any right granted under Section 6(d) of the Plan.
  - (s) “Performance Criteria” shall mean any quantitative and/or qualitative measures, as determined by the Committee, which may be used to measure the level of performance of the Company or any individual Participant during a Performance Period, including any Qualifying Performance Criteria.
  - (t) “Performance Period” shall mean any period as determined by the Committee in its sole discretion.
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- (u) "Person" shall mean any individual, corporation, partnership, association, joint-stock company, trust, unincorporated organization, or government or political subdivision thereof.
- (v) "Qualifying Performance Criteria" shall mean one or more of the following performance criteria, either individually, alternatively or in any combination, applied to either the company as a whole or to a business unit or related company, and measured either annually or cumulatively over a period of years, on an absolute basis or relative to a pre-established target, to a previous year's results or to a designated comparison group, in each case as specified by the Committee in the Award: net earnings; earnings per share; net income (before or after taxes); stock price (including growth measures and total shareholder return); return measures (including return on net capital employed, return on assets, return on equity, or sales return); earnings before or after interest, taxes, depreciation and/or amortization; dividend payments; gross revenues; gross margins; expense targets; cash flow return on investments, which equals net cash flows divided by owner's equity; internal rate of return or increase in net present value; working capital targets relating to inventory or accounts receivable; planning accuracy (as measured by comparing planned results to actual results); net sales growth; net operating profit; cash flow (including operating cash flow and free cash flow); and operating margin, subject to adjustment by the Committee to remove the effect of charges for restructurings, discontinued operations and all items of gain, loss or expense determined to be unusual in nature or infrequent in occurrence, related to the disposal of a segment or a business, or related to a change in accounting principle or otherwise.
- (w) "Restricted Stock" shall mean any award of Shares granted under Section 6(c) of the Plan.
- (x) "Restricted Stock Unit" shall mean any right granted under Section 6(c) of the Plan that is denominated in Shares.
- (y) "Shares" shall mean the Class A common shares, of the Company, \$0.0001 par value, and such other securities as may become the subject of Awards, or become subject to Awards, pursuant to an adjustment made under Section 4(b) of the Plan.
- (z) "Stock Appreciation Right" shall mean any right granted under Section 6(b) of the Plan.
- (aa) "Subsidiary" shall mean (i) any entity that, directly or through one or more intermediaries, is controlled by the Company, and (ii) any entity in which the Company has a significant equity interest, as determined by the Committee.

### **SECTION 3. ADMINISTRATION**

Except as otherwise provided herein, the Plan shall be administered by the Committee, which shall have the power to interpret the Plan and to adopt such rules and guidelines for implementing the terms of the Plan as it may deem appropriate. The Committee shall have the ability to modify the Plan provisions, to the extent necessary, or delegate such authority, to accommodate any law or regulation in jurisdictions in which Participants will receive Awards.

- (a) Subject to the terms of the Plan and applicable law, the Committee shall have full power and authority to:
    - i. designate Participants;
    - ii. determine the type or types of Awards to be granted to each Participant under the Plan and grant Awards to such Participants;
    - iii. determine the number of Shares to be covered by (or with respect to which payments, rights, or other matters are to be calculated in connection with) Awards;
    - iv. determine the terms and conditions of any Award and of Award Agreements, and verify the extent of satisfaction of any performance goals or other conditions applicable to the grant, issuance, exercisability, vesting and/or ability to retain any Award;
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- v. determine whether, to what extent, and under what circumstances Awards may be settled or exercised in cash, Shares, other securities, or other Awards, or canceled, forfeited, or suspended, and the method or methods by which Awards may be settled, exercised, canceled, forfeited, or suspended;
  - vi. determine whether, to what extent, and under what circumstances cash, Shares, other securities, other Awards, and other amounts payable with respect to an Award under the Plan shall be deferred either automatically or at the election of the holder thereof or of the Committee;
  - vii. interpret and administer the Plan and any instrument or agreement relating to, or Award made under, the Plan;
  - viii. establish, amend, suspend, or waive such rules and guidelines;
  - ix. appoint such agents as it shall deem appropriate for the proper administration of the Plan;
  - x. make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Plan; and
  - xi. correct any defect, supply any omission, or reconcile any inconsistency in the Plan or any Award in the manner and to the extent it shall deem desirable to carry the Plan into effect.
- (b) Unless otherwise expressly provided in the Plan, all designations, determinations, interpretations, and other decisions under or with respect to the Plan or any Award shall be within the sole discretion of the Committee, may be made at any time, and shall be final, conclusive, and binding upon all Persons, including the Company, any Affiliate, any Participant, any holder or beneficiary of any Award, any stockholder, and any employee of the Company or of any Affiliate. Actions of the Committee may be taken by:
- i. the Chairman of the Committee;
  - ii. a subcommittee, designated by the Committee;
  - iii. the Committee but with one or more members abstaining or recusing himself or herself from acting on the matter, so long as two or more members remain to act on the matter. Such action, authorized by the Chairman, such a subcommittee or by the Committee (whether upon the abstention or recusal of such members or otherwise), shall be the action of the Committee for purposes of the Plan; or
  - iv. one or more officers or managers of the Company or any Subsidiary, or a committee of such officers or managers whose authority is subject to such terms and limitations set forth by the Committee, and only with respect to Employees who are not officers or directors of the Company for purposes of Section 16 of the Securities Exchange Act of 1934, as amended. This delegation shall include modifications necessary to accommodate changes in the laws or regulations of jurisdictions outside the U.S.

#### **SECTION 4. SHARES AVAILABLE FOR AWARDS**

- (a) **SHARES AVAILABLE.** Subject to adjustment as provided in Section 4(b):
- i. The total number of Shares reserved and available for delivery pursuant to Awards granted under the Plan shall be 57,400,000. If any Shares covered by an Award granted under the Plan, or to which such an Award or award relates, are forfeited, or if an Award or award otherwise terminates without the delivery of Shares or of other consideration, then the Shares covered by such Award or award, or to which such Award or award relates, or the number of Shares otherwise counted against the aggregate number of Shares available under the Plan with respect to such Award or award, to the extent of any such forfeiture or termination, shall again be available for granting Awards under the Plan. Notwithstanding the foregoing, but subject to adjustment as provided in Section 4(b), all Shares shall be available for delivery pursuant to the exercise of Incentive Stock Options
  - ii. **ACCOUNTING FOR AWARDS.** For purposes of this Section 4,
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- A. If an Award (other than a Dividend Equivalent) is denominated in Shares, the number of Shares covered by such Award, or to which such Award relates, shall be counted on the date of grant of such Award against the aggregate number of Shares available for granting Awards under the Plan;
  - B. Dividend Equivalents denominated in Shares and Awards not denominated, but potentially payable, in Shares shall be counted against the aggregate number of Shares available for granting Awards under the Plan in such amount and at such time as the Dividend Equivalents and such Awards are settled in Shares, PROVIDED, HOWEVER, that Awards that operate in tandem with (whether granted simultaneously with or at a different time from), or that are substituted for, other Awards may only be counted once against the aggregate number of shares available, and the Committee shall adopt procedures, as it deems appropriate, in order to avoid double counting. Any Shares that are delivered by the Company, and any Awards that are granted by, or become obligations of, the Company through the assumption by the Company or an Subsidiary of, or in substitution for, outstanding awards previously granted by an acquired company, shall not be counted against the Shares available for granting Awards under this Plan; and
  - C. Notwithstanding anything herein to the contrary, any Shares related to Awards which terminate by expiration, forfeiture, cancellation, or otherwise without the issuance of such Shares, are settled in cash in lieu of Shares, or, subject to Section 6(h)(ix), are exchanged with the Committee's permission, prior to the issuance of Shares, for Awards not involving Shares, shall be available again for grant under this Plan. Shares subject to an Award under the Plan may not again be made available for issuance under the Plan if such Shares are: (w) Shares delivered to or withheld by the Company to pay taxes on Awards other than Options or Stock Appreciation Rights, (x) Shares that were subject to an Option or a stock-settled Stock Appreciation Right and were not issued upon the net settlement or net exercise of such Option or Stock Appreciation Right, (y) Shares delivered to or withheld by the Company to pay the exercise price or the withholding taxes under Options or Stock Appreciation Rights, or (z) Shares repurchased on the open market with the proceeds of an Option exercise.
- iii. SOURCES OF SHARES DELIVERABLE UNDER AWARDS. Any Shares delivered pursuant to an Award may consist, in whole or in part, of authorized and unissued Shares or of treasury Shares.

(b) ADJUSTMENTS.

- i. In the event that the Committee shall determine that any dividend or other distribution (whether in the form of cash, Shares, or other securities), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Shares or other securities of the Company, issuance of warrants or other rights to purchase Shares or other securities of the Company, or other similar corporate transaction or event constitutes an equity restructuring transaction, as that term is defined in Accounting Standards Codification Topic 718 (or any successor thereto) or otherwise affects the Shares, then the Committee shall adjust the following in a manner that is determined by the Committee to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan:
    - A. the number and type of Shares or other securities which thereafter may be made the subject of Awards including the limit specified in Section 4(a)(i) regarding the number of shares that may be granted in the form of Restricted Stock, Restricted Stock Units, Performance Awards, or Other Stock-Based Awards;
    - B. the number and type of Shares or other securities subject to outstanding Awards;
    - C. the number and type of Shares or other securities specified as the annual per-participant limitation under Section 6(h)(v) and (vi);
    - D. the grant, purchase, or exercise price with respect to any Award, or, if deemed appropriate, make provision for a cash payment to the holder of an outstanding Award; and
    - E. other value determinations applicable to outstanding awards.
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PROVIDED, HOWEVER, in each case, that with respect to Awards of Incentive Stock Options no such adjustment shall be authorized to the extent that such adjustment would cause the Plan to violate Section 422(b)(1) of the Code or any successor provision thereto; and PROVIDED FURTHER, HOWEVER, that the number of Shares subject to any Award denominated in Shares shall always be a whole number.

- ii. ADJUSTMENTS OF AWARDS UPON CERTAIN ACQUISITIONS. In the event the Company or any Subsidiary shall assume outstanding employee awards or the right or obligation to make future such awards in connection with the acquisition of another business or another corporation or business entity, the Committee may make such adjustments, not inconsistent with the terms of the Plan, in the terms of Awards as it shall deem appropriate in order to achieve reasonable comparability or other equitable relationship between the assumed awards and the Awards granted under the Plan as so adjusted.
- iii. ADJUSTMENTS OF AWARDS UPON THE OCCURRENCE OF CERTAIN UNUSUAL OR NONRECURRING EVENTS. The Committee shall be authorized to make adjustments in the terms and conditions of, and the criteria included in, Awards in recognition of unusual or nonrecurring events affecting the Company, any Subsidiary, or the financial statements of the Company or any Subsidiary, or of changes in applicable laws, regulations, or accounting principles, whenever the Committee determines that such adjustments are appropriate in order to prevent dilution or enlargement of the benefits or potential benefits to be made available under the Plan.

## **SECTION 5. ELIGIBILITY**

Any Employee, including any officer or employee-director of the Company or of any Subsidiary, or Director shall be eligible to be designated a Participant.

## **SECTION 6. AWARDS**

- (a) OPTIONS. The Committee is hereby authorized to grant Options to Participants with the following terms and conditions and with such additional terms and conditions, in either case not inconsistent with the provisions of the Plan, as the Committee shall determine:
    - i. EXERCISE PRICE. The purchase price per Share purchasable under an Option shall be determined by the Committee; provided, however, and except as provided in Section 4(b), that such purchase price shall not be less than 100% of the Fair Market Value of a Share on the date of grant of such Option.
    - ii. OPTION TERM. The term of each Option shall not exceed ten (10) years from the date of grant.
    - iii. TIME AND METHOD OF EXERCISE. The Committee shall establish in the applicable Award Agreement the time or times at which an Option may be exercised in whole or in part, and the method or methods by which, and the form or forms, including, without limitation, cash, Shares, or other Awards, or any combination thereof, having a Fair Market Value on the exercise date equal to the relevant exercise price, in which, payment of the exercise price with respect thereto may be made or deemed to have been made.
    - iv. INCENTIVE STOCK OPTIONS. The terms of any Incentive Stock Option granted under the Plan shall be designed to comply in all respects with the provisions of Section 422 of the Code, or any successor provision thereto, and any regulations promulgated thereunder. For the avoidance of doubt, Incentive Stock Options shall not be granted to Directors. Notwithstanding anything in this Section 6(a) to the contrary, Options designated as Incentive Stock Options shall not be eligible for treatment under the Code as Incentive Stock Options (and will be deemed to be Non-Qualified Stock Options) to the extent that either (1) the aggregate Fair Market Value of Shares (determined as of the time of grant) with respect to which such Options are exercisable for the first time by the Participant during any calendar year (under all plans of the Company and any subsidiary) exceeds \$100,000, taking Options into account in the order in which they were granted, or (2) such Options otherwise remain exercisable but are not exercised within three (3) months of termination of employment (or such other period of time provided in Section 422 of the Code).
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- (b) STOCK APPRECIATION RIGHTS. The Committee is hereby authorized to grant Stock Appreciation Rights to Participants. Subject to the terms of the Plan and any applicable Award Agreement, a Stock Appreciation Right granted under the Plan shall confer on the holder thereof a right to receive, upon exercise thereof, the excess of (1) the Fair Market Value of one Share on the date of exercise over (2) the grant price of the right as specified by the Committee.
- i. GRANT PRICE. The grant price per share of each Stock Appreciation Right shall be determined by the Committee, provided, however, and except as provided in Section 4(b), that such price shall not be less than 100% of the Fair Market Value of one Share on the date of grant of the Stock Appreciation Right, except that if a Stock Appreciation Right is at any time granted in tandem to an Option, the grant price of the Stock Appreciation Right shall not be less than the exercise price of such Option.
  - ii. TERM. The term of each Stock Appreciation Right shall not exceed ten (10) years from the date of grant.
  - iii. TIME AND METHOD OF EXERCISE. The Committee shall establish in the applicable Award Agreement the time or times at which a Stock Appreciation Right may be exercised in whole or in part.
- (c) RESTRICTED STOCK AND RESTRICTED STOCK UNITS.
- i. ISSUANCE. The Committee is hereby authorized to grant Awards of Restricted Stock and Restricted Stock Units to Participants.
  - ii. RESTRICTIONS. Awards of Restricted Stock and Restricted Stock Units shall be subject to such restrictions as the Committee may establish in the applicable Award Agreement (including, without limitation, any limitation on the right to vote a Share of Restricted Stock or the right to receive any dividend or other right), which restrictions may lapse separately or in combination at such time or times, in such installments or otherwise, as the Committee may deem appropriate. Unrestricted Shares, evidenced in such manner as the Committee shall deem appropriate, shall be delivered to the holder of Restricted Stock promptly after such restrictions have lapsed.
  - iii. REGISTRATION. Any Restricted Stock or Restricted Stock Units granted under the Plan may be evidenced in such manner as the Committee may deem appropriate, including, without limitation, book-entry registration or issuance of a stock certificate or certificates. In the event any stock certificate is issued in respect of Shares of Restricted Stock granted under the Plan, such certificate shall be registered in the name of the Participant and shall bear an appropriate legend referring to the terms, conditions, and restrictions applicable to such Restricted Stock.
  - iv. FORFEITURE. Upon termination of employment during the applicable restriction period, except as determined otherwise by the Committee, all Shares of Restricted Stock and all Restricted Stock Units still, in either case, subject to restriction shall be forfeited and reacquired by the Company.
- (d) PERFORMANCE AWARDS. The Committee is hereby authorized to grant Performance Awards to Participants. Performance Awards include arrangements under which the grant, issuance, retention, exercisability, vesting and/or transferability of any Award is subject to such Performance Criteria and such additional conditions or terms as the Committee may designate. Subject to the terms of the Plan and any applicable Award Agreement, a Performance Award granted under the Plan:
- i. may be denominated or payable in cash, Shares (including, without limitation, Restricted Stock), other securities, or other Awards; and
  - ii. shall confer on the holder thereof rights valued as determined by the Committee and payable to, or exercisable by, the holder of the Performance Award, in whole or in part, upon the achievement of such performance goals during such Performance Periods as the Committee shall establish.
- (e) DIVIDEND EQUIVALENTS. The Committee is hereby authorized to grant to Participants Awards (other than Options and Stock Appreciation Rights) under which the holders thereof shall be entitled to receive payments equivalent to dividends or interest with respect to a number of Shares determined by the Committee, and the Committee may provide that such amounts (if any) shall be deemed to have been reinvested in additional Shares and paid out only on and when Shares actually vest, are earned or are received under such Awards. Subject to the terms of the Plan and any applicable Award Agreement, such Awards may have such terms and conditions as the Committee shall determine.
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- (f) OTHER STOCK-BASED AWARDS. The Committee is hereby authorized to grant to Participants such other Awards, including, but not limited to, Deferred Stock Units, that are denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to, Shares (including, without limitation, securities convertible into Shares), as are deemed by the Committee to be consistent with the purposes of the Plan, provided, however, that such grants must comply with applicable law. Subject to the terms of the Plan and any applicable Award Agreement, the Committee shall determine the terms and conditions of such Awards. Shares or other securities delivered pursuant to a purchase right granted under this Section 6(f) shall be purchased for such consideration, which may be paid by such method or methods and in such form or forms, including, without limitation, cash, Shares, other securities, or other Awards, or any combination thereof, as the Committee shall determine, the value of which consideration, as established by the Committee, and except as provided in Section 4(b), shall not be less than the Fair Market Value of such Shares or other securities as of the date such purchase right is granted.
- (g) CHANGE IN CONTROL
- i. In the event of a Change in Control, the Committee, in its sole discretion, may take such actions, if any, as it deems necessary or desirable with respect to any Award that is outstanding. Such actions may include, without limitation: (a) the acceleration of the vesting, settlement and/or exercisability of an Award; (b) the payment of a cash amount in exchange for the cancellation of an Award; (c) the cancellation of Options and/or Stock Appreciation Rights without the payment of consideration therefor if the exercise price of such Options and/or Stock Appreciation Rights equals or exceeds the price paid for a Share in connection with the Change in Control; and/or (d) the issuance of substitute Awards that substantially preserve the value, rights and benefits of any affected Awards.
- (h) GENERAL.
- i. NO CASH CONSIDERATION FOR AWARDS. Awards shall be granted for no cash consideration or for such minimal cash consideration as may be required by applicable law.
- ii. AWARDS MAY BE GRANTED SEPARATELY OR TOGETHER. Awards may, in the discretion of the Committee, be granted either alone or in addition to, in tandem with, or in substitution for any other Award or any award granted under any other plan of the Company or any Subsidiary. Awards granted in addition to or in tandem with other Awards, or in addition to or in tandem with awards granted under any other plan of the Company or any Subsidiary, may be granted either at the same time as or at a different time from the grant of such other Awards or awards.
- iii. FORMS OF PAYMENT UNDER AWARDS. Subject to the terms of the Plan and of any applicable Award Agreement, payments or transfers to be made by the Company or a Subsidiary upon the grant, exercise, or payment of an Award may be made in such form or forms as the Committee shall determine, including, without limitation, cash, Shares, rights in or to Shares issuable under the Award or other Awards, other securities, or other Awards, or any combination thereof, and may be made in a single payment or transfer, in installments, or on a deferred basis, in each case in accordance with rules and procedures established by the Committee. Such rules and procedures may include, without limitation, provisions for the payment or crediting of reasonable interest on installment or deferred payments or the grant or crediting of Dividend Equivalents in respect of installment or deferred payments.
- iv. LIMITS ON TRANSFER OF AWARDS. Except as provided by the Committee, no Award and no right under any such Award, shall be assignable, alienable, saleable, or transferable by a Participant otherwise than by will or by the laws of descent and distribution provided, however, that, if so determined by the Committee, a Participant may, in the manner established by the Committee, designate a beneficiary or beneficiaries to exercise the rights of the Participant with respect to any Award upon the death of the Participant. Each Award, and each right under any Award, shall be exercisable, during the Participant's lifetime, only by the Participant or, if permissible under applicable law, by the Participant's guardian or legal representative. No Award and no right under any such Award, may be pledged, alienated, attached, or otherwise encumbered, and any purported pledge, alienation, attachment, or encumbrance thereof shall be void and unenforceable against the Company or any Affiliate.
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- v. PER-PERSON LIMITATION ON OPTIONS AND SARs. The number of Shares with respect to which Options and Stock Appreciation Rights may be granted under the Plan during any one-year period to an individual Participant shall not exceed 3,000,000 Shares, subject to adjustment as provided in Section 4(b).
  - vi. PER-PERSON LIMITATION ON CERTAIN AWARDS. Other than Options and Stock Appreciation Rights, the aggregate number of Shares with respect to which Restricted Stock, Restricted Stock Units, Performance Awards and Other Stock-Based Awards may be granted under the Plan during any one-year period to an individual Participant shall not exceed 1,000,000 Shares, subject to adjustment as provided in Section 4(b). The aggregate dollar amount that may be paid under the Plan during any one-year period to an individual Participant pursuant to any Performance Awards denominated in cash shall not exceed \$20,000,000. With respect to any Director, the aggregate dollar value of (A) any Awards granted under the Plan (based on the grant date fair value of Awards as determined for financial reporting purposes) and (B) any cash or other compensation that is not equity-based and that is paid by the Company with respect to the Director's service as a Director for any fiscal year may not exceed \$1,500,000. The Committee may make exceptions to the foregoing limit for a Director or committee of Directors, as it may determine in its discretion, provided that (C) the aggregate dollar value of any such additional compensation may not exceed \$1,000,000 for the fiscal year and (D) the Director receiving such additional compensation does not participate in the decision to award such compensation.
  - vii. CONDITIONS AND RESTRICTIONS UPON SECURITIES SUBJECT TO AWARDS. The Committee may provide that the Shares issued upon exercise of an Option or Stock Appreciation Right or otherwise subject to or issued under an Award shall be subject to such further agreements, restrictions, conditions or limitations as the Committee in its discretion may specify prior to the exercise of such Option or Stock Appreciation Right or the grant, vesting or settlement of such Award, including without limitation, conditions on vesting or transferability and forfeiture or repurchase provisions or provisions on payment of taxes arising in connection with an Award. Without limiting the foregoing, such restrictions may address the timing and manner of any resales by the Participant or other subsequent transfers by the Participant of any Shares issued under an Award, including without limitation: (A) restrictions under an insider trading policy or pursuant to applicable law, (B) restrictions designed to delay and/or coordinate the timing and manner of sales by Participant and holders of other Company equity compensation arrangements, (C) restrictions as to the use of a specified brokerage firm for such resales or other transfers and (D) provisions requiring Shares to be sold on the open market or to the Company in order to satisfy tax withholding or other obligations.
  - viii. SHARE CERTIFICATES. All Shares or other securities delivered under the Plan pursuant to any Award or the exercise thereof shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the Plan or the rules, regulations, and other requirements of the Securities and Exchange Commission, any stock exchange upon which such Shares or other securities are then listed, and any applicable Federal, state, or local securities laws, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.
  - ix. NO REPRICING. Except in connection with a corporate transaction or adjustment described in Section 4(b) of the Plan, the terms of outstanding Options, Stock Appreciation Rights or other Stock-Based Awards encompassing rights to purchase Shares that have an exercise or purchase price in excess of the Fair Market Value of a Share may not be amended to reduce the exercise or purchase price of such Awards, and any such outstanding Options, Stock Appreciation Rights or other Stock-Based Awards encompassing rights to purchase Shares may not be exchanged for cash or property, other Awards, or Options, Stock Appreciation Rights or other Stock-Based Awards encompassing rights to purchase Shares with an exercise or purchase price that is less than the exercise or purchase price of the original Awards, in each case unless approved by stockholders.
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- x. RECOUPMENT. The Plan will be administered in compliance with Section 10D of the Securities Exchange Act of 1934, as amended, any applicable rules or regulations promulgated by the Securities and Exchange Commission or any national securities exchange or national securities association on which the Shares may be traded, and any Company policy adopted with respect to compensation recoupment. This Section 6(h)(x) will not be the Company's exclusive remedy with respect to such matters.
- xi. MINIMUM VESTING REQUIREMENT. Except for Awards granted in substitution for outstanding awards previously granted by the Company or an acquired company, no Award may vest, settle, or become exercisable prior to the first anniversary of the date of grant; provided, however, that an Award Agreement may specify that an Award will vest, settle, or become exercisable before the completion of such one-year period upon the Participant's termination of employment in specified circumstances or upon a Change in Control.

#### **SECTION 7. AMENDMENT AND TERMINATION**

Except to the extent prohibited by applicable law and unless otherwise expressly provided in an Award Agreement or in the Plan:

- (a) AMENDMENTS TO THE PLAN. The Board may amend, alter, suspend, discontinue, or terminate the Plan, in whole or in part; provided, however, that without the prior approval of the Company's stockholders, no material amendment shall be made if stockholder approval is required by law, regulation, or stock exchange, and; PROVIDED, FURTHER, that, notwithstanding any other provision of the Plan or any Award Agreement, no such amendment, alteration, suspension, discontinuation, or termination shall be made without the approval of the stockholders of the Company that would:
  - i. increase the total number of Shares available for Awards under the Plan, except as provided in Section 4 hereof; or
  - ii. amend Section 6(h)(ix) or, except as provided in Section 4(b), permit Options, Stock Appreciation Rights, or other Stock-Based Awards encompassing rights to purchase Shares to be repriced, replaced, or exchanged as described in Section 6(h)(ix).
- (b) AMENDMENTS TO AWARDS. Subject to Section 6(h)(ix), the Committee may waive any conditions or rights under, amend any terms of, or amend, alter, suspend, discontinue, or terminate, any Awards theretofore granted, prospectively or retroactively. No such amendment or alteration shall be made which would impair the rights of any Participant, without such Participant's consent, under any Award theretofore granted, provided that no such consent shall be required with respect to any amendment or alteration if the Committee determines in its sole discretion that such amendment or alteration either (i) is required or advisable in order for the Company, the Plan or the Award to satisfy or conform to any law or regulation or to meet the requirements of any accounting standard, or (ii) is not reasonably likely to significantly diminish the benefits provided under such Award.

#### **SECTION 8. GENERAL PROVISIONS**

- (a) NO RIGHTS TO AWARDS. No Employee, Participant or other Person shall have any claim to be granted any Award under the Plan, or, having been selected to receive an Award under this Plan, to be selected to receive a future Award, and further there is no obligation for uniformity of treatment of Employees, Participants, or holders or beneficiaries of Awards under the Plan. The terms and conditions of Awards need not be the same with respect to each recipient.
  - (b) WITHHOLDING. The Company or any Subsidiary shall be authorized to withhold from any Award granted or any payment due or transfer made under any Award or under the Plan the amount (in cash, Shares, other securities, or other Awards) of taxes required or permitted to be withheld (up to the maximum statutory tax rate in the relevant jurisdiction) in respect of an Award, its exercise, or any payment or transfer under such Award or under the Plan and to take such other action as may be necessary or appropriate in the opinion of the Company or Subsidiary to satisfy withholding taxes.
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- (c) **NO LIMIT ON OTHER COMPENSATION ARRANGEMENTS.** Nothing contained in the Plan shall prevent the Company or any Subsidiary from adopting or continuing in effect other or additional compensation arrangements, and such arrangements may be either generally applicable or applicable only in specific cases.
  - (d) **NO RIGHT TO EMPLOYMENT.** The grant of an Award shall not constitute an employment contract nor be construed as giving a Participant the right to be retained in the employ of the Company or any Affiliate. Further, the Company or an Affiliate may at any time dismiss a Participant from employment, free from any liability, or any claim under the Plan, unless otherwise expressly provided in the Plan or in any Award Agreement.
  - (e) **GOVERNING LAW.** The validity, construction, and effect of the Plan and any rules and regulations relating to the Plan shall be determined in accordance with the laws of the State of Delaware and applicable Federal law without regard to conflict of law.
  - (f) **SEVERABILITY.** If any provision of the Plan or any Award is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction, or as to any Person or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction, Person, or Award, and the remainder of the Plan and any such Award shall remain in full force and effect.
  - (g) **NO TRUST OR FUND CREATED.** Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any Affiliate and a Participant or any other Person. To the extent that any Person acquires a right to receive payments from the Company or any Affiliate pursuant to an Award, such right shall be no greater than the right of any unsecured general creditor of the Company or any Affiliate.
  - (h) **NO FRACTIONAL SHARES.** No fractional Shares shall be issued or delivered pursuant to the Plan or any Award, and the Committee shall determine whether cash, or other securities shall be paid or transferred in lieu of any fractional Shares, or whether such fractional Shares or any rights thereto shall be canceled, terminated, or otherwise eliminated.
  - (i) **HEADINGS.** Headings are given to the Sections and subsections of the Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision thereof.
  - (j) **INDEMNIFICATION.** Subject to requirements of Delaware State law, each individual who is or shall have been a member of the Board, or a Committee appointed by the Board, or an officer or manager of the Company to whom authority was delegated in accordance with Section 3, shall be indemnified and held harmless by the Company against and from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by him or her in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action taken or failure to act under this Plan and against and from any and all amounts paid by him or her in settlement thereof, with the Company's approval, or paid by him or her in satisfaction of any judgment in any such action, suit, or proceeding against him or her, provided he or she shall give the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his/her own behalf, unless such loss, cost, liability, or expense is a result of his/her own willful misconduct or except as expressly provided by statute. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such individuals may be entitled under the Company's Certificate of Incorporation or Bylaws, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.
  - (k) **COMPLIANCE WITH SECTION 409A OF THE CODE.** Except to the extent specifically provided otherwise by the Committee, Awards under the Plan are intended to be exempt from or satisfy the requirements of Section 409A of the Code (and the Treasury Department guidance and regulations issued thereunder) so as to avoid the imposition of any additional taxes or penalties under Section 409A of the Code. If the Committee determines that an Award, Award Agreement, payment, distribution, deferral election, transaction or any other action or arrangement contemplated by the provisions of the Plan would, if undertaken, cause a Participant to become subject to any additional taxes or other penalties under Section 409A of the Code, then unless the Committee specifically provides otherwise, such Award, Award Agreement, payment, distribution, deferral election, transaction or other action or arrangement shall not be given effect to the extent it causes such result and the related provisions of the Plan and/or Award Agreement will be deemed modified, or, if necessary, suspended in order to comply with the requirements of Section 409A of the Code to the extent determined appropriate by the Committee, in each case without the consent of or notice to the Participant.
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- (l) **NO REPRESENTATIONS OR COVENANTS WITH RESPECT TO TAX QUALIFICATION.** Although the Company may endeavor to (i) qualify an Award for favorable U.S. or foreign tax treatment (e.g., incentive stock options under Section 422 of the Code or French qualified stock options) or (ii) avoid adverse tax treatment (e.g., under Section 409A of the Code), the Company makes no representation to that effect and expressly disavows any covenant to maintain favorable or avoid unfavorable tax treatment. The Company shall be unconstrained in its corporate activities without regard to the potential negative tax impact on holders of Awards under the Plan.
- (m) **AWARDS TO NON-U.S. EMPLOYEES.** The Committee shall have the power and authority to determine which Subsidiaries shall be covered by this Plan and which employees outside the U.S. shall be eligible to participate in the Plan. The Committee may adopt, amend or rescind rules, procedures or sub-plans relating to the operation and administration of the Plan to accommodate the specific requirements of local laws, procedures, and practices. Without limiting the generality of the foregoing, the Committee is specifically authorized to adopt rules, procedures and sub-plans with provisions that limit or modify rights on death, disability or retirement or on termination of employment; available methods of exercise or settlement of an award; payment of income, social insurance contributions and payroll taxes; the withholding procedures and handling of any stock certificates or other indicia of ownership which vary with local requirements. The Committee may also adopt rules, procedures or sub-plans applicable to particular Subsidiaries or locations.
- (n) **COMPLIANCE WITH LAWS.** The granting of Awards and the issuance of Shares under the Plan shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or stock exchanges on which the Company's securities are listed as may be required. The Company shall have no obligation to issue or deliver evidence of title for Shares issued under the Plan prior to:
- i. obtaining any approvals from governmental agencies that the Company determines are necessary or advisable; and
  - ii. completion of any registration or other qualification of the Shares under any applicable national or foreign law or ruling of any governmental body that the Company determines to be necessary or advisable or at a time when any such registration or qualification is not current, has been suspended or otherwise has ceased to be effective.

The inability or impracticability of the Company to obtain or maintain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

#### **SECTION 9. EFFECTIVE DATE OF THE PLAN**

The Plan shall be effective as of the date of its approval by the stockholders of Baker Hughes Incorporated. No Awards may be granted hereunder until the consummation of the transactions contemplated by the Transaction Agreement and Plan of Merger, dated as of October 30, 2016, between General Electric Company and Baker Hughes Incorporated.

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**SECTION 10. TERM OF THE PLAN**

No Award shall be granted under the Plan after the date of the Annual Meeting of the Company in 2027. However, unless otherwise expressly provided in the plan or in an applicable Award Agreement, any Award theretofore granted may extend beyond such date, and the authority of the Committee to amend, alter, adjust, suspend, discontinue, or terminate any such Award, or to waive any conditions or rights under any such Award, and the authority of the Board to amend the Plan, shall extend beyond such date.

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**Amended and Restated Baker Hughes Incorporated  
2002 Director & Officer Long-Term Incentive Plan**

**Article 1. Establishment, Objectives and Duration.**

**1.1 Establishment.** Baker Hughes Incorporated, a Delaware corporation (the “Company”), previously established the Baker Hughes Incorporated 2002 Long-Term Incentive Plan (this “Plan”), to reward certain directors, corporate officers and key employees of the Company by enabling them to acquire shares of common stock of the Company and to receive other compensation based on common stock of the Company or certain performance measures. This Plan permits the grant of Nonqualified Stock Options, Incentive Stock Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Performance Shares, Performance Units, Stock Awards and Cash-Based Awards (as this Plan defines each of those terms below).

This Plan became effective as of March 6, 2002 (the “Effective Date”) and shall remain in effect as provided in Section 1.3. This Plan is amended and restated effective as of the date on which the stockholders of the Company approve of this Amendment and Restatement of this Plan (the “Restatement Date”). The adoption of this Amendment and Restatement of this Plan is contingent upon the approval by the Company’s stockholders of this Amendment and Restatement of this Plan.

**1.2 Objectives.** This Plan is designed to attract and retain key employees of the Company and its Affiliates (defined below), to attract and retain qualified directors of the Company, to encourage the sense of proprietorship of those employees and directors and to stimulate the active interest of these persons in the development and financial success of the Company and its Affiliates. These objectives are to be accomplished by making Awards (defined below) under this Plan and thereby providing Participants (defined below) with a proprietary interest in the growth and performance of the Company and its Affiliates.

**1.3 Duration.** This Plan commenced as of the Effective Date and shall remain in effect, subject to the right of the Board of Directors to amend or terminate the Plan at any time pursuant to Article 15, until all Shares subject to it shall have been purchased or acquired according to this Plan’s provisions. However, in no event may an Award be granted under this Plan on or after September 18, 2019.

**Article 2. Definitions and Construction.**

**2.1** Whenever used in this Plan, the following capitalized terms in this Section 2.1 shall have the meanings set forth below, and when the meaning is intended, the initial letter of the word shall be capitalized:

“**Affiliate**” shall have the meaning ascribed to such term in Rule 12b-2 of the General Rules and Regulations of the Exchange Act.

“**Assets**” means assets of any kind owned by Baker Hughes, including but not limited to securities of Baker Hughes’ direct and indirect subsidiaries and Affiliates.

“**Award**” means, individually or collectively, a grant under this Plan to Employees of Nonqualified Stock Options, Incentive Stock Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Performance Shares, Performance Units, Cash-Based Awards or Stock Awards and to Directors of Nonqualified Stock Options, Restricted Stock, Restricted Stock Units or Stock Awards.

“**Award Agreement**” means either (a) an agreement that the Company and a Participant enters into that sets forth the terms and provisions applicable to an Award granted under this Plan or (b) a statement that the Company issues to a Participant describing the terms and provisions of the Award.

“**Award Limitations**” has the meaning ascribed to that term in Section 4.1.

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“**Baker Hughes**” means Baker Hughes Incorporated, a Delaware corporation, and any successor by merger or otherwise.

“**Beneficial Owner**” or “**Beneficial Ownership**” shall have the meaning ascribed to the term in Rule 13d-3 of the General Rules and Regulations under the Exchange Act.

“**Board**” or “**Board of Directors**” means the Board of Directors of the Company.

“**Cash-Based Award**” means an Award granted to a Participant as described in Article 9.

“**Cause**” for termination by the Company of the Employee’s employment means (a) the willful and continued failure by the Employee to substantially perform the Employee’s duties with the Company (other than any such failure resulting from the Employee’s incapacity due to physical or mental illness or any such actual or anticipated failure after the issuance of a notice of termination for Good Reason by the Employee) after a written demand for substantial performance is delivered to the Employee by the Committee, which demand specifically identifies the manner in which the Committee believes that the Employee has not substantially performed the Employee’s duties, or (b) the willful engaging by the Employee in conduct which is demonstrably and materially injurious to the Company or its subsidiaries, monetarily or otherwise. For purposes of Sections (a) and (b) of this definition, (i) no act, or failure to act, on the Employee’s part shall be deemed “willful” unless done, or omitted to be done, by the Employee not in good faith and without reasonable belief that the Employee’s act, or failure to act, was in the best interest of the Company and (ii) in the event of a dispute concerning the application of this provision, no claim by the Company that Cause exists shall be given effect unless the Company establishes to the Committee by clear and convincing evidence that Cause exists.

A “**Change in Control**” of the Company shall be deemed to have occurred as of the first day that any one or more of the following conditions shall have been satisfied:

(a) Any Person is or becomes a Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities beneficially owned by this Person any securities acquired directly from the Company or its Affiliates) representing 30% or more of the combined voting power of the Company’s then outstanding securities, excluding any Person who becomes, as described in this Section (a), a Beneficial Owner in connection with a transaction described in Section (c)(i) of this definition below; or

(b) The following individuals cease for any reason to constitute a majority of the number of Directors then serving: individuals who, on the Effective Date, constitute the Board of Directors of the Company and any new Director (other than a Director whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of Directors of the Company) whose appointment or election by the Board of Directors of the Company or nomination for election by the Company’s stockholders was approved or recommended by a vote of at least 2/3 of the Directors then still in office who either were Directors on the date hereof or whose appointment, election or nomination for election was previously so approved or recommended; or

(c) There is consummated a merger or consolidation of the Company or any direct or indirect subsidiary of the Company with any other corporation, other than (i) a merger or consolidation that would result in the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof), in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any Affiliate, at least 55% of the combined voting power of the securities of the Company or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation or (ii) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities Beneficially Owned by this Person any securities acquired directly from the Company or its Affiliates other than in connection with the acquisition by the Company or its Affiliates of a business) representing 30% or more of the combined voting power of the Company’s then outstanding securities; or

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(d) There is consummated a merger or consolidation of the Company or any direct or indirect subsidiary of the Company with any other corporation, other than a merger or consolidation immediately following which the individuals who comprise the Board immediately prior thereto constitute at least a majority of the board of directors of the entity surviving such merger or any parent thereof (or a majority plus one member where such board is comprised of an odd number of members); or

(e) The stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or there is consummated an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, other than (i) a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, at least 55% of the combined voting power of the voting securities of which are owned by stockholders of the Company in substantially the same proportions as their ownership of the Company immediately prior to such sale, or (ii) where the individuals who comprise the Board immediately prior thereto constitute at least a majority of the board of directors of such entity or any parent thereof (or a majority plus one member where such board is comprised of an odd number of members).

Notwithstanding the foregoing, effective for Awards granted under this Plan on or after July 24, 2008, "Change in Control" means the occurrence of any of the following events:

- (a) the individuals who are Incumbent Directors cease for any reason to constitute a majority of the members of the Board;
  - (b) the consummation of a Merger of Baker Hughes or an Affiliate with another Entity, unless the individuals and Entities who were the Beneficial Owners of the Voting Securities of Baker Hughes outstanding immediately prior to such Merger own, directly or indirectly, at least 50 percent of the combined voting power of the Voting Securities of any of Baker Hughes, the surviving Entity or the parent of the surviving Entity outstanding immediately after such Merger;
  - (c) any Person, other than a Specified Owner, becomes a Beneficial Owner, directly or indirectly, of securities of Baker Hughes representing 30 percent or more of the combined voting power of Baker Hughes' then outstanding Voting Securities;
  - (d) a sale, transfer, lease or other disposition of all or substantially all of Baker Hughes' Assets is consummated (an "*Asset Sale*"), *unless*:
    - (1) the individuals and Entities who were the Beneficial Owners of the Voting Securities of Baker Hughes immediately prior to such Asset Sale own, directly or indirectly, 50 percent or more of the combined voting power of the Voting Securities of the Entity that acquires such Assets in such Asset Sale or its parent immediately after such Asset Sale in substantially the same proportions as their ownership of Baker Hughes' Voting Securities immediately prior to such Asset Sale; or
    - (2) the individuals who comprise the Board immediately prior to such Asset Sale constitute a majority of the board of directors or other governing body of either the Entity that acquired such Assets in such Asset Sale or its parent (or a majority plus one member where such board or other governing body is comprised of an odd number of directors); or
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(e) The stockholders of Baker Hughes approve a plan of complete liquidation or dissolution of Baker Hughes.

Notwithstanding the foregoing, a “Change in Control” shall not be deemed to have occurred by virtue of the consummation of any transaction or series of integrated transactions immediately following which the record holders of the common stock of the Company immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in an entity that owns all or substantially all of the assets of the Company immediately following such transaction or series of transactions.

“**Code**” means the Internal Revenue Code of 1986, as amended from time to time.

“**Committee**” means the Compensation Committee of the Board or such other committee of the Board or the entire Board as the Board designates to administer Awards to Employees, as specified in Article 3.

“**Company**” shall have the meaning ascribed to that term in Section 1.1.

“**Covered Employee**” shall have the meaning ascribed to that term for purposes of Section 162(m).

“**Director**” means any individual who is a member of the Board of Directors of the Company; provided that for purposes of eligibility for Awards under this Plan, any Director who is employed by the Company or its Affiliate as a common law employee will be considered an Employee rather than as a Director.

“**Disability**” shall mean (a) the inability of the Grantee to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or (b) by reason of any medically determinable physical or mental impairment of the Grantee which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, the receipt by the Grantee of income replacement benefits for a period of not less than three months under an accident or health plan covering employees of the Company or any Affiliate of the Company that is required to be treated as a single employer together with the Company under section 414 of the Code.

“**Dividend Equivalent**” means a payment equivalent in amount to dividends paid to the Company’s stockholders.

“**Effective Date**” shall have the meaning ascribed to that term in Section 1.1.

“**Employee**” means (i) any employee of the Company or any of its Affiliates or (ii) an individual who has agreed to become an Employee of the Company or any of its Affiliates and is expected to become an Employee within the following 6 months.

“**Entity**” means any corporation, partnership, association, joint-stock company, limited liability company, trust, unincorporated organization or other business entity.

“**ERISA**” means the Employee Retirement Income Security Act of 1974, as amended from time to time.

“**Exchange Act**” means the Securities Exchange Act of 1934, as amended from time to time, or any successor act.

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**“Fair Market Value”** means the value per Share as determined by the Committee, based on the composite transactions in Shares as reported by *The Wall Street Journal*, and shall be equal to the per share price of the last sale of Shares on the trading day prior to the date on which value is being determined.

**“Fiscal Year”** means the year commencing January 1 and ending December 31.

**“Freestanding SAR”** means an SAR that is granted independently of any Option, as described in Article 7.

**“Good Reason”** for termination by the Employee of the Employee’s employment means the occurrence (without the Employee’s express written consent) after any Change in Control, (or prior to a Change in Control if the circumstance or event which constitutes Good Reason occurs at the request or direction of the Person who has entered into an agreement with the Company the consummation of which would constitute a Change in Control, or is otherwise in connection with or in anticipation of a Change in Control) of any one of the following acts by the Company, or failures by the Company to act, unless, in the case of any act or failure to act described in paragraph (a), (e), (f) or (g) below, such act or failure to act is corrected prior to the effective date of the Employee’s termination for Good Reason:

(a) the assignment to the Employee of any duties inconsistent with the status of the Employee’s position with the Company or a substantial adverse alteration in the nature or status of the Employee’s responsibilities from those in effect immediately prior to the Change in Control;

(b) a reduction by the Company in the Employee’s annual base salary as in effect on the date hereof or as the same may be increased from time to time except for across-the-board salary reductions similarly affecting all individuals having a similar level of authority and responsibility with the Company and all individuals having a similar level of authority and responsibility with any Person in control of the Company;

(c) the relocation of the Employee’s principal place of employment to a location more than 50 miles from the Employee’s principal place of employment immediately prior to the Change in Control or the Company’s requiring the Employee to be based anywhere other than such principal place of employment (or permitted relocation thereof) except for required travel on the Company’s business to an extent substantially consistent with the Employee’s present business travel obligations;

(d) the failure by the Company to pay to the Employee any portion of the Employee’s current compensation except pursuant to an across-the-board compensation deferral similarly affecting all individuals having a similar level of authority and responsibility with the Company and all individuals having a similar level of authority and responsibility with any Person in control of the Company, or to pay to the Employee any portion of an installment of deferred compensation under any deferred compensation program of the Company, within 7 days of the date such compensation is due;

(e) the failure by the Company to continue in effect any compensation plan in which the Employee participates immediately prior to the Change in Control which is material to the Employee’s total compensation, unless an equitable arrangement (embodied in an ongoing substitute or alternative plan) has been made with respect to such plan, or the failure by the Company to continue the Employee’s participation therein (or in such substitute or alternative plan) on a basis not materially less favorable, both in terms of the amount or timing of payment of benefits provided and the level of the Employee’s participation relative to other participants, as existed immediately prior to the Change in Control;

(f) the failure by the Company to continue to provide the Employee with benefits substantially similar to those enjoyed by the Employee under any of the Company’s pension, savings, life insurance, medical, health and accident, or disability plans in which the Employee was participating immediately prior to the Change in Control (except for across the board changes similarly affecting all individuals having a similar level of authority and responsibility with the Company and all individuals having a similar level of authority and responsibility with any Person in control of the Company), the taking of any other action by the Company which would directly or indirectly materially reduce any of such benefits or deprive the Employee of any material fringe benefit or perquisite enjoyed by the Employee at the time of the Change in Control, or the failure by the Company to provide the Employee with the number of paid vacation days to which the Employee is entitled on the basis of years of service with the Company in accordance with the Company’s normal vacation policy in effect at the time of the Change in Control; or

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(g) if the Employee is party to an individual employment, severance, or similar agreement with the Company, any purported termination of the Employee's employment which is not effected pursuant to the notice of termination or other procedures specified therein satisfying the requirements thereof; for purposes of this Plan, no such purported termination shall be effective.

The Employee's right to terminate the Employee's employment for Good Reason shall not be affected by the Employee's incapacity due to physical or mental illness. The Employee's continued employment shall not constitute consent to, or a waiver of rights with respect to, any act or failure to act constituting Good Reason hereunder.

For purposes of any determination regarding the existence of Good Reason, any claim by the Employee that Good Reason exists shall be presumed to be correct unless the Company establishes to the Committee by clear and convincing evidence that Good Reason does not exist.

**"Grantee"** means the person to whom an Award is granted.

**"Holder"** means the holder of an Award.

**"Immediate Family"** means, with respect to a Participant, the Participant's spouse, children or grandchildren (including adopted children, stepchildren and grandchildren).

**"Incentive Stock Option"** or **"ISO"** means an option to purchase Shares granted under Article 6 and that is designated as an incentive stock option and that is intended to meet the requirements of Code Section 422, or any successor provision. Incentive Stock Options may only be granted to Participants who are officers and key employees of the Company.

**"Incumbent Director"** means –

- (a) a member of the Board on July 24, 2008 or
- (b) an individual-
  - (1) who becomes a member of the Board after July 24, 2008;
  - (2) whose appointment or election by the Board or nomination for election by Baker Hughes' stockholders is approved or recommended by a vote of at least two-thirds of the then serving Incumbent Directors (as defined herein); and
  - (3) whose initial assumption of service on the Board is not in connection with an actual or threatened election contest.

**"Mature Shares"** means Shares that have been held by the Holder, and with respect to which any applicable forfeiture restrictions have lapsed, in each case, for at least six months.

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**“Merger”** means a merger, consolidation or similar transaction.

**“Minimum Statutory Tax Withholding Obligation”** means, with respect to an Award, the amount the Company or an Affiliate is required to withhold for federal, state, local and foreign taxes based upon the applicable minimum statutory withholding rates required by the relevant tax authorities.

**“Nonqualified Stock Option”** or **“NQSO”** means an Option that is not intended to meet the requirements of Code Section 422, or that otherwise does not meet such requirements.

**“Option”** means an Incentive Stock Option or a Nonqualified Stock Option, as described in Article 6.

**“Option Price”** means the price at which a Participant may purchase a Share pursuant to an Option.

**“Participant”** means an Employee or Director who has been selected to receive an Award or who has an outstanding Award granted under this Plan.

**“Performance-Based Award”** means a Performance Share, a Performance Unit, a Cash-Based Award or a Stock Award granted to a Participant pursuant to Article 9, of which the fulfillment of performance goals determines the degree of payout or vesting.

**“Performance Period”** means the period of time during which the performance goals must be met to determine the degree of payout or vesting with respect to certain Performance-Based Awards.

**“Performance Share”** means an Award granted to a Participant, as described in Article 9.

**“Performance Unit”** means an Award granted to a Participant, as described in Article 9.

**“Period of Restriction”** means the period during which the transfer of Shares of Restricted Stock is limited in some way (based on the passage of time, the achievement of performance goals or upon the occurrence of other events as determined by the Committee (or the Board with respect to Awards granted to Directors), at its discretion) and the Shares are subject to a substantial risk of forfeiture, as provided in Article 8.

**“Person”** shall have the meaning ascribed to the term in Section 3(a)(9) of the Exchange Act and used in Sections 13(d) and 14(d) thereof, including a “group” as defined in Section 13(d) thereof, except that the term shall not include (a) the Company or any of its Affiliates, (b) a trustee or other fiduciary holding Company securities under an employee benefit plan of the Company or any of its Affiliates, (c) an underwriter temporarily holding securities pursuant to an offering of those securities or (d) a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

**“Restatement Date”** means the date on which the stockholders of the Company approve of this Amendment and Restatement of this Plan.

**“Restricted Stock”** means an Award granted to a Participant pursuant to Article 8.

**“Restricted Stock Unit”** means an Award granted to a Participant, as described in Article 8.

**“Section 162(m)”** means section 162(m) of the Code and Department of Treasury rules and regulations issued thereunder.

**“Section 409A”** means section 409A of the Code and Department of Treasury rules and regulations issued thereunder.

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“**Shares**” means the common stock of the Company, \$1.00 par value per share.

“**Specified Owner**” means any of the following:

- (a) Baker Hughes;
- (b) an Affiliate of Baker Hughes;
- (c) an employee benefit plan (or related trust) sponsored or maintained by Baker Hughes or any Affiliate of Baker Hughes;
- (d) a Person that becomes a Beneficial Owner of Baker Hughes’ outstanding Voting Securities representing 30 percent or more of the combined voting power of Baker Hughes’ then outstanding Voting Securities as a result of the acquisition of securities directly from Baker Hughes and/or its Affiliates; or
- (e) a Person that becomes a Beneficial Owner of Baker Hughes’ outstanding Voting Securities representing 30 percent or more of the combined voting power of Baker Hughes’ then outstanding Voting Securities as a result of a Merger if the individuals and Entities who were the Beneficial Owners of the Voting Securities of Baker Hughes outstanding immediately prior to such Merger own, directly or indirectly, at least 50 percent of the combined voting power of the Voting Securities of any of Baker Hughes, the surviving Entity or the parent of the surviving Entity outstanding immediately after such Merger in substantially the same proportions as their ownership of the Voting Securities of Baker Hughes outstanding immediately prior to such Merger.

“**Stock Appreciation Right**” or “**SAR**” means an Award, granted alone or in connection with a related Option, designated as an SAR, pursuant to the terms of Article 7.

“**Stock Award**” means an Award granted pursuant to the terms of Section 9.5.

“**Substantial Risk of Forfeiture**” shall have the meaning ascribed to that term in Section 409A.

“**Tandem SAR**” means an SAR that is granted in connection with a related Option pursuant to Article 7, the exercise of which shall require forfeiture of the right to purchase a Share under the related Option (and when a Share is purchased under the Option, the Tandem SAR shall similarly be canceled).

**2.2** As used in this Plan, unless the context otherwise expressly requires to the contrary, references to the singular include the plural, and vice versa; references to the masculine include the feminine and neuter; references to “including” mean “including (without limitation)”; and references to Sections and Articles mean the sections and articles of this Plan.

### **Article 3. Administration.**

**3.1 General.** Subject to the terms and conditions of this Plan, the Committee shall administer this Plan or, in the absence of the Committee, the Board shall administer this Plan. The Board shall appoint the members of the Committee, from time to time, who shall serve at the discretion of the Board. The Committee shall have full and exclusive power and authority to administer this Plan and to take all actions that this Plan specifically contemplates or are necessary or appropriate in connection with the administration of this Plan. In the case of Awards to the Company’s non-employee directors, the Board is the Committee. In the case of a Performance-Based Award granted to a Covered Employee that is intended to qualify as performance based compensation under Section 162(m), the Compensation Committee of the Board is the Committee.

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**3.2 Authority of the Committee.** Insofar as this Plan relates to Awards to Employees, the Committee shall also have full and exclusive power to interpret this Plan and to adopt such rules, regulations and guidelines for carrying out this Plan as it may deem necessary or proper, all of which powers shall be exercised in the best interests of the Company and in keeping with the objectives of this Plan. The Committee shall have full power to select Employees who shall participate in this Plan, determine the sizes and types of Awards to Employees and determine the terms and conditions of Awards to Employees in a manner consistent with this Plan. Subject to the provisions of Section 17.13, in its discretion, the Committee may provide for the extension of the exercisability of an Award to an Employee, accelerate the vesting or exercisability of an Award to an Employee, eliminate or make less restrictive any restrictions contained in an Award to an Employee, waive any restriction or other provision of this Plan (insofar as such provision relates to Awards to Employees) or an Award to an Employee, or otherwise amend or modify an Award to an Employee in any manner that is either (i) not adverse to the Participant to whom the Award to an Employee was granted or (ii) to which the Participant consents. The Committee may make an Award to an individual who it expects to become an Employee of the Company or any of its Affiliates within the next 6 months, with the Award being subject to the individual's actually becoming an Employee within that time period and subject to other terms and conditions as the Committee may establish. The Committee may correct any defect or supply any omission or reconcile any inconsistency in this Plan or in any Award to an Employee in the manner and to the extent the Committee deems necessary or desirable to further this Plan's objectives. Further, the Committee shall make all other determinations that may be necessary or advisable for the administration of this Plan. As permitted by law and the terms of this Plan, the Committee may delegate its authority as identified in Section 3.3.

**3.3 Delegation of Authority.** The Committee may delegate to the Chief Executive Officer and to other senior officers of the Company its duties and authorities under this Plan pursuant to such conditions or limitations as the Committee may establish Plan (other than duties and authorities relating to Awards that are intended to be performance-based compensation under Section 162(m)). The Company's Chief Executive Officer is authorized to grant Awards under this Plan as inducements to hire prospective employees who will neither be (1) officers of the Company or any of its Affiliates nor (2) subject to Section 16 of the Exchange Act. Also, on an annual basis the Compensation Committee of the Board may delegate to the Company's Chief Executive Officer the ability to grant Awards under this Plan to eligible employees who are neither (1) officers of the Company or any of its Affiliates nor (2) subject to Section 16 of the Exchange Act. The Committee may engage or authorize the engagement of a third-party administrator to carry out administrative functions under this Plan.

**3.4 Decisions Binding.** All determinations and decisions made by the Committee and the Board pursuant to the provisions of this Plan and all related orders and resolutions of the Committee and the Board shall be final, conclusive and binding on all persons, including the Company, its stockholders, Directors, Employees, Participants and the estates and beneficiaries of Directors, Employees and Participants.

Under no circumstances shall the Company incur liability for any indirect, incidental, consequential or special damages (including lost profits) of any form incurred by any person, whether or not foreseeable and regardless of the form of the act in which such a claim may be brought, with respect to this Plan or the Company's role as Plan sponsor.

#### **Article 4. Shares Subject to Plan and Maximum Awards.**

##### **4.1 Number of Shares Available for Awards and Award Limitations.**

(a) **Plan Share Limit.** Subject to adjustment as provided in Section 4.2, the aggregate number of Shares reserved for issuance to Participants under this Plan on and after the Restatement Date shall be 10,000,000 Shares, less (1) in the case of an Award granted under this Plan after December 31, 2013, other than an Option or a SAR, 2.30 Shares for every one Share issued under the Award, and less (2) in the case of an Option or a SAR granted under this Plan after December 31, 2013 one Share for every one share issued under this Plan (collectively, the "Plan Share Limit"). Any Shares that are subject to an Option or a SAR shall be counted against the Plan Share Limit as one Share for every one Share issued, and any Shares that are subject to an Award other than an Option or a SAR shall be counted against the Plan Share Limit as 2.30 Shares for every one Share issued pursuant to the Award.

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(b) **No Liberal Share Counting for Cashless Exercises of Options and SARs and Tax Withholding for Options and SARs.** To the extent that after December 31, 2013, Shares subject to an Option or a SAR are used to pay (1) the Option Price under the Option or the exercise price under the SAR under a net-settlement cashless exercise of all or a portion of the Option or the SAR, or (2) the tax withholding obligation arising with respect to the Option or the SAR, those Shares will be treated as having been issued under this Plan for purposes of the Plan Share Limit. To the extent that after December 31, 2013, Shares not subject to an Option or a SAR are tendered by the Holder to pay (1) the Option Price under the Option or the exercise price under the SAR under a cashless exercise of all or a portion of the Option or the SAR, or (2) the tax withholding obligation arising with respect to the Option or the SAR, those Shares will not be added to, and will not otherwise increase, the Plan Share Limit.

(c) **Gross Amount of Shares Subject to SARs Settled in Shares Counted Against the Plan Share Limit.** For the avoidance of doubt, the gross (rather than the net) number of Shares that are subject to SARs that are settled in Shares will be treated as issued under this Plan for purposes of the Plan Share Limit.

(d) **Share Repurchases by the Company on the Open Market Will Not Increase Plan Share Limit.** For the avoidance of doubt, Shares that are repurchased by the Company on the open market will not be added to, and will not otherwise increase, the Plan Share Limit.

(e) **Source of Shares.** The Shares described in this Section 4.1 may consist of authorized but unissued Shares or previously issued Shares reacquired by the Company.

(f) **Forfeitures, Expirations, Settlements in Cash and Exchanges for Awards That Do Not Involve Shares.** To the extent that Shares that are the subject of Awards under this Plan are (1) forfeited or terminated, (2) expire unexercised, (3) are settled in cash in lieu of Shares, or (4) are exchanged for Awards that do not involve Shares, such Shares shall not be treated as having been issued under this Plan but rather shall again immediately become available to be issued pursuant to Awards granted under this Plan.

(g) **Shares Used to Satisfy Tax Withholding Obligations for Awards Other Than Options and SARs.** To the extent that after December 31, 2013, Shares subject to an Award other than an Option or a SAR are used to pay the tax withholding obligation arising with respect to the Award, those Shares will not be treated as having been issued under this Plan for purposes of the Plan Share Limit. To the extent that after December 31, 2013, Mature Shares are used by a Holder (through attestation or otherwise) to pay the tax withholding obligation arising with respect to an Award other than an Option or a SAR, those tendered Mature Shares will be added to the Plan Share Limit.

(h) **Counting of Shares That Again Become Available for Issuance Under this Plan.** Any Shares that become available for Awards under this Plan pursuant to the preceding paragraphs (f) and (g) shall be added as (i) one Share for every one Share subject to Options or SARs granted under this Plan and (ii) 2.30 Shares for every one Share subject to Awards other than Options or SARs granted under this Plan.

(i) **Award Limitations.** The following rules ("Award Limitations") shall apply to grants of Awards under this Plan and if an Award is cancelled, the cancelled Award shall continue to be counted toward the applicable limitation in this Section:

(i) **Options.** The maximum aggregate number of Shares that may be subject to Options granted during any one Fiscal Year to any one Employee shall be 3,000,000.

(ii) **Incentive Stock Options.** The maximum aggregate number of Shares that may be subject to Incentive Stock Options granted under this Plan shall be 10,000,000.

(iii) **SARs.** The maximum aggregate number of Shares that may be subject to Stock Appreciation Rights granted during any one Fiscal Year to any one Employee shall be 3,000,000.

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(iv) **Performance-Based Awards.** The maximum aggregate number of Shares subject to Performance Share Awards granted during any one Fiscal Year to any one Employee, singly or in combination, shall be 1,000,000, determined as of the date of grant. The maximum aggregate cash value, determined as of the date of grant, of any Performance Unit Awards and Cash-Based Awards granted to any one Employee, singly or in combination, during any one Fiscal Year shall be \$10,000,000.

(v) **Director Awards.** The maximum aggregate grant with respect to any Awards (including but not limited to, Options, SARs, Stock Awards, Restricted Stock Awards, and Restricted Stock Units) granted in any one Fiscal Year to any one Director shall be 10,000 Shares/Units.

(vi) **Adjustments to the Award Limitations.** Each of the Award Limitations shall be subject to adjustment under Section 4.2.

**4.2 Adjustments in Authorized Shares.** The existence of outstanding Awards shall not affect in any manner the right or power of the Company or its stockholders to make or authorize any or all adjustments, recapitalizations, reorganizations or other changes in the capital stock of the Company or its business or any merger or consolidation of the Company, or any issue of bonds, debentures, preferred or prior preference stock (whether or not such issue is prior to, on a parity with or junior to the Shares) or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business or any other corporate act or proceeding of any kind, whether or not of a character similar to that of the acts or proceedings enumerated above.

If there shall be any change in the Shares of the Company or the capitalization of the Company through merger, consolidation, reorganization, recapitalization, stock dividend, stock split, reverse stock split, split up, spin-off, combination of shares, exchange of shares, dividend in kind or other like change in capital structure or distribution (other than normal cash dividends) to stockholders of the Company, the Board, in its sole discretion, to prevent dilution or enlargement of Participants' rights under this Plan, shall adjust, in an equitable manner, as applicable, the number and kind of Shares that may be issued under this Plan, the number and kind of Shares subject to outstanding Awards, the exercise price applicable to outstanding Awards, the Awards Limitations, the Fair Market Value of the Shares and other value determinations applicable to outstanding Awards. In the event of a corporate merger, consolidation, acquisition of property or stock, separation, reorganization or liquidation, the Board shall be authorized to issue or assume Awards by means of substitution of new Awards, as appropriate, for previously issued Awards or to assume previously issued Awards as part of such adjustment. In the event of a corporate merger, consolidation, acquisition of property or stock, separation, reorganization or liquidation, the Board shall be authorized (a) to assume under this Plan previously issued compensatory awards, or to substitute new Awards for previously issued compensatory awards, including Awards, as part of such adjustment or (b) to cancel Awards that are Options or SARs and give the Participants who are the holders of such Awards notice and opportunity to exercise for 30 days prior to such cancellation.

Appropriate adjustments may also be made by the Board in the terms of any Awards under this Plan to reflect such changes or distributions and to modify any other terms of outstanding Awards on an equitable basis, including modifications of performance goals and changes in the length of Performance Periods; provided, that no adjustment shall be made that would cause any Award to fail to qualify as performance-based compensation under Section 162(m) if the Award is intended to qualify as performance-based compensation under Section 162(m).

In addition, other than with respect to Options, Stock Appreciation Rights and other Awards intended to constitute Performance-Based Awards, the Board is authorized to make adjustments to the terms and conditions of, and the criteria included in, Awards in recognition of unusual or nonrecurring events affecting the Company or the financial statements of the Company, or in response to changes in applicable laws, regulations or accounting principles. The determination of the Board as to the foregoing adjustments, if any, shall be conclusive and binding on Participants under this Plan.

## **Article 5. Eligibility and Participation.**

**5.1 Eligibility.** Persons eligible to participate in this Plan include all Employees and Directors.

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**5.2 Actual Participation.** Subject to the provisions of this Plan, the Committee may, from time to time, select from all eligible Employees those to whom Awards shall be granted and shall determine the nature and amount of each Award, subject to the provisions of this Plan. The Board may, from time to time, select from all eligible Directors those to whom Awards shall be granted and shall determine the nature and amount of each Award, subject to the provisions of this Plan.

**Article 6. Stock Options.**

**6.1 Grant of Options.** Subject to the terms and provisions of this Plan, Options may be granted to Participants in such number, upon the terms and at any time, and from time to time, as the Committee (or the Board with respect to Awards granted to Directors) shall determine. An Option granted under this Plan on or after January 1, 2005 may not be granted with any Dividend Equivalents rights.

**6.2 Award Agreement.** Each Option grant shall be evidenced by an Award Agreement that shall specify the Option Price, the duration of the Option, the number of Shares to which the Option pertains, and other provisions as the Committee (or the Board with respect to Awards granted to Directors) shall determine that are not inconsistent with the terms of this Plan. The Award Agreement also shall specify whether the Option is intended to be an ISO or a NQSO. Notwithstanding its designation as an ISO in the Award Agreement, to the extent the limitations of section 422 of the Code are exceeded, with respect to such excess portion, the Option shall become a NQSO. Employees may be awarded ISOs (except those who have not yet commenced employment with the Company or any of its Affiliates may not receive ISOs) and NQSOs, whereas Directors may only be awarded NQSOs.

**6.3 Option Price.** The Committee (or the Board with respect to Awards granted to Directors) shall determine the Option Price for each grant of an Option under this Plan. The Option Price shall not be less than the Fair Market Value of the Shares on the date of grant.

**6.4 Duration of Options.** Each Option granted to a Participant shall expire at the time the Committee (or the Board with respect to Awards granted to Directors) shall determine at the time of grant; provided that no Option shall be exercisable later than the tenth anniversary date of its grant.

**6.5 Exercise of Options.** Options granted under this Article 6 shall be exercisable at the times and be subject to the restrictions and conditions as the Committee (or the Board with respect to Awards granted to Directors) shall in each instance approve, which need not be the same for each grant or for each Participant.

**6.6 Payment.** Options granted under this Article 6 shall be exercised in the form and manner as the Committee (or the Board with respect to Awards to Directors) shall determine from time to time.

The Option Price upon exercise of any Option shall be payable to the Company in full either (a) in cash or its equivalent; (b) by tendering previously acquired Shares having an aggregate Fair Market Value at the time of exercise equal to the total Option Price (provided that the Shares that are tendered must have been held by the Participant for at least 6 months prior to their tender to satisfy the Option Price); (c) by a combination of (a) and (b); or (d) any other method approved by the Committee (or the Board with respect to Awards granted to Directors) in its sole discretion at the time of grant and as set forth in the Award Agreement. An Award Agreement evidencing an Option may, in the discretion of the Committee (or the Board with respect to Awards granted to Directors), provide for a "cashless exercise" of an Option by establishing procedures whereby the Participant, by a properly executed written notice, directs (1) an immediate sale or margin loan respecting all or a part of the Shares to which he is entitled upon exercise pursuant to an extension of credit by the Company to the Participant of the Option Price, (2) the delivery of the Shares from the Company directly to a brokerage firm and (3) the delivery of the Option Price from sale or margin loan proceeds from the brokerage firm directly to the Company.

Subject to any governing rules or regulations and Section 17.10, after the exercise of the Option and full payment of the Option Price in the form and manner as the Committee (or Board with respect to Awards granted to Directors) shall determine, the Participant may pay the required fee and request a Share certificate based upon the number of Shares purchased under the Option through the third-party administrator designated by the Committee (or the Board with respect to Awards granted to Directors) to have this administrative duty. In addition, the Company may, at its option, issue or cause to be issued Share certificates.

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Unless otherwise determined by the Committee (or the Board with respect to Awards granted to Directors), all payments under all of the methods indicated above shall be paid in United States dollars.

**6.7 Restrictions on Share Transferability.** The Committee (or the Board with respect to Awards granted to Directors) may impose such restrictions on any Shares acquired pursuant to the exercise of an Option granted under this Article 6 as it may deem advisable, including restrictions under applicable federal securities laws, under the requirements of any stock exchange or market upon which such Shares are then listed or traded and under any blue sky or state securities laws applicable to such Shares.

**6.8 Termination of Employment/Directorship.**

(a) Each Participant's Award Agreement shall set forth the extent to which the Participant shall have the right to exercise the Option following termination of the Participant's employment or directorship with the Company or its Affiliates. Such provisions shall be determined in the sole discretion of the Committee (or the Board with respect to Awards granted to Directors), shall be included in the Award Agreement entered into with each Participant, need not be uniform among all Options issued pursuant to this Article 6 and may reflect distinctions based on the reasons for termination.

**(b) Terms for Director Options.**

(i) Each Option granted to a Director (a "Director Option") shall have a term of 10 years from the date of grant, notwithstanding any earlier termination of the status of the holder as a Director (the "Option Expiration Date").

(ii) The purchase price of each Share subject to a Director Option shall be equal to the Fair Market Value of a Share on the date of grant.

(iii) Except as may be otherwise specified in the Award Agreement setting forth the terms of a Director Option, a Director Option shall vest and become exercisable on the first anniversary of the date of grant of the Director Option. An Award Agreement setting forth the terms of a Director Option may not specify that the Director Option is exercisable earlier than the first anniversary of the date of grant of the Director Option.

(iv) A Director's directorship shall terminate at the close of business on the day preceding the day he ceases to be a member of the Board for any reason whatsoever. When a Director's directorship is terminated, each of his Director Options and all rights thereunder shall expire in accordance with the following (but in no event later than the Option Expiration Date):

(A) Director Options granted within 1 year preceding termination:

(1) At the time the Director's directorship is terminated, unless

(2) Such termination occurs in connection with, or within 2 years following, a Change in Control, in which case, 30 days following his termination.

(B) Director Options granted prior to 1-year preceding termination:

(1) 1 year after termination if due to the Director's death (a Director's Option may be exercised by the Director's estate or by the person or persons who acquire the right to exercise his option by bequest or inheritance with respect to any or all of the Shares remaining subject to his Director Option at the time of his death); or

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(2) 3 years after termination if as a result of resignation or removal from the Board because of disability or in accordance with the provisions of the Company's Bylaws regarding termination of director's terms of office; or

(3) 3 months after termination if, for any reason other than specified above.

(c) **Agreements.** Any Award of Director Options shall be embodied in an Award Agreement, which shall contain the terms, conditions and limitations set forth above and shall be signed by an authorized officer for and on behalf of the Company.

**6.9 Restrictions on Transferability of Incentive Stock Options.** No ISO granted under this Plan may be sold, transferred, pledged, assigned or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution. Further, all ISOs granted to a Participant under this Plan shall be exercisable during his or her lifetime only by the Participant, and after that time, by the Participant's heirs or estate. Any attempted assignment of an ISO in violation of this Section 6.9 shall be null and void.

**6.10 Notification of Disqualifying Disposition.** If any Participant shall make any disposition of Shares issued pursuant to the exercise of an ISO under the circumstances described in section 421(b) of the Code (relating to certain disqualifying dispositions), such Participant shall notify the Company of such disposition within 10 days thereof.

**6.11 Automatic Exercise of Certain Expiring Nonqualified Stock Options.** Notwithstanding any other provision of this Plan or an Award Agreement (other than this Section 6.11), on the last trading day on which all or a portion of a Nonqualified Option may be exercised, if the then Fair Market Value of a Share exceeds the per Share Option Price of the Nonqualified Option by at least \$.01 (such expiring portion of an Option that is so in-the-money, an "*Auto-Exercise Eligible Option*"), the Holder shall be deemed to have automatically exercised such Auto-Exercise Eligible Option (to the extent it has not previously been exercised or forfeited) in accordance with the provisions of this Section 6.11. In the event of an automatic exercise pursuant to this Section 6.11, the Company shall reduce the number of Shares issued to the Holder upon such Holder's automatic exercise of the Auto-Exercise Eligible Option to satisfy the Holder's Option Price obligation for the Auto-Exercise Eligible Option. Further, the Company shall reduce the number of Shares issued to the Holder to satisfy the Minimum Statutory Withholding Obligation arising upon the automatic exercise in accordance with the procedures of Article 13 unless the Committee deems that a different method of satisfying the tax withholding obligations is practicable and advisable. In accordance with procedures established by the Committee, a Holder may notify the Company in advance that he or she does not wish for the Auto-Exercise Eligible Option to be exercised. This Section 6.11 shall not apply to any Option to the extent that this Section 6.11 may cause the Option to fail to qualify for favorable tax treatment under applicable law. In its discretion, the Company may determine to cease automatically exercising Options at any time.

**6.12 Prohibition Against Direct and Indirect Repricing of Options.** Other than pursuant to Section 4.2, without the prior approval of the Company's stockholders, Options granted under this Plan will not be directly or indirectly repriced (1) through cancellation of an Option followed by the grant of a new Option or any other Award or cash, (2) by directly lowering the Option Price of a previously granted Option, or (3) by taking any other action that would be treated as a repricing of an Option under the then in effect rules and regulations of the principal U.S. national securities exchange on which the Shares are listed.

#### **Article 7. Stock Appreciation Rights.**

**7.1 Grant of SARs.** Subject to the terms and conditions of this Plan, SARs may be granted to an Employee at any time, and from time to time, as the Committee shall determine. The Committee may grant Freestanding SARs, Tandem SARs or any combination of these forms of SAR.

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Subject to the terms and conditions of this Plan, the Committee shall have complete discretion in determining the number of SARs granted to each Employee and, consistent with the provisions of this Plan, in determining the terms and conditions pertaining to such SARs.

The grant price of a Freestanding SAR shall not be less than the Fair Market Value of a Share on the date of grant of the SAR. The grant price of Tandem SARs shall equal the Option Price of the related Option. Effective for SARs granted under this Plan on or after January 1, 2005, a SAR granted under this Plan may not be granted with any Dividend Equivalents rights.

**7.2 SAR Agreement.** Each SAR grant shall be evidenced by an Award Agreement that shall specify the grant price, the term of the SAR and such other provisions as the Committee shall determine.

**7.3 Term of SARs.** The term of an SAR granted under this Plan shall be determined by the Committee, in its sole discretion; provided that no SAR shall be exercisable later than the tenth anniversary date of its grant.

**7.4 Exercise of Freestanding SARs.** Freestanding SARs may be exercised upon whatever terms and conditions the Committee, in its sole discretion, imposes upon them.

**7.5 Exercise of Tandem SARs.** Tandem SARs may be exercised for all or part of the Shares subject to the related Option upon the surrender of the right to exercise the equivalent portion of the related Option. A Tandem SAR may be exercised only with respect to the Shares for which its related Option is then exercisable.

**7.6 Payment of SAR Amount.** Upon the exercise of an SAR, an Employee shall be entitled to receive payment from the Company in an amount determined by multiplying:

- (a) The difference between the Fair Market Value of a Share on the date of exercise over the grant price by
- (b) The number of Shares with respect to which the SAR is exercised.

At the discretion of the Committee, the payment upon SAR exercise may be in cash, in Shares of equivalent value, in some combination thereof or in any other manner approved by the Committee in its sole discretion. The Committee's determination regarding the form of SAR payout may be set forth in the Award Agreement pertaining to the grant of the SAR.

**7.7 Termination of Employment.** Each Award Agreement shall set forth the extent to which the Employee shall have the right to exercise the SAR following termination of the Employee's employment with the Company or its Affiliates. Such provisions shall be determined in the sole discretion of the Committee, shall be included in the Award Agreement entered into with Employees, need not be uniform among all SARs issued pursuant to this Plan and may reflect distinctions based on the reasons for termination.

**7.8 Prohibition Against Direct and Indirect Repricing of SARs.** Other than pursuant to Section 4.2, without the prior approval of the Company's stockholders, SARs granted under this Plan will not be directly or indirectly repriced (1) through cancellation of a SAR followed by the grant of a new SAR or any other Award or cash, (2) by directly lowering the grant price of a previously granted SAR, or (3) by taking any other action that would be treated as a repricing of a SAR under the then in effect rules and regulations of the principal U.S. national securities exchange on which the Shares are listed.

## **Article 8. Restricted Stock and Restricted Stock Units.**

**8.1 Grant of Restricted Stock/Units.** Subject to the terms and provisions of this Plan, the Committee (or the Board with respect to Awards granted to Directors), at any time, and from time to time, may grant Shares of Restricted Stock and Restricted Stock Units to Participants in such amounts as the Committee (or the Board with respect to Awards granted to Directors) shall determine. Restricted Stock Units shall be similar to Restricted Stock, except that no Shares are actually awarded to the Participant until a later date, unless the payout is otherwise made in cash.

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**8.2 Restricted Stock Agreement.** Each Restricted Stock or Restricted Stock Unit grant shall be evidenced by an Award Agreement that shall specify the Period(s) of Restriction, the number of Shares of Restricted Stock (or the number of Restricted Stock Units) granted and such other provisions as the Committee (or the Board with respect to Awards granted to Directors) shall determine.

**8.3 Transferability.** Except as provided in this Article 8, the Shares of Restricted Stock or Restricted Stock Units granted herein may not be sold, transferred, pledged, assigned or otherwise alienated or hypothecated until the end of the applicable Period of Restriction established by the Committee and specified in the Award Agreement, or upon earlier satisfaction of any other conditions, as specified by the Committee in its sole discretion and set forth in the Award Agreement. All rights with respect to the Restricted Stock or Restricted Stock Units granted to a Participant under this Plan shall be available during his or her lifetime only to the Participant, and after that time, to the Participant's heirs or estate. Any attempted assignment of Restricted Stock or Restricted Stock Units in violation of this Section 8.3 shall be null and void.

**8.4 Other Restrictions.** The Committee (or the Board with respect to Awards granted to Directors) shall impose other conditions or restrictions on any Shares of Restricted Stock or Restricted Stock Units granted pursuant to this Plan as it may deem advisable, including a requirement that Participants pay a stipulated purchase price for each Share of Restricted Stock or each Restricted Stock Unit, restrictions based upon the achievement of specific performance goals, time-based restrictions on vesting following the attainment of the performance goals, time-based restrictions or restrictions under applicable federal or state securities laws.

To the extent deemed appropriate by the Committee (or the Board with respect to Awards granted to Directors), the designated third-party administrator may retain the certificates representing Shares of Restricted Stock in its possession until such time as all conditions and restrictions applicable to such Shares have been satisfied or lapse.

Except as otherwise provided in this Article 8, Shares of Restricted Stock covered by each Restricted Stock Award shall become freely transferable by the Participant after all conditions and restrictions applicable to such Shares have been satisfied or lapse.

**8.5 Voting Rights.** To the extent permitted by the Committee (or the Board with respect to Awards granted to Directors) or required by law, Participants holding Shares of Restricted Stock granted hereunder may be granted the right to exercise full voting rights with respect to those Shares during the Period of Restriction. A Participant shall have no voting rights with respect to any Restricted Stock Units granted hereunder.

**8.6 Dividends and Other Distributions.** During the Period of Restriction, Participants holding Shares of Restricted Stock granted hereunder may, if the Committee (or the Board with respect to Awards granted to Directors) so determines, be credited with dividends paid with respect to the underlying Shares while they are so held in a manner determined by the Committee (or the Board with respect to Awards granted to Directors) in its sole discretion. The Committee (or the Board with respect to Awards granted to Directors) may apply any restrictions to the dividends that it deems appropriate. An Award Agreement for a Restricted Stock Unit Award may specify that the holder of the Award shall be entitled to the payment of Dividend Equivalents under the Award in a manner determined by the Committee in its sole discretion. An Award Agreement for a Restricted Stock Unit Award shall not specify that the Holder shall be entitled to the payment of Dividend Equivalents under the Award, unless the payment of any such Dividend Equivalents will be subject to the satisfaction of the same performance conditions, if any, as apply to the Restricted Stock Unit Award. In the case of a Restricted Stock Award, if the Holder shall be become entitled to the payment of dividends paid in Shares with respect to the Restricted Stock Award, such dividends shall be added to and become a part of the Restricted Stock Award. Accordingly, such dividends will be subject to the satisfaction of the same performance conditions, if any, as apply to the Restricted Stock Award.

**8.7 Termination of Employment/Directorship.** Each Award Agreement shall set forth the extent to which the Participant shall have the right to receive unvested Restricted Stock and/or Restricted Stock Units following termination of the Participant's employment or directorship with the Company or its Affiliates. Such provisions shall be determined in the sole discretion of the Committee (or the Board with respect to Awards granted to Directors), shall be included in the Award Agreement entered into with each Participant, need not be uniform among all Shares of Restricted Stock or Restricted Stock Units issued pursuant to this Plan and may reflect distinctions based on the reasons for termination.

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**8.8 Time of Payment Under Restricted Stock Unit Award.** A payment under a Restricted Stock Unit Award shall be made at such time as is specified in the applicable Award Agreement. The Award Agreement shall specify that the payment will be made (a) by a date that is no later than the date that is two and one-half (2 1/2) months after the end of the Fiscal Year in which the Restricted Stock Unit Award payment is no longer subject to a Substantial Risk of Forfeiture or (b) at a time that is permissible under Section 409A.

**Article 9. Performance Units, Performance Shares and Cash-Based Awards; Stock Awards.**

**9.1 Grant of Performance Units/Shares and Cash-Based Awards.** Subject to the terms of this Plan, Performance Units, Performance Shares and/or Cash-Based Awards may be granted to Employees in such amounts and upon such terms, and at any time and from time to time, as the Committee shall determine.

**9.2 Value of Performance Units/Shares and Cash-Based Awards.** Each Performance Unit shall have an initial value that the Committee shall establish at the time of grant. Each Performance Share shall have an initial value equal to the Fair Market Value of a Share on the date of grant. Each Cash-Based Award shall have a value as the Committee may determine. The Committee shall set performance goals in its discretion that, depending on the extent to which they are met, shall determine the number and value of Performance Units/Shares and Cash-Based Awards which shall be paid out to the Employee.

**9.3 Earning of Performance Units/Shares and Cash-Based Awards.** Subject to the terms of this Plan, after the applicable Performance Period has ended, the holder of Performance Units/Shares and Cash-Based Awards shall be entitled to receive payout on the number and value of Performance Units/Shares and Cash-Based Awards the Employee earned over the Performance Period, to be determined as a function of the extent to which the corresponding performance goals have been achieved.

**9.4 Form and Timing of Payment of Performance Units/Shares and Cash Based Awards.** Payment of earned Performance Shares and Cash-Based Awards shall be as the Committee determines and as set forth in the Award Agreement. Payment under a Performance Unit Award or a Cash-Based Award shall be made at such time as is specified in the applicable Award Agreement. The Award Agreement for a Performance Unit Award or a Cash-Based Award shall specify that the payment will be made (a) by a date that is no later than the date that is two and one-half (2 1/2) months after the end of the calendar year in which the Award payment is no longer subject to a Substantial Risk of Forfeiture or (b) at a time that is permissible under Section 409A.

Subject to the terms of this Plan, the Committee, in its sole discretion, may pay earned Performance Units/Shares and Cash-Based Awards in the form of cash or in Shares (or in a combination thereof) that have an aggregate Fair Market Value equal to the value of the earned Performance Units/Shares and Cash-Based Awards at the close of the applicable Performance Period. Such Shares may be granted subject to any restrictions deemed appropriate by the Committee.

**9.5 Stock Awards.** Employees or Directors may be granted Stock Awards. The Committee (or the Board with respect to Awards granted to Directors) may grant other types of equity-based or equity-related Awards (including the grant or offer for sale of unrestricted Shares) in such amounts and subject to such terms and conditions, as the Committee (or the Board with respect to Awards granted to Directors) shall determine. Such Awards may entail the transfer of actual Shares to Participants or payment in cash or otherwise of amounts based on the value of Shares and may include Awards designed to comply with or take advantage of the applicable local laws of jurisdictions other than the United States.

**9.6 Performance Measures for Performance-Based Awards.** Performance goals the attainment of which may determine the degree of payout or vesting with respect to Performance-Based Awards that are intended to qualify as performance-based compensation exempt from Section 162(m) will be based on one or more of the following business criteria: net earnings; earnings per share; net income (before or after taxes); stock price

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(including growth measures and total shareholder return); return measures (including return on net capital employed, return on assets, return on equity, or sales return); earnings before or after interest, taxes, depreciation and/or amortization; dividend payments to the Company; gross revenues; gross margins; expense targets; cash flow return on investments, which equals net cash flows divided by owner's equity; internal rate of return or increase in net present value; working capital targets relating to inventory or accounts receivable; planning accuracy (as measured by comparing planned results to actual results); net sales growth; net operating profit; cash flow (including operating cash flow and free cash flow); and operating margin. The Committee may, in its sole discretion, adopt other performance measures (consistent with the requirements of Section 162(m), as applicable) including any combination of the foregoing.

Achievement of the performance goals may be measured:

- (a) individually, alternatively, or in any combination;
- (b) with respect to the Company, one or more business units, or any combination of the foregoing;
- (c) on an absolute basis, or relative to a target, to a designated comparison group, to results in other periods, or to other external measures; and
- (d) including or excluding items determined to be extraordinary, unusual in nature, infrequent in occurrence, related to the acquisition or disposal of a business, or related to a change in accounting principle, in each case based on Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 225-20, *Income Statement, Extraordinary and Unusual Items*, and FASB ASC 830-10, *Foreign Currency Matters, Overall Opinion No. 30*, or other applicable accounting rules, or consistent with the Company's policies and practices for measuring the achievement of performance goals on the date the Committee establishes the goals.

The Committee may, in its discretion, increase the amount payable under a Performance-Based Award to a Participant who is not a Covered Employee. The Compensation Committee may not increase the amount payable under a Performance-Based Award to a Participant who is a Covered Employee.

Unless otherwise stated, such a performance goal for a Performance-Based Award need not be based upon an increase or positive result under a particular business criterion and could include, for example, maintaining the status quo or limiting economic losses (measured, in each case, by reference to specific business criteria). In interpreting this Plan's provisions applicable to performance goals and Performance-Based Awards for Participants who are Covered Employees, it is intended that the provisions will conform with the standards of Section 162(m), and the Committee in establishing such goals and interpreting this Plan shall be guided by such provisions. Prior to the payment of any compensation under Performance-Based Awards for Covered Employees that are based on the achievement of performance goals and are intended to qualify as performance-based compensation exempt from Section 162(m), the Committee must certify in writing that applicable performance goals and any of the material terms thereof were, in fact, satisfied.

#### **9.7 Dividends and Dividend Equivalents.**

An Award Agreement for a Performance-Based Award shall not specify that the Holder shall be entitled to the payment of Dividend Equivalents under the Award, unless the payment of any such Dividend Equivalents will be subject to the satisfaction of the same performance conditions as apply to the Performance-Based Award. In the case of a Performance-Based Award that is payable in Shares, if the Holder shall be become entitled to the payment of dividends paid in Shares with respect to the Performance-Based Award, such dividends shall be added to and become a part of the Performance-Based Award. Accordingly, such dividends will be subject to the satisfaction of the same performance conditions as apply to the Performance-Based Award.

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**Article 10. Beneficiary Designation.**

Each Participant under this Plan may, from time to time, name any beneficiary or beneficiaries (who may be named contingently or successively) to whom any benefit under this Plan is to be paid in case of his or her death before he or she receives any or all of such benefit. Each such designation shall revoke all prior designations by the same Participant, shall be in a form prescribed by the Company and shall be effective only when filed by the Participant in writing with the Company during the Participant's lifetime. In the absence of any such designation, benefits remaining unpaid at the Participant's death shall be paid to the Participant's estate.

**Article 11. Deferrals.**

Subject to Section 17.13, the Committee (or the Board with respect to Awards granted to Directors) may permit or require a Participant to defer such Participant's receipt of the payment of cash or the delivery of Shares that would otherwise be due to such Participant by virtue of the lapse or waiver of restrictions with respect to Restricted Stock/Units or the satisfaction of any requirements or goals with respect to Performance Units/Shares, Cash-Based Awards and Stock Awards. If any such deferral election is required or permitted, the Committee (or the Board with respect to Awards granted to Directors) shall, in its sole discretion, establish rules and procedures for such payment deferrals.

**Article 12. Rights of Employees/Directors.**

**12.1 Employment.** Nothing in this Plan shall interfere with or limit in any way the right of the Company to terminate any Participant's employment at any time, nor confer upon any Participant any right to continue in the employ of the Company.

Except as specifically provided otherwise in a written agreement with the Company, neither the Award nor any benefits arising under this Plan shall constitute part of a Participant's employment contract with the Company or any Affiliate. Any termination of this Plan pursuant to Section 15.1 shall not give rise to liability on the part of the Company or any Affiliate for severance payments.

**12.2 Participation.** No Employee or Director shall have the right to be selected to receive an Award under this Plan or, having been so selected, to be selected to receive a future Award.

**12.3 Rights as a Stockholder.** A Participant shall have none of the rights of a stockholder with respect to Shares covered by any Award until the Participant becomes the record holder of such shares.

**Article 13. Withholding.**

The Company or any Affiliate shall be entitled to satisfy its withholding obligation under federal, state or local tax law, domestic or foreign, to be withheld with respect to the vesting or exercise of an Award or lapse of restrictions on an Award by utilizing any method determined by the Committee or its delegate in its sole discretion, including any of the following methods:

- (a) The Company or any Affiliate shall be entitled to deduct from other compensation payable to each Holder any sums required by federal, state, local or foreign tax law to be withheld with respect to the vesting or exercise of an Award or lapse of restrictions on an Award to the extent that doing so will not cause the Holder to incur additional taxes under Section 409A.
  - (b) The Company may require the Holder (or other person validly exercising the Award) to pay such sums for taxes directly to the Company or any Affiliate in cash or by check within one day after the date of vesting, exercise or lapse of restrictions.
  - (c) The Company may reduce the number of Shares issued to the Holder upon such Holder's exercise of an Option to satisfy the tax withholding obligations of the Company or an Affiliate; provided that the Fair Market Value of the Shares held back shall not exceed the Company's or the Affiliate's Minimum Statutory Tax Withholding Obligation.
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(d) The Company or its Affiliate may satisfy the Minimum Statutory Tax Withholding Obligation arising upon the vesting of an Award by delivering to the Holder a reduced number of Shares in the manner specified herein. In the discretion of the Committee, at the time of vesting of Shares under the Award, the Company may (a) calculate the amount of the Company's or an Affiliate's Minimum Statutory Tax Withholding Obligation on the assumption that all such Shares vested under the Award are made available for delivery, (b) reduce the number of such Shares made available for delivery so that the Fair Market Value of the Shares withheld on the vesting date approximates the Company's or an Affiliate's Minimum Statutory Tax Withholding Obligation and (c) in lieu of the withheld Shares, remit cash to the United States Treasury and/or other applicable governmental authorities, on behalf of the Holder, in the amount of the Minimum Statutory Tax Withholding Obligation. The Company shall withhold only whole Shares to satisfy its Minimum Statutory Tax Withholding Obligation. Where the Fair Market Value of the withheld Shares does not equal the amount of the Minimum Statutory Tax Withholding Obligation, the Company shall withhold Shares with a Fair Market Value slightly less than the amount of the Minimum Statutory Tax Withholding Obligation and the Holder must satisfy the remaining minimum withholding obligation in some other manner permitted under this Article 13. The withheld Shares not made available for delivery by the Company shall be retained as treasury shares or will be cancelled and the Holder's right, title and interest in such Shares shall terminate.

(e) A Holder may be allowed to use Mature Shares to satisfy the Company's or Affiliate's tax withholding obligations with respect to an Award.

The Company shall have no obligation upon vesting or exercise of any Award or lapse of restrictions on an Award until the Company or an Affiliate has received payment sufficient to cover the Minimum Statutory Tax Withholding Obligation with respect to that vesting, exercise or lapse of restrictions.

Neither the Company nor any Affiliate shall be obligated to advise a Holder of the existence of the tax or the amount which it will be required to withhold.

**Article 14. Acceleration in Connection With Change in Control.**

The effect, if any, of a Change in Control (including a termination of employment in connection with a Change in Control) upon any Award granted under this Plan after January 23, 2014 shall be determined in accordance with the terms of the applicable Award Agreement and any related Terms and Conditions issued by the Committee that are applicable to the Award. In the case of Awards granted under this Plan on or prior to January 22, 2014, the terms of Article 14 of this Plan in effect prior to the Restatement Date will apply to such Awards.

**Article 15. Amendment, Modification, Suspension and Termination.**

**15.1 Amendment, Modification, Suspension and Termination.** Subject to the terms of this Plan, the Board may at any time and from time to time alter, amend, modify, suspend or terminate this Plan in whole or in part, except that no amendment, modification, suspension or termination that would adversely affect in any material way the rights of any Participant under any Award previously granted to such Participant under this Plan shall be made without the written consent of such Participant and no amendment will be made without stockholder approval to the extent stockholder approval is required by applicable legal requirements.

**15.2 Prohibitions on Repricing of Options or SARs.** This Plan may not be modified in any manner that would result in a violation of any of the repricing restrictions set forth in Sections 6.12 or 7.8.

**15.3 Adjustment of Awards Upon the Occurrence of Certain Unusual or Nonrecurring Events.** Subject to and without limiting the application of Article 14, the Board may make adjustments in the terms and conditions of, and the criteria included in, Awards in recognition of unusual or nonrecurring events (including the events described in Section 4.2) affecting the Company or the financial statements of the Company or of changes in applicable laws, regulations or accounting principles, whenever the Board determines that such adjustments are appropriate to prevent unintended dilution or enlargement of the benefits or potential benefits intended to be made available under this Plan.

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**Article 16. Successors.**

All obligations of the Company under this Plan with respect to Awards granted hereunder shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect merger, consolidation or otherwise, of all or substantially all of the business and/or assets of the Company.

**Article 17. General Provisions.**

**17.1 Restrictions and Legend.** No Shares or other form of payment shall be issued with respect to any Award unless the Company shall be satisfied based on the advice of its counsel that such issuance will be in compliance with applicable federal and state securities laws. Certificates evidencing Shares delivered under this Plan (to the extent that such shares are so evidenced) may be subject to such restrictions as the Committee (or the Board with respect to Awards granted to Directors) may deem advisable under the rules, regulations and other requirements of the Securities and Exchange Commission, any securities exchange or transaction reporting system upon which the Shares are then listed or to which they are admitted for quotation and any applicable federal or state securities law. The Committee (or the Board with respect to Awards granted to Directors) may cause a legend or legends to be placed upon such certificates (if any) to make appropriate reference to such restrictions.

The Committee (or the Board with respect to Awards granted to Directors) may require each person receiving Shares pursuant to an Award under this Plan to represent to and agree with the Company in writing that the Participant is acquiring the Shares without a view to distribution thereof. In addition to any other legend required by this Plan, the certificates for such Shares may include any legend which the Committee (or the Board with respect to Awards granted to Directors) deems appropriate to reflect any restrictions on transfer of such Shares.

**17.2 Severability.** If any provision of this Plan shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of this Plan, and this Plan shall be construed and enforced as if the illegal or invalid provision had not been included.

**17.3 Requirements of Law.** The granting of Awards and the issuance of Shares under this Plan shall be subject to all applicable laws, rules and regulations and to such approvals by any governmental agencies or national securities exchanges as may be required. The Company shall receive the consideration required by law for the issuance of Awards under this Plan.

**17.4 Securities Law Compliance.** All transactions under this Plan are intended to comply with all applicable conditions of Rule 16b-3 or its successor under the Exchange Act, unless determined otherwise by the Board. To the extent any provision of this Plan or action by the Board fails to so comply, it shall be deemed null and void, to the extent permitted by law and deemed advisable by the Board.

**17.5 Listing.** The Company may use reasonable endeavors to register Shares allotted pursuant to the exercise of an Award with the Securities and Exchange Commission or to effect compliance with the registration, qualification and listing requirements of any national securities laws, stock exchange or automated quotation system.

**17.6 Delivery of Title.** The Company shall have no obligation to issue or deliver evidence of title for Shares under this Plan prior to:

- (a) Obtaining any approvals from governmental agencies that the Company determines are necessary or advisable; and
- (b) Completion of any registration or other qualification of the Shares under any applicable national or foreign law or ruling of any governmental body that the Company determines to be necessary or advisable.

**17.7 Inability to Obtain Authority.** The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

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**17.8 Investment Representations.** As a condition to the exercise of an Award, the Company may require the person exercising such Award to represent and warrant at the time of any such exercise that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation is required.

**17.9 Employees Based Outside of the United States.** Notwithstanding any provision of this Plan to the contrary, in order to comply with the laws in other countries in which the Company and its Affiliates operate or have Employees, the Committee, in its sole discretion, shall have the power and authority to:

- (a) Determine which Affiliates shall be covered by this Plan;
- (b) Determine which Employees employed outside the United States are eligible to participate in this Plan;
- (c) Modify the terms and conditions of any Award granted to Employees who are employed outside the United States to comply with applicable foreign laws;
- (d) Establish subplans and modify exercise procedures and other terms and procedures to the extent such actions may be necessary or advisable. Any subplans and modifications to Plan terms and procedures established under this Section 17.9 by the Committee shall be attached to this Plan document as Appendices; and
- (e) Take any action, before or after an Award is made, that it deems advisable to obtain approval or comply with any necessary local government regulatory exemptions or approvals.

Notwithstanding the above, the Committee may not take any actions hereunder, and no Awards shall be granted, that would violate the Exchange Act, the Code, any securities law or governing statute or any other applicable law.

**17.10 Uncertificated Shares.** To the extent that this Plan provides for issuance of certificates to reflect the transfer of Shares, the transfer of such Shares may be effected on a noncertificated basis, to the extent not prohibited by applicable law or the rules of any stock exchange.

**17.11 Unfunded Plan.** Participants shall have no right, title or interest whatsoever in or to any investments that the Company may make to aid it in meeting its obligations under this Plan. Nothing contained in this Plan, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind, or a fiduciary relationship between the Company and any Participant, beneficiary, legal representative or any other person. To the extent that any Person acquires a right to receive payments from the Company under this Plan, such right shall be no greater than the right of an unsecured general creditor of the Company. All payments to be made hereunder shall be paid from the general funds of the Company and no special or separate fund shall be established and no segregation of assets shall be made to assure payment of such amounts, except as expressly set forth in this Plan. This Plan is not intended to be subject to ERISA.

**17.12 Governing Law.** This Plan and each Award Agreement shall be governed by the laws of the State of Texas, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Plan to the substantive law of another jurisdiction. Unless otherwise provided in the Award Agreement, recipients of an Award under this Plan are deemed to submit to the exclusive jurisdiction and venue of the federal or state courts of Harris County, Texas to resolve any and all issues that may arise out of or relate to this Plan or any related Award Agreement.

**17.13 Compliance With Section 409A.** Awards shall be designed, granted and administered in such a manner that they are either exempt from the application of, or comply with, the requirements of Section 409A. If the Committee determines that an Award, Award Agreement, payment, distribution, deferral election, transaction, or any other action or arrangement contemplated by the provisions of this Plan would, if undertaken or implemented, cause a Holder to become subject to additional taxes under Section 409A, then unless the Committee specifically provides otherwise, such Award, Award Agreement, payment, distribution, deferral election, transaction or other action or arrangement shall not be given effect to the extent it causes such result and the related provisions of this Plan and/or Award Agreement will be deemed modified, or, if necessary, suspended in order to comply with the requirements of Section 409A to the extent determined appropriate by the Committee, in each case without the consent of or notice to the Holder. The exercisability of an Option shall not be extended to the extent that such extension would subject the Holder to additional taxes under Section 409A. This Section 17.13 is effective for Awards granted under this Plan that are earned and vested on or after January 1, 2005.

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**17.14 Recoupment in Certain Situations.** Effective for Awards granted on or after January 22, 2014, without limiting the applicability of any additional provisions set forth in Award Agreements, if the Company is required to prepare an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under applicable securities laws, the Holder who is then or was a current or former executive officer of the Company shall forfeit and must repay to the Company any compensation awarded under this Plan to the extent specified in any of the Company's compensation recoupment policies established or amended (now or in the future) in compliance with the rules and standards of the Securities and Exchange Commission Committee under or in connection with Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. Further, effective for Awards granted on or after January 22, 2014, without limiting the applicability of any additional provisions set forth in Award Agreements, if the Company is required to prepare an accounting restatement due in whole or in part to the current or former Holder's misconduct, the current or former Holder shall forfeit and must repay to the Company any compensation awarded under this Plan to the extent required by the Board in accordance with the terms of the Company's compensation recoupment policy as in effect on January 23, 2014.

**17.15 No Fractional Shares.** No fractional Shares shall be issued or delivered pursuant to this Plan or any Award. The Committee (or the Board with respect to Awards granted to Directors) shall determine whether cash, Awards or other property shall be issued or paid in lieu of fractional Shares or whether such fractional Shares or any rights thereto shall be forfeited or otherwise eliminated.

**17.16 Restrictions on Transferability.** Except as provided below, an Award (other than an Incentive Stock Option, which shall be subject to the transfer restrictions set forth in Section 6.9), and Shares that have not been issued under this Plan or as to which any applicable restriction, performance or deferral period has not lapsed, shall not be transferred, sold, pledged, assigned or otherwise alienated or hypothecated, other than (i) by will or the laws of descent and distribution, (ii) pursuant to a qualified domestic relations order as defined in section 414(d) of the Code, (iii) with respect to Awards of Options which do not constitute Incentive Stock Options, if such transfer is permitted in the sole discretion of the Committee, by transfer by a Participant to a member of the Participant's Immediate Family, to a trust solely for the benefit of the Participant and the Participant's Immediate Family, or to a partnership or limited liability company whose only partners or shareholders are the Participant and members of the Participant's Immediately Family. Any attempted transfer, sale, pledge, assignment, alienation or hypothecation in violation of this Section 17.16 shall be null and void.

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## Table of Contents

Article 1.	Establishment, Objectives and Duration	1
Article 2.	Definitions and Construction	1
Article 3.	Administration	11
Article 4.	Shares Subject to Plan and Maximum Awards	13
Article 5.	Eligibility and Participation	16
Article 6.	Stock Options	16
Article 7.	Stock Appreciation Rights	20
Article 8.	Restricted Stock and Restricted Stock Units	22
Article 9.	Performance Units, Performance Shares and Cash-Based Awards; Stock Awards	24
Article 10.	Beneficiary Designation	26
Article 11.	Deferrals	27
Article 12.	Rights of Employees/Directors	27
Article 13.	Withholding	27
Article 14.	Acceleration in Connection With Change in Control	28
Article 15.	Amendment, Modification, Suspension and Termination	29
Article 16.	Successors	29
Article 17.	General Provisions	29

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**Amended and Restated Baker Hughes Incorporated 2002 Employee Long-Term Incentive Plan****Article 1. Establishment, Objectives and Duration.**

**1.1 Establishment.** Baker Hughes Incorporated, a Delaware corporation (the “Company”), previously established the Baker Hughes Incorporated 2002 Employee Long-Term Incentive Plan (this “Plan”), to reward certain corporate officers and key employees of the Company by enabling them to acquire shares of common stock of the Company and to receive other compensation based on common stock of the Company or certain performance measures. This Plan permits the grant of Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Performance Shares, Performance Units, Stock Awards and Cash-Based Awards (as this Plan defines each of those terms below).

This Plan became effective as of March 6, 2002 (the “Effective Date”) and shall remain in effect as provided in Section 1.3. This Plan is amended and restated effective as of the date on which the stockholders of the Company approve of this Amendment and Restatement of this Plan (the “Restatement Date”). The adoption of this Amendment and Restatement of this Plan is contingent upon the approval by the Company’s stockholders of this Amendment and Restatement of this Plan.

**1.2 Objectives.** This Plan is designed to attract and retain key employees of the Company and its Affiliates (defined below), to encourage the sense of proprietorship of those employees and to stimulate the active interest of these persons in the development and financial success of the Company and its Affiliates. These objectives are to be accomplished by making Awards (defined below) under this Plan and thereby providing Participants (defined below) with a proprietary interest in the growth and performance of the Company and its Affiliates.

**1.3 Duration.** This Plan commenced as of the Effective Date and shall remain in effect, subject to the right of the Board of Directors to amend or terminate the Plan at any time pursuant to Article 13, until all Shares subject to it shall have been purchased or acquired according to this Plan’s provisions. However, in no event may an Award be granted under this Plan on or after September 18, 2019.

**Article 2. Definitions and Construction.**

**2.1** Whenever used in this Plan, the following capitalized terms in this Section 2.1 shall have the meanings set forth below, and when the meaning is intended, the initial letter of the word shall be capitalized:

“**Affiliate**” shall have the meaning ascribed to such term in Rule 12b-2 of the General Rules and Regulations of the Exchange Act.

“**Assets**” means assets of any kind owned by Baker Hughes, including but not limited to securities of Baker Hughes’ direct and indirect subsidiaries and Affiliates.

“**Award**” means, individually or collectively, a grant under this Plan to a Participant of Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Performance Shares, Performance Units, Cash Based Awards or Stock Awards.

“**Award Agreement**” means either (a) an agreement that the Company and a Participant enters into that sets forth the terms and provisions applicable to an Award granted under this Plan or (b) a statement that the Company issues to a Participant describing the terms and provisions of the Award.

“**Award Limitations**” has the meaning ascribed to that term in Section 4.1.

“**Baker Hughes**” means Baker Hughes Incorporated, a Delaware corporation, and any successor by merger or otherwise.

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**“Beneficial Owner”** or **“Beneficial Ownership”** shall have the meaning ascribed to the term in Rule 13d-3 of the General Rules and Regulations under the Exchange Act.

**“Board”** or **“Board of Directors”** means the Board of Directors of the Company.

**“Cash-Based Award”** means an Award granted to a Participant as described in Article 9.

**“Cause”** for termination by the Company of the Employee’s employment means (a) the willful and continued failure by the Employee to substantially perform the Employee’s duties with the Company (other than any such failure resulting from the Employee’s incapacity due to physical or mental illness or any such actual or anticipated failure after the issuance of a notice of termination for Good Reason by the Employee) after a written demand for substantial performance is delivered to the Employee by the Committee, which demand specifically identifies the manner in which the Committee believes that the Employee has not substantially performed the Employee’s duties, or (b) the willful engaging by the Employee in conduct which is demonstrably and materially injurious to the Company or its subsidiaries, monetarily or otherwise. For purposes of Sections (a) and (b) of this definition, (i) no act, or failure to act, on the Employee’s part shall be deemed “willful” unless done, or omitted to be done, by the Employee not in good faith and without reasonable belief that the Employee’s act, or failure to act, was in the best interest of the Company and (ii) in the event of a dispute concerning the application of this provision, no claim by the Company that Cause exists shall be given effect unless the Company establishes to the Committee by clear and convincing evidence that Cause exists.

A **“Change in Control”** of the Company shall be deemed to have occurred as of the first day that any one or more of the following conditions shall have been satisfied:

(a) Any Person is or becomes a Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities beneficially owned by this Person any securities acquired directly from the Company or its Affiliates) representing 30% or more of the combined voting power of the Company’s then outstanding securities, excluding any Person who becomes, as described in this Section (a), a Beneficial Owner in connection with a transaction described in Section (c)(i) of this definition below; or

(b) The following individuals cease for any reason to constitute a majority of the number of Directors then serving: individuals who, on the Effective Date, constitute the Board of Directors of the Company and any new Director (other than a Director whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of Directors of the Company) whose appointment or election by the Board of Directors of the Company or nomination for election by the Company’s stockholders was approved or recommended by a vote of at least 2/3 of the Directors then still in office who either were Directors on the date hereof or whose appointment, election or nomination for election was previously so approved or recommended; or

(c) There is consummated a merger or consolidation of the Company or any direct or indirect subsidiary of the Company with any other corporation, other than (i) a merger or consolidation that would result in the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof), in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any Affiliate, at least 55% of the combined voting power of the securities of the Company or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation or (ii) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities Beneficially Owned by this Person any securities acquired directly from the Company or its Affiliates other than in connection with the acquisition by the Company or its Affiliates of a business) representing 30% or more of the combined voting power of the Company’s then outstanding securities; or

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(d) There is consummated a merger or consolidation of the Company or any direct or indirect subsidiary of the Company with any other corporation, other than a merger or consolidation immediately following which the individuals who comprise the Board immediately prior thereto constitute at least a majority of the board of directors of the entity surviving such merger or any parent thereof (or a majority plus one member where such board is comprised of an odd number of members); or

(e) The stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or there is consummated an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, other than (i) a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, at least 55% of the combined voting power of the voting securities of which are owned by stockholders of the Company in substantially the same proportions as their ownership of the Company immediately prior to such sale, or (ii) where the individuals who comprise the Board immediately prior thereto constitute at least a majority of the board of directors of such entity or any parent thereof (or a majority plus one member where such board is comprised of an odd number of members).

Notwithstanding the foregoing, effective for Awards granted under this Plan on or after July 24, 2008, "Change in Control" means the occurrence of any of the following events:

- (a) the individuals who are Incumbent Directors cease for any reason to constitute a majority of the members of the Board;
  - (b) the consummation of a Merger of Baker Hughes or an Affiliate with another Entity, unless the individuals and Entities who were the Beneficial Owners of the Voting Securities of Baker Hughes outstanding immediately prior to such Merger own, directly or indirectly, at least 50 percent of the combined voting power of the Voting Securities of any of Baker Hughes, the surviving Entity or the parent of the surviving Entity outstanding immediately after such Merger;
  - (c) any Person, other than a Specified Owner, becomes a Beneficial Owner, directly or indirectly, of securities of Baker Hughes representing 30 percent or more of the combined voting power of Baker Hughes' then outstanding Voting Securities;
  - (d) a sale, transfer, lease or other disposition of all or substantially all of Baker Hughes' Assets is consummated (an "*Asset Sale*"), *unless*:
    - (1) the individuals and Entities who were the Beneficial Owners of the Voting Securities of Baker Hughes immediately prior to such Asset Sale own, directly or indirectly, 50 percent or more of the combined voting power of the Voting Securities of the Entity that acquires such Assets in such Asset Sale or its parent immediately after such Asset Sale in substantially the same proportions as their ownership of Baker Hughes' Voting Securities immediately prior to such Asset Sale; or
    - (2) the individuals who comprise the Board immediately prior to such Asset Sale constitute a majority of the board of directors or other governing body of either the Entity that acquired such Assets in such Asset Sale or its parent (or a majority plus one member where such board or other governing body is comprised of an odd number of directors); or
  - (e) The stockholders of Baker Hughes approve a plan of complete liquidation or dissolution of Baker Hughes.
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Notwithstanding the foregoing, a “Change in Control” shall not be deemed to have occurred by virtue of the consummation of any transaction or series of integrated transactions immediately following which the record holders of the common stock of the Company immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in an entity that owns all or substantially all of the assets of the Company immediately following such transaction or series of transactions.

“**Code**” means the Internal Revenue Code of 1986, as amended from time to time.

“**Committee**” means the Compensation Committee of the Board or such other committee of the Board or the entire Board as the Board designates to administer Awards to Employees, as specified in Article 3.

“**Company**” shall have the meaning ascribed to that term in Section 1.1.

“**Director**” means any individual who is a member of the Board of Directors of the Company.

“**Disability**” shall mean (a) the inability of the Grantee to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or (b) by reason of any medically determinable physical or mental impairment of the Grantee which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, the receipt by the Grantee of income replacement benefits for a period of not less than three months under an accident or health plan covering employees of the Company or any Affiliate of the Company that is required to be treated as a single employer together with the Company under section 414 of the Code.

“**Dividend Equivalent**” means a payment equivalent in amount to dividends paid to the Company’s stockholders.

“**Effective Date**” shall have the meaning ascribed to that term in Section 1.1.

“**Employee**” means (i) any employee of the Company or any of its Affiliates or (ii) an individual who has agreed to become an Employee of the Company or any of its Affiliates and is expected to become an Employee within the following 6 months.

“**Entity**” means any corporation, partnership, association, joint-stock company, limited liability company, trust, unincorporated organization or other business entity.

“**ERISA**” means the Employee Retirement Income Security Act of 1974, as amended from time to time.

“**Exchange Act**” means the Securities Exchange Act of 1934, as amended from time to time, or any successor act.

“**Fair Market Value**” means the value per Share as determined by the Committee, based on the composite transactions in Shares as reported by *The Wall Street Journal*, and shall be equal to the per share price of the last sale of Shares on the trading day prior to the date on which value is being determined.

“**Fiscal Year**” means the year commencing January 1 and ending December 31.

“**Freestanding SAR**” means an SAR that is granted independently of any Option, as described in Article 7.

“**Good Reason**” for termination by the Employee of the Employee’s employment means the occurrence (without the Employee’s express written consent) after any Change in Control, (or prior to a Change in Control if the circumstance or event which constitutes Good Reason occurs at the request or direction of the Person who has entered into an agreement with the Company the consummation of which would constitute a Change in Control, or is otherwise in connection with or in anticipation of a Change in Control) of any one of the following acts by the Company, or failures by the Company to act, unless, in the case of any act or failure to act described in paragraph (a), (e), (f) or (g) below, such act or failure to act is corrected prior to the effective date of the Employee’s termination for Good Reason:

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(a) the assignment to the Employee of any duties inconsistent with the status of the Employee's position with the Company or a substantial adverse alteration in the nature or status of the Employee's responsibilities from those in effect immediately prior to the Change in Control;

(b) a reduction by the Company in the Employee's annual base salary as in effect on the date hereof or as the same may be increased from time to time except for across-the-board salary reductions similarly affecting all individuals having a similar level of authority and responsibility with the Company and all individuals having a similar level of authority and responsibility with any Person in control of the Company;

(c) the relocation of the Employee's principal place of employment to a location more than 50 miles from the Employee's principal place of employment immediately prior to the Change in Control or the Company's requiring the Employee to be based anywhere other than such principal place of employment (or permitted relocation thereof) except for required travel on the Company's business to an extent substantially consistent with the Employee's present business travel obligations;

(d) the failure by the Company to pay to the Employee any portion of the Employee's current compensation except pursuant to an across-the-board compensation deferral similarly affecting all individuals having a similar level of authority and responsibility with the Company and all individuals having a similar level of authority and responsibility with any Person in control of the Company, or to pay to the Employee any portion of an installment of deferred compensation under any deferred compensation program of the Company, within 7 days of the date such compensation is due;

(e) the failure by the Company to continue in effect any compensation plan in which the Employee participates immediately prior to the Change in Control which is material to the Employee's total compensation, unless an equitable arrangement (embodied in an ongoing substitute or alternative plan) has been made with respect to such plan, or the failure by the Company to continue the Employee's participation therein (or in such substitute or alternative plan) on a basis not materially less favorable, both in terms of the amount or timing of payment of benefits provided and the level of the Employee's participation relative to other participants, as existed immediately prior to the Change in Control;

(f) the failure by the Company to continue to provide the Employee with benefits substantially similar to those enjoyed by the Employee under any of the Company's pension, savings, life insurance, medical, health and accident, or disability plans in which the Employee was participating immediately prior to the Change in Control (except for across the board changes similarly affecting all individuals having a similar level of authority and responsibility with the Company and all individuals having a similar level of authority and responsibility with any Person in control of the Company), the taking of any other action by the Company which would directly or indirectly materially reduce any of such benefits or deprive the Employee of any material fringe benefit or perquisite enjoyed by the Employee at the time of the Change in Control, or the failure by the Company to provide the Employee with the number of paid vacation days to which the Employee is entitled on the basis of years of service with the Company in accordance with the Company's normal vacation policy in effect at the time of the Change in Control; or

(g) if the Employee is party to an individual employment, severance, or similar agreement with the Company, any purported termination of the Employee's employment which is not effected pursuant to the notice of termination or other procedures specified therein satisfying the requirements thereof; for purposes of this Plan, no such purported termination shall be effective.

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The Employee's right to terminate the Employee's employment for Good Reason shall not be affected by the Employee's incapacity due to physical or mental illness. The Employee's continued employment shall not constitute consent to, or a waiver of rights with respect to, any act or failure to act constituting Good Reason hereunder.

For purposes of any determination regarding the existence of Good Reason, any claim by the Employee that Good Reason exists shall be presumed to be correct unless the Company establishes to the Committee by clear and convincing evidence that Good Reason does not exist.

**"Grantee"** means the person to whom an Award is granted.

**"Holder"** means the holder of an Award.

**"Immediate Family"** means, with respect to a Participant, the Participant's spouse, children or grandchildren (including adopted children, stepchildren and grandchildren).

**"Incumbent Director"** means –

- (a) a member of the Board on July 24, 2008 or
- (b) an individual-
  - (1) who becomes a member of the Board after July 24, 2008;
  - (2) whose appointment or election by the Board or nomination for election by Baker Hughes' stockholders is approved or recommended by a vote of at least two-thirds of the then serving Incumbent Directors (as defined herein); and
  - (3) whose initial assumption of service on the Board is not in connection with an actual or threatened election contest.

**"Mature Shares"** means Shares that have been held by the Holder, and with respect to which any applicable forfeiture restrictions have lapsed, in each case, for at least six months.

**"Merger"** means a merger, consolidation or similar transaction.

**"Minimum Statutory Tax Withholding Obligation"** means, with respect to an Award, the amount the Company or an Affiliate is required to withhold for federal, state, local and foreign taxes based upon the applicable minimum statutory withholding rates required by the relevant tax authorities.

**"Option"** means a nonqualified stock option, as defined in Code Section 83 and the regulations promulgated under that Section, granted to a Participant, as described in Article 6.

**"Option Price"** means the price at which a Participant may purchase a Share pursuant to an Option.

**"Participant"** means an Employee who has been selected to receive an Award or who has an outstanding Award granted under this Plan.

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**“Performance-Based Award”** means a Performance Share, a Performance Unit, a Cash-Based Award or a Stock Award granted to a Participant pursuant to Article 9, of which the fulfillment of performance goals determines the degree of payout or vesting.

**“Performance Period”** means the period of time during which the performance goals must be met to determine the degree of payout or vesting with respect to certain Performance-Based Awards.

**“Performance Share”** means an Award granted to a Participant, as described in Article 9.

**“Performance Unit”** means an Award granted to a Participant, as described in Article 9.

**“Period of Restriction”** means the period during which the transfer of Shares of Restricted Stock is limited in some way (based on the passage of time, the achievement of performance goals or upon the occurrence of other events as determined by the Committee, at its discretion) and the Shares are subject to a substantial risk of forfeiture, as provided in Article 8.

**“Person”** shall have the meaning ascribed to the term in Section 3(a)(9) of the Exchange Act and used in Sections 13(d) and 14(d) thereof, including a “group” as defined in Section 13(d) thereof, except that the term shall not include (a) the Company or any of its Affiliates, (b) a trustee or other fiduciary holding Company securities under an employee benefit plan of the Company or any of its Affiliates, (c) an underwriter temporarily holding securities pursuant to an offering of those securities or (d) a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

**“Restatement Date”** means the date on which the stockholders of the Company approve of this Amendment and Restatement of this Plan.

**“Restricted Stock”** means an Award granted to a Participant pursuant to Article 8.

**“Restricted Stock Unit”** means an Award granted to a Participant, as described in Article 8.

**“Section 409A”** means section 409A of the Code and Department of Treasury rules and regulations issued thereunder.

**“Shares”** means the common stock of the Company, \$1.00 par value per share.

**“Specified Owner”** means any of the following:

- (a) Baker Hughes;
  - (b) an Affiliate of Baker Hughes;
  - (c) an employee benefit plan (or related trust) sponsored or maintained by Baker Hughes or any Affiliate of Baker Hughes;
  - (d) a Person that becomes a Beneficial Owner of Baker Hughes’ outstanding Voting Securities representing 30 percent or more of the combined voting power of Baker Hughes’ then outstanding Voting Securities as a result of the acquisition of securities directly from Baker Hughes and/or its Affiliates; or
  - (e) a Person that becomes a Beneficial Owner of Baker Hughes’ outstanding Voting Securities representing 30 percent or more of the combined voting power of Baker Hughes’ then outstanding Voting Securities as a result of a Merger if the individuals and Entities who were the Beneficial Owners of the Voting Securities of Baker Hughes outstanding immediately prior to such Merger own, directly or indirectly, at least 50 percent of the combined voting power of the Voting Securities of any of Baker Hughes, the surviving Entity or the parent of the surviving Entity outstanding immediately after such Merger in substantially the same proportions as their ownership of the Voting Securities of Baker Hughes outstanding immediately prior to such Merger.
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**“Stock Appreciation Right”** or **“SAR”** means an Award, granted alone or in connection with a related Option, designated as an SAR, pursuant to the terms of Article 7.

**“Stock Award”** means an Award granted pursuant to the terms of Section 9.5.

**“Substantial Risk of Forfeiture”** shall have the meaning ascribed to that term in Section 409A.

**“Tandem SAR”** means an SAR that is granted in connection with a related Option pursuant to Article 7, the exercise of which shall require forfeiture of the right to purchase a Share under the related Option (and when a Share is purchased under the Option, the Tandem SAR shall similarly be canceled).

**2.2** As used in this Plan, unless the context otherwise expressly requires to the contrary, references to the singular include the plural, and vice versa; references to the masculine include the feminine and neuter; references to “including” mean “including (without limitation)”; and references to Sections and Articles mean the sections and articles of this Plan.

### **Article 3. Administration.**

**3.1 General.** Subject to the terms and conditions of this Plan, the Committee shall administer this Plan or, in the absence of the Committee, the Board shall administer this Plan. The Board shall appoint the members of the Committee, from time to time, who shall serve at the discretion of the Board. The Committee shall have full and exclusive power and authority to administer this Plan and to take all actions that this Plan specifically contemplates or are necessary or appropriate in connection with the administration of this Plan.

**3.2 Authority of the Committee.** The Committee shall also have full and exclusive power to interpret this Plan and to adopt such rules, regulations and guidelines for carrying out this Plan as it may deem necessary or proper, all of which powers shall be exercised in the best interests of the Company and in keeping with the objectives of this Plan. The Committee shall have full power to select Employees who shall participate in this Plan, determine the sizes and types of Awards and determine the terms and conditions of Awards to Employees in a manner consistent with this Plan. Subject to the provisions of Section 17.13, in its discretion, the Committee may provide for the extension of the exercisability of an Award, accelerate the vesting or exercisability of an Award, eliminate or make less restrictive any restrictions contained in an Award, waive any restriction or other provision of this Plan or an Award, or otherwise amend or modify an Award in any manner that is either (i) not adverse to the Participant to whom the Award was granted or (ii) to which the Participant consents. The Committee may make an Award to an individual who it expects to become an Employee of the Company or any of its Affiliates within the next 6 months, with the Award being subject to the individual’s actually becoming an Employee within that time period and subject to other terms and conditions as the Committee may establish. The Committee may correct any defect or supply any omission or reconcile any inconsistency in this Plan or in any Award in the manner and to the extent the Committee deems necessary or desirable to further this Plan’s objectives. Further, the Committee shall make all other determinations that may be necessary or advisable for the administration of this Plan. As permitted by law and the terms of this Plan, the Committee may delegate its authority as identified in Section 3.3.

**3.3 Delegation of Authority.** The Committee may delegate to the Chief Executive Officer and to other senior officers of the Company its duties under this Plan pursuant to such conditions or limitations as the Committee may establish. The Committee may engage or authorize the engagement of a third-party administrator to carry out administrative functions under this Plan.

**3.4 Decisions Binding.** All determinations and decisions made by the Committee and the Board pursuant to the provisions of this Plan and all related orders and resolutions of the Committee and the Board shall be final, conclusive and binding on all persons, including the Company, its stockholders, Employees, Participants and the estates and beneficiaries of Employees and Participants.

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Under no circumstances shall the Company incur liability for any indirect, incidental, consequential or special damages (including lost profits) of any form incurred by any person, whether or not foreseeable and regardless of the form of the act in which such a claim may be brought, with respect to this Plan or the Company's role as Plan sponsor.

**Article 4. Shares Subject to Plan and Maximum Awards.**

**4.1 Number of Shares Available for Awards and Award Limitations.**

(a) **Plan Share Limit.** Subject to adjustment as provided in Section 4.2, the aggregate number of Shares reserved for issuance to Participants under this Plan on and after the Restatement Date shall be 20,000,000 Shares, less (1) in the case of an Award granted under this Plan after December 31, 2013, other than an Option or a SAR, 2.30 Shares for every one Share issued under the Award, and less (2) in the case of an Option or a SAR granted under this Plan after December 31, 2013 one Share for every one share issued under this Plan (collectively, the "*Plan Share Limit*"). Any Shares that are subject to an Option or a SAR shall be counted against the Plan Share Limit as one Share for every one Share issued, and any Shares that are subject to an Award other than an Option or a SAR shall be counted against the Plan Share Limit as 2.30 Shares for every one Share issued pursuant to the Award.

(b) **No Liberal Share Counting for Cashless Exercises of Options and SARs and Tax Withholding for Options and SARs.** To the extent that after December 31, 2013, Shares subject to an Option or a SAR are used to pay (1) the Option Price under the Option or the exercise price under the SAR under a net-settlement cashless exercise of all or a portion of the Option or the SAR, or (2) the tax withholding obligation arising with respect to the Option or the SAR, those Shares will be treated as having been issued under this Plan for purposes of the Plan Share Limit. To the extent that after December 31, 2013, Shares not subject to an Option or a SAR are tendered by the Holder to pay (1) the Option Price under the Option or the exercise price under the SAR under a cashless exercise of all or a portion of the Option or the SAR, or (2) the tax withholding obligation arising with respect to the Option or the SAR, those Shares will not be added to, and will not otherwise increase, the Plan Share Limit.

(c) **Gross Amount of Shares Subject to SARs Settled in Shares Counted Against the Plan Share Limit.** For the avoidance of doubt, the gross (rather than the net) number of Shares that are subject to SARs that are settled in Shares will be treated as issued under this Plan for purposes of the Plan Share Limit.

(d) **Share Repurchases by the Company on the Open Market Will Not Increase Plan Share Limit.** For the avoidance of doubt, Shares that are repurchased by the Company on the open market will not be added to, and will not otherwise increase, the Plan Share Limit.

(e) **Source of Shares.** The Shares described in this Section 4.1 may consist of authorized but unissued Shares or previously issued Shares reacquired by the Company.

(f) **Forfeitures, Expirations, Settlements in Cash and Exchanges for Awards That Do Not Involve Shares.** To the extent that Shares that are the subject of Awards under this Plan are (1) forfeited or terminated, (2) expire unexercised, (3) are settled in cash in lieu of Shares, or (4) are exchanged for Awards that do not involve Shares, such Shares shall not be treated as having been issued under this Plan but rather shall again immediately become available to be issued pursuant to Awards granted under this Plan.

(g) **Shares Used to Satisfy Tax Withholding Obligations for Awards Other Than Options and SARs.** To the extent that after December 31, 2013, Shares subject to an Award other than an Option or a SAR are used to pay the tax withholding obligation arising with respect to the Award, those Shares will not be treated as having been issued under this Plan for purposes of the Plan Share Limit. To the extent that after December 31, 2013, Mature Shares are used by a Holder (through attestation or otherwise) to pay the tax withholding obligation arising with respect to an Award other than an Option or a SAR, those tendered Mature Shares will be added to the Plan Share Limit.

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(h) **Counting of Shares That Again Become Available for Issuance Under this Plan.** Any Shares that become available for Awards under this Plan pursuant to the preceding paragraphs (f) and (g) shall be added as (i) one Share for every one Share subject to Options or SARs granted under this Plan and (ii) 2.30 Shares for every one Share subject to Awards other than Options or SARs granted under this Plan.

(i) **Award Limitations.** The following rules (“Award Limitations”) shall apply to grants of Awards under this Plan and if an Award is cancelled, the cancelled Award shall continue to be counted toward the applicable limitation in this Section:

(i) **Options.** The maximum aggregate number of Shares that may be subject to Options granted during any one Fiscal Year to any one Employee shall be 3,000,000.

(ii) **SARs.** The maximum aggregate number of Shares that may be subject to Stock Appreciation Rights granted during any one Fiscal Year to any one Employee shall be 3,000,000.

(iii) **Performance-Based Awards.** The maximum aggregate number of Shares subject to Performance Share Awards granted during any one Fiscal Year to any one Employee, singly or in combination, shall be 1,000,000, determined as of the date of grant. The maximum aggregate cash value, determined as of the date of grant, of any Performance Unit Awards and Cash-Based Awards granted to any one Employee, singly or in combination, during any one Fiscal Year shall be \$10,000,000.

(iv) **Adjustments to the Award Limitations.** Each of the Award Limitations shall be subject to adjustment under Section 4.2.

**4.2 Adjustments in Authorized Shares.** The existence of outstanding Awards shall not affect in any manner the right or power of the Company or its stockholders to make or authorize any or all adjustments, recapitalizations, reorganizations or other changes in the capital stock of the Company or its business or any merger or consolidation of the Company, or any issue of bonds, debentures, preferred or prior preference stock (whether or not such issue is prior to, on a parity with or junior to the Shares) or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business or any other corporate act or proceeding of any kind, whether or not of a character similar to that of the acts or proceedings enumerated above.

If there shall be any change in the Shares of the Company or the capitalization of the Company through merger, consolidation, reorganization, recapitalization, stock dividend, stock split, reverse stock split, split up, spin-off, combination of shares, exchange of shares, dividend in kind or other like change in capital structure or distribution (other than normal cash dividends) to stockholders of the Company, the Board, in its sole discretion, to prevent dilution or enlargement of Participants’ rights under this Plan, shall adjust, in an equitable manner, as applicable, the number and kind of Shares that may be issued under this Plan, the number and kind of Shares subject to outstanding Awards, the exercise price applicable to outstanding Awards, the Awards Limitations, the Fair Market Value of the Shares and other value determinations applicable to outstanding Awards. In the event of a corporate merger, consolidation, acquisition of property or stock, separation, reorganization or liquidation, the Board shall be authorized to issue or assume Awards by means of substitution of new Awards, as appropriate, for previously issued Awards or to assume previously issued Awards as part of such adjustment. In the event of a corporate merger, consolidation, acquisition of property or stock, separation, reorganization or liquidation, the Board shall be authorized (a) to assume under this Plan previously issued compensatory awards, or to substitute new Awards for previously issued compensatory awards, including Awards, as part of such adjustment or (b) to cancel Awards that are Options or SARs and give the Participants who are the holders of such Awards notice and opportunity to exercise for 30 days prior to such cancellation.

Appropriate adjustments may also be made by the Board in the terms of any Awards under this Plan to reflect such changes or distributions and to modify any other terms of outstanding Awards on an equitable basis, including modifications of performance goals and changes in the length of Performance Periods.

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In addition, other than with respect to Options, Stock Appreciation Rights and other Awards intended to constitute Performance-Based Awards, the Board is authorized to make adjustments to the terms and conditions of, and the criteria included in, Awards in recognition of unusual or nonrecurring events affecting the Company or the financial statements of the Company, or in response to changes in applicable laws, regulations or accounting principles. The determination of the Board as to the foregoing adjustments, if any, shall be conclusive and binding on Participants under this Plan.

**Article 5. Eligibility and Participation.**

**5.1 Eligibility.** Persons eligible to participate in this Plan include all Employees.

**5.2 Actual Participation.** Subject to the provisions of this Plan, the Committee may, from time to time, select from all eligible Employees those to whom Awards shall be granted and shall determine the nature and amount of each Award, subject to the provisions of this Plan.

**Article 6. Options**

**6.1 Grant of Options.** Subject to the terms and provisions of this Plan, Options may be granted to Participants in such number, upon the terms and at any time, and from time to time, as the Committee shall determine. An Option granted under this Plan on or after January 1, 2005 may not be granted with any Dividend Equivalents rights.

**6.2 Award Agreement.** Each Option grant shall be evidenced by an Award Agreement that shall specify the Option Price, the duration of the Option, the number of Shares to which the Option pertains, and other provisions as the Committee shall determine that are not inconsistent with the terms of this Plan.

**6.3 Option Price.** The Committee shall determine the Option Price for each grant of an Option under this Plan. The Option Price shall not be less than the Fair Market Value of the Shares on the date of grant.

**6.4 Duration of Options.** Each Option granted to a Participant shall expire at the time the Committee shall determine at the time of grant; provided that no Option shall be exercisable later than the tenth anniversary date of its grant.

**6.5 Exercise of Options.** Options granted under this Article 6 shall be exercisable at the times and be subject to the restrictions and conditions as the Committee shall in each instance approve, which need not be the same for each grant or for each Participant.

**6.6 Payment.** Options granted under this Article 6 shall be exercised in the form and manner as the Committee shall determine from time to time.

The Option Price upon exercise of any Option shall be payable to the Company in full either (a) in cash or its equivalent; (b) by tendering previously acquired Shares having an aggregate Fair Market Value at the time of exercise equal to the total Option Price (provided that the Shares that are tendered must have been held by the Participant for at least 6 months prior to their tender to satisfy the Option Price); (c) by a combination of (a) and (b); or (d) any other method approved by the Committee in its sole discretion at the time of grant and as set forth in the Award Agreement. An Award Agreement evidencing an Option may, in the discretion of the Committee, provide for a "cashless exercise" of an Option by establishing procedures whereby the Participant, by a properly executed written notice, directs (1) an immediate sale or margin loan respecting all or a part of the Shares to which he is entitled upon exercise pursuant to an extension of credit by the Company to the Participant of the Option Price, (2) the delivery of the Shares from the Company directly to a brokerage firm and (3) the delivery of the Option Price from sale or margin loan proceeds from the brokerage firm directly to the Company.

Subject to any governing rules or regulations and Section 17.10, after the exercise of the Option and full payment of the Option Price in the form and manner as the Committee shall determine, the Participant may pay the required fee and request a Share certificate based upon the number of Shares purchased under the Option through the third-party administrator designated by the Committee to have this administrative duty. In addition, the Company may, at its option, issue or cause to be issued Share certificates.

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Unless otherwise determined by the Committee, all payments under all of the methods indicated above shall be paid in United States dollars.

**6.7 Restrictions on Share Transferability.** The Committee may impose such restrictions on any Shares acquired pursuant to the exercise of an Option granted under this Article 6 as it may deem advisable, including restrictions under applicable federal securities laws, under the requirements of any stock exchange or market upon which such Shares are then listed or traded and under any blue sky or state securities laws applicable to such Shares.

**6.8 Termination of Employment.** Each Participant's Award Agreement shall set forth the extent to which the Participant shall have the right to exercise the Option following termination of the Participant's employment with the Company or its Affiliates. Such provisions shall be determined in the sole discretion of the Committee, shall be included in the Award Agreement entered into with each Participant, need not be uniform among all Options issued pursuant to this Article 6 and may reflect distinctions based on the reasons for termination.

**6.9 Automatic Exercise of Certain Expiring Options.** Notwithstanding any other provision of this Plan or an Award Agreement (other than this Section 6.9), on the last trading day on which all or a portion of an Option may be exercised, if the then Fair Market Value of a Share exceeds the per Share Option Price of the Option by at least \$.01 (such expiring portion of an Option that is so in-the-money, an "*Auto-Exercise Eligible Option*"), the Holder shall be deemed to have automatically exercised such Auto-Exercise Eligible Option (to the extent it has not previously been exercised or forfeited) in accordance with the provisions of this Section 6.9. In the event of an automatic exercise pursuant to this Section 6.9, the Company shall reduce the number of Shares issued to the Holder upon such Holder's automatic exercise of the Auto-Exercise Eligible Option to satisfy the Holder's Option Price obligation for the Auto-Exercise Eligible Option. Further, the Company shall reduce the number of Shares issued to the Holder to satisfy the Minimum Statutory Withholding Obligation arising upon the automatic exercise in accordance with the procedures of Article 15 unless the Committee deems that a different method of satisfying the tax withholding obligations is practicable and advisable. In accordance with procedures established by the Committee, a Holder may notify the Company in advance that he or she does not wish for the Auto-Exercise Eligible Option to be exercised. This Section 6.9 shall not apply to any Option to the extent that this Section 6.9 may cause the Option to fail to qualify for favorable tax treatment under applicable law. In its discretion, the Company may determine to cease automatically exercising Options at any time.

**6.10 Prohibition Against Direct and Indirect Repricing of Options.** Other than pursuant to Section 4.2, without the prior approval of the Company's stockholders, Options granted under this Plan will not be directly or indirectly repriced (1) through cancellation of an Option followed by the grant of a new Option or any other Award or cash, (2) by directly lowering the Option Price of a previously granted Option, or (3) by taking any other action that would be treated as a repricing of an Option under the then in effect rules and regulations of the principal U.S. national securities exchange on which the Shares are listed.

#### **Article 7. Stock Appreciation Rights.**

**7.1 Grant of SARs.** Subject to the terms and conditions of this Plan, SARs may be granted to an Employee at any time, and from time to time, as the Committee shall determine. The Committee may grant Freestanding SARs, Tandem SARs or any combination of these forms of SAR.

Subject to the terms and conditions of this Plan, the Committee shall have complete discretion in determining the number of SARs granted to each Employee and, consistent with the provisions of this Plan, in determining the terms and conditions pertaining to such SARs.

The grant price of a Freestanding SAR shall not be less than the Fair Market Value of a Share on the date of grant of the SAR. The grant price of Tandem SARs shall equal the Option Price of the related Option. Effective for SARs granted under this Plan on or after January 1, 2005, a SAR granted under this Plan may not be granted with any Dividend Equivalents rights.

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**7.2 SAR Agreement.** Each SAR grant shall be evidenced by an Award Agreement that shall specify the grant price, the term of the SAR and such other provisions as the Committee shall determine.

**7.3 Term of SARs.** The term of an SAR granted under this Plan shall be determined by the Committee, in its sole discretion; provided that no SAR shall be exercisable later than the tenth anniversary date of its grant.

**7.4 Exercise of Freestanding SARs.** Freestanding SARs may be exercised upon whatever terms and conditions the Committee, in its sole discretion, imposes upon them.

**7.5 Exercise of Tandem SARs.** Tandem SARs may be exercised for all or part of the Shares subject to the related Option upon the surrender of the right to exercise the equivalent portion of the related Option. A Tandem SAR may be exercised only with respect to the Shares for which its related Option is then exercisable.

**7.6 Payment of SAR Amount.** Upon the exercise of an SAR, an Employee shall be entitled to receive payment from the Company in an amount determined by multiplying:

- (a) The difference between the Fair Market Value of a Share on the date of exercise over the grant price by
- (b) The number of Shares with respect to which the SAR is exercised.

At the discretion of the Committee, the payment upon SAR exercise may be in cash, in Shares of equivalent value, in some combination thereof or in any other manner approved by the Committee in its sole discretion. The Committee's determination regarding the form of SAR payout may be set forth in the Award Agreement pertaining to the grant of the SAR.

**7.7 Termination of Employment.** Each Award Agreement shall set forth the extent to which the Employee shall have the right to exercise the SAR following termination of the Employee's employment with the Company or its Affiliates. Such provisions shall be determined in the sole discretion of the Committee, shall be included in the Award Agreement entered into with Employees, need not be uniform among all SARs issued pursuant to this Plan and may reflect distinctions based on the reasons for termination.

**7.8 Prohibition Against Direct and Indirect Repricing of SARs.** Other than pursuant to Section 4.2, without the prior approval of the Company's stockholders, SARs granted under this Plan will not be directly or indirectly repriced (1) through cancellation of a SAR followed by the grant of a new SAR or any other Award or cash, (2) by directly lowering the grant price of a previously granted SAR, or (3) by taking any other action that would be treated as a repricing of a SAR under the then in effect rules and regulations of the principal U.S. national securities exchange on which the Shares are listed.

## **Article 8. Restricted Stock and Restricted Stock Units.**

**8.1 Grant of Restricted Stock/Units.** Subject to the terms and provisions of this Plan, the Committee, at any time, and from time to time, may grant Shares of Restricted Stock and Restricted Stock Units to Participants in such amounts as the Committee shall determine. Restricted Stock Units shall be similar to Restricted Stock, except that no Shares are actually awarded to the Participant until a later date, unless the payout is otherwise made in cash.

**8.2 Restricted Stock Agreement.** Each Restricted Stock or Restricted Stock Unit grant shall be evidenced by an Award Agreement that shall specify the Period(s) of Restriction, the number of Shares of Restricted Stock (or the number of Restricted Stock Units granted) and such other provisions as the Committee shall determine.

**8.3 Transferability.** Except as provided in this Article 8, the Shares of Restricted Stock or Restricted Stock Units granted herein may not be sold, transferred, pledged, assigned or otherwise alienated or hypothecated until the end of the applicable Period of Restriction established by the Committee and specified in the Award Agreement, or upon earlier satisfaction of any other conditions, as specified by the Committee in its sole discretion and set forth in the Award Agreement. All rights with respect to the Restricted Stock or Restricted Stock Units granted to a Participant under this Plan shall be available during his or her lifetime only to the Participant, and after that time, to the Participant's heirs or estate. Any attempted assignment of Restricted Stock or Restricted Stock Units in violation of this Section 8.3 shall be null and void.

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**8.4 Other Restrictions.** The Committee shall impose other conditions or restrictions on any Shares of Restricted Stock or Restricted Stock Units granted pursuant to this Plan as it may deem advisable, including a requirement that Participants pay a stipulated purchase price for each Share of Restricted Stock or each Restricted Stock Unit, restrictions based upon the achievement of specific performance goals, time-based restrictions on vesting following the attainment of the performance goals, time-based restrictions or restrictions under applicable federal or state securities laws.

To the extent deemed appropriate by the Committee, the designated third-party administrator may retain the certificates representing Shares of Restricted Stock in its possession until such time as all conditions and restrictions applicable to such Shares have been satisfied or lapse.

Except as otherwise provided in this Article 8, Shares of Restricted Stock covered by each Restricted Stock Award shall become freely transferable by the Participant after all conditions and restrictions applicable to such Shares have been satisfied or lapse.

**8.5 Voting Rights.** To the extent permitted by the Committee or required by law, Participants holding Shares of Restricted Stock granted hereunder may be granted the right to exercise full voting rights with respect to those Shares during the Period of Restriction. A Participant shall have no voting rights with respect to any Restricted Stock Units granted hereunder.

**8.6 Dividends and Other Distributions.** During the Period of Restriction, Participants holding Shares of Restricted Stock granted hereunder may, if the Committee so determines, be credited with dividends paid with respect to the underlying Shares while they are so held in a manner determined by the Committee in its sole discretion. The Committee may apply any restrictions to the dividends that it deems appropriate. An Award Agreement for a Restricted Stock Unit Award may specify that the holder of the Award shall be entitled to the payment of Dividend Equivalents under the Award in a manner determined by the Committee in its sole discretion. An Award Agreement for a Restricted Stock Unit Award shall not specify that the Holder shall be entitled to the payment of Dividend Equivalents under the Award, unless the payment of any such Dividend Equivalents will be subject to the satisfaction of the same performance conditions, if any, as apply to the Restricted Stock Unit Award. In the case of a Restricted Stock Award, if the Holder shall become entitled to the payment of dividends paid in Shares with respect to the Restricted Stock Award, such dividends shall be added to and become a part of the Restricted Stock Award. Accordingly, such dividends will be subject to the satisfaction of the same performance conditions, if any, as apply to the Restricted Stock Award.

**8.7 Termination of Employment.** Each Award Agreement shall set forth the extent to which the Participant shall have the right to receive unvested Restricted Stock and/or Restricted Stock Units following termination of the Participant's employment with the Company or its Affiliates. Such provisions shall be determined in the sole discretion of the Committee, shall be included in the Award Agreement entered into with each Participant, need not be uniform among all Shares of Restricted Stock or Restricted Stock Units issued pursuant to this Plan and may reflect distinctions based on the reasons for termination.

**8.8 Time of Payment Under Restricted Stock Unit Award.** A payment under a Restricted Stock Unit Award shall be made at such time as is specified in the applicable Award Agreement. The Award Agreement shall specify that the payment will be made (a) by a date that is no later than the date that is two and one-half (2 1/2) months after the end of the Fiscal Year in which the Restricted Stock Unit Award payment is no longer subject to a Substantial Risk of Forfeiture or (b) at a time that is permissible under Section 409A.

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**Article 9. Performance Units, Performance Shares and Cash-Based Awards; Stock Awards.**

**9.1 Grant of Performance Units/Shares and Cash-Based Awards.** Subject to the terms of this Plan, Performance Units, Performance Shares and/or Cash-Based Awards may be granted to Employees in such amounts and upon such terms, and at any time and from time to time, as the Committee shall determine.

**9.2 Value of Performance Units/Shares and Cash-Based Awards.** Each Performance Unit shall have an initial value that the Committee shall establish at the time of grant. Each Performance Share shall have an initial value equal to the Fair Market Value of a Share on the date of grant. Each Cash-Based Award shall have a value as the Committee may determine. The Committee shall set performance goals in its discretion that, depending on the extent to which they are met, shall determine the number and value of Performance Units/Shares and Cash-Based Awards which shall be paid out to the Employee.

**9.3 Earning of Performance Units/Shares and Cash-Based Awards.** Subject to the terms of this Plan, after the applicable Performance Period has ended, the holder of Performance Units/Shares and Cash-Based Awards shall be entitled to receive payout on the number and value of Performance Units/Shares and Cash-Based Awards the Employee earned over the Performance Period, to be determined as a function of the extent to which the corresponding performance goals have been achieved.

**9.4 Form and Timing of Payment of Performance Units/Shares and Cash Based Awards.** Payment of earned Performance Shares and Cash-Based Awards shall be as the Committee determines and as set forth in the Award Agreement. Payment under a Performance Unit Award or a Cash-Based Award shall be made at such time as is specified in the applicable Award Agreement. The Award Agreement for the Award shall specify that the payment will be made (a) by a date that is no later than the date that is two and one-half (2 1/2) months after the end of the calendar year in which the Award payment is no longer subject to a Substantial Risk of Forfeiture or (b) at a time that is permissible under Section 409A.

Subject to the terms of this Plan, the Committee, in its sole discretion, may pay earned Performance Units/Shares and Cash-Based Awards in the form of cash or in Shares (or in a combination thereof) that have an aggregate Fair Market Value equal to the value of the earned Performance Units/Shares and Cash-Based Awards at the close of the applicable Performance Period. Such Shares may be granted subject to any restrictions deemed appropriate by the Committee.

An Award Agreement for a Performance Unit Award may specify that the Holder shall be entitled to the payment of Dividend Equivalents under the Award.

**9.5 Stock Awards.** The Committee may grant other types of equity-based or equity-related Awards (including the grant or offer for sale of unrestricted Shares) in such amounts and subject to such terms and conditions, as the Committee shall determine. Such Awards may entail the transfer of actual Shares to Participants or payment in cash or otherwise of amounts based on the value of Shares and may include Awards designed to comply with or take advantage of the applicable local laws of jurisdictions other than the United States

**9.6 Performance Measures for Performance-Based Awards.** Performance goals the attainment of which may determine the degree of payout or vesting with respect to Performance-Based Awards will be based on one or more of the following business criteria: net earnings; earnings per share; net income (before or after taxes); stock price (including growth measures and total shareholder return); return measures (including return on net capital employed, return on assets, return on equity, or sales return); earnings before or after interest, taxes, depreciation and/or amortization; dividend payments to the Company; gross revenues; gross margins; expense targets; cash flow return on investments, which equals net cash flows divided by owner's equity; internal rate of return or increase in net present value; working capital targets relating to inventory or accounts receivable; planning accuracy (as measured by comparing planned results to actual results); net sales growth; net operating profit; cash flow (including operating cash flow and free cash flow); operating margin; or such other business criteria as is selected by the Committee. The Committee may, in its sole discretion, adopt other performance measures, including any combination of the foregoing.

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## **9.7 Performance Measures.**

Achievement of the performance goals may be measured:

- (a) individually, alternatively, or in any combination;
- (b) with respect to the Company, one or more business units, or any combination of the foregoing;
- (c) on an absolute basis, or relative to a target, to a designated comparison group, to results in other periods, or to other external measures; and
- (d) including or excluding items determined to be extraordinary, unusual in nature, infrequent in occurrence, related to the acquisition or disposal of a business, or related to a change in accounting principle, in each case based on Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 225-20, *Income Statement, Extraordinary and Unusual Items*, and FASB ASC 830-10, *Foreign Currency Matters, Overall Opinion No. 30*, or other applicable accounting rules, or consistent with the Company's policies and practices for measuring the achievement of performance goals on the date the Committee establishes the goals.

## **9.8 Dividends and Dividend Equivalents.**

An Award Agreement for a Performance-Based Award shall not specify that the Holder shall be entitled to the payment of Dividend Equivalents under the Award, unless the payment of any such Dividend Equivalents will be subject to the satisfaction of the same performance conditions as apply to the Performance-Based Award. In the case of a Performance-Based Award that is payable in Shares, if the Holder shall be become entitled to the payment of dividends paid in Shares with respect to the Performance-Based Award, such dividends shall be added to and become a part of the Performance-Based Award. Accordingly, such dividends will be subject to the satisfaction of the same performance conditions as apply to the Performance-Based Award.

## **Article 10. Beneficiary Designation.**

Each Participant under this Plan may, from time to time, name any beneficiary or beneficiaries (who may be named contingently or successively) to whom any benefit under this Plan is to be paid in case of his or her death before he or she receives any or all of such benefit. Each such designation shall revoke all prior designations by the same Participant, shall be in a form prescribed by the Company and shall be effective only when filed by the Participant in writing with the Company during the Participant's lifetime. In the absence of any such designation, benefits remaining unpaid at the Participant's death shall be paid to the Participant's estate.

## **Article 11. Deferrals.**

Subject to Section 17.13, the Committee may permit or require a Participant to defer such Participant's receipt of the payment of cash or the delivery of Shares that would otherwise be due to such Participant by virtue of the lapse or waiver of restrictions with respect to Restricted Stock/Units or the satisfaction of any requirements or goals with respect to Performance Units/Shares, Cash-Based Awards and Stock Awards. If any such deferral election is required or permitted, the Committee shall, in its sole discretion, establish rules and procedures for such payment deferrals.

## **Article 12. Rights of Employees.**

**12.1 Employment.** Nothing in this Plan shall interfere with or limit in any way the right of the Company to terminate any Participant's employment at any time, nor confer upon any Participant any right to continue in the employ of the Company.

Except as specifically provided otherwise in a written agreement with the Company, neither the Award nor any benefits arising under this Plan shall constitute part of a Participant's employment contract with the Company or any Affiliate. Any termination of this Plan pursuant to Section 13.1 shall not give rise to liability on the part of the Company or any Affiliate for severance payments.

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**12.2 Participation.** No Employee shall have the right to be selected to receive an Award under this Plan or, having been so selected, to be selected to receive a future Award.

**12.3 Rights as a Stockholder.** A Participant shall have none of the rights of a stockholder with respect to Shares covered by any Award until the Participant becomes the record holder of such shares.

**Article 13. Amendment, Modification, Suspension and Termination.**

**13.1 Amendment, Modification, Suspension and Termination.** Subject to the terms of this Plan, the Board may at any time and from time to time alter, amend, modify, suspend or terminate this Plan in whole or in part, except that no amendment, modification, suspension or termination that would adversely affect in any material way the rights of any Participant under any Award previously granted to such Participant under this Plan shall be made without the written consent of such Participant or to the extent stockholder approval is otherwise required by applicable legal requirements.

**13.2 Prohibitions on Repricing of Options or SARs.** This Plan may not be modified in any manner that would result in a violation of any of the repricing restrictions set forth in Sections 6.10 or 7.8.

**13.3 Adjustment of Awards Upon the Occurrence of Certain Unusual or Nonrecurring Events.** Subject to and without limiting the application of Article 14, the Board may make adjustments in the terms and conditions of, and the criteria included in, Awards in recognition of unusual or nonrecurring events (including the events described in Section 4.2) affecting the Company or the financial statements of the Company or of changes in applicable laws, regulations or accounting principles, whenever the Board determines that such adjustments are appropriate to prevent unintended dilution or enlargement of the benefits or potential benefits intended to be made available under this Plan.

**Article 14. Acceleration in Connection With Change in Control.**

The effect, if any, of a Change in Control (including a termination of employment in connection with a Change in Control) upon any Award granted under this Plan after January 23, 2014 shall be determined in accordance with the terms of the applicable Award Agreement and any related Terms and Conditions issued by the Committee that are applicable to the Award. In the case of Awards granted under this Plan on or prior to January 22, 2014, the terms of Article 14 of this Plan in effect prior to the Restatement Date will apply to such Awards.

**Article 15. Withholding.**

The Company or any Affiliate shall be entitled to satisfy its withholding obligation under federal, state or local tax law, domestic or foreign, to be withheld with respect to the vesting or exercise of an Award or lapse of restrictions on an Award by utilizing any method determined by the Committee or its delegate in its sole discretion, including any of the following methods:

(a) The Company or any Affiliate shall be entitled to deduct from other compensation payable to each Holder any sums required by federal, state, local or foreign tax law to be withheld with respect to the vesting or exercise of an Award or lapse of restrictions on an Award to the extent that doing so will not cause the Holder to incur additional taxes under Section 409A.

(b) The Company may require the Holder (or other person validly exercising the Award) to pay such sums for taxes directly to the Company or any Affiliate in cash or by check within one day after the date of vesting, exercise or lapse of restrictions.

(c) The Company may reduce the number of Shares issued to the Holder upon such Holder's exercise of an Option to satisfy the tax withholding obligations of the Company or an Affiliate; provided that the Fair Market Value of the Shares held back shall not exceed the Company's or the Affiliate's Minimum Statutory Tax Withholding Obligation.

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(d) The Company or its Affiliate may satisfy the Minimum Statutory Tax Withholding Obligation arising upon the vesting of an Award by delivering to the Holder a reduced number of Shares in the manner specified herein. In the discretion of the Committee, at the time of vesting of Shares under the Award, the Company may (a) calculate the amount of the Company's or an Affiliate's Minimum Statutory Tax Withholding Obligation on the assumption that all such Shares vested under the Award are made available for delivery, (b) reduce the number of such Shares made available for delivery so that the Fair Market Value of the Shares withheld on the vesting date approximates the Company's or an Affiliate's Minimum Statutory Tax Withholding Obligation and (c) in lieu of the withheld Shares, remit cash to the United States Treasury and/or other applicable governmental authorities, on behalf of the Holder, in the amount of the Minimum Statutory Tax Withholding Obligation. The Company shall withhold only whole Shares to satisfy its Minimum Statutory Tax Withholding Obligation. Where the Fair Market Value of the withheld Shares does not equal the amount of the Minimum Statutory Tax Withholding Obligation, the Company shall withhold Shares with a Fair Market Value slightly less than the amount of the Minimum Statutory Tax Withholding Obligation and the Holder must satisfy the remaining minimum withholding obligation in some other manner permitted under this Article 15. The withheld Shares not made available for delivery by the Company shall be retained as treasury shares or will be cancelled and the Holder's right, title and interest in such Shares shall terminate.

(e) A Holder may be allowed to use Mature Shares to satisfy the Company's or Affiliate's tax withholding obligations with respect to an Award.

The Company shall have no obligation upon vesting or exercise of any Award or lapse of restrictions on an Award until the Company or an Affiliate has received payment sufficient to cover the Minimum Statutory Tax Withholding Obligation with respect to that vesting, exercise or lapse of restrictions.

Neither the Company nor any Affiliate shall be obligated to advise a Holder of the existence of the tax or the amount which it will be required to withhold.

#### **Article 16. Successors.**

All obligations of the Company under this Plan with respect to Awards granted hereunder shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect merger, consolidation or otherwise, of all or substantially all of the business and/or assets of the Company.

#### **Article 17. General Provisions.**

**17.1 Restrictions and Legend.** No Shares or other form of payment shall be issued with respect to any Award unless the Company shall be satisfied based on the advice of its counsel that such issuance will be in compliance with applicable federal and state securities laws. Certificates evidencing Shares delivered under this Plan (to the extent that such shares are so evidenced) may be subject to such restrictions as the Committee may deem advisable under the rules, regulations and other requirements of the Securities and Exchange Commission, any securities exchange or transaction reporting system upon which the Shares are then listed or to which they are admitted for quotation and any applicable federal or state securities law. The Committee may cause a legend or legends to be placed upon such certificates (if any) to make appropriate reference to such restrictions.

The Committee may require each person receiving Shares pursuant to an Award under this Plan to represent to and agree with the Company in writing that the Participant is acquiring the Shares without a view to distribution thereof. In addition to any other legend required by this Plan, the certificates for such Shares may include any legend which the Committee deems appropriate to reflect any restrictions on transfer of such Shares.

**17.2 Severability.** If any provision of this Plan shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of this Plan, and this Plan shall be construed and enforced as if the illegal or invalid provision had not been included.

**17.3 Requirements of Law.** The granting of Awards and the issuance of Shares under this Plan shall be subject to all applicable laws, rules and regulations and to such approvals by any governmental agencies or national securities exchanges as may be required. The Company shall receive the consideration required by law for the issuance of Awards under this Plan.

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**17.4 Securities Law Compliance.** All transactions under this Plan are intended to comply with all applicable conditions of Rule 16b-3 or its successor under the Exchange Act, unless determined otherwise by the Board. To the extent any provision of this Plan or action by the Board fails to so comply, it shall be deemed null and void, to the extent permitted by law and deemed advisable by the Board.

**17.5 Listing.** The Company may use reasonable endeavors to register Shares allotted pursuant to the exercise of an Award with the Securities and Exchange Commission or to effect compliance with the registration, qualification and listing requirements of any national securities laws, stock exchange or automated quotation system.

**17.6 Delivery of Title.** The Company shall have no obligation to issue or deliver evidence of title for Shares under this Plan prior to:

- (a) Obtaining any approvals from governmental agencies that the Company determines are necessary or advisable; and
- (b) Completion of any registration or other qualification of the Shares under any applicable national or foreign law or ruling of any governmental body that the Company determines to be necessary or advisable.

**17.7 Inability to Obtain Authority.** The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

**17.8 Investment Representations.** As a condition to the exercise of an Award, the Company may require the person exercising such Award to represent and warrant at the time of any such exercise that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation is required.

**17.9 Employees Based Outside of the United States.** Notwithstanding any provision of this Plan to the contrary, in order to comply with the laws in other countries in which the Company and its Affiliates operate or have Employees, the Committee, in its sole discretion, shall have the power and authority to:

- (a) Determine which Affiliates shall be covered by this Plan;
- (b) Determine which Employees employed outside the United States are eligible to participate in this Plan;
- (c) Modify the terms and conditions of any Award granted to Employees who are employed outside the United States to comply with applicable foreign laws;
- (d) Establish subplans and modify exercise procedures and other terms and procedures to the extent such actions may be necessary or advisable. Any subplans and modifications to Plan terms and procedures established under this Section 17.9 by the Committee shall be attached to this Plan document as Appendices; and
- (e) Take any action, before or after an Award is made, that it deems advisable to obtain approval or comply with any necessary local government regulatory exemptions or approvals.

Notwithstanding the above, the Committee may not take any actions hereunder, and no Awards shall be granted, that would violate the Exchange Act, the Code, any securities law or governing statute or any other applicable law.

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**17.10 Uncertificated Shares.** To the extent that this Plan provides for issuance of certificates to reflect the transfer of Shares, the transfer of such Shares may be effected on a noncertificated basis, to the extent not prohibited by applicable law or the rules of any stock exchange.

**17.11 Unfunded Plan.** Participants shall have no right, title or interest whatsoever in or to any investments that the Company may make to aid it in meeting its obligations under this Plan. Nothing contained in this Plan, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind, or a fiduciary relationship between the Company and any Participant, beneficiary, legal representative or any other person. To the extent that any Person acquires a right to receive payments from the Company under this Plan, such right shall be no greater than the right of an unsecured general creditor of the Company. All payments to be made hereunder shall be paid from the general funds of the Company and no special or separate fund shall be established and no segregation of assets shall be made to assure payment of such amounts, except as expressly set forth in this Plan. This Plan is not intended to be subject to ERISA.

**17.12 Governing Law.** This Plan and each Award Agreement shall be governed by the laws of the State of Texas, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Plan to the substantive law of another jurisdiction. Unless otherwise provided in the Award Agreement, recipients of an Award under this Plan are deemed to submit to the exclusive jurisdiction and venue of the federal or state courts of Harris County, Texas to resolve any and all issues that may arise out of or relate to this Plan or any related Award Agreement.

**17.13 Compliance With Section 409A.** Awards shall be designed, granted and administered in such a manner that they are either exempt from the application of, or comply with, the requirements of Section 409A. If the Committee determines that an Award, Award Agreement, payment, distribution, deferral election, transaction, or any other action or arrangement contemplated by the provisions of this Plan would, if undertaken or implemented, cause a Holder to become subject to additional taxes under Section 409A, then unless the Committee specifically provides otherwise, such Award, Award Agreement, payment, distribution, deferral election, transaction or other action or arrangement shall not be given effect to the extent it causes such result and the related provisions of this Plan and/or Award Agreement will be deemed modified, or, if necessary, suspended in order to comply with the requirements of Section 409A to the extent determined appropriate by the Committee, in each case without the consent of or notice to the Holder. The exercisability of an Option shall not be extended to the extent that such extension would subject the Holder to additional taxes under Section 409A. This Section 17.13 is effective for Awards granted under this Plan that are earned and vested on or after January 1, 2005.

**17.14 Recoupment in Certain Situations.** Effective for Awards granted on or after January 22, 2014, without limiting the applicability of any additional provisions set forth in Award Agreements, if the Company is required to prepare an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under applicable securities laws, the Holder who is then or was a current or former executive officer of the Company shall forfeit and must repay to the Company any compensation awarded under this Plan to the extent specified in any of the Company's compensation recoupment policies established or amended (now or in the future) in compliance with the rules and standards of the Securities and Exchange Commission Committee under or in connection with Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. Further, effective for Awards granted on or after January 22, 2014, without limiting the applicability of any additional provisions set forth in Award Agreements, if the Company is required to prepare an accounting restatement due in whole or in part to the current or former Holder's misconduct, the current or former Holder shall forfeit and must repay to the Company any compensation awarded under this Plan to the extent required by the Board in accordance with the terms of the Company's compensation recoupment policy as in effect on January 23, 2014.

**17.15 No Fractional Shares.** No fractional Shares shall be issued or delivered pursuant to this Plan or any Award. The Committee shall determine whether cash, Awards or other property shall be issued or paid in lieu of fractional Shares or whether such fractional Shares or any rights thereto shall be forfeited or otherwise eliminated.

**17.16 Restrictions on Transferability.** Except as provided below, an Award and Shares that have not been issued under this Plan or as to which any applicable restriction, performance or deferral period has not lapsed, shall not be transferred, sold, pledged, assigned or otherwise alienated or hypothecated, other than (i) by will or the laws of descent and distribution, (ii) pursuant to a qualified domestic relations order as defined in section 414(d) of the Code, (iii) with respect to Awards of Options which do not constitute Incentive Stock Options, if such transfer is permitted in the sole discretion of the Committee, by transfer by a Participant to a member of the Participant's Immediate Family, to a trust solely for the benefit of the Participant and the Participant's Immediate Family, or to a partnership or limited liability company whose only partners or shareholders are the Participant and members of the Participant's Immediately Family. Any attempted transfer, sale, pledge, assignment, alienation or hypothecation in violation of this Section 17.16 shall be null and void.

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## Table of Contents

Article 1.	Establishment, Objectives and Duration	1
Article 2.	Definitions and Construction	1
Article 3.	Administration	11
Article 4.	Shares Subject to Plan and Maximum Awards	12
Article 5.	Eligibility and Participation	15
Article 6.	Options	15
Article 7.	Stock Appreciation Rights	17
Article 8.	Restricted Stock and Restricted Stock Units	19
Article 9.	Performance Units, Performance Shares and Cash-Based Awards; Stock Awards	21
Article 10.	Beneficiary Designation	23
Article 11.	Deferrals	23
Article 12.	Rights of Employees	23
Article 13.	Amendment, Modification, Suspension and Termination	24
Article 14.	Acceleration in Connection With Change in Control	24
Article 15.	Withholding	24
Article 16.	Successors	25
Article 17.	General Provisions	26

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**BAKER HUGHES INCORPORATED  
DIRECTOR COMPENSATION DEFERRAL PLAN  
(Amendment and Restatement  
Effective January 1, 2009)**

Adopted by the Board of Directors on July 24, 2008

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## TABLE OF CONTENTS

	Page
<b>1. PURPOSES OF THE PLAN; DEFINITIONS; INTERPRETATION AND CONSTRUCTION</b>	<b>1</b>
1.1 General	1
1.2 Definitions	1
1.3 Interpretation and Construction	5
<b>2. ADMINISTRATION</b>	<b>5</b>
<b>3. PARTICIPATION IN THE PLAN</b>	<b>6</b>
3.1 Eligibility	6
3.2 Election to Participate	6
<b>4. COMPENSATION DEFERRALS</b>	<b>6</b>
4.1 Time of Elections	6
4.2 Irrevocability of Elections	6
4.3 Retirement Income Deferrals	6
<b>5. ELECTION OF DEFERRAL VEHICLES</b>	<b>7</b>
5.1 Stock Option-Related Deferral Vehicles	7
5.2 Cash-Based Deferral Vehicles	7
<b>6. SHARES AVAILABLE FOR STOCK OPTIONS</b>	<b>8</b>
6.1 Number of Shares Available for Stock Options	8
6.2 Adjustments in Authorized Shares	8
<b>7. STOCK OPTIONS</b>	<b>9</b>
7.1 Calculation of Exercise Price	9
7.2 Terms and Conditions of Options	9
<b>8. PAYMENT OF AMOUNTS IN ACCOUNTS</b>	<b>11</b>
8.1 Payment Generally	11
8.2 Payment of Simultaneous Amounts	12
8.3 Unforeseeable Financial Emergency	12
8.4 Disability	12
8.5 Death	12
8.6 Debiting of Plan Accounts	12
<b>9. PROHIBITION AGAINST ASSIGNMENT OR ENCUMBRANCE</b>	<b>13</b>
<b>10. AMENDMENT AND TERMINATION OF THE PLAN</b>	<b>13</b>
<b>11. NATURE OF THE PLAN</b>	<b>13</b>
<b>12. REORGANIZATION</b>	<b>13</b>
<b>13. ACCELERATION OF VESTING OF STOCK OPTIONS</b>	<b>14</b>
<b>14. MISCELLANEOUS</b>	<b>14</b>
14.1 Severability	14
14.2 Requirements of Law	14
14.3 Securities Law Compliance	14
14.4 Compliance With Section 409A	14
14.5 Governing Law	14

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**BAKER HUGHES INCORPORATED**  
**DIRECTOR COMPENSATION DEFERRAL PLAN**  
**(Amendment and Restatement**  
**Effective January 1, 2009)**

**1. Purposes of the Plan; Definitions; Interpretation and Construction.**

1.1 **General.** The Baker Hughes Incorporated Director Compensation Deferral Plan, as amended and restated (the “*Plan*”), is intended to provide a means whereby non-employee directors of Baker Hughes Incorporated (the “*Company*”) may defer compensation otherwise payable and provide flexibility respecting the Company’s compensation policies.

1.2 **Definitions.**

“*Account(s)*” means all ledger accounts pertaining to a Participant or former Participant which are maintained by the Committee or Plan recordkeeper to reflect the Company’s obligation to the Participant or former Participant under the Plan. The Committee or Plan recordkeeper shall establish any subaccounts that the Committee or Plan recordkeeper consider necessary to reflect the entire interest of the Participant or former Participant under the Plan. Each of the subaccounts established by the Committee or Plan recordkeeper shall reflect credits and debits made to such subaccounts for earnings, losses, and distributions.

The Committee or Plan recordkeeper shall also maintain records that reflect a Participant’s or former Participant’s Grandfathered Amounts.

“*Affiliate*” means any entity which is a member of (i) the same controlled group of corporations within the meaning of section 414(b) of the Code with Baker Hughes, (ii) a trade or business (whether or not incorporated) which is under common control (within the meaning of section 414(c) of the Code) with Baker Hughes or (iii) an affiliated service group (within the meaning of section 414(m) of the Code) with Baker Hughes.

“*Assets*” means assets of any kind owned by Baker Hughes, including but not limited to securities of Baker Hughes’ direct and indirect subsidiaries and Affiliates.

“*Baker Hughes*” means Baker Hughes Incorporated, a Delaware corporation, and any successor by merger or otherwise.

“*Beneficial Owner*” or “*Beneficial Ownership*” shall have the meaning ascribed to the term in Rule 13d-3 of the General Rules and Regulations under the Exchange Act.

“*Board*” or “*Board of Directors*” means the Board of Directors of the Company.

“*Change in Control*” means the occurrence of any of the following events:

- (a) the individuals who are Incumbent Directors cease for any reason to constitute a majority of the members of the Board;
  - (b) the consummation of a Merger of Baker Hughes or an Affiliate with another Entity, unless the individuals and Entities who were the Beneficial Owners of the Voting Securities of Baker Hughes outstanding immediately prior to such Merger own, directly or indirectly, at least 50 percent of the combined voting power of the Voting Securities of any of Baker Hughes, the surviving Entity or the parent of the surviving Entity outstanding immediately after such Merger;
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(c) any Person, other than a Specified Owner, becomes a Beneficial Owner, directly or indirectly, of securities of Baker Hughes representing 30 percent or more of the combined voting power of Baker Hughes' then outstanding Voting Securities;

(d) a sale, transfer, lease or other disposition of all or substantially all of Baker Hughes' Assets is consummated (an "Asset Sale"), unless:

(1) the individuals and Entities who were the Beneficial Owners of the Voting Securities of Baker Hughes immediately prior to such Asset Sale own, directly or indirectly, 50 percent or more of the combined voting power of the Voting Securities of the Entity that acquires such Assets in such Asset Sale or its parent immediately after such Asset Sale in substantially the same proportions as their ownership of Baker Hughes' Voting Securities immediately prior to such Asset Sale; or

(2) the individuals who comprise the Board immediately prior to such Asset Sale constitute a majority of the board of directors or other governing body of either the Entity that acquired such Assets in such Asset Sale or its parent (or a majority plus one member where such board or other governing body is comprised of an odd number of directors); or

(e) The stockholders of Baker Hughes approve a plan of complete liquidation or dissolution of Baker Hughes.

"Committee" means the Compensation Committee of the Board or such other committee of the Board or the entire Board as the Board designates to administer the terms and provisions of the Plan, as specified in Section 2.

"Common Stock" means the Company's common stock, \$1.00 par value.

"Compensation" means a Director's annual retainer.

"Deferral Vehicles" has the meaning specified in Section 5.

"Deferred Compensation" means the Compensation and Retirement Income deferred by a Participant with respect to any calendar year pursuant to an election as provided in Section 4.

"Designated Date" has the meaning specified in Section 5.2.

"Directors" means all non-employee directors of the Company.

"Disability" means the inability of the Participant to engage in any substantial activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months.

"Entity" means any corporation, partnership, association, joint-stock company, limited liability company, trust, unincorporated organization or other business entity.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Fair Market Value" means the price per share of Common Stock, based on the composite transactions in the Common Stock as reported by The Wall Street Journal, and shall be equal to the per share price of the last sale of Common Stock on the trading day prior to the date of grant of the Stock Option.

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“*Grandfathered Amounts*” means amounts deferred under the Plan that were earned and vested within the meaning of Section 409A prior to January 1, 2005 and earnings thereon.

“*Incumbent Director*” means –

- (a) a member of the Board on July 24, 2008 or
- (b) an individual-
  - (1) who becomes a member of the Board after July 24, 2008;
  - (2) whose appointment or election by the Board or nomination for election by Baker Hughes’ stockholders is approved or recommended by a vote of at least two-thirds of the then serving Incumbent Directors (as defined herein); and
  - (3) whose initial assumption of service on the Board is not in connection with an actual or threatened election contest.

“*Merger*” means a merger, consolidation or similar transaction.

“*Option Expiration Date*” has the meaning specified in Section 7.2.

“*Participant*” means an eligible Director who elects to become a participant in the Plan.

“*Person*” shall have the meaning ascribed to the term in Section 3(a)(9) of the Exchange Act and used in Sections 13(d) and 14(d) thereof, including a “group” as defined in Section 13(d) thereof, except that the term shall not include (a) Baker Hughes or any of the Affiliates, (b) a trustee or other fiduciary holding Baker Hughes securities under an employee benefit plan of Baker Hughes or any of the Affiliates, (c) an underwriter temporarily holding securities pursuant to an offering of those securities or (d) a corporation owned, directly or indirectly, by the stockholders of Baker Hughes in substantially the same proportions as their ownership of stock of Baker Hughes.

“*Prime Rate Equivalents*” has the meaning specified in Section 5.2.

“*Retirement Income*” means retirement benefits pursuant to the Company’s Director Retirement Policy.

“*Section 409A*” means section 409A of the Internal Revenue Code of 1986, as amended and Department of Treasury and Internal Revenue Service rules and regulations issued thereunder.

“*Separation from Service*” has the meaning ascribed to that term in Section 409A.

“*S&P 500 Equivalents*” has the meaning specified in Section 5.2.

“*Shares*” means the shares of Common Stock reserved for issuance under the Plan.

“*Specified Owner*” means any of the following:

Baker Hughes;

- (a) an Affiliate of Baker Hughes;
  - (b) an employee benefit plan (or related trust) sponsored or maintained by Baker Hughes or any Affiliate of Baker Hughes;
-

(c) a Person that becomes a Beneficial Owner of Baker Hughes' outstanding Voting Securities representing 30 percent or more of the combined voting power of Baker Hughes' then outstanding Voting Securities as a result of the acquisition of securities directly from Baker Hughes and/or its Affiliates; or

(d) a Person that becomes a Beneficial Owner of Baker Hughes' outstanding Voting Securities representing 30 percent or more of the combined voting power of Baker Hughes' then outstanding Voting Securities as a result of a Merger if the individuals and Entities who were the Beneficial Owners of the Voting Securities of Baker Hughes outstanding immediately prior to such Merger own, directly or indirectly, at least 50 percent of the combined voting power of the Voting Securities of any of Baker Hughes, the surviving Entity or the parent of the surviving Entity outstanding immediately after such Merger in substantially the same proportions as their ownership of the Voting Securities of Baker Hughes outstanding immediately prior to such Merger.

**"Stock Option"** or **"Stock Options"** are the stock options issued to Participants in exchange for Deferred Compensation pursuant to Section 7, or if permitted by the Committee, pursuant to any other plan that would permit the grant of options under the Plan.

**"Stock Option Price"** means the price at which a Participant may purchase a Share pursuant to a Stock Option.

**"Unforeseeable Financial Emergency"** means a severe financial hardship of the Participant resulting from an illness or accident of the Participant or of the Participant's spouse or dependent (as defined in section 152(a) of the Code), loss of the Participant's property due to casualty (including the need to rebuild a home following damage to a home not otherwise covered by insurance), or other similar extraordinary and unforeseeable circumstance arising as a result of events beyond the control of the Participant. The circumstances that will constitute an Unforeseeable Financial Emergency will depend upon the facts of each case, but, in any case, payment may not be made to the extent that the emergency is or may be relieved through reimbursement or compensation by insurance or otherwise or by liquidation of the Participant's assets, to the extent the liquidation of such assets will not itself cause severe financial hardship. Such foreseeable needs for funds as the desire to send a Participant's child to college or to purchase a home will not be considered to be unforeseeable emergencies. Whether an Unforeseeable Financial Emergency exists and the amount reasonably needed to satisfy the emergency will be determined by the Committee.

**"Voting Securities"** means the outstanding securities entitled to vote generally in the election of directors or other governing body.

1.3 **Interpretation and Construction.** As used in the Plan, unless the context otherwise expressly requires to the contrary, references to the singular include the plural, and vice versa; references to the masculine include the feminine and neuter; references to "including" mean "including (without limitation)," and references to Sections mean the sections of the Plan.

## 2. **Administration.**

The Plan shall be administered by the Committee. The Committee is authorized to interpret the Plan and may, from time to time, adopt such rules and regulations, consistent with the provisions of the Plan, as it may deem advisable to carry out the Plan. All determinations made by the Committee shall be final. No member of the Committee shall have any right to vote or decide upon any matter relating to himself under the Plan or to vote in any case in which his individual right to claim any benefit under the Plan is particularly involved. The Committee may delegate to the Vice President of Human Resources or other officer of the Company its duties for the day-to-day administration of the Plan, including accepting deferral elections and accounting for deferrals and distributions under the Plan. All expenses incurred in connection with the administration of the Plan shall be borne by the Company.

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All determinations and decisions made by the Committee and the Board pursuant to the provisions of the Plan and all related orders and resolutions of the Committee and the Board shall be final, conclusive and binding on all persons, including the Company, its stockholders, Directors, Participants and the estates and beneficiaries of Directors and Participants.

**3. Participation in the Plan.**

3.1 **Eligibility.** Directors shall be eligible to participate in the Plan. An individual shall be considered to be a Director until the close of business on the day preceding the earlier of the first date the individual (1) becomes a common-law employee of the Company or its subsidiaries or (2) ceases to be a member of the Board for any reason whatsoever.

3.2 **Election to Participate.** An eligible Director may elect to become a Participant by electing to defer an integral percentage (from 1% to 100%) of his Compensation. All elections shall be made in the form and manner prescribed by the Committee.

**4. Compensation Deferrals.**

4.1 **Time of Elections.** Compensation deferral elections shall be made with respect to each calendar year. Except as specified in the following paragraph, any election by a Participant to defer Compensation under the Plan must be made on or before the December 31st preceding the calendar year to which the election relates or such earlier date as the Committee may determine. Any such election shall apply to the Participant's Compensation for the period commencing on January 1st of the applicable calendar year and ending upon December 31st of such calendar year.

If a directorship commences during a calendar year, any deferral election with respect to the first year of the directorship must be made by the Director within thirty (30) days of the date he or she first becomes a Director. Any such deferral election will apply commencing on the date he or she first becomes a Director to the Participant's Compensation for services performed subsequent to the election during the calendar year in which he or she first becomes a Director.

4.2 **Irrevocability of Elections.** Any election to defer Compensation which may be made by a Participant shall be irrevocable once made with respect to the calendar year. Any election to defer Compensation made by a Participant with respect to any calendar year shall be deemed to have been made with respect to each subsequent calendar year, unless the Participant changes such election prior to the expiration of the time for making the election with respect to the subsequent calendar year.

4.3 **Retirement Income Deferrals.** Deferrals of Retirement Income were allowed prior to January 1, 2002. Amounts attributable to such deferrals shall be paid in accordance with the Participants' Retirement Income deferral elections made hereunder prior to January 1, 2002.

**5. Election of Deferral Vehicles.**

At the time of making a deferral election, a Participant shall select one or more deferral vehicles ("*Deferral Vehicles*") for the Participant's Deferred Compensation respecting the applicable calendar year or years as described in Sections 5.1 and 5.2.

5.1 **Stock Option-Related Deferral Vehicles.** The Participant's Deferred Compensation shall be exchanged for Stock Options. All Stock Options granted in exchange for Deferred Compensation under the Plan shall be subject to all of the applicable terms and provisions of the Plan or such other plan from which the Stock Option is granted.

If Stock Options are elected, the Participant's aggregate Deferred Compensation as of the last day of each calendar quarter which would otherwise have been paid during such quarter shall be increased by a multiplier of 4.4 and then divided by the Fair Market Value of the Company's Common Stock on the last day of such quarter to determine the number of Stock Options to be granted in exchange for the Deferred Compensation.

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5.2 **Cash-Based Deferral Vehicles.** The Participant's Deferred Compensation shall be credited to an Account established by the Committee as of the date or dates the Deferred Compensation would otherwise have been paid. A Participant who elects a Cash-Based Deferral Vehicle shall also elect whether to receive Prime Rate Equivalents or S&P 500 Equivalents for the deferral period that commences on the date or dates such Deferred Compensation is credited to the Account and ending on the Designated Date. All Deferred Compensation and interest and earnings equivalents credited to an Account shall be nonforfeitable pending payment as of the Designated Date.

(a) **Prime Rate Equivalents.** To the extent Prime Rate Equivalents are elected, interest equivalents will be credited to the Participant's Account as of the last day of each calendar month based upon the average daily balance in the Account for the month and the prime lending rate as declared by Citibank, or such other lending institution as is selected by the Committee, to be in effect from time to time.

(b) **S&P 500 Equivalents.** To the extent S&P 500 Equivalents are elected, the earnings (or loss) equivalents will be credited (or debited) to the Participant's Account as of the last day of each calendar quarter based upon the balance in the Account as of the last day of the quarter and the returns realized by the Standard & Poor's 500 Index for the quarter.

(c) **Designated Date.** At the time of making a deferral election, a Participant shall specify the applicable time of payment of the Deferred Compensation (a "*Designated Date*").

(1) Any Designated Date respecting Deferred Compensation subject to Prime Rate Equivalents shall be as of the last day of a calendar month.

(2) Any Designated Date respecting Deferred Compensation subject to S&P 500 Equivalents shall be as of the last day of a calendar quarter.

(3) Except with respect to Grandfathered Amounts, a Designated Date must be either (a) a specified date or (b) a date that follows the occurrence of the Participant's Separation from Service; provided, however, that in no event shall a Designated Date be more than ten years from the date of the Participant's Separation from Service.

## 6. **Shares Available for Stock Options.**

6.1 **Number of Shares Available for Stock Options.** Subject to adjustment as provided in Section 6.2, the number of Shares of Common Stock reserved for issuance to Participants under the Plan shall be up to 500,000. These Shares may consist of authorized but unissued Shares or previously issued Shares reacquired by the Company as treasury shares. The number of Shares that are the subject of Stock Options under this Plan that are forfeited or terminated or expire unexercised shall again immediately become available to be issued as Stock Options under this Plan. Shares approved pursuant to the Long Term Incentive Plan of Baker Hughes Incorporated, as amended, and the Baker Hughes Incorporated 1998 Employee Stock Option Plan, as amended, that have not been awarded under such plans, including Shares that are canceled, terminated, expired unexercised, settled in cash in lieu of Shares or in a manner such that all or some of the Shares covered thereby are not issued to a participant or are exchanged for a consideration that does not involve Shares, and Shares that are so canceled, terminated, expired unexercised, settled in cash in lieu of Shares or in a manner such that all or some of the Shares covered thereby are not issued to a participant or are exchanged for a consideration that does not involve Shares, and Shares that are so canceled, terminated, expired unexercised, settled in cash in lieu of Shares or in a manner such that all or some of the Shares covered thereby are not issued to a participant or are exchanged for a consideration that does not involve Shares, will immediately become available for Stock Options under this Plan. The Shares described in the foregoing sentence shall be included in the up to 500,000 Shares reserved for issuance under this Plan. The Committee shall determine the appropriate methodology for calculating the number of Shares issued pursuant to this Plan.

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6.2 **Adjustments in Authorized Shares.** The existence of outstanding Stock Options shall not affect in any manner the right or power of the Company or its stockholders to make or authorize any or all adjustments, recapitalizations, reorganizations or other changes in the capital stock of the Company or its business or any merger or consolidation of the Company, or any issue of bonds, debentures, preferred or prior preference stock (whether or not such issue is prior to, on a parity with or junior to the Shares) or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business or any other corporate act or proceeding of any kind, whether or not of a character similar to that of the acts or proceedings enumerated above.

If there shall be any change in the Shares of the Company or the capitalization of the Company through merger, consolidation, reorganization, recapitalization, stock dividend, stock split, reverse stock split, split up, spin-off, combination of shares, exchange of shares, dividend in kind or other like change in capital structure or distribution (other than normal cash dividends) to stockholders of the Company, the Board, in its sole discretion, to prevent dilution or enlargement of Participants' rights under the Plan, shall adjust, in an equitable manner, as applicable, the number and kind of Shares that may be issued under the Plan, the number and kind of Shares subject to outstanding Stock Options and other value determinations applicable to outstanding Stock Options. In the event of a corporate merger, consolidation, acquisition of property or stock, separation, reorganization or liquidation, the Board shall be authorized to issue or assume Stock Options by means of substitution of new Stock Options, as appropriate, for previously issued Stock Options.

## 7. **Stock Options.**

7.1 **Calculation of Exercise Price.** The exercise price to be paid for each share of Common Stock deliverable upon exercise of each Stock Option granted shall be equal to the Fair Market Value per share of Common Stock at the time of grant as determined by the Committee. The exercise price for each Stock Option shall be subject to adjustment as provided in Section 6.2.

7.2 **Terms and Conditions of Options.** Stock Options shall be in such form as the Committee may from time to time approve and shall be subject to the following terms and conditions:

(a) **Exercise Periods for Stock Options.** Each Stock Option shall vest and become exercisable on the first anniversary of the date of grant. Each Stock Option shall be exercisable from time to time, in whole or in part, at any time after one year from the date of grant and prior to the date which is ten years after the date of grant, subject to the provisions of clause (b) of this Section 7.2 (the "*Option Expiration Date*").

(b) **Exercise Periods in the Event of Directorship Termination.** A Director's directorship shall terminate at the close of business on the day preceding the day he or she ceases to be a member of the Board for any reason whatsoever. When a Director's directorship is terminated, each of his or her Stock Options and all rights thereunder shall expire three years after the Director's directorship terminates for any reason. Any Stock Options unexercised at the time of the Director's death (including the Director's death which results in termination of his or her directorship or the Director's death during the three-year period after his or her directorship terminates) may be exercised by the Director's estate or by the Person or Persons who acquire the right to exercise his or her Stock Option by bequest or inheritance.

(c) **Transferability of Stock Options.** Except as otherwise provided in the Stock Option agreement, no Stock Option may be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution. Further, except as otherwise provided in the Stock Option agreement, all Stock Options granted under the Plan shall be exercisable during his or her lifetime only by the Participant. Any attempted assignment of a Stock Option in violation of this Section shall be null and void.

(d) **Payment of Stock Option Price.** Stock Options granted under the Plan shall be exercised in the form and manner as the Committee shall determine from time to time.

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Upon the exercise of any Stock Option, the Stock Option Price shall be payable to the Company in full either (i) in cash or its equivalent; (ii) by tendering previously acquired Shares having an aggregate fair market value at the time of exercise equal to the total Stock Option Price (provided that the Shares that are tendered must have been held by the Participant for at least six months prior to their tender to satisfy the Stock Option Price); (iii) by a combination of (i) and (ii); or (iv) any other method approved by the Committee in its sole discretion at the time of grant and as set forth in the Stock Option.

Subject to any governing rules or regulations, after the exercise of the Stock Option and full payment of the Stock Option Price in the form and manner as the Committee shall determine, the Director may pay the required fee and request a Share certificate based upon the number of Shares purchased under the Stock Option through the third-party administrator designated by the Committee to have this administrative duty. In addition, the Company may, at its option, issue or cause to be issued Share certificates.

Unless otherwise determined by the Committee, all payments under all of the methods indicated above shall be paid in United States dollars.

(e) **Listing and Registration of Shares.** Each Stock Option shall be subject to the requirement that if at any time the Committee determines, in its discretion, that the listing, registration or qualification under the regulations of any securities exchange or under any state or federal law of the Shares subject to the Stock Option, or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition of, or in connection with, the issue or purchase of the Shares under such Stock Option, the Stock Option may not be exercised in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained and the same shall have been free of any conditions not acceptable to the Committee.

(f) **Amendment.** The Committee may, with the consent of the Person or Persons entitled to exercise any outstanding Stock Option, amend such Stock Option; provided, however, that any such amendment shall be subject to stockholder approval when required. No amendment shall be made to an Option to extend the period of exercisability of the Option if such amendment would cause the Participant to become subject to taxation under Section 409A.

(g) **Investment Representations.** As a condition to the exercise of a Stock Option, the Company may require the person exercising such Stock Option to represent and warrant at the time of any such exercise that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation is required.

(h) **Uncertificated Shares.** To the extent that the Plan provides for issuance of certificates to reflect the transfer of Shares, the transfer of such Shares may be effected on a noncertificated basis, to the extent not prohibited by applicable law or the rules of any stock exchange.

(i) **No Fractional Shares.** No fractional Shares shall be issued or delivered pursuant to the Plan or any Stock Option agreement. The Committee shall determine whether cash or other property shall be issued or paid in lieu of fractional Shares or whether such fractional Shares or any rights thereto shall be forfeited or otherwise eliminated.

(j) **Other Provisions.**

(i) The person or persons entitled to exercise, or who have exercised, a Stock Option shall not be entitled to any rights as a stockholder of the Company with respect to any Shares subject to such Stock Option until he or she shall have become the holder of record of such Shares.

(ii) No Stock Option shall be construed as limiting any right which either the Company's stockholders or the Board of Directors may have to remove at any time from the Board of Directors, with or without cause, any person to whom such Stock Option has been granted.

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(iii) Notwithstanding any provision of the Plan or the terms of any Stock Option agreement, the Company shall not be required to issue any Shares hereunder if such issuance would, in the judgment of the Committee, constitute a violation of any state or federal law or of the rules or regulations of any governmental regulatory body.

(iv) Notwithstanding any provision of the Plan, the Committee may not exercise any discretion with respect to this Section 7 which would be inconsistent with the intent that the Plan meet the requirements of Rule 16b-3 promulgated by the Securities Exchange Commission under the Exchange Act.

## **8. Payment of Amounts in Accounts.**

8.1 **Payment Generally.** Except as otherwise provided in this Section 8, the Deferred Compensation and interest and earnings equivalents credited to a Participant's Account(s) with respect to a calendar year or years, as applicable, shall be paid in cash to the Participant in one lump sum as of the Designated Date elected by the Participant. In the absence of a valid election of a Designated Date by the Participant, effective as of the date of the Participant's deferral election for the applicable calendar year, the Participant's Designated Date for such calendar year shall be deemed to be the date of the Participant's Separation From Service.

8.2 **Payment of Simultaneous Amounts.** It is recognized that a Participant may elect to defer Compensation with respect to more than one calendar year, so that Deferred Compensation and interest and earnings equivalents are credited to the Participant's Accounts with respect to more than one calendar year, and the payment of such amounts with respect to more than one calendar year may, but need not, become payable to the Participant as of the same Designated Date.

8.3 **Unforeseeable Financial Emergency.** In the event that the Committee, upon written petition of a Participant, determines in its sole discretion that such Participant has suffered an Unforeseeable Financial Emergency, such Participant shall be entitled to a distribution in an amount not to exceed the lesser of (a) the amount determined by the Committee as necessary to meet such Participant's needs created by the Unforeseeable Financial Emergency or (b) the then value of such Participant's interest in his or her Accounts. Such benefit shall be paid in a single lump sum payment as soon as administratively practicable after the Committee has made its determination with respect to the availability and amount of such benefit. If a Participant's Accounts contain more than one distribution subaccount, such benefit shall be considered to have been distributed, first, from the subaccount with respect to which the earliest distribution would be made, then, from the subaccount with respect to which the next earliest distribution would be made, and continuing in such manner until the amount of such distribution has been satisfied.

8.4 **Disability.** In the event of the Disability of the Participant, as determined in the sole discretion of the Committee, all cash payments that would otherwise be made on a later Designated Date under this Section 8 shall be accelerated by being made as soon as practicable, following the Committee's determination of such Disability, in one lump sum.

8.5 **Death.** In the event of the death of the Participant, all of the cash payments that would otherwise be made on later Designated Date under this Section 8, shall be accelerated by being made as soon as practicable following the death of the Participant. A Participant, by written instrument filed with the Committee in such manner and form as it may prescribe, may designate one or more beneficiaries to receive payment of the Participant's Deferred Compensation and interest or earnings equivalents in the event of the death of the Participant. Any such beneficiary designation may be changed from time to time prior to the death of the Participant. In the absence of a beneficiary designation on file with the Committee at the time of the Participant's death, the Deferred Compensation and interest or earnings equivalents remaining to be paid to the Participant shall be paid to the executor or administrator of the Participant's estate.

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8.6 **Debiting of Plan Accounts.** Once Deferred Compensation and interest or earnings equivalents have been paid, such amounts shall be debited from the Participant's Account, and the Company shall no longer be accountable for such paid amounts.

9. **Prohibition Against Assignment or Encumbrance.**

No right, title, interest or benefit hereunder shall ever be liable for or charged with any of the torts or obligations of a Participant or any Person claiming under a Participant, or be subject to seizure by any creditor of a Participant or any Person claiming under a Participant. Except as to the selection of a "designated beneficiary" in the event of death, no Participant or any Person claiming under a Participant shall have the power to anticipate or dispose of any right, title, interest or benefit hereunder in any manner until the same shall have been actually distributed free and clear of the terms of the Plan.

10. **Amendment and Termination of the Plan.**

Subject to the terms of the Plan, the Committee may at any time and from time to time alter, amend, modify, suspend or terminate the Plan in whole or in part, except that no amendment, modification, suspension or termination that would adversely affect in any material way the rights of any Participant under any Stock Option previously granted to such Participant under the Plan shall be made without the written consent of such Participant or to the extent stockholder approval is otherwise required by applicable legal requirements. The Committee may terminate the Plan at any time with respect to periods following the date such termination is effected. No amounts may be paid to a Participant or former Participant under the Plan to the extent such a payment would be an acceleration of payment of deferred compensation prohibited by Section 409A.

11. **Nature of the Plan.**

The Plan constitutes an unfunded, unsecured liability of the Company to provide benefits in accordance with the provisions hereof. The Company, at its election, may fund the payment of benefits under the Plan by setting aside and investing, in an account on the Company's books, such funds as the Company may, from time to time, determine. Neither the establishment of the Plan, the crediting of amounts to Accounts nor the setting aside of any funds shall be deemed to create a trust. Legal and equitable title to any funds set aside pursuant to the Plan shall remain in the Company, and neither the Participants nor any persons claiming under the Participants shall have any security or other interest in such funds. Any funds so set aside or acquired shall remain subject to the claims of the creditors of the Company, present and future. The Plan is not subject to Employee Retirement Income Security Act of 1974, as amended.

12. **Reorganization.**

The Company shall not merge or consolidate with any other entity or entities, liquidate, dissolve, reorganize, or sell substantially all of its assets and business unless and until a succeeding or continuing entity or entities agrees to assume and discharge the obligations of the Company under this Agreement. Upon the occurrence of such an event, the term "Company" as used in this Agreement shall be deemed to refer to such successor or survivor entity or entities.

13. **Acceleration of Vesting of Stock Options.**

Notwithstanding any provision of the Plan to the contrary, in the event of an occurrence of a Change in Control, all Stock Options granted pursuant to the Plan shall become fully vested and immediately exercisable.

14. **Miscellaneous.**

14.1 **Severability.** If any provision of the Plan shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included.

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14.2 **Requirements of Law.** The issuance of Shares under the Plan shall be subject to all applicable laws, rules and regulations and to such approvals by any governmental agencies or national securities exchanges as may be required. The Company shall receive the consideration required by law for the issuance of Shares under the Plan.

14.3 **Securities Law Compliance.** All transactions under the Plan are intended to comply with all applicable conditions of Rule 16b-3 or its successor under the Exchange Act, unless determined otherwise by the Board. To the extent any provision of the Plan or action by the Board fails to so comply, it shall be deemed null and void, to the extent permitted by law and deemed advisable by the Board.

14.4 **Compliance With Section 409A.** Except with respect to Grandfathered Amounts, the Plan shall be operated in compliance with Section 409A and the provisions of Section 409A shall override any provisions of the Plan to the extent that they are inconsistent with Section 409A. Except with respect to Grandfathered Amounts the terms of this Agreement reflect the manner in which the Plan has been operated in good faith compliance with Section 409A since January 1, 2005.

14.5 **Governing Law.** The Plan shall be governed by the laws of the State of Texas, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of the Plan to the substantive law of another jurisdiction.

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**FIRST AMENDMENT TO  
BAKER HUGHES INCORPORATED  
DIRECTOR COMPENSATION DEFERRAL PLAN  
(As Amended and Restated Effective January 1, 2009)**

**THIS AGREEMENT** by Baker Hughes Incorporated (the “*Company*”),

**WITNESSETH:**

**WHEREAS**, the Company sponsors the Baker Hughes Incorporated Supplemental Retirement Plan (the “*Plan*”); and

**WHEREAS**, pursuant to Section 14.04 of the Plan, the Company has the right to amend the Plan; and

**WHEREAS**, the Company desires to amend the Plan;

**NOW, THEREFORE**, the Company agrees that, effective January 1, 2009, the Plan is amended by adding thereto the following new Section 8.7 which shall provide as follows:

**8.7 Discretion to Select Payment Year.** The distributions under Sections 8.3, 8.4 and 8.5 shall in any event be made within 90 days after the Participant incurs an Unforeseeable Financial Emergency, incurs a Disability, or dies, as applicable. Neither the Participant nor the beneficiary of the Participant shall be permitted to elect the taxable year in which any payment under Section 8.3, 8.4 or 8.5 shall be made.

**IN WITNESS WHEREOF**, the Company has caused this Agreement to be executed on the 18th day of December, 2008.

**BAKER HUGHES INCORPORATED**

By: /s/ Didier Charreton

Title: Vice President, Human Resources

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**Baker Hughes Incorporated Director Compensation Deferral Plan**

**SECOND AMENDMENT TO  
BAKER HUGHES INCORPORATED  
DIRECTOR COMPENSATION DEFERRAL PLAN**

*(As Amended and Restated Effective January 1, 2009)*

**THIS AMENDMENT** by Baker Hughes Incorporated, a Delaware corporation (the “*Company*”),

**WITNESSETH:**

**WHEREAS**, the Company previously established the Baker Hughes Incorporated Director Compensation Deferral Plan (the “*Plan*”); and

**WHEREAS**, the Company desires to amend the Plan;

**NOW, THEREFORE**, effective January 1, 2012, paragraphs (a) and (b) of Section 7.2 of the Plan are hereby amended to provide as follows:

“(a) **Exercise Periods for Stock Options.** Each Stock Option shall vest and become exercisable on the earlier of (1) the first anniversary of the date of grant of the Stock Option or (2) the date on which the Director’s directorship terminates. Each Stock Option shall be exercisable from time to time, in whole or in part, at any time during the period that commences on (a) the earlier of (1) the first anniversary of the date of grant of the Stock Option or (2) the date on which the Director’s directorship terminates and ends on (b)(1) the date that is ten years after the date of grant (the “*Option Expiration Date*”) or (2) the end of the Stock Option exercise period specified in clause (b) of this Section 7.2, as applicable.

(b) **Exercise Periods in the Event of Directorship Termination.** A Director’s directorship shall terminate at the close of business on the day preceding the day he or she ceases to be a member of the Board for any reason whatsoever. When a Director’s directorship is terminated, each of his or her Stock Options and all rights thereunder shall expire on the earlier of (1) the date that is five years after the Director’s directorship terminates for any reason or (2) the Option Expiration Date. Any Stock Options unexercised at the time of the Director’s death (including the Director’s death which results in termination of his or her directorship) may be exercised by the Director’s estate or by the Person or Persons who acquire the right to exercise his or her Stock Option by bequest or inheritance.”

**Adopted by the Governance Committee of the Board of Directors on July 25, 2013**

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SHEARMAN & STERLING LLP

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July 3, 2017

Baker Hughes, a GE company  
17021 Aldine Westfield Road  
Houston, Texas 77073  
713-439-8600

Ladies and Gentlemen:

We are acting as counsel for Baker Hughes, a GE company, a Delaware corporation (the "Company"), in connection with preparation and filing by the Company of a registration statement on Form S-8 (the "Registration Statement") with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Securities Act"), with respect to 57,400,000 shares of Class A common stock, par value \$0.00001, of the Company (the "Shares") that may be delivered from time to time pursuant to the Baker Hughes, a GE company Long-Term Incentive Plan (the "2017 Plan"), 3,905,324 Shares that may be delivered from time to time pursuant to the Amended and Restated Baker Hughes Incorporated 2002 Director & Officer Long-Term Incentive Plan (the "2002 D&O Plan"), 7,040,864 Shares that may be delivered from time to time pursuant to the Amended and Restated Baker Hughes Incorporated 2002 Employee Long-Term Incentive Plan (the "2002 Employee Plan") and 16,715 Shares that may be delivered from time to time pursuant to the Baker Hughes Incorporated Director Compensation Deferral Plan, as amended (the "Director Plan," and together with the 2017 Plan, the 2002 D&O Plan and the 2002 Employee Plan, the "Plans").

In connection with the foregoing, we have reviewed originals or copies identified to our satisfaction of the following documents:

- (a) The Registration Statement;
- (b) The certificate of incorporation and by-laws of the Company, in each case as amended to date; and
- (c) Originals or copies of such other corporate records of the Company, certificates of public officials and of officers of the Company, and agreements and other documents as we have deemed necessary as a basis for the opinions expressed below.

In our examination, we have assumed the genuineness of all signatures, the authenticity of all documents, certificates and instruments submitted to us as originals and the conformity with originals of all documents submitted to us as copies.

Our opinion set forth below is based on the text of the Plans as referenced in the Exhibit Index to the Registration Statement.

ABU DHABI | BEIJING | BRUSSELS | DUBAI | FRANKFURT | HONG KONG | LONDON | MENLO PARK | MILAN | NEW YORK  
PARIS | ROME | SAN FRANCISCO | SÃO PAULO | SAUDI ARABIA\* | SHANGHAI | SINGAPORE | TOKYO | TORONTO | WASHINGTON, DC

Our opinion expressed below is limited to the General Corporation Law of the State of Delaware, and we do not express any opinion herein concerning any other law.

Based upon and subject to the foregoing and having regard for such legal considerations as we have deemed relevant, we are of the opinion that authorized but not previously issued Shares which may be delivered under the Plans have been duly authorized by the Company and, when (a) issued and delivered by the Company in accordance with the terms of the respective Plan and (b) paid for in full in accordance with the terms of the respective Plan, will be validly issued, fully paid and non-assessable.

This opinion letter speaks only as of the date hereof. We expressly disclaim any responsibility to advise you of any development or circumstance of any kind, including any change of law or fact that may occur after the date of this opinion letter that might affect the opinions expressed herein.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement. In giving this consent, we do not thereby concede that we come within the category of persons whose consent is required by the Securities Act or the General Rules and Regulations of the Commission promulgated thereunder.

This opinion is rendered to you in connection with the above matter. This opinion may not be relied upon by you for any other purpose without our prior written consent.

Very truly yours,

/s/ Shearman & Sterling LLP

Shearman & Sterling LLP

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**Consent of Independent Registered Public Accounting Firm**

We consent to the incorporation by reference in this Registration Statement on Form S-8 of Baker Hughes, a GE company, of our report dated February 7, 2017, relating to the consolidated financial statements and financial statement schedule of Baker Hughes Incorporated and subsidiaries (the "Company"), and the effectiveness of the Company's internal control over financial reporting, appearing in the Annual Report on Form 10-K of Baker Hughes Incorporated for the year ended December 31, 2016, which is incorporated by reference in the Bear Newco, Inc. (now known as Baker Hughes, a GE company) Registration Statement on Form S-4, as amended (File No. 333-2126991).

/s/ DELOITTE & TOUCHE LLP

Certified Public Accountants

Houston, Texas  
July 3, 2017

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**Consent of Independent Registered Public Accounting Firm**

We consent to the incorporation by reference in the Registration Statement (Form S-8) of Baker Hughes, a GE company (formerly Bear Newco, Inc.) of our report dated March 16, 2017, with respect to the combined statement of financial position of GE Oil & Gas (a business within General Electric Company) as of December 31, 2016 and 2015, and the related combined statements of earnings, comprehensive income (loss), changes in equity, and cash flows for each of the years in the three-year period ended December 31, 2016, which report appears in the Amendment No. 2 to the Registration Statement on Form S-4 (File No. 333-2126991), of Bear Newco, Inc. dated May 25, 2017.

/s/ KPMG S.p.A  
Certified Public Accountants

Florence, Italy  
July 3, 2017

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