UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2020

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number 1-38143

Baker Hughes Company

(Exact name of registrant as specified in its charter)

Delaware	**81-4403168**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
17021 Aldine Westfield Houston, Texas	**77073-5101**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (713) 439-8600

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Class A Common Stock, par value $0.0001 per share	BKR	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).
Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer" "smaller reporting company," and "emerging growth 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 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes ☐ No ☑

As of April 17, 2020, the registrant had outstanding 655,034,801 shares of Class A Common Stock, $0.0001 par value per share and 377,427,844 shares of Class B Common Stock, $0.0001 par value per share.

Baker Hughes Company
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PART I — FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)

Baker Hughes Company
Condensed Consolidated Statements of Income (Loss)
(Unaudited)

(In millions, except per share amounts)	Three Months Ended March 31, 2020	2019
Revenue:		
Sales of goods	$ 3,082	$ 3,202
Sales of services	2,343	2,413
Total revenue	5,425	5,615
Costs and expenses:		
Cost of goods sold	2,846	2,810
Cost of services sold	1,824	1,829
Selling, general and administrative	675	704
Goodwill impairment	14,773	—
Restructuring, impairment and other	1,325	62
Separation and merger related	41	34
Total costs and expenses	21,484	5,439
Operating income (loss)	(16,059)	176
Other non-operating income, net	25	21
Interest expense, net	(59)	(59)
Income (loss) before income taxes	(16,093)	138
Provision for income taxes	(5)	(67)
Net income (loss)	(16,098)	71
Less: Net income (loss) attributable to noncontrolling interests	(5,888)	39
Net income (loss) attributable to Baker Hughes Company	$ (10,210)	$ 32
Per share amounts:		
Basic and diluted earnings (loss) per Class A common stock	$ (15.64)	$ 0.06
Cash dividend per Class A common stock	$ 0.18	$ 0.18

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

Baker Hughes Company
Condensed Consolidated Statements of Comprehensive Income (Loss)
(Unaudited)

(In millions)	Three Months Ended March 31, 2020	2019
Net income (loss)	$ (16,098)	$ 71
Less: Net income (loss) attributable to noncontrolling interests	(5,888)	39
Net income (loss) attributable to Baker Hughes Company	(10,210)	32
Other comprehensive income (loss):		
Investment securities	(2)	2
Foreign currency translation adjustments	(277)	166
Cash flow hedges	(8)	4
Benefit plans	22	—
Other comprehensive income (loss)	(265)	172
Less: Other comprehensive income (loss) attributable to noncontrolling interests	(97)	87
Other comprehensive income (loss) attributable to Baker Hughes Company	(168)	85
Comprehensive income (loss)	(16,363)	243
Less: Comprehensive income (loss) attributable to noncontrolling interests	(5,985)	126
Comprehensive income (loss) attributable to Baker Hughes Company	$ (10,378)	$ 117

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

Baker Hughes Company
Condensed Consolidated Statements of Financial Position
(Unaudited)

(In millions, except par value)	March 31, 2020	December 31, 2019
ASSETS		
Current assets:		
Cash and cash equivalents [1]	$ 3,010	$ 3,249
Current receivables, net	6,148	6,416
Inventories, net	4,534	4,608
All other current assets	961	949
Total current assets	14,653	15,222
Property, plant and equipment (net of accumulated depreciation of $4,506 and $4,384)	5,997	6,240
Goodwill	5,878	20,690
Other intangible assets, net	4,576	5,381
Contract and other deferred assets	1,826	1,881
All other assets	2,984	3,001
Deferred income taxes	1,315	954
Total assets [1]	$ 37,229	$ 53,369
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 3,991	$ 4,268
Short-term debt and current portion of long-term debt [1]	210	321
Progress collections and deferred income	3,196	2,870
All other current liabilities	2,744	2,555
Total current liabilities	10,141	10,014
Long-term debt	6,285	6,301
Deferred income taxes	314	51
Liabilities for pensions and other postretirement benefits	1,025	1,079
All other liabilities	1,479	1,425
Equity:		
Class A Common Stock, $0.0001 par value - 2,000 authorized, 654 and 650 issued and outstanding as of March 31, 2020 and December 31, 2019, respectively	—	—
Class B Common Stock, $0.0001 par value - 1,250 authorized, 377 and 377 issued and outstanding as of March 31, 2020 and December 31, 2019, respectively	—	—
Capital in excess of par value	23,486	23,565
Retained loss	(10,212)	—
Accumulated other comprehensive loss	(1,804)	(1,636)
Baker Hughes Company equity	11,470	21,929
Noncontrolling interests	6,515	12,570
Total equity	17,985	34,499
Total liabilities and equity	$ 37,229	$ 53,369

[1] Total assets include $156 million and $273 million of assets held on behalf of General Electric Company, of which $106 million and $162 million is cash and cash equivalents and $50 million and $111 million is investment securities at March 31, 2020 and December 31, 2019, respectively, and a corresponding amount of liability is reported in short-term borrowings. See "Note 16. Related Party Transactions" for further details.

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

Baker Hughes Company
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

(In millions, except per share amounts)	Class A and Class B Common Stock	Capital in Excess of Par Value	Retained Loss	Accumulated Other Comprehensive Loss	Non-controlling Interests	Total Equity
Balance at December 31, 2019	$ —	$ 23,565	$ —	$ (1,636)	$ 12,570	$ 34,499
Comprehensive income (loss):						
Net loss			(10,210)		(5,888)	(16,098)
Other comprehensive loss				(168)	(97)	(265)
Dividends on Class A common stock ($0.18 per share)		(118)				(118)
Distribution to GE					(68)	(68)
Stock-based compensation cost		56				56
Other		(17)	(2)		(2)	(21)
Balance at March 31, 2020	$ —	$ 23,486	$ (10,212)	$ (1,804)	$ 6,515	$ 17,985

(In millions, except per share amounts)	Class A and Class B Common Stock	Capital in Excess of Par Value	Retained Earnings (Loss)	Accumulated Other Comprehensive Loss	Non-controlling Interests	Total Equity
Balance at December 31, 2018	$ —	$ 18,659	$ 25	$ (1,219)	$ 17,548	$ 35,013
Comprehensive income:						
Net income			32		39	71
Other comprehensive income				85	87	172
Dividends on Class A common stock ($0.18 per share)		(34)	(59)			(93)
Distribution to GE					(94)	(94)
Stock-based compensation cost		40				40
Other		(19)	2		(6)	(23)
Balance at March 31, 2019	$ —	$ 18,646	$ —	$ (1,134)	$ 17,574	$ 35,086

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

Baker Hughes Company
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(In millions)	Three Months Ended March 31, 2020	2019
Cash flows from operating activities:		
Net income (loss)	$ (16,098)	$ 71
Adjustments to reconcile net income (loss) to net cash flows from operating activities:		
Depreciation and amortization	355	350
Goodwill impairment	14,773	—
Intangible assets impairment	725	—
Property, plant and equipment impairment	218	—
Inventory impairment	160	—
Changes in operating assets and liabilities:		
Current receivables	179	(204)
Inventories	(140)	(220)
Accounts payable	(182)	(93)
Progress collections and deferred income	311	62
Contract and other deferred assets	15	61
Other operating items, net	162	(211)
Net cash flows from (used in) operating activities	478	(184)
Cash flows from investing activities:		
Expenditures for capital assets	(365)	(294)
Proceeds from disposal of assets	40	59
Other investing items, net	7	(21)
Net cash flows used in investing activities	(318)	(256)
Cash flows from financing activities:		
Net repayments of debt and other borrowings	(115)	(48)
Dividends paid	(118)	(93)
Distributions to GE	(68)	(94)
Other financing items, net	(26)	3
Net cash flows used in financing activities	(327)	(232)
Effect of currency exchange rate changes on cash and cash equivalents	(72)	22
Decrease in cash and cash equivalents	(239)	(650)
Cash and cash equivalents, beginning of period	3,249	3,723
Cash and cash equivalents, end of period	$ 3,010	$ 3,073
Supplemental cash flows disclosures:		
Income taxes paid, net of refunds	$ 118	$ 76
Interest paid	$ 49	$ 56

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

NOTE 1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF THE BUSINESS

Baker Hughes Company (Baker Hughes, the Company, we, us, or, our) is an energy technology company with a diversified portfolio of technologies and services that span the entire energy value chain. The Company was formed as the result of a combination between Baker Hughes Incorporated (BHI) and the oil and gas business (GE O&G) of General Electric Company (GE).

We are a holding company and have no material assets other than our 63.4% ownership interest in Baker Hughes Holdings LLC (BHH LLC, formerly known as Baker Hughes, a GE company, LLC), the Baker Hughes trade name, and certain intercompany and tax related balances. BHH LLC is a Securities and Exchange Commission (SEC) Registrant with separate filing requirements with the SEC and its separate financial information can be obtained from www.sec.gov.

BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. and such principles, U.S. GAAP) and pursuant to the rules and regulations of the SEC for interim financial information. Accordingly, certain information and disclosures normally included in our annual financial statements have been condensed or omitted. Therefore, these unaudited condensed consolidated financial statements should be read in conjunction with our audited consolidated and combined financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2019 (2019 Annual Report).

We hold a majority economic interest in BHH LLC and conduct and exercise full control over all activities of BHH LLC without the approval of any other member. Accordingly, we consolidate the financial results of BHH LLC and report a noncontrolling interest in our consolidated condensed financial statements for the economic interest held by GE. As of March 31, 2020, GE's interest in us was 36.6%.

In the opinion of management, the condensed consolidated financial statements reflect all adjustments (consisting of normal recurring adjustments) considered necessary by management to fairly state our results of operations, financial position and cash flows of the Company and its subsidiaries for the periods presented and are not indicative of the results that may be expected for a full year. The Company's financial statements have been prepared on a consolidated basis. Under this basis of presentation, our financial statements consolidate all of our subsidiaries (entities in which we have a controlling financial interest, most often because we hold a majority voting interest). All intercompany accounts and transactions have been eliminated.

In the Company's financial statements and notes, certain amounts have been reclassified to conform with the current year presentation. In the notes to unaudited condensed consolidated financial statements, all dollar and share amounts in tabulations are in millions of dollars and shares, respectively, unless otherwise indicated. Certain columns and rows in our financial statements and notes thereto may not add due to the use of rounded numbers.

In the three months ended March 31, 2020, separation and merger related costs include costs incurred in connection with the separation from GE. In the three months ended March 31, 2019, separation and merger related costs are comprised solely of costs associated with the combination of BHI and GE O&G (the Transactions). See "Note 16. Related Party Transactions" for further information.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Please refer to "Note 1. Basis of Presentation and Summary of Significant Accounting Policies," to our consolidated financial statements from our 2019 Annual Report for the discussion of our significant accounting policies. Please refer to the "New Accounting Standards Adopted" section of this Note for changes to our accounting policies.

Cash and Cash Equivalents

As of March 31, 2020 and December 31, 2019, we had $1,004 million and $1,102 million, respectively, of cash held in bank accounts that cannot be released, transferred or otherwise converted into a currency that is regularly transacted internationally, due to lack of market liquidity, capital controls or similar monetary or exchange limitations limiting the flow of capital out of the jurisdiction. These funds are available to fund operations and growth in these jurisdictions, and we do not currently anticipate a need to transfer these funds to the U.S. Included in these amounts are $93 million and $142 million, as of March 31, 2020 and December 31, 2019, respectively, held on behalf of GE.

Cash and cash equivalents includes a total of $106 million and $162 million of cash at March 31, 2020 and December 31, 2019, respectively, held on behalf of GE, and a corresponding liability is reported in short-term borrowings. See "Note 16. Related Party Transactions" for further details.

NEW ACCOUNTING STANDARDS ADOPTED

On January 1, 2020, we adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments - Credit Losses*. The ASU introduces a new accounting model, the Current Expected Credit Losses model (CECL), which requires earlier recognition of credit losses and additional disclosures related to credit risk. The CECL model utilizes a lifetime expected credit loss measurement objective for the recognition of credit losses for loans and other receivables at the time the financial asset is originated or acquired. The expected credit losses are adjusted each period for changes in expected lifetime credit losses. This model replaces the multiple existing impairment models previously used under U.S. GAAP, which generally require that a loss be incurred before it is recognized. The new standard also applies to financial assets arising from revenue transactions such as contract assets and accounts receivables. The adoption did not have a material impact on our condensed consolidated financial statements.

On January 1, 2020, we adopted FASB ASU 2017-04, *Intangibles - Goodwill and Other - Simplifying the Test for Goodwill Impairment*, which simplifies the subsequent measurement of goodwill by eliminating the requirement to calculate the fair value of the individual assets and liabilities of a reporting unit to measure goodwill impairment. Under the new ASU, when required to test goodwill for recoverability, an entity will perform its goodwill impairment test by comparing the fair value of the reporting unit with its carrying value and should recognize an impairment charge for the amount by which the carrying value exceeds the fair value of the reporting unit. We have applied this ASU on a prospective basis. See "Note 5. Goodwill and Other Intangible Assets" for further details.

NEW ACCOUNTING STANDARDS TO BE ADOPTED

All other new accounting pronouncements that have been issued but not yet effective are currently being evaluated and at this time are not expected to have a material impact on our financial position or results of operations.

NOTE 2. REVENUE RELATED TO CONTRACTS WITH CUSTOMERS

DISAGGREGATED REVENUE

We disaggregate our revenue from contracts with customers by primary geographic markets.

	Three Months Ended March 31,	
Total Revenue	**2020**	**2019**
U.S.	$ 1,315	$ 1,505
Non-U.S.	4,110	4,110
Total	$ 5,425	$ 5,615

REMAINING PERFORMANCE OBLIGATIONS

As of March 31, 2020 and 2019, the aggregate amount of the transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations was $22.7 billion and $20.5 billion, respectively. As of March 31, 2020, we expect to recognize revenue of approximately 53%, 67% and 91% of the total remaining performance obligations within 2, 5, and 15 years, respectively, and the remaining thereafter. Contract modifications could affect both the timing to complete as well as the amount to be received as we fulfill the related remaining performance obligations.

NOTE 3. CURRENT RECEIVABLES

Current receivables are comprised of the following:

	March 31, 2020	December 31, 2019
Customer receivables	$ 5,181	$ 5,448
Related parties	462	495
Other	838	796
Total current receivables	6,481	6,739
Less: Allowance for credit losses	(333)	(323)
Total current receivables, net	$ 6,148	$ 6,416

Customer receivables are recorded at the invoiced amount. Related parties consists primarily of amounts owed to us by GE. The "Other" category consists primarily of indirect taxes, other tax receivables, customer retentions and advance payments to suppliers.

NOTE 4. INVENTORIES

Inventories, net of reserves of $420 million and $429 million as of March 31, 2020 and December 31, 2019, respectively, are comprised of the following:

	March 31, 2020	December 31, 2019
Finished goods	$ 2,474	$ 2,546
Work in process and raw materials	2,060	2,062
Total inventories, net	$ 4,534	$ 4,608

During the three months ended March 31, 2020, we recorded $160 million of inventory impairments predominantly in our Oilfield Services (OFS) segment as a result of certain restructuring activities initiated by the Company. Charges for inventory impairments are predominantly reported in the "Cost of goods sold" caption of the condensed consolidated statements of income (loss).

NOTE 5. GOODWILL AND OTHER INTANGIBLE ASSETS

GOODWILL

The changes in the carrying value of goodwill are detailed below by segment:

	Oilfield Services	Oilfield Equipment	Turbo-machinery & Process Solutions	Digital Solutions	Total
Balance at December 31, 2018, gross	$ 15,676	$ 4,177	$ 2,186	$ 2,432	$ 24,471
Accumulated impairment at December 31, 2018	(2,633)	(867)	—	(254)	(3,754)
Balance at December 31, 2018	13,043	3,310	2,186	2,178	20,717
Currency exchange and others	—	9	(15)	(21)	(27)
Balance at December 31, 2019	13,043	3,319	2,171	2,157	20,690
Impairment	(11,484)	(3,289)	—	—	(14,773)
Currency exchange and others	(1)	(22)	(9)	(7)	(39)
Balance at March 31, 2020	$ 1,558	$ 8	$ 2,162	$ 2,150	$ 5,878

During the third quarter of each fiscal year, in conjunction with our annual strategic planning process, we perform our annual goodwill impairment test for each of our reporting units. Our reporting units are the same as our four reportable segments. We also test goodwill for impairment whenever events or circumstances occur which, in our judgment, could more likely than not reduce the fair value of one or more reporting units below its carrying amount. Potential impairment indicators include, but are not limited to, (i) the results of our most recent annual impairment testing, in particular the magnitude of the excess of fair value over carrying value observed, (ii) downward revisions to internal forecasts, and the magnitude thereof, if any, and (iii) declines in our market capitalization below our book value, and the magnitude and duration of those declines, if any.

During the first quarter of 2020, our market capitalization declined significantly compared to the fourth quarter of 2019. Our closing stock price fell to a historic low of $9.33 on March 23, 2020. Over the same period, the equity value of our peer group companies and the overall U.S. stock market also declined significantly amid market volatility. In addition, the Oilfield Services Index (OSX), an indicator of investors' view of the earnings prospects and cost of capital of the oil and gas services industry, traded at prices that were the lowest in its history. These declines were driven by the uncertainty surrounding the outbreak of the coronavirus (COVID-19) and other macroeconomic events such as the geopolitical tensions between OPEC and Russia, which also resulted in a significant drop in oil prices. Based on these factors, we concluded that a triggering event occurred and, accordingly, an interim quantitative impairment test was performed as of March 31, 2020 ("testing date").

In performing the interim quantitative impairment test and consistent with our prior practice, we determined the fair value of each of our reporting units using a combination of the income approach and the market approach by assessing each of these valuation methodologies based upon availability and relevance of comparable company data and determining the appropriate weighting.

Under the income approach, the fair value for each of our reporting units was determined based on the present value of estimated future cash flows, discounted at an appropriate risk-adjusted rate. We used our internal forecasts, updated for recent events, to estimate future cash flows with cash flows beyond the specific operating plans estimated using a terminal value calculation, which incorporates historical and forecasted trends, including an estimate of long-term future growth rates, based on our most recent views of the long-term outlook for each reporting unit. Our internal forecasts include assumptions about future commodity pricing and expected demand for our goods and services. Due to the inherent uncertainties involved in making estimates and assumptions, actual results may differ from those assumed in our forecasts.

We derived our discount rates using a capital asset pricing model and analyzing published rates for industries relevant to our reporting units to estimate the cost of equity financing. We used discount rates that are

commensurate with the risks and uncertainties inherent in the respective businesses and in our internally developed forecasts, updated for recent events.

Valuations using the market approach were derived from metrics of publicly traded companies or historically completed transactions of comparable businesses. The selection of comparable businesses was based on the markets in which the reporting units operate giving consideration to risk profiles, size, geography, and diversity of products and services.

Based upon the results of our interim quantitative impairment test, we concluded that the carrying value of the OFS and Oilfield Equipment (OFE) reporting units exceeded their estimated fair value as of the testing date, which resulted in goodwill impairment charges of $11,484 million and $3,289 million, respectively. The goodwill impairment was calculated as the amount that the carrying value of the reporting unit, including any goodwill, exceeded its fair value. The carrying value of our OFS and OFE reporting units equal their fair value upon completion of the goodwill impairment test whereas our other reporting units still maintain a headroom that is substantially in excess of their carrying values. Any significant adverse changes in future periods to our internal forecasts or the external market conditions, if any, could reasonably be expected to negatively affect our key assumptions and may result in future goodwill impairment charges which could be material.

OTHER INTANGIBLE ASSETS

Intangible assets are comprised of the following:

	March 31, 2020			December 31, 2019		
	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
Customer relationships [1]	$ 2,317	$ (853)	$ 1,464	$ 3,027	$ (1,045)	$ 1,982
Technology [1]	1,030	(605)	425	1,075	(626)	449
Trade names and trademarks [1]	380	(184)	196	696	(254)	442
Capitalized software [1]	1,181	(931)	250	1,193	(928)	265
Other	1	(1)	—	3	(2)	1
Finite-lived intangible assets	4,909	(2,574)	2,335	5,994	(2,855)	3,139
Indefinite-lived intangible assets	2,241	—	2,241	2,242	—	2,242
Total intangible assets	$ 7,150	$ (2,574)	$ 4,576	$ 8,236	$ (2,855)	$ 5,381

[1] During the three months ended March 31, 2020, we recorded intangible asset impairments to customer relationships of $476 million, technology of $8 million, trade names and trademarks of $236 million, and capitalized software of $3 million. See "Note 18. Restructuring, Impairment and Other" for further discussion.

Intangible assets are generally amortized on a straight-line basis with estimated useful lives ranging from 1 to 30 years. Amortization expense for the three months ended March 31, 2020 and 2019 was $84 million and $96 million, respectively.

Estimated amortization expense for the remainder of 2020 and each of the subsequent five fiscal years is expected to be as follows:

Year	Estimated Amortization Expense
Remainder of 2020	$ 212
2021	236
2022	201
2023	182
2024	172
2025	144

NOTE 6. CONTRACT AND OTHER DEFERRED ASSETS

A majority of our long-term product service agreements relate to our Turbomachinery & Process Solutions segment. Contract assets reflect revenue earned in excess of billings on our long-term contracts to construct technically complex equipment, long-term product maintenance or extended warranty arrangements and other deferred contract related costs. Contract assets are comprised of the following:

	March 31, 2020	December 31, 2019
Long-term product service agreements	$ 589	$ 603
Long-term equipment contracts [1]	1,049	1,097
Contract assets (total revenue in excess of billings)	1,638	1,700
Deferred inventory costs	142	130
Non-recurring engineering costs	46	51
Contract and other deferred assets	$ 1,826	$ 1,881

[1] Reflects revenue earned in excess of billings on our long-term contracts to construct technically complex equipment and certain other service agreements.

Revenue recognized during the three months ended March 31, 2020 and 2019 from performance obligations satisfied (or partially satisfied) in previous periods related to our long-term service agreements was $6 million and $7 million, respectively. This includes revenue recognized from revisions to cost or billing estimates that may affect a contract's total estimated profitability resulting in an adjustment of earnings.

NOTE 7. PROGRESS COLLECTIONS AND DEFERRED INCOME

Contract liabilities include progress collections, which reflects billings in excess of revenue, and deferred income on our long-term contracts to construct technically complex equipment, long-term product maintenance or extended warranty arrangements. Contract liabilities are comprised of the following:

	March 31, 2020	December 31, 2019
Progress collections	$ 3,066	$ 2,760
Deferred income	130	110
Progress collections and deferred income (contract liabilities)	$ 3,196	$ 2,870

Revenue recognized during the three months ended March 31, 2020 and 2019 that was included in the contract liabilities at the beginning of the period was $410 million and $553 million, respectively.

NOTE 8. LEASES

Our leasing activities primarily consist of operating leases for administrative offices, manufacturing facilities, research centers, service centers, sales offices and certain equipment.

	Three Months Ended March 31,	
Operating Lease Expense	**2020**	**2019**
Long-term fixed lease	$ 72	$ 48
Long-term variable lease	11	11
Short-term lease [1]	161	165
Total operating lease expense	$ 244	$ 224

[1] Leases with a term of one year or less, including leases with a term of one month or less

Cash flows used in operating activities for operating leases approximates our expense for the three months ended March 31, 2020 and 2019. The weighted-average remaining lease term as of March 31, 2020 and 2019 was approximately eight years and nine years, respectively, for our operating leases. The weighted-average discount rate used to determine the operating lease liability as of March 31, 2020 and 2019 was 3.8% and 4.4%, respectively.

NOTE 9. BORROWINGS

Short-term and long-term borrowings are comprised of the following:

	March 31, 2020	December 31, 2019
Short-term borrowings		
Short-term borrowings from GE	$ 156	$ 273
Other borrowings	54	48
Total short-term borrowings	210	321
Long-term borrowings		
2.773% Senior Notes due December 2022	1,247	1,246
8.55% Debentures due June 2024	126	127
3.337% Senior Notes due December 2027	1,344	1,343
6.875% Notes due January 2029	287	289
3.138% Senior Notes due November 2029	522	522
5.125% Senior Notes due September 2040	1,300	1,301
4.08% Senior Notes due December 2047	1,337	1,337
Other long-term borrowings	122	136
Total long-term borrowings	6,285	6,301
Total borrowings	$ 6,495	$ 6,622

Baker Hughes Co-Obligor, Inc. is a co-obligor, jointly and severally with BHH LLC on our long-term debt securities. This co-obligor is a 100%-owned finance subsidiary of BHH LLC that was incorporated for the sole purpose of serving as a corporate co-obligor of long-term debt securities and has no assets or operations other than those related to its sole purpose. As of March 31, 2020, Baker Hughes Co-Obligor, Inc. is a co-obligor of our long-term debt securities totaling $6,163 million.

Certain Senior Notes contain covenants that restrict BHH LLC's ability to take certain actions, including, but not limited to, the creation of certain liens securing debt, the entry into certain sale-leaseback transactions and

engaging in certain merger, consolidation and asset sale transactions in excess of specified limits. At March 31, 2020, we were in compliance with all debt covenants.

The estimated fair value of total borrowings at March 31, 2020 and December 31, 2019 was $5,866 million and $6,847 million, respectively. For a majority of our borrowings the fair value was determined using quoted period-end market prices. Where market prices are not available, we estimate fair values based on valuation methodologies using current market interest rate data adjusted for our non-performance risk.

See "Note 16. Related Party Transactions" for additional information on the short-term borrowings from GE.

NOTE 10. EMPLOYEE BENEFIT PLANS

We have both funded and unfunded defined benefit plans which include four U.S. plans and seven non-U.S. plans, primarily in the UK, Germany, and Canada, all with plan assets or obligations greater than $20 million. We use a December 31 measurement date for these plans, and generally provide benefits to employees based on formulas recognizing length of service and earnings.

The components of net periodic cost of plans sponsored by us are as follows:

	Three Months Ended March 31,	
	2020	2019
Service cost	$ 7	$ 4
Interest cost	20	19
Expected return on plan assets	(31)	(25)
Amortization of net actuarial loss	8	4
Net periodic cost	$ 4	$ 2

The service cost component of the net periodic cost is included in operating income (loss) and all other components are included in non-operating income (loss) in our condensed consolidated statements of income (loss).

NOTE 11. INCOME TAXES

For the three months ended March 31, 2020, income tax expense was $5 million compared to tax expense of $67 million for the prior year period. The difference between the U.S. statutory tax rate of 21% and the current effective tax rate is primarily related to non-deductible goodwill impairment and losses with no tax benefit due to valuation allowances.

In response to the COVID-19 pandemic, many governments have enacted or are contemplating measures to provide aid and economic stimulus. These measures may include deferring the due dates of tax payments or other changes to their income and non-income-based tax laws. The Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”), which was enacted on March 27, 2020 in the U.S., includes measures to assist companies, including temporary changes to income and non-income-based tax laws. For the three months ended March 31, 2020, there were no material tax impacts to our condensed consolidated financial statements as it relates to COVID-19 measures. We continue to monitor additional guidance issued by the U.S. Treasury Department, the Internal Revenue Service and others.

NOTE 12. EQUITY

COMMON STOCK

We are authorized to issue 2 billion shares of Class A common stock, 1.25 billion shares of Class B common stock and 50 million shares of preferred stock each of which have a par value of $0.0001 per share. The number of shares of Class A common stock and Class B common stock outstanding as of March 31, 2020 is 654 million and 377 million, respectively. We have not issued any preferred stock. GE owns all the issued and outstanding Class B common stock. Each share of Class A and Class B common stock and the associated membership interest in BHH LLC form a paired interest. While each share of Class B common stock has equal voting rights to a share of Class A common stock, it has no economic rights, meaning holders of Class B common stock have no right to dividends or any assets in the event of liquidation of the Company. GE is entitled through BHH LLC Units (LLC Units) to receive distributions on an equal amount of any dividend paid by the Company. As of March 31, 2020, GE's interest in us was 36.6%.

The following table presents the changes in the number of shares outstanding (in thousands):

	Class A Common Stock		Class B Common Stock	
	2020	2019	2020	2019
Balance at January 1	650,065	513,399	377,428	521,543
Issue of shares upon vesting of restricted stock units [1]	3,011	1,377	—	—
Issue of shares on exercises of stock options [1]	5	164	—	—
Issue of shares for employee stock purchase plan	668	—	—	—
Balance at March 31	653,749	514,940	377,428	521,543

[1] Share amounts reflected above are net of shares withheld to satisfy the employee's tax withholding obligation.

ACCUMULATED OTHER COMPREHENSIVE LOSS (AOCL)

The following tables present the changes in accumulated other comprehensive loss, net of tax:

	Investment Securities	Foreign Currency Translation Adjustments	Cash Flow Hedges	Benefit Plans	Accumulated Other Comprehensive Loss
Balance at December 31, 2019	$ 1	$ (1,436)	$ 6	$ (207)	$ (1,636)
Other comprehensive income (loss) before reclassifications	(2)	(277)	(9)	16	(272)
Amounts reclassified from accumulated other comprehensive income (loss)	—	—	—	11	11
Deferred taxes	—	—	1	(5)	(4)
Other comprehensive income (loss)	(2)	(277)	(8)	22	(265)
Less: Other comprehensive income (loss) attributable to noncontrolling interests	(1)	(101)	(3)	8	(97)
Balance at March 31, 2020	$ —	$ (1,612)	$ 1	$ (193)	$ (1,804)

	Investment Securities	Foreign Currency Translation Adjustments	Cash Flow Hedges	Benefit Plans	Accumulated Other Comprehensive Loss
Balance at December 31, 2018	$ —	$ (1,152)	$ (1)	$ (66)	$ (1,219)
Other comprehensive income (loss) before reclassifications	2	166	5	(2)	171
Amounts reclassified from accumulated other comprehensive income (loss)	—	—	—	1	1
Deferred taxes	—	—	(1)	1	—
Other comprehensive income (loss)	2	166	4	—	172
Less: Other comprehensive income (loss) attributable to noncontrolling interests	1	84	2	—	87
Balance at March 31, 2019	$ 1	$ (1,070)	$ 1	$ (66)	$ (1,134)

The amounts reclassified from accumulated other comprehensive loss during the three months ended March 31, 2020 represent amortization of net actuarial gain (loss) which are included in the computation of net periodic pension cost (see "Note 10. Employee Benefit Plans" for additional details). These reclassifications are recorded across the various cost and expense line items within the condensed consolidated statements of income (loss).

NONCONTROLLING INTEREST

Noncontrolling interests represent the portion of net assets in consolidated entities that are not owned by the Company. As of March 31, 2020 and December 31, 2019, GE owned approximately 36.6% and 36.7%, respectively, of BHH LLC and this represents the majority of the noncontrolling interest balance reported within equity.

	March 31, 2020	December 31, 2019
GE's interest in BHH LLC	$ 6,392	$ 12,454
Other noncontrolling interests	123	116
Total noncontrolling interests	$ 6,515	$ 12,570

NOTE 13. EARNINGS PER SHARE

Basic and diluted net income (loss) per share of Class A common stock is presented below:

	Three Months Ended March 31,	
(In millions, except per share amounts)	**2020**	**2019**
Net income (loss)	$ (16,098)	$ 71
Less: Net income (loss) attributable to noncontrolling interests	(5,888)	39
Net income (loss) attributable to Baker Hughes Company	$ (10,210)	$ 32
Weighted average shares outstanding:		
Class A basic	653	515
Class A diluted	653	516
Net income (loss) per share attributable to common stockholders:		
Class A basic	$ (15.64)	$ 0.06
Class A diluted	$ (15.64)	$ 0.06

Under the Exchange Agreement between GE and us, GE is entitled to exchange its holding in our Class B common stock, and associated LLC Units, for Class A common stock on a one-for-one basis (subject to adjustment in accordance with the terms of the Exchange Agreement) or, at the option of Baker Hughes, an amount of cash equal to the aggregate value (determined in accordance with the terms of the Exchange Agreement) of the shares of Class A common stock that would have otherwise been received by GE in the exchange. In computing the dilutive effect, if any, that the aforementioned exchange would have on net income (loss) per share, net income (loss) attributable to holders of Class A common stock would be adjusted due to the elimination of the noncontrolling interests associated with the Class B common stock (including any tax impact). For the three months ended March 31, 2020 and 2019, such exchange is not reflected in diluted net income (loss) per share as the assumed exchange is not dilutive.

Shares of our Class B common stock do not share in earnings or losses of the Company and are not considered in the calculation of basic or diluted earnings per share (EPS). As such, separate presentation of basic and diluted EPS of Class B under the two class method has not been presented.

For the three months ended March 31, 2020 and 2019, Class A diluted shares include the dilutive impact of equity awards. For the three months ended March 31, 2020 and 2019, there were approximately eight million and six million options, respectively, that were excluded from our diluted EPS calculation because their effect is antidilutive. These options were outstanding but excluded from the calculation because the exercise price exceeded the average market price of the Class A common stock.

NOTE 14. FINANCIAL INSTRUMENTS

RECURRING FAIR VALUE MEASUREMENTS

Our assets and liabilities measured at fair value on a recurring basis consists of derivative instruments and investment securities.

	March 31, 2020				December 31, 2019			
	Level 1	Level 2	Level 3	Net Balance	Level 1	Level 2	Level 3	Net Balance
Assets								
Derivatives	$ —	$ 61	$ —	$ 61	$ —	$ 58	$ —	$ 58
Investment securities	2	—	187	189	24	—	259	283
Total assets	2	61	187	250	24	58	259	341
Liabilities								
Derivatives	—	(36)	—	(36)	—	(27)	—	(27)
Total liabilities	$ —	$ (36)	$ —	$ (36)	$ —	$ (27)	$ —	$ (27)

There were no transfers between Level 1, 2 and 3 during the three months ended March 31, 2020.

The following table provides a reconciliation of recurring Level 3 fair value measurements for investment securities:

	2020	2019
Balance at January 1	$ 259	$ 288
Purchases	—	6
Proceeds at maturity	(69)	(6)
Unrealized gains (losses) recognized in accumulated other comprehensive income (loss)	(2)	2
Balance at March 31	$ 187	$ 290

The most significant unobservable input used in the valuation of our Level 3 instruments is the discount rate. Discount rates are determined based on inputs that market participants would use when pricing investments, including credit and liquidity risk. An increase in the discount rate would result in a decrease in the fair value of our investment securities. There are no unrealized gains or losses recognized in the condensed consolidated statement of income (loss) on account of any Level 3 instrument still held at the reporting date. At March 31, 2020 and December 31, 2019, we held $50 million and $111 million, respectively, of these investment securities on behalf of GE.

	March 31, 2020				December 31, 2019			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Investment securities								
Non-U.S. debt securities [1]	$ 187	$ —	$ —	$ 187	$ 257	$ 2	$ —	$ 259
Equity securities [2]	2	—	—	2	24	—	—	24
Total	$ 189	$ —	$ —	$ 189	$ 281	$ 2	$ —	$ 283

(1) All of our investment securities are classified as available for sale instruments. Non-U.S. debt securities mature within three years.

(2) Gains (losses) recorded to earnings related to these securities were $(13) million and $10 million for the three months ended March 31, 2020 and 2019, respectively.

FAIR VALUE DISCLOSURE OF FINANCIAL INSTRUMENTS

Our financial instruments include cash, cash equivalents, current receivables, certain investments, accounts payable, short and long-term debt, and derivative financial instruments. Except for long-term debt, the estimated fair value of these financial instruments at March 31, 2020 and December 31, 2019 approximates their carrying value as reflected in our condensed consolidated financial statements. For further information on the fair value of our debt, see "Note 9. Borrowings."

DERIVATIVES AND HEDGING

We use derivatives to manage our risks and do not use derivatives for speculation. The table below summarizes the fair value of all derivatives, including hedging instruments and embedded derivatives.

	March 31, 2020		December 31, 2019	
	Assets	(Liabilities)	Assets	(Liabilities)
Derivatives accounted for as hedges				
Currency exchange contracts	$ 1	$ (1)	$ 11	$ —
Derivatives not accounted for as hedges				
Currency exchange contracts and other	60	(35)	47	(27)
Total derivatives	$ 61	$ (36)	$ 58	$ (27)

Derivatives are classified in the captions "All other current assets," "All other assets," "All other current liabilities," and "All other liabilities" depending on their respective maturity date.

As of March 31, 2020 and December 31, 2019, $60 million and $52 million of derivative assets are recorded in "All other current assets" and $1 million and $6 million are recorded in "All other assets" of the condensed consolidated statements of financial position, respectively. As of March 31, 2020 and December 31, 2019, $34 million and $24 million of derivative liabilities are recorded in "All other current liabilities" and $2 million and $3 million are recorded in "All other liabilities" of the condensed consolidated statements of financial position, respectively.

FORMS OF HEDGING

Cash Flow Hedges

We use cash flow hedging primarily to reduce or eliminate the effects of foreign exchange rate changes on purchase and sale contracts. Accordingly, the vast majority of our derivative activity in this category consists of currency exchange contracts. We also use commodity derivatives to reduce or eliminate price risk on raw materials purchased for use in manufacturing.

Changes in the fair value of cash flow hedges are recorded in a separate component of equity (referred to below as Accumulated Other Comprehensive Income, or AOCI) and are recorded in earnings in the period in which the hedged transaction occurs. The table below summarizes this activity by hedging instrument.

	Three Months Ended March 31,			
	Gain (Loss) Recognized in AOCI		Gain (Loss) Reclassified from AOCI to Earnings	
	2020	2019	2020	2019
Currency exchange contracts	$ (9)	$ 5	$ —	$ —

We expect to transfer $2 million to earnings as a gain in the next 12 months contemporaneously with the earnings effects of the related forecast transactions. Both at March 31, 2020 and December 31, 2019, the maximum term of derivative instruments that hedge forecast transactions was one year.

Economic Hedges

These derivatives are not designated as hedges from an accounting standpoint (and therefore we do not apply hedge accounting to the relationship) but otherwise serve the same economic purpose as other hedging arrangements. Economic hedges are marked to fair value through earnings each period.

The following table summarizes the gains (losses) from derivatives not designated as hedges in the condensed consolidated statements of income (loss).

Derivatives not designated as hedging instruments	Condensed consolidated statement of income caption	Three Months Ended March 31, 2020	2019
Currency exchange contracts [1]	Cost of goods sold	$ (8)	$ 3
Currency exchange contracts	Selling, general and administrative	65	(1)
Commodity derivatives	Cost of goods sold	(2)	2
Other derivatives	Other non-operating income, net	8	(1)
Total [2]		$ 63	$ 3

(1) Excludes gains of $7 million and losses of $2 million on embedded derivatives for the three months ended March 31, 2020 and 2019, respectively, as embedded derivatives are not considered to be hedging instruments in our economic hedges.

(2) The effect on earnings of derivatives not designated as hedges is substantially offset by the change in fair value of the economically hedged items in the current and future periods.

NOTIONAL AMOUNT OF DERIVATIVES

The notional amount of a derivative is the number of units of the underlying (for example, the notional principal amount of the debt in an interest rate swap). A substantial majority of the outstanding notional amount of $5.5 billion and $5.7 billion at March 31, 2020 and December 31, 2019, respectively, is related to hedges of anticipated sales and purchases in foreign currency, commodity purchases, and contractual terms in contracts that are considered embedded derivatives and for intercompany borrowings in foreign currencies. We generally disclose derivative notional amounts on a gross basis to indicate the total counterparty risk. Where we have gross purchase and sale derivative contracts for a particular currency, we look to execute these contracts with the same counterparty to reduce our exposure. The corresponding net notional amounts were $1.2 billion and $1.8 billion at March 31, 2020 and December 31, 2019, respectively.

COUNTERPARTY CREDIT RISK

Fair values of our derivatives can change significantly from period to period based on, among other factors, market movements and changes in our positions. We manage counterparty credit risk (the risk that counterparties will default and not make payments to us according to the terms of our agreements) on an individual counterparty basis.

OTHER EQUITY INVESTMENTS

As of March 31, 2020 and December 31, 2019, the carrying amount of equity securities without readily determinable fair values was $637 million.

As required under U.S. GAAP, we have discontinued applying the equity method on our investment in BJ Services as previous losses have reduced our investment to zero, and we have no requirements to advance any additional funds. We will resume application of the equity method only after our share of unrecognized net income equals our share of net loss not recognized during the period the equity method was suspended.

NOTE 15. SEGMENT INFORMATION

Our reportable segments, which are the same as our operating segments, are organized based on the nature of markets and customers. We report our operating results through our four operating segments that consist of similar products and services within each segment as described below.

OILFIELD SERVICES (OFS)

Oilfield Services provides products and services for onshore and offshore operations across the lifecycle of a well, ranging from drilling, evaluation, completion, production and intervention. Products and services include diamond and tri-cone drill bits, drilling services, including directional drilling technology, measurement while drilling & logging while drilling, downhole completion tools and systems, wellbore intervention tools and services, wireline services, drilling and completions fluids, oilfield and industrial chemicals, pressure pumping, and artificial lift technologies, including electrical submersible pumps.

OILFIELD EQUIPMENT (OFE)

Oilfield Equipment provides a broad portfolio of products and services required to facilitate the safe and reliable flow of hydrocarbons from the subsea wellhead to the surface. Products and services include pressure control equipment and services, subsea production systems and services, drilling equipment, and flexible pipeline systems. Oilfield Equipment designs and manufactures onshore and offshore drilling and production systems and equipment for floating production platforms and provides a full range of services related to onshore and offshore drilling activities.

TURBOMACHINERY & PROCESS SOLUTIONS (TPS)

Turbomachinery & Process Solutions provides equipment and related services for mechanical-drive, compression and power-generation applications across the oil and gas industry as well as products and services to serve the downstream segments of the industry including refining, petrochemical, distributed gas, flow and process control and other industrial applications. The Turbomachinery & Process Solutions portfolio includes drivers (aero-derivative gas turbines, heavy-duty gas turbines and synchronous and induction electric motors), compressors (centrifugal and axial, direct drive high speed, integrated, subsea compressors, turbo expanders and reciprocating), turn-key solutions (industrial modules and waste heat recovery), pumps, valves, and compressed natural gas (CNG) and small-scale liquefied natural gas (LNG) solutions used primarily for shale oil and gas field development.

DIGITAL SOLUTIONS (DS)

Digital Solutions provides equipment, software, and services for a wide range of industries, including oil & gas, power generation, aerospace, metals, and transportation. The offerings include sensor-based process

measurement, non-destructive testing and inspection, turbine, generator and plant controls and condition monitoring, as well as pipeline integrity solutions.

SEGMENT RESULTS

Segment revenue and profit are determined based on the internal performance measures used by the Company to assess the performance of each segment in a financial period. Summarized financial information is shown in the following tables. Consistent accounting policies have been applied by all segments within the Company, for all reporting periods.

	Three Months Ended March 31,	
Segment revenue	**2020**	**2019**
Oilfield Services	$ 3,139	$ 2,986
Oilfield Equipment	712	735
Turbomachinery & Process Solutions	1,085	1,302
Digital Solutions	489	592
Total	$ 5,425	$ 5,615

The performance of our operating segments is evaluated based on segment operating income (loss), which is defined as income (loss) before income taxes before the following: net interest expense, net other non-operating income, corporate expenses, restructuring, impairment and other charges, inventory impairments, separation and merger related costs, goodwill impairments and certain gains and losses not allocated to the operating segments.

	Three Months Ended March 31,	
Segment income (loss) before income taxes	**2020**	**2019**
Oilfield Services	$ 206	$ 176
Oilfield Equipment	(8)	12
Turbomachinery & Process Solutions	134	118
Digital Solutions	29	68
Total segment	361	373
Corporate	(122)	(100)
Inventory impairment [(1)]	(160)	—
Goodwill impairment	(14,773)	—
Restructuring, impairment and other	(1,325)	(62)
Separation and merger related	(41)	(34)
Other non-operating income, net	25	21
Interest expense, net	(59)	(59)
Total	$ (16,093)	$ 138

(1) Charges for inventory impairments are predominantly reported in the "Cost of goods sold" caption of the condensed consolidated statements of income (loss).

The following table presents total assets by segment:

Segment assets	March 31, 2020	December 31, 2019
Oilfield Services	$ 17,618	$ 30,611
Oilfield Equipment	3,933	7,645
Turbomachinery & Process Solutions	8,239	8,365
Digital Solutions	3,847	3,983
Total segment	33,637	50,604
Corporate and eliminations [1]	3,592	2,765
Total	$ 37,229	$ 53,369

[1] Corporate and eliminations in total segment assets includes adjustments of intercompany investments and receivables that are reflected within the total assets of the four reportable segments.

NOTE 16. RELATED PARTY TRANSACTIONS

GE is our largest shareholder and their interest in us was 36.6% as of March 31, 2020. On September 16, 2019, GE ceased to be our controlling shareholder when their ownership in us was reduced from approximately 50.3% to approximately 36.8% (the Trigger Date). Following the Trigger Date and until GE and its affiliates own less than 20% of the voting power of our outstanding common stock, GE is entitled to designate one person for nomination to our board of directors.

During 2018 and 2019, we entered into a Master Agreement and a series of related ancillary agreements with GE and BHH LLC (collectively, the Master Agreement Framework) designed to solidify the commercial and technological collaborations between us and GE and to facilitate our transition from operating as a controlled company. In particular, the Master Agreement Framework contemplated long-term agreements between us, BHH LLC and GE on technology, fulfillment and other key areas providing greater clarity to customers, employees and shareholders.

Also in 2019, we entered into an Omnibus Agreement, a general framework agreement that addresses certain outstanding matters under existing long-term commercial agreements between us and GE. The Omnibus Agreement contains provisions regarding, among other things, (i) the repayment of certain outstanding amounts mutually owed by the parties, (ii) certain employee and assets transfers (including the allocation of costs and expenses associated therewith), and (iii) certain matters related to three international joint ventures.

RELATED PARTY TRANSACTIONS WITH GE

On July 3, 2017, we executed a promissory note with GE (which was amended and restated on July 31, 2019 in connection with the entry into the Omnibus Agreement referenced above) that represents certain cash that we are holding on GE's behalf due to the restricted nature of the cash. The restriction arises as the majority of the cash cannot be released, transferred or otherwise converted into a non-restricted market currency due to the lack of market liquidity, capital controls or similar monetary or exchange limitations by a government entity of the jurisdiction in which such cash is situated. There is no maturity date on the promissory note, but we remain obligated to repay GE, therefore, this obligation is reflected as short-term borrowings. As of March 31, 2020, of the $156 million due to GE, $106 million was held in the form of cash and $50 million was held in the form of investment securities. As of December 31, 2019, of the $273 million due to GE, $162 million was held in the form of cash and $111 million was held in the form of investment securities. A corresponding liability is reported in short-term borrowings in the condensed consolidated statements of financial position.

We sold products and services to GE and its affiliates for $55 million and $81 million during the three months ended March 31, 2020 and 2019, respectively. Purchases from GE and its affiliates were $263 million and $451 million during the three months ended March 31, 2020 and 2019, respectively.

The Company has $448 million and $536 million of accounts payable at March 31, 2020 and December 31,

2019, respectively, for goods and services provided by GE in the ordinary course of business. The Company has $462 million and $495 million of current receivables at March 31, 2020 and December 31, 2019, respectively, for goods and services provided to GE in the ordinary course of business.

NOTE 17. COMMITMENTS AND CONTINGENCIES

LITIGATION

We are subject to a number of lawsuits and claims arising out of the conduct of our business. The ability to predict the ultimate outcome of such matters involves judgments, estimates and inherent uncertainties. We record a liability for those contingencies where the incurrence of a loss is probable and the amount can be reasonably estimated, including accruals for self-insured losses which are calculated based on historical claim data, specific loss development factors and other information.

A range of total possible losses for all litigation matters cannot be reasonably estimated. Based on a consideration of all relevant facts and circumstances, we do not expect the ultimate outcome of currently pending lawsuits or claims against us, other than those discussed below, will have a material adverse effect on our financial position, results of operations or cash flows, however, there can be no assurance as to the ultimate outcome of these matters.

With respect to the litigation matters below, if there was an adverse outcome individually or collectively, there could be a material impact on our business, financial condition and results of operations expected for the year. These litigation matters are subject to inherent uncertainties and management's view of these matters may change in the future. Therefore, there can be no assurance as to the ultimate outcome of these matters.

During 2014, we received notification from a customer related to a possible equipment failure in a natural gas storage system in Northern Germany, which includes certain of our products. The customer initiated arbitration proceedings against us on June 19, 2015, under the rules of the German Institute of Arbitration e.V. (DIS). On August 3, 2016, the customer amended its claims and alleged damages of €202 million plus interest at an annual rate of prime + 5%. Hearings before the arbitration panel were held January 16, 2017 through January 23, 2017, and March 20, 2017 through March 21, 2017. In addition, on September 21, 2015, TRIUVA Kapitalverwaltungsgesellschaft mbH filed a lawsuit in the United States District Court for the Southern District of Texas, Houston Division against the Company and Baker Hughes Oilfield Operations, Inc. alleging that the plaintiff is the owner of gas storage caverns in Etzel, Germany in which the Company provided certain equipment in connection with the development of the gas storage caverns. The plaintiff further alleges that the Company supplied equipment that was either defectively designed or failed to warn of risks that the equipment posed, and that these alleged defects caused damage to the plaintiff's property. The plaintiff seeks recovery of alleged compensatory and punitive damages of an unspecified amount, in addition to reasonable attorneys' fees, court costs and pre-judgment and post-judgment interest. The allegations in this lawsuit are related to the claims made in the June 19, 2015 German arbitration referenced above. On June 7, 2018, the DIS arbitration panel issued a confidential Arbitration Ruling which addressed all claims asserted by the customer. The estimated financial impact of the Arbitration Ruling has been reflected in the Company's financial statements and did not have a material impact. Further, on March 11, 2019, the customer initiated a second arbitral proceeding against us, under the rules of the German Institute of Arbitration e.V. (DIS). The customer alleged damages of €142 million plus interest at an annual rate of prime + 5% since June 20, 2015. The allegations in this second arbitration proceeding are related to the claims made in the June 19, 2015 German arbitration and Houston Federal Court proceedings referenced above. The Company is contesting the claims made by TRIUVA in the Houston Federal Court and the claims made by the customer in the second arbitration proceeding. At this time, we are not able to predict the outcome of the claims asserted in the Houston Federal Court or the second arbitration proceeding.

On July 31, 2015, Rapid Completions LLC filed a lawsuit in federal court in the Eastern District of Texas against Baker Hughes Incorporated, Baker Hughes Oilfield Operations, Inc., and others claiming infringement of U.S. Patent Nos. 6,907,936; 7,134,505; 7,543,634; 7,861,774; and 8,657,009. On August 6, 2015, Rapid Completions amended its complaint to allege infringement of U.S. Patent No. 9,074,451. On April 1, 2016, Rapid Completions removed U.S. Patent No. 6,907,936 from its claims in the lawsuit. On April 5, 2016, Rapid Completions filed a second lawsuit in federal court in the Eastern District of Texas against Baker Hughes Incorporated, Baker Hughes Oilfield

Operations, Inc. and others claiming infringement of U.S. Patent No. 9,303,501. These patents relate primarily to certain specific downhole completions equipment. The plaintiff has requested a permanent injunction against further alleged infringement, damages in an unspecified amount, supplemental and enhanced damages, and additional relief such as attorney's fees and costs. During August and September 2016, the United States Patent and Trademark Office (USPTO) agreed to institute an inter-partes review of U.S. Patent Nos 7,861,774; 7,134,505; 7,543,634; 6,907,936; 8,657,009; and 9,074,451. On August 29, 2017, the USPTO issued its final written decisions in the inter-partes reviews of U.S. Patent Nos. 8,657,009 and 9,074,451 finding that all claims of those patents were unpatentable. On August 31, 2017, the USPTO issued its final written decision in the inter-partes review of U.S. Patent 6,907,936 - the patent dropped from the lawsuit by the plaintiffs - finding that all claims of this patent were patentable. On October 27, 2017, Rapid Completions filed its notices of appeal of the USPTO's final written decision in the inter-partes review of U.S. Patent Nos. 8,657,009 and 9,074,451. On September 26, 2018, the USPTO issued its final written decision in the inter-partes review of U.S. Patent No. 7,134,505 finding all of the challenged claims unpatentable. On September 27, 2018, the USPTO issued its final written decision in the inter-partes review of U.S. Patent No. 7,543,634 finding all of the challenged claims unpatentable. On November 19, 2018, the U.S. Court of Appeals for the Federal Circuit affirmed the USPTO's unpatentability findings with respect to U.S. Patent Nos. 8,657,009 and 9,074,451. On November 26, 2018, Rapid Completions filed notices of appeal of the USPTO's final written decisions in the inter partes reviews of U.S. Patent No. 7,134,505, and 7,543,634. On May 2, 2019, the USPTO issued a final written decision in an IPR on U.S. Patent Number 9,303,501 finding all of its claims unpatentable, and Rapid Completions appealed that decision to the Federal Circuit on July 5, 2019. On November 13, 2019, the U.S. Court of Appeals for the Federal Circuit affirmed the USPTO's unpatentability findings with respect to U.S. Patent No. 7,134,505, and 7,543,634. On November 26, 2019, the USPTO issued a final written decision in the inter-partes review of U.S. Patent No. 7,861,774 finding all challenged claims unpatentable, and Rapid Completions did not timely appeal that decision. On January 21, 2020, the Federal Circuit affirmed the USPTO's unpatentability finding as to all asserted claims of the U.S. Patent No. 9,303,501.

In January 2013, INEOS and Naphtachimie initiated expertise proceedings in Aix-en-Provence, France arising out of a fire at a chemical plant owned by INEOS in Lavera, France, which resulted in a 15-day plant shutdown and destruction of a steam turbine, which was part of a compressor train owned by Naphtachimie. The most recent quantification of the alleged damages is €250 million. 2 of the Company's subsidiaries (and 17 other companies) were notified to participate in the proceedings. The proceedings are ongoing, and at this time, there is no indication that the Company's subsidiaries were involved in the incident. Although the outcome of the claims remains uncertain, our insurer has accepted coverage and is defending the Company in the expertise proceeding.

On July 31, 2018, International Engineering & Construction S.A. (IEC) initiated arbitration proceedings in New York administered by the International Center for Dispute Resolution (ICDR) against the Company and its subsidiaries arising out of a series of sales and service contracts entered between IEC and the Company's subsidiaries for the sale and installation of LNG plants and related power generation equipment in Nigeria (Contracts). Prior to the filing of the IEC Arbitration, the Company's subsidiaries made demands for payment due under the Contracts. On August 15, 2018, the Company's subsidiaries initiated a separate demand for ICDR arbitration against IEC for claims of additional costs and amounts due under the Contracts. On October 10, 2018, IEC filed a Petition to Compel Arbitration in the United States District Court for the Southern District of New York against the Company seeking to compel non-signatory Baker Hughes entities to participate in the arbitration filed by IEC. The complaint is captioned International Engineering & Construction S.A. et al. v. Baker Hughes, a GE company LLC, et al. No. 18-cv-09241 (S.D.N.Y 2018); this action was dismissed by the Court on August 13, 2019. In the arbitration, IEC alleges breach of contract and other claims against the Company and its subsidiaries and seeks recovery of alleged compensatory damages, in addition to reasonable attorneys' fees, expenses and arbitration costs. On March 15, 2019, IEC amended its request for arbitration to alleged damages of $591 million of lost profits plus unspecified additional costs based on alleged non-performance of the contracts in dispute. The arbitration hearing was held from December 9, 2019 to December 20, 2019. On March 3, 2020, IEC amended their damages claim to $700 million of alleged loss cash flow or, in the alternative, $244.9 million of lost profits and various costs based on alleged non-performance of the contracts in dispute, and in addition $4.8 million of liquidated damages, $58.6 million in take-or-pay costs of feed gas, and unspecified additional costs of rectification and take-or-pay future obligations, plus unspecified interest and attorneys fees. The Company and its subsidiaries have contested IEC's claims and are pursuing claims for compensation under the contracts. At this time, we are not able to predict the outcome of these claims.

On March 15, 2019 and March 18, 2019, the City of Riviera Beach Pension Fund and Richard Schippnick, respectively, filed in the Delaware Court of Chancery shareholder derivative lawsuits for and on the Company's behalf against GE, the then-current members of the Board of Directors of the Company and the Company as a nominal defendant, related to the decision to (i) terminate the contractual prohibition barring GE from selling any of the Company's shares before July 3, 2019; (ii) repurchase $1.5 billion in the Company's stock from GE; (iii) permit GE to sell approximately $2.5 billion in the Company's stock through a secondary offering; and (iv) enter into a series of other agreements and amendments that will govern the ongoing relationship between the Company and GE (collectively, the "2018 Transactions"). The complaints in both lawsuits allege, among other things, that GE, as the Company's controlling stockholder, and the members of the Company's Board of Directors breached their fiduciary duties by entering into the 2018 Transactions. The relief sought in the complaints includes a request for a declaration that the defendants breached their fiduciary duties, that GE was unjustly enriched, disgorgement of profits, an award of damages sustained by the Company, pre- and post-judgment interest, and attorneys' fees and costs. On March 21, 2019, the Chancery Court entered an order consolidating the Schippnick and City of Riviera Beach complaints under consolidated C.A. No. 2019-0201-AGB, styled in re Baker Hughes, a GE company derivative litigation. On May 10, 2019, Plaintiffs voluntarily dismissed their claims against the members of the Company's Conflicts Committee, and on May 15, 2019, Plaintiffs voluntarily dismissed their claims against former Baker Hughes director Martin Craighead. On June 7, 2019, the defendants and nominal defendant filed a motion to dismiss the lawsuit on the ground that the derivative plaintiffs failed to make a demand on the Company's Board of Directors to pursue the claims itself, and GE and the Company's Board of Directors filed a motion to dismiss the lawsuit on the ground that the complaint failed to state a claim on which relief can be granted. The Chancery Court denied the motions on October 8, 2019, except granted GE's motion to dismiss the unjust enrichment claim against it. On October 31, 2019, the Company's Board of Directors designated a Special Litigation Committee and empowered it with full authority to investigate and evaluate the allegations and issues raised in the derivative litigation. The Special Litigation Committee filed a motion to stay the derivative litigation during its investigation. On December 3, 2019, the Chancery Court granted the motion and stayed the derivative litigation until June 1, 2020. The Special Litigation Committee's investigation and evaluation remains ongoing. At this time, we are not able to predict the outcome of the Special Litigation Committee investigation or these claims.

In March 2019, the Company received a document request from the United States Department of Justice (the "DOJ") related to certain of the Company's operations in Iraq and its dealings with Unaoil Limited and its affiliates. In December 2019, the Company received a similar document request from the Securities Exchange Commission (the "SEC"). The Company is cooperating with the DOJ and the SEC in connection with their requests and any related matters. In addition, the Company has agreed to toll any statute of limitations in connection with the matters subject to the DOJ's document request.

On May 7, 2019, the Alaska District Attorney filed a Criminal Information against Baker Hughes Incorporated, Baker Hughes Oilfield Operations, Inc., Baker Petrolite Corporation and a Baker Hughes employee alleging that individuals working at a Baker Petrolite Corporation chemical transfer facility in Kenai, Alaska were exposed to hazardous air emissions. The Criminal Information charges six counts of Assault in the Third Degree, three counts of Assault in the Fourth Degree and Negligent Air Emissions. On July 22, 2019, the six counts of Assault in the Third Degree were dismissed, with the Alaska Attorney General's office indicating their intent to present those charges to the grand jury to obtain an indictment. On or around September 11, 2019, the grand jury issued an indictment on 25 counts, including 10 counts of Assault in the First Degree, 10 counts of Assault in the Second Degree, and 5 counts of Assault in the Third Degree. On or around December 3, 2019, the State agreed to dismiss the indictment against Baker Hughes Oilfield Operations, Inc. On April 9, 2020 the court granted the Company's unopposed motion to dismiss the indictment for failure to present exculpatory evidence to the grand jury, thereby dismissing the indictments against Baker Hughes Incorporated, Baker Petrolite Corporation, and the Baker Hughes employee without prejudice.

On August 13, 2019, Tri-State Joint Fund filed in the Delaware Court of Chancery, a shareholder class action lawsuit for and on the behalf of itself and all similarly situated public stockholders of Baker Hughes Incorporated ("BHI") against the General Electric Company, the former members of the Board of Directors of BHI, and certain former BHI Officers alleging breaches of fiduciary duty, aiding and abetting, and other claims in connection with the Transactions. On October 28, 2019, City of Providence filed in the Delaware Court of Chancery a shareholder class action lawsuit for and on behalf of itself and all similarly situated public shareholders of BHI against GE, the former members of the Board of Directors of BHI, and certain former BHI Officers alleging substantially the same claims in

connection with the Transactions. The relief sought in these complaints include a request for a declaration that Defendants breached their fiduciary duties, an award of damages, pre- and post-judgment interest, and attorneys' fees and costs. The lawsuits have been consolidated, and plaintiffs filed a consolidated class action complaint on December 17, 2019 against certain former BHI officers alleging breaches of fiduciary duty and against GE for aiding and abetting those breaches. The December 2019 complaint omitted the former members of the Board of Directors of BHI, except for Mr. Craighead who also served as President and CEO of BHI. Mr. Craighead and Ms. Ross, who served as Senior Vice President and Chief Financial Officer of BHI, remain named in the December 2019 complaint along with GE. The relief sought in the consolidated complaint includes a declaration that the former BHI officers breached their fiduciary duties and that GE aided and abetted those breaches, an award of damages, pre- and post-judgment interest, and attorneys' fees and costs. At this time, we are not able to predict the outcome of these claims.

On December 11, 2019, BMC Software, Inc. ("BMC") filed a lawsuit in federal court in the Southern District of Texas against Baker Hughes, a GE company, LLC alleging trademark infringement, unfair competition, and unjust enrichment, arising out of the Company's use of its new logo and affiliated branding. On January 1, 2020, BMC amended its complaint to add Baker Hughes Company. The relief sought in the complaint includes a request for injunctive relief, an award of damages (including punitive damages), pre- and post-judgment interest, and attorneys' fees and costs. At this time, we are not able to predict the outcome of these claims.

We insure against risks arising from our business to the extent deemed prudent by our management and to the extent insurance is available, but no assurance can be given that the nature and amount of that insurance will be sufficient to fully indemnify us against liabilities arising out of pending or future legal proceedings or other claims. Most of our insurance policies contain deductibles or self-insured retentions in amounts we deem prudent and for which we are responsible for payment. In determining the amount of self-insurance, it is our policy to self-insure those losses that are predictable, measurable and recurring in nature, such as claims for automobile liability, general liability and workers compensation.

PRODUCT WARRANTIES

We provide for estimated product warranty expenses when we sell the related products. Because warranty estimates are forecasts that are based on the best available information, primarily historical claims experience, claims costs may differ from amounts provided. An analysis of changes in the liability for product warranties are as follows:

	2020	2019
Balance at January 1	$ 220	$ 236
Provisions	2	3
Expenditures	(3)	(5)
Other	(2)	2
Balance at March 31	$ 217	$ 236

OTHER

In the normal course of business with customers, vendors and others, we have entered into off-balance sheet arrangements, such as surety bonds for performance, letters of credit and other bank issued guarantees. We also provide guarantees to GE Capital on behalf of some customers who have entered into financing arrangements with GE Capital. These off-balance sheet arrangements totaled approximately $4.1 billion at March 31, 2020. It is not practicable to estimate the fair value of these financial instruments. None of the off-balance sheet arrangements either has, or is likely to have, a material effect on our financial position, results of operations or cash flows.

We sometimes enter into consortium or similar arrangements for certain projects primarily in our Oilfield Equipment segment. Under such arrangements, each party is responsible for performing a certain scope of work within the total scope of the contracted work, and the obligations expire when all contractual obligations are completed. The failure or inability, financially or otherwise, of any of the parties to perform their obligations could

impose additional cost and obligations on us. These factors could result in unanticipated costs to complete the project, liquidated damages or contract disputes.

NOTE 18. RESTRUCTURING, IMPAIRMENT AND OTHER

During the three months ended March 31, 2020, in response to the impact on our business from the COVID-19 pandemic and the significant decline in oil and gas prices, we approved a plan of $1.8 billion (the 2020 Plan) primarily associated with rationalizing certain product lines and restructuring our business, which is designed to, among other things, right-size our operations for anticipated activity levels and market conditions. As a result, during the three months ended March 31, 2020, we recorded restructuring, impairment and other charges of $1,325 million and inventory impairments of $160 million. See "Note 4. Inventories" for further discussion. Almost all of the remaining charges associated with the 2020 Plan are expected to be recorded in the second or third quarter of 2020. These initiatives could generate additional charges in future periods as the 2020 Plan comes to completion.

RESTRUCTURING AND IMPAIRMENT

The following table presents restructuring and impairment charges by the impacted segment, however, these charges are not included in the reported segment results:

	Three Months Ended March 31,	
	2020	2019
Oilfield Services	$ 296	$ 17
Oilfield Equipment	98	18
Turbomachinery & Process Solutions	8	19
Digital Solutions	24	3
Corporate	9	5
Total	$ 435	$ 62

Restructuring and impairment charges were primarily related to employee termination expenses from reducing our headcount in certain geographical locations, and product line rationalization, including plant closures and related expenses such as property, plant & equipment impairments and contract termination fees. Details of these charges are as follows:

	Three Months Ended March 31,	
	2020	2019
Impairments of property, plant & equipment	$ 141	$ 9
Employee-related termination expenses	272	44
Contract termination fees	21	7
Other incremental costs	1	2
Total	$ 435	$ 62

OTHER

During the three months ended March 31, 2020, we recorded other charges totaling $890 million. These charges are comprised of intangible asset impairments of $601 million driven by our decision to exit certain businesses primarily in our OFS segment, other long-lived asset impairments of $216 million ($124 million of intangible assets, $77 million of property, plant and equipment and $15 million of other assets) in our OFE segment and other charges of $73 million driven by certain litigation matters and impairment of an equity method investment primarily in corporate and the OFE segment.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) should be read in conjunction with the condensed consolidated financial statements and the related notes included in Item 1 thereto.

EXECUTIVE SUMMARY

We are an energy technology company with a broad and diversified portfolio of technologies and services that span the energy and industrial value chain. We conduct business in more than 120 countries and employ approximately 67,000 employees. We operate through our four business segments: Oilfield Services (OFS), Oilfield Equipment (OFE), Turbomachinery & Process Solutions (TPS), and Digital Solutions (DS).

We sell products and services primarily in the global oil and gas markets, within the upstream, midstream and downstream segments. Throughout the first quarter of 2020, the industry experienced multiple factors which drove expectations for global oil and gas related spending to be lower through 2020. First, the COVID-19 pandemic lowered global demand for hydrocarbons, as social distancing and travel restrictions were implemented across the world. Second, the lifting of Organization of the Petroleum Exporting Countries (OPEC)+ supply curtailments, and the associated increase in production, drove the global supply of hydrocarbons higher through the first quarter of 2020. As a result of both dynamics, prices for hydrocarbons declined 67% from peak prices within the quarter. In addition, while global gross domestic product (GDP) growth was impacted by COVID-19 during the first quarter of 2020, we expect GDP to decline globally in the second quarter of 2020 and for the total year 2020 as a result of the COVID-19 pandemic.

As a result, we expect oil and gas related markets will continue to experience significant volatility in 2020. Our goal through this downturn is to remain disciplined in allocating capital, focus on liquidity and cash preservation, and to preserve our investment grade rating while also maintaining our current dividend payout.

We are taking the necessary actions to right-size the business for expected activity levels. We approved a plan for restructuring and other actions totaling $1.8 billion, $1.5 billion of which was recorded in the first quarter of 2020. These charges are primarily related to the expected costs for reductions in work force, product line exits in certain geographies, and the write down of inventory and intangible assets. These actions are taking place across the business and our corporate functions as we align our workforce with expected activity levels. We expect cash expenditures from the restructuring plan to total approximately $500 million, and for the cash payback to be less than one year.

In addition, during the first quarter of 2020, our market capitalization declined significantly driven by the current macroeconomic and geopolitical conditions including the decrease in demand caused by the COVID-19 pandemic and collapse of oil prices. Based on these events, we concluded that a triggering event occurred, and we performed an interim quantitative impairment test as of March 31, 2020. Based upon the results of the impairment test, we recognized a goodwill impairment charge of $14,773 million.

In the first quarter of 2020, we generated revenue of $5,425 million, compared to $5,615 million for the first quarter of 2019. The decline in revenue was primarily driven by COVID-19 related volume declines in DS, TPS, and OFE, partially offset by increased activity in OFS. Loss before income taxes was $16,093 million for the first quarter of 2020 which included a goodwill impairment of $14,773 million, restructuring, impairment and other charges of $1,325 million and inventory impairments of $160 million. We also estimate that the COVID-19 pandemic had a negative impact to our operating income of approximately $100 million. In the first quarter of 2019, income before income taxes was $138 million, which also included restructuring and impairment charges of $62 million.

OUTLOOK

Our business is exposed to a number of macro factors, which influence our outlook and expectations given the volatile conditions in the industry. We expect the current weakness in oil and gas prices to persist for the rest of 2020 and expect economic conditions to begin to improve in the third quarter. In addition, we expect that some form of travel restrictions, strict social distancing, and health and safety protocols remain in place until the middle of the year and gradually begin to ease in the second half of the year.

- North America onshore activity: as a result of the significant decline in oil and gas prices, we expect U.S. drilling & completion spending to decline more than 50% versus 2019, as operators adjust budgets for the current oil price environment.

- International onshore activity: we expect spending outside of North America to decline over 10% versus 2019. We expect that the Middle East will remain most resilient in the current environment.

- Offshore projects: following a strong 2019, we expect significantly fewer offshore projects to reach positive final investment decisions in 2020, due to the economic uncertainty and lower oil and gas prices.

- Liquefied natural gas (LNG) projects: we remain optimistic on the LNG market long term, but expect fewer positive final investment decisions on LNG projects in 2020 than in 2019.

We have other segments in our portfolio that are more correlated with various industrial metrics, including GDP, such as our Digital Solutions segment. As a result of the economic uncertainty caused by COVID-19, we expect global GDP to contract in 2020. Overall, we believe our portfolio is well positioned to compete across the energy value chain and deliver comprehensive solutions for our customers. We remain optimistic about the long-term economics of the industry, but we are continuing to operate with flexibility given our expectations for volatility and changing activity levels in the near term.

While governments may change or discontinue incentives for renewable energy additions, in the long term, renewable energy cost declines may accelerate to compete with new-build fossil fuel capacity. However, we do not anticipate any significant impacts to our business in the foreseeable future.

Over time, we believe the world’s demand for energy will continue to rise, and the supply of energy will continue to increase in complexity, requiring greater service intensity and more advanced technology from oilfield service companies. As such, we remain focused on delivering innovative, cost-efficient solutions that deliver step changes in operating and economic performance for our customers.

BUSINESS ENVIRONMENT

The following discussion and analysis summarizes the significant factors affecting our results of operations, financial condition and liquidity position as of and for the three months ended March 31, 2020 and 2019, and should be read in conjunction with the condensed consolidated financial statements and related notes of the Company.

We operate in more than 120 countries helping customers find, evaluate, drill, produce, transport and process hydrocarbon resources. Our revenue is predominately generated from the sale of products and services to major, national, and independent oil and natural gas companies worldwide, and is dependent on spending by our customers for oil and natural gas exploration, field development and production. This spending is driven by a number of factors, including our customers' forecasts of future energy demand and supply, their access to resources to develop and produce oil and natural gas, their ability to fund their capital programs, the impact of new government regulations and most importantly, their expectations for oil and natural gas prices as a key driver of their cash flows.

Oil and Natural Gas Prices

Oil and natural gas prices are summarized in the table below as averages of the daily closing prices during each of the periods indicated.

	Three Months Ended March 31,	
	2020	2019
Brent oil price ($/Bbl) [1]	$ 50.27	$ 63.10
WTI oil price ($/Bbl) [2]	45.34	54.82
Natural gas price ($/mmBtu) [3]	1.90	2.92

[1] Energy Information Administration (EIA) Europe Brent Spot Price per Barrel

[2] EIA Cushing, OK WTI (West Texas Intermediate) spot price

[3] EIA Henry Hub Natural Gas Spot Price per million British Thermal Unit

Outside North America, customer spending is most heavily influenced by Brent oil prices, which decreased during the quarter, ranging from a low of $14.85/Bbl in March 2020 to a high of $70.25/Bbl in January 2020. For the three months ended March 31, 2020, Brent oil prices averaged $50.27/Bbl, which represented a decrease of $12.83/Bbl from the same period last year.

In North America, customer spending is highly driven by WTI oil prices, which decreased during the quarter. Overall, WTI oil prices ranged from a low of $14.10/Bbl in March 2020 to a high of $63.27/Bbl in January 2020. For the three months ended March 31, 2020, WTI oil prices averaged $45.34/Bbl, which represented a decrease of $9.48/Bbl from the same period last year.

In North America, natural gas prices, as measured by the Henry Hub Natural Gas Spot Price, averaged $1.90/mmBtu in the first quarter of 2020, representing a 35% decrease over the prior year. Throughout the quarter, Henry Hub Natural Gas Spot Prices ranged from a low of $1.65/mmBtu in March 2020 to a high of $2.17/mmBtu in January 2020.

Baker Hughes Rig Count

The Baker Hughes rig counts are an important business barometer for the drilling industry and its suppliers. When drilling rigs are active they consume products and services produced by the oil service industry. Rig count trends are driven by the exploration and development spending by oil and natural gas companies, which in turn is influenced by current and future price expectations for oil and natural gas. The counts may reflect the relative strength and stability of energy prices and overall market activity; however, these counts should not be solely relied on as other specific and pervasive conditions may exist that affect overall energy prices and market activity.

We have been providing rig counts to the public since 1944. We gather all relevant data through our field service personnel, who obtain the necessary data from routine visits to the various rigs, customers, contractors and other outside sources as necessary. We base the classification of a well as either oil or natural gas primarily upon filings made by operators in the relevant jurisdiction. This data is then compiled and distributed to various wire services and trade associations and is published on our website. We believe the counting process and resulting data is reliable; however, it is subject to our ability to obtain accurate and timely information. Rig counts are compiled weekly for the U.S. and Canada and monthly for all international rigs. Published international rig counts do not include rigs drilling in certain locations, such as Russia, the Caspian region, and onshore China because this information is not readily available.

Beginning in the second quarter of 2019, Ukraine was added to the Baker Hughes international rig count. The Company will continue tracking active drilling rigs in the country going forward. Historical periods will not be updated.

Rigs in the U.S. and Canada are counted as active if, on the day the count is taken, the well being drilled has been started but drilling has not been completed and the well is anticipated to be of sufficient depth to be a potential

consumer of our drill bits. In international areas, rigs are counted on a weekly basis and deemed active if drilling activities occurred during the majority of the week. The weekly results are then averaged for the month and published accordingly. The rig count does not include rigs that are in transit from one location to another, rigging up, being used in non-drilling activities including production testing, completion and workover, and are not expected to be significant consumers of drill bits.

The rig counts are summarized in the table below as averages for each of the periods indicated.

	Three Months Ended March 31,		
	2020	2019	% Change
North America	981	1,226	(20) %
International	1,074	1,028	4 %
Worldwide	2,055	2,254	(9) %

Overall rig count was 2,055 for the first quarter of 2020, a decrease of 9% as compared to the same period last year due primarily to declines in North America activity. Internationally, the rig count increased 4% and the rig count in North America decreased 20% when compared to the same period last year. Excluding Ukraine, the international rig count was up 1% when compared to the same period last year.

Within North America, the decrease was primarily driven by the U.S. rig count, which was down 25% on average when compared to the same period last year, partially offset by an increase in the Canada rig count, which was up 7% on average when compared to the same period last year. Internationally, the improvement in the rig count was driven by increases in the Europe region of 38%, primarily related to the addition of Ukraine during the second quarter of 2019, partially offset by the Latin America region which was down by 11%.

RESULTS OF OPERATIONS

The discussions below relating to significant line items from our condensed consolidated statements of income (loss) are based on available information and represent our analysis of significant changes or events that impact the comparability of reported amounts. Where appropriate, we have identified specific events and changes that affect comparability or trends and, where reasonably practicable, have quantified the impact of such items. All dollar amounts in tabulations in this section are in millions of dollars, unless otherwise stated. Certain columns and rows may not add due to the use of rounded numbers.

Our condensed consolidated statement of income (loss) displays sales and costs of sales in accordance with SEC regulations under which "goods" is required to include all sales of tangible products and "services" must include all other sales, including other service activities. For the amounts shown below, we distinguish between "equipment" and "product services", where product services refer to sales under product services agreements, including sales of both goods (such as spare parts and equipment upgrades) and related services (such as monitoring, maintenance and repairs), which is an important part of its operations. We refer to "product services" simply as "services" within the Business Environment section of Management's Discussion and Analysis.

The performance of our operating segments is evaluated based on segment operating income (loss), which is defined as income (loss) before income taxes and before the following: net interest expense, net other non-operating income (loss), corporate expenses, restructuring, impairment and other charges, inventory impairments, separation and merger related costs, and certain gains and losses not allocated to the operating segments.

In evaluating the segment performance, the Company primarily uses the following:

Volume: Volume is the increase or decrease in products and/or services sold period-over-period excluding the impact of foreign exchange and price. The volume impact on profit is calculated by multiplying the prior period profit rate by the change in revenue volume between the current and prior period. It also includes price, defined as the change in sales price for a comparable product or service period-over-period and is calculated as the period-over-period change in sales prices of comparable products and services.

Foreign Exchange (FX): FX measures the translational foreign exchange impact, or the translation impact of the period-over-period change on sales and costs directly attributable to change in the foreign exchange rate

compared to the U.S. dollar. FX impact is calculated by multiplying the functional currency amounts (revenue or profit) with the period-over-period FX rate variance, using the average exchange rate for the respective period.

(Inflation)/Deflation: (Inflation)/deflation is defined as the increase or decrease in direct and indirect costs of the same type for an equal amount of volume. It is calculated as the year-over-year change in cost (i.e. price paid) of direct material, compensation & benefits and overhead costs.

Productivity: Productivity is measured by the remaining variance in profit, after adjusting for the period-over-period impact of volume & price, foreign exchange and (inflation)/deflation as defined above. Improved or lower period-over-period cost productivity is the result of cost efficiencies or inefficiencies, such as cost decreasing or increasing more than volume, or cost increasing or decreasing less than volume, or changes in sales mix among segments. This also includes the period-over-period variance of transactional foreign exchange, aside from those foreign currency devaluations that are reported separately for business evaluation purposes.

Orders and Remaining Performance Obligations

Orders: For the three months ended March 31, 2020, we recognized orders of $5.5 billion, a decrease of $0.2 billion, or 3%, from the three months ended March 31, 2019. Service orders were down 2% and equipment orders were down 4%. The decline in orders was driven by Oilfield Equipment and Digital Solutions, partially offset by year-over-year growth in Oilfield Services and Turbomachinery & Process Solutions.

Remaining Performance Obligations (RPO): As of March 31, 2020, the aggregate amount of the transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations was $22.7 billion.

Revenue and Segment Operating Income (Loss) Before Tax

Revenue and segment operating income (loss) for each of our four operating segments is provided below.

	Three Months Ended March 31,		
	2020	2019	$ Change
Revenue:			
Oilfield Services	$ 3,139	$ 2,986	$ 153
Oilfield Equipment	712	735	(23)
Turbomachinery & Process Solutions	1,085	1,302	(217)
Digital Solutions	489	592	(103)
Total	$ 5,425	$ 5,615	$ (190)

	Three Months Ended March 31,		
	2020	2019	$ Change
Segment operating income (loss):			
Oilfield Services	$ 206	$ 176	$ 30
Oilfield Equipment	(8)	12	(20)
Turbomachinery & Process Solutions	134	118	16
Digital Solutions	29	68	(39)
Total segment operating income	361	373	(12)
Corporate	(122)	(100)	(22)
Inventory impairment	(160)	—	(160)
Goodwill impairment	(14,773)	—	(14,773)
Restructuring, impairment and other	(1,325)	(62)	(1,263)
Separation and merger related	(41)	(34)	(7)
Operating income (loss)	(16,059)	176	(16,237)
Other non-operating income, net	25	21	4
Interest expense, net	(59)	(59)	—
Income (loss) before income taxes	(16,093)	138	(16,231)
Provision for income taxes	(5)	(67)	62
Net income (loss)	$ (16,098)	$ 71	$ (16,169)

Segment Revenues and Segment Operating Income (Loss)

First Quarter of 2020 Compared to the First Quarter of 2019

Revenue decreased $190 million, or 3%, primarily driven by lower volume in Turbomachinery & Process Solutions and Digital Solutions. Turbomachinery & Process Solutions decreased $217 million, Digital Solutions decreased $103 million, Oilfield Equipment decreased $23 million, partially offset by Oilfield Services which increased $153 million.

Total segment operating income decreased $12 million. The decline was driven by Digital Solutions which decreased $39 million and Oilfield Equipment which decreased $20 million, partially offset by Oilfield Services which increased $30 million and Turbomachinery & Process Solutions which increased $16 million.

Oilfield Services

Oilfield Services revenue increased $153 million, or 5%, in the first quarter of 2020 compared to the first quarter of 2019, as a result of increased international activity. International revenue was $2,121 million in the first quarter of 2020, an increase of $291 million from the first quarter of 2019. North America revenue was $1,018 million in the first quarter of 2020, a decrease of $138 million from the first quarter of 2019.

Oilfield Services segment operating income was $206 million in the first quarter of 2020 compared to $176 million in the first quarter of 2019, primarily driven by higher volume and increased cost productivity, partially offset by the impact of COVID-19.

Oilfield Equipment

Oilfield Equipment revenue decreased $23 million, or 3%, in the first quarter of 2020 compared to the first quarter of 2019. The decline was driven by lower volume in the surface pressure control and services businesses, related to the impact of COVID-19 pandemic. These decreases were partially offset by higher volume in the subsea production systems and flexible pipe businesses.

Oilfield Equipment segment operating loss was $8 million in the first quarter of 2020 compared to segment operating income of $12 million in the first quarter of 2019. The decline in income was driven primarily by supply-chain and mobility related delays from COVID-19, lower volume due to seasonality and lower cost productivity.

Turbomachinery & Process Solutions

Turbomachinery & Process Solutions revenue of $1,085 million decreased $217 million, or 17%, in the first quarter of 2020 compared to the first quarter of 2019. The decrease was driven by lower equipment and services revenue as well as business dispositions, partially offset by higher installations and higher revenues in the flow and process technologies business. Equipment revenue in the quarter represented 32%, and service revenue represented 68% of total segment revenue. Equipment revenue was down 24% year-over-year, driven by supply chain delays primarily related to COVID-19. Service revenue was down 13% compared to the prior year due to COVID-19 mobility related delays.

Turbomachinery & Process Solutions segment operating income was $134 million in the first quarter of 2020 compared to $118 million in the first quarter of 2019. The increase in profitability was driven primarily by increased cost productivity and business mix, partially offset by lower volume driven by COVID-19.

Digital Solutions

Digital Solutions revenue decreased $103 million, or 17%, in the first quarter of 2020 compared to the first quarter of 2019, due to volume declines in most segments, primarily related to COVID-19 impacts as a significant portion of both the customer base and supply chain was offline during the quarter.

Digital Solutions segment operating income was $29 million in the first quarter of 2020 compared to $68 million in the first quarter of 2019. The decrease in profitability was driven by lower volumes related to COVID-19.

Goodwill Impairment

During the first quarter of 2020, the Company's market capitalization declined significantly driven by current macroeconomic and geopolitical conditions including the decrease in demand caused by the COVID-19 pandemic and collapse of oil prices driven by both surplus production and supply. Based on these events, we concluded that a triggering event occurred and we performed an interim quantitative impairment test as of March 31, 2020. Based upon the results of the impairment test, we recognized a goodwill impairment charge of $14,773 million.

Restructuring, Impairment and Other

In the first quarter of 2020, we recognized $1,325 million in restructuring, impairment and other items, compared to $62 million in the first quarter of 2019. The charges in the first quarter of 2020 primarily relate to product line rationalization and headcount reductions in certain geographical locations to align our workforce with expected activity levels and market conditions.

Separation and Merger Related

For the first quarter of 2020, we incurred separation and merger related costs of $41 million, an increase of $7 million from the first quarter of 2019. Costs in the first quarter of 2020 primarily relate to the ongoing activities for the separation from GE.

Interest Expense, Net

For the first quarter of 2020, we incurred interest expense, net of interest income, of $59 million, flat in comparison to the first quarter of 2019.

Income Taxes

For the three months ended March 31, 2020, income tax expense was $5 million compared to a tax expense of $67 million for the prior year period. The difference between the U.S. statutory tax rate of 21% and the current

effective tax rate is primarily related to non-deductible goodwill impairment and losses with no tax benefit due to valuation allowances.

LIQUIDITY AND CAPITAL RESOURCES

Our objective in financing our business is to maintain sufficient liquidity, adequate financial resources and financial flexibility in order to fund the requirements of our business. Despite the challenging dynamics during the quarter, we continue to maintain solid financial strength and liquidity. At March 31, 2020, we had cash and cash equivalents of $3.0 billion compared to $3.2 billion at December 31, 2019. Our liquidity is further supported by a revolving credit facility of $3 billion, and access to both commercial paper and uncommitted lines of credit. At both March 31, 2020 and December 31, 2019, we had no borrowings outstanding under the revolving credit facility, the commercial paper program, or our uncommitted lines of credit. Our next debt maturity is December 2022.

Cash and cash equivalents includes $106 million and $162 million of cash held on behalf of GE at March 31, 2020 and December 31, 2019, respectively.

Excluding cash held on behalf of GE, our U.S. subsidiaries held approximately $0.5 billion and $0.4 billion while our foreign subsidiaries held approximately $2.4 billion and $2.7 billion of our cash and cash equivalents as of March 31, 2020 and December 31, 2019, respectively. A substantial portion of the cash held by foreign subsidiaries at March 31, 2020 has been reinvested in active non-U.S. business operations. If we decide at a later date to repatriate those funds to the U.S., they will generally be free of U.S. federal tax but may incur other taxes such as withholding or state taxes.

We have a $3 billion committed unsecured revolving credit facility (the 2019 Credit Agreement) with commercial banks maturing in December 2024. The 2019 Credit Agreement contains certain customary representations and warranties, certain customary affirmative covenants and certain customary negative covenants. Upon the occurrence of certain events of default, our obligations under the 2019 Credit Agreement may be accelerated. Such events of default include payment defaults to lenders under the 2019 Credit Agreement and other customary defaults. No such events of default have occurred. In addition, we have a commercial paper program under which we may issue from time to time up to $3 billion in commercial paper with maturities of no more than 397 days.

Certain Senior Notes contain covenants that restrict our ability to take certain actions. See Note 9. "Borrowings" of the Notes to Unaudited Condensed Consolidated Financial Statements in this Quarterly Report. At March 31, 2020, we were in compliance with all debt covenants.

We continuously review our liquidity and capital resources. If market conditions were to change, for instance due to the uncertainty created by the COVID-19 pandemic or the significant decline in oil prices, and our revenue was reduced significantly or operating costs were to increase significantly, our cash flows and liquidity could be reduced. Additionally, it could cause the rating agencies to lower our credit ratings. There are no ratings triggers that would accelerate the maturity of any borrowings under our committed credit facility; however, a downgrade in our credit ratings could increase the cost of borrowings under the credit facility and could also limit or preclude our ability to issue commercial paper. Should this occur, we could seek alternative sources of funding, including borrowing under the credit facility.

During the three months ended March 31, 2020, we dispersed cash to fund a variety of activities including certain working capital needs, restructuring and GE separation related costs, capital expenditures, and the payment of dividends and distributions to noncontrolling interests. We believe that cash on hand, cash flows generated from operations and the available credit facility will provide sufficient liquidity to manage our global cash needs.

Cash Flows

Cash flows provided by (used in) each type of activity were as follows for the three months ended March 31:

(In millions)	2020	2019
Operating activities	$ 478	$ (184)
Investing activities	(318)	(256)
Financing activities	(327)	(232)

Operating Activities

Our largest source of operating cash is payments from customers, of which the largest component is collecting cash related to sales of products and services including advance payments or progress collections for work to be performed. The primary use of operating cash is to pay our suppliers, employees, tax authorities and others for a wide range of material and services.

Cash flows from operating activities generated cash of $478 million and used cash of $184 million for the three months ended March 31, 2020 and 2019, respectively.

For the three months ended March 31, 2020, cash generated from operating activities were primarily driven by net losses adjusted for certain noncash items (depreciation, amortization and impairments) and working capital, which includes contract and other deferred assets. Net working capital generation was $183 million for the three months ended March 31, 2020, mainly due to positive customer progress collections and receivables, partially offset by higher inventory to deliver the volume for TPS equipment contracts in the second half of the year. We also had restructuring and GE separation related payments of $82 million in the three months ended March 31, 2020.

For the three months ended March 31, 2019, operating cash outflows were primarily driven by our working capital needs, annual payments associated with employee compensation, and cash payments for restructuring and separation related costs. Net working capital was $394 million usage in the three months ended March 31, 2019, mainly due to higher trade receivables and inventory to support expected volume growth. We also had restructuring and GE separation related payments of approximately $81 million during the quarter.

Investing Activities

Cash flows from investing activities used cash of $318 million and $256 million for the three months ended March 31, 2020 and 2019, respectively.

Our principal recurring investing activity is the funding of capital expenditures including property, plant and equipment and software, to support and generate revenue from operations. Expenditures for capital assets were $365 million and $294 million for the three months ended March 31, 2020 and 2019, respectively. Proceeds from the sale of property, plant and equipment were $40 million and $59 million for the three months ended March 31, 2020 and 2019, respectively.

Financing Activities

Cash flows from financing activities used cash of $327 million and $232 million for the three months ended March 31, 2020 and 2019, respectively.

We had net repayments of debt and other borrowings of $115 million and $48 million for the three months ended March 31, 2020 and 2019, respectively. We paid dividends of $118 million to our Class A shareholders, and we made a distribution of $68 million to GE in the three months ended March 31, 2020. We paid dividends of $93 million to our Class A shareholders, and we made a distribution of $94 million to GE in the three months ended March 31, 2019.

Cash Requirements

For the remainder of 2020, we believe cash on hand, cash flows from operating activities, the available revolving credit facility, and availability under our existing shelf registrations of debt will provide us with sufficient capital resources and liquidity to manage our working capital needs, meet contractual obligations, fund capital expenditures and dividends, and support the development of our short-term and long-term operating strategies. When necessary, we issue commercial paper or other short-term debt to fund cash needs in the U.S. in excess of the cash generated in the U.S.

Our capital expenditures can be adjusted and managed by us to match market demand and activity levels. Based on current market conditions, the Company has updated its plan for 2020 net capital expenditures, which are now expected to be down over 20% compared to 2019 net capital expenditures. The expenditures are expected to be used primarily for normal, recurring items necessary to support our business. Also due to market conditions, and various COVID-19 related incentives enacted globally, we currently anticipate making income tax payments in the range of $350 million to $450 million in 2020.

Other Factors Affecting Liquidity

Registration Statements: In November 2018, Baker Hughes filed a universal shelf registration statement on Form S-3ASR (Automatic Shelf Registration) with the SEC to have the ability to sell various types of securities including debt securities, Class A common stock, preferred stock, guarantees of debt securities, purchase contracts and units. The specific terms of any securities to be sold would be described in supplemental filings with the SEC. The registration statement will expire in 2021.

In December 2017, BHH LLC and Baker Hughes Co-Obligor, Inc. filed a shelf registration statement on Form S-3 with the SEC to have the ability to sell up to $3 billion in debt securities in amounts to be determined at the time of an offering. Any such offering, if it does occur, may happen in one or more transactions. The specific terms of any debt securities to be sold would be described in supplemental filings with the SEC. The registration statement will expire in December 2020.

Customer receivables: In line with industry practice, we may bill our customers for services provided in arrears dependent upon contractual terms. In a challenging economic environment, we may experience delays in the payment of our invoices due to customers' lower cash flow from operations or their more limited access to credit markets. While historically there have not been material non-payment events, we attempt to mitigate this risk through working with our customers to restructure their debts. A customer's failure or delay in payment could have a material adverse effect on our short-term liquidity and results from operations. As of March 31, 2020, 19% of our gross trade receivables were from customers in the United States. Other than the United States, no other country or single customer accounted for more than 10% of our gross trade receivables at this date. As of December 31, 2019, 19% of our gross trade receivables were from customers in the United States.

International operations: Our cash that is held outside the U.S. is 82% of the total cash balance as of March 31, 2020. We may not be able to use this cash quickly and efficiently due to exchange or cash controls that could make it challenging. As a result, our cash balance may not represent our ability to quickly and efficiently use this cash.

Supply chain finance programs: Under supply chain finance programs, administered by a third party, our suppliers are given the opportunity to sell receivables from us to participating financial institutions at their sole discretion. Our responsibility is limited to making payment on the terms originally negotiated with our supplier, regardless of whether the supplier sells its receivable to a financial institution. The range of payment terms we negotiate with our suppliers is consistent, irrespective of whether a supplier participates in the program. These liabilities continue to be presented as accounts payable in our consolidated statements of financial position and reflected as cash flow from operating activities when settled.

OTHER ITEMS

Brexit

United Kingdom has exited (Brexit) the European Union (EU) on January 31, 2020. As per the terms of the exit the UK has ceased to be an EU member but will continue to follow its rules and contribute to its budget for an 11 month transition period ending December 31, 2020. The purpose of the transition period is to give time for the UK and EU to negotiate their future relationship, including a trade deal. There remains significant uncertainty on the outcome of the negotiations and the terms of a future trade deal, if any.

Although our customer base is global with predominant exposure to the U.S. dollar, we have a manufacturing and service base in the UK with some euro procurement, thus we are exposed to fluctuations in value of the British pound versus the U.S. dollar, euro and other currencies. We have a hedging program which looks to accommodate this potential volatility.

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q, contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act of 1934, as amended, (each a "forward-looking statement"). All statements, other than historical facts, including statements regarding the presentation of the Company's operations in future reports and any assumptions underlying any of the foregoing, are forward-looking statements. Forward-looking statements concern future circumstances and results and other statements that are not historical facts and are sometimes identified by the words "may," "will," "should," "potential," "intend," "expect," "endeavor," "seek," "anticipate," "estimate," "overestimate," "underestimate," "believe," "could," "project," "predict," "continue," "target" or other similar words or expressions. Forward-looking statements are based upon current plans, estimates and expectations that are subject to risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those indicated or anticipated by such forward-looking statements. The inclusion of such statements should not be regarded as a representation that such plans, estimates or expectations will be achieved. Important factors that could cause actual results to differ materially from such plans, estimates or expectations include, among others, the risk factors identified in the "Risk Factors" section of Part II of Item 1A contained herein, the risk factors in the "Risk Factors" section of Part I of Item 1A of our 2019 Annual Report and those set forth from time-to-time in other filings by the Company with the SEC. These documents are available through our website or through the SEC's Electronic Data Gathering and Analysis Retrieval (EDGAR) system at http://www.sec.gov.

Any forward-looking statements speak only as of the date of this Quarterly Report on Form 10-Q. The Company does not undertake any obligation to update any forward-looking statements, whether as a result of new information or developments, future events or otherwise, except as required by law. Readers are cautioned not to place undue reliance on any of these forward-looking statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

For quantitative and qualitative disclosures about market risk affecting us, see Item 7A. “Quantitative and Qualitative Disclosures about Market Risk,” in our 2019 Annual Report. Our exposure to market risk has not changed materially since December 31, 2019.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of disclosure controls and procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this report, our disclosure controls and procedures (as defined in Rule 15d-15(e) of the Exchange Act) were effective at a reasonable assurance level.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

See discussion of legal proceedings in "Note 17. Commitments And Contingencies" of the Notes to Unaudited Condensed Consolidated Financial Statements in this Quarterly Report, Item 3 of Part I of our 2019 Annual Report and Note 20 of the Notes to Consolidated and Combined Financial Statements included in Item 8 of our 2019 Annual Report.

ITEM 1A. RISK FACTORS

As of the date of this filing, in addition to the risk factors contained in the 2019 Annual Report, the Company and its operations are subject to the following risk factor:

The current global spread of the COVID-19 virus has and is likely to continue to materially and adversely affect our results of operations, cash flows and financial condition for an indeterminate amount of time.

The markets have experienced a decline in oil prices in response to oil demand concerns due to the economic impacts of the COVID-19 pandemic. As demand for our products and services declines, the utilization of our assets and the prices we are able to charge our customers for our products and services could decline. The continued spread of COVID-19 or a similar pandemic could result in further instability in the markets and decreases in commodity prices resulting in further adverse impacts on our results of operations, cash flows, and financial condition.

In addition, the continued spread of the COVID-19 virus, or similar pandemic, and the continuation of the measures to try to contain the virus, such as travel bans and restrictions, quarantines, shelter in place orders, and shutdowns, may further impact our workforce and operations, the operations of our customers, and those of our vendors and suppliers. There is considerable uncertainty regarding such measures and potential future measures, which would have a material adverse effect on our results of operations, cash flows, and financial condition.

Our restructuring activities may not achieve the results we expect, and those activities could increase, which could materially and adversely affect our results of operations, cash flows, and financial condition.

The restructuring charges we have taken and impairment calculations we have performed are based on current market conditions, including the trading price of our common shares. There is no assurance that our restructuring plans will be successful and achieve the expected results. In addition, continued deterioration of market conditions, whether due to the continued spread of COVID-19 or other events could result in further restructuring costs and impairments.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table contains information about our purchases of our Class A common stock equity securities during the three months ended March 31, 2020.

Period	Total Number of Shares Purchased [1]	Average Price Paid Per Share [2]	Total Number of Shares Purchased as Part of a Publicly Announced Program [3]	Maximum Dollar Value of Shares that May Yet Be Purchased Under the Program [3]
January 1-31, 2020	1,249,222	$ 22.88	—	$ 18,690,655
February 1-29, 2020	20,137	$ 23.98	—	$ 18,690,655
March 1-31, 2020	30,096	$ 22.23	—	$ 18,690,655
Total	1,299,455	$ 22.88	—	

[1] Represents Class A common stock purchased from employees to satisfy the tax withholding obligations in connection with the vesting of restricted stock units.

[2] Average price paid for Class A common stock purchased from employees to satisfy the tax withholding obligations in connection with the vesting of restricted stock units.

(3) We did not repurchase any shares of Class A common stock in the first quarter of 2020. At March 31, 2020, the stock repurchase program has been substantially completed.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

We have no mine safety violations or other regulatory matters required by Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K to report for the current quarter.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Each exhibit identified below is filed as a part of this report. Exhibits designated with an "*" are filed as an exhibit to this Quarterly Report on Form 10-Q and Exhibits designated with an "**" are furnished as an exhibit to this Quarterly Report on Form 10-Q. Exhibits designated with a "+" are identified as management contracts or compensatory plans or arrangements. Exhibits previously filed as indicated below are incorporated by reference.

10.1*+	Baker Hughes Company Form of Director and Officer Indemnification Agreement dated March 18, 2020.
10.2	Amended and Restated Limited Liability Company Agreement of Baker Hughes Holdings LLC (formerly known as Baker Hughes, a GE company, LLC) dated as of April 15, 2020.
31.1**	Certification of Lorenzo Simonelli, President and Chief Executive Officer, furnished pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended.
31.2**	Certification of Brian Worrell, Chief Financial Officer, furnished pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended.
32**	Certification of Lorenzo Simonelli, President and Chief Executive Officer, and Brian Worrell, Chief Financial Officer, furnished pursuant to Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended.
101.INS*	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	XBRL Schema Document
101.CAL*	XBRL Calculation Linkbase Document
101.DEF*	XBRL Definition Linkbase Document
101.LAB*	XBRL Label Linkbase Document
101.PRE*	XBRL Presentation Linkbase Document

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Baker Hughes Company
(Registrant)

Date: April 24, 2020

By: /s/ BRIAN WORRELL
Brian Worrell
Chief Financial Officer

Date: April 24, 2020

By: /s/ KURT CAMILLERI
Kurt Camilleri
Senior Vice President, Controller and Chief Accounting Officer

INDEMNIFICATION AGREEMENT

INDEMNIFICATION AGREEMENT, effective on the [ ] day of [ ] (this "**Agreement**"), by and between BAKER HUGHES COMPANY a Delaware corporation (the "**Company**"), and [**EMPLOYEE NAME**], an individual resident of [ ] (the "**Indemnitee**").

WHEREAS, the Company is aware that, in order to induce highly competent persons to serve the Company as directors or officers or in other capacities, the Company must provide such persons with adequate protection through insurance and indemnification against inordinate risks of claims and actions against them arising out of their service to and activities on behalf of the Company;

WHEREAS, the Company recognizes that the increasing difficulty in obtaining directors' and officers' liability insurance, the increasing cost of such insurance and the general reductions in coverage of such insurance have made attracting and retaining such persons more difficult;

WHEREAS, the Company recognizes the substantial increase in corporate litigation in general, subjecting directors and officers to expensive litigation risks at the same time as the availability and coverage of liability insurance has been severely limited;

WHEREAS, the Board of Directors of the Company has determined that it is in the best interests of the Company and the Company's stockholders that the Company act to assure such persons that there will be increased certainty of such protection in the future;

WHEREAS, it is reasonable, prudent and necessary for the Company to contractually obligate itself to indemnify, and to advance expenses on behalf of, such persons to the fullest extent permitted by applicable law and as set forth in this Agreement so that they will continue to serve the Company free from undue concern that they will not be so indemnified; and

WHEREAS, the Indemnitee is willing to serve, continue to serve and take on additional service for or on behalf of the Company or any of its direct or indirect subsidiaries on the condition that he/she be so indemnified.

NOW, THEREFORE, in consideration of the premises and the mutual promises and covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Indemnitee do hereby agree as follows:

Section 1. *Definitions*. For purposes of this Agreement:

(a) "**Change in Control**" shall mean a change in control of the Company occurring after the date hereof of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or in response to any similar

item on any similar schedule or form) promulgated under the Securities Exchange Act of 1934, as amended (the "Act"), whether or not the Company is then subject to such reporting requirement; *provided, however,* that, without limitation, a Change in Control shall include the following:

(i) the acquisition (other than from the Company) by any person, entity or "group" (within the meaning of Section 13(d)(3) or 14(d)(2) of the Act; excluding, for this purpose, the Company or its subsidiaries, any employee benefit plan of the Company or its subsidiaries which acquires beneficial ownership of voting securities of the Company and any qualified institutional investor who meets the requirements of Rule 13d-1(b)(1) promulgated under the Act) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Act), directly or indirectly, of 30% or more of the combined voting power of the Company's then outstanding securities, excluding any person, entity or group that becomes a beneficial owner in connection with a transaction described in clause (iii)(A) below;

(ii) individuals who, as of the date hereof, constitute the Board of Directors of the Company (the "**Board of Directors**" and, the Board of Directors as of the date hereof, the "**Incumbent Board**") subsequently ceasing for any reason to constitute at least a majority of the Board of Directors; *provided* that, any person becoming a director subsequent to the date hereof shall be considered a member of the Incumbent Board for purposes of this Agreement if such person's 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 comprising the Incumbent Board or whose appointment, election or nomination for election was previously so approved or recommended (other than an election or nomination of an individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of the directors of the Company);

(iii) the consummation of a merger or consolidation of the Company or any direct or indirect subsidiary of the Company with any other corporation, with respect to which persons who were the stockholders of the Company immediately prior to such merger or consolidation, in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any "affiliate" (within the meaning of Rule 12b-2 of the General Rules and Regulations of the Act), do not, immediately thereafter, own at least 50% of the combined voting power of the securities of the Company or such surviving entity or any parent thereof outstanding, or which is effected to implement a recapitalization of the Company (or similar transaction) in which no person, entity or group becomes the beneficial owner, directly or indirectly, of securities of the Company (not including in the securities beneficially owned by this person, entity or group 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;

(iv) the consummation of 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 Incumbent Board constitute at least a majority of the Board of Directors of the Company, the entity surviving such merger or any parent thereof (or a majority plus one member where such board comprises an odd number of members); or

(v) the stockholders of the Company approving a plan of complete liquidation or dissolution of the Company or the consummation of an agreement for the sale or disposition by the Company of all or substantially all of the assets of the Company, other than a sale or disposition of all or substantially all of the assets of the Company to an entity, at least 50% of the combined voting power of the voting securities of which are owned by the stockholders of the Company in substantially the same proportions as their ownership of the Company immediately prior to such sale or where the individuals who comprise the Incumbent Board 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, 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.

(b) "**Claim**" shall include the following:

(i) any threatened, pending or completed action, suit, proceeding or alternative dispute resolution mechanism, whether civil, criminal, administrative, arbitrative, investigative or other, and whether made pursuant to federal, state or other law; and

(ii) any inquiry, hearing or investigation that the Indemnitee determines might lead to the institution of any such action, suit, proceeding or alternative dispute resolution mechanism.

(c) "**Disinterested Director**" shall mean a director of the Company who is not or was not a party to the Claim in respect of which indemnification is being sought by the Indemnitee.

(d) "**Expenses**" shall include all attorneys' fees, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, and all other disbursements or expenses incurred in connection with prosecuting, defending, preparing

to prosecute or defend, investigating or being or preparing to be a witness in any Claim. For the avoidance of doubt, Expenses, however, shall not include any Liabilities.

(e) "**Expense Advance**" shall mean any payment of Expenses advanced to Indemnitee or the spouse of the Indemnitee, as applicable, by the Company pursuant to Sections 4, 12, and 17 hereof.

(f) "**Independent Counsel**" shall mean a law firm or a member of a law firm that is experienced in matters of corporate law and neither currently is nor in the five years previous to its selection or appointment has been retained to represent the Company or the Indemnitee in any matter material to either such party (other than in connection with matters concerning Indemnitee under this Agreement or of other indemnitees under similar indemnification agreements) or any other party to the action, suit, investigation or proceeding giving rise to a Claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or the Indemnitee in an action to determine the Indemnitee's right to indemnification under this Agreement.

(g) "**Liabilities**" means any losses or liabilities, including any judgments, fines, excise taxes, penalties and amounts paid in settlement, arising out of or in connection with any Claim (including all interest, assessments and other charges paid or payable in connection with or in respect of any such judgments, fines, excise taxes and penalties, penalties or amounts paid in settlement).

Section 2. *Certain References; Interpretation*. For the purpose of this Agreement:

(a) Reference to "including" shall mean "including, without limitation," regardless of whether the words "without limitation" actually appear.

(b) References to the words "herein," "hereof" and "hereunder" and other words of similar import shall refer to this Agreement as a whole and not to any particular paragraph, subparagraph, section, subsection or other subdivision.

(c) The captions herein are included for convenience of reference only and shall be ignored in the construction or interpretation hereof.

(d) References to any Person include the successors and permitted assigns of that Person.

Section 3. *Service by the Indemnitee*. The Indemnitee agrees to serve as a director or officer of the Company and will discharge his/her duties and responsibilities to the best of his/her ability so long as the Indemnitee is duly elected or qualified in accordance with the provisions of the Amended and Restated Certificate of Incorporation, as amended (the "**Certificate**"), and the Amended and Restated Bylaws, as amended (the "**Bylaws**"), of the Company and the General Corporation Law of the State of Delaware, as amended (the "**DGCL**"), or until his/her earlier death, retirement, resignation or

removal. The Indemnitee may at any time and for any reason resign from such position (subject to any other obligation, whether contractual or imposed by operation of law), in which event this Agreement shall continue in full force and effect after such resignation. Nothing in this Agreement shall confer upon the Indemnitee the right to continue in the employ of the Company (or any of its affiliates) or as a director of the Company, or affect the right of the Company to terminate, in the Company's sole discretion (with or without cause) and at any time, the Indemnitee's employment, in each case, subject to any contractual rights of the Indemnitee created or existing otherwise than under this Agreement.

Section 4. *Indemnification.* The Company shall indemnify the Indemnitee against any and all Expenses and Liabilities and provide Expense Advances to the Indemnitee as provided in this Agreement to the fullest extent permitted by the Certificate, the Bylaws in effect as of the date hereof and the DGCL or other applicable law in effect on the date hereof and to any greater extent that the DGCL or applicable law may in the future from time to time permit. Without diminishing the scope of the indemnification provided by this Section 4, the rights of indemnification of the Indemnitee provided hereunder shall include, but shall not be limited to, those rights hereinafter set forth, except that no indemnification shall be paid to the Indemnitee:

(a) on account of any Claim in which judgment is rendered against the Indemnitee for disgorgement of profits made from the purchase or sale by the Indemnitee of securities of the Company pursuant to the provisions of Section 16(b) of the Act or similar provisions of any federal, state or local statutory law, or any reimbursement of the Company by the Indemnitee of any bonus or other incentive-based or equity-based compensation or of any profits realized by Indemnitee from the sale of securities of the Company, as required in each case under the Act (including any such reimbursements that arise from an accounting restatement of the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 (the "**Sarbanes-Oxley Act**"), or the payment to the Company of profits arising from the purchase and sale by Indemnitee of securities in violation of Section 306 of the Sarbanes-Oxley Act);

(b) on account of conduct of the Indemnitee which is finally adjudged by a court of competent jurisdiction to have been knowingly fraudulent or to constitute willful misconduct;

(c) in any circumstance where such indemnification is expressly prohibited by applicable law;

(d) with respect to liability for which payment is actually made to the Indemnitee under a valid and collectible insurance policy or under a valid and enforceable indemnity clause, Bylaw, agreement (other than this Agreement) or otherwise, except in respect of any liability in excess of payment under such insurance, clause, Bylaw or agreement;

(e) if a final decision by a court having jurisdiction in the matter shall determine that such indemnification is not lawful (and, in this respect, both the Company

and the Indemnitee have been advised that it is the position of the Securities and Exchange Commission that indemnification for liabilities arising under the federal securities laws is against public policy and is, therefore, unenforceable, and that claims for indemnification should be submitted to the appropriate court for adjudication); or

(f) in connection with any Claim by the Indemnitee against the Company or any of its direct or indirect subsidiaries or the directors, officers, employees or other Indemnitees of the Company or any of its direct or indirect subsidiaries, unless such indemnification is expressly required to be made by law, unless the Claim was previously authorized by a majority of the Board of Directors of the Company, unless such indemnification is provided by the Company, in its sole discretion, pursuant to the powers vested in the Company under applicable law or except as provided in Sections 13 and 15 hereof.

Section 5. *Actions or Proceedings Other Than an Action by or in the Right of the Company.* The Indemnitee shall be entitled to the indemnification rights provided in this Section 5 if the Indemnitee was or is a party or is threatened to be a party to any Claim, other than an action by or in the right of the Company, by reason of the fact that the Indemnitee is or was a director, officer or employee, agent or fiduciary of the Company, or any of its direct or indirect subsidiaries, or is or was serving at the request of the Company, or any of its direct or indirect subsidiaries, as a director, officer or employee of any other entity, including, but not limited to, another corporation, partnership, limited liability company, employee benefit plan, joint venture, trust or other enterprise, or by reason of any act or omission by him/her in such capacity. Pursuant to this Section 5, the Indemnitee shall be indemnified against all Expenses, judgments and Liabilities which were actually and reasonably incurred by the Indemnitee in connection with such Claim (including, but not limited to, the investigation, defense or appeal thereof), if the Indemnitee acted in good faith and in a manner the Indemnitee reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his/her conduct was unlawful.

Section 6. *Actions by or in the Right of the Company.* The Indemnitee shall be entitled to the indemnification rights provided in this Section 6 if the Indemnitee was or is a party or is threatened to be made a party to any Claim brought by or in the right of the Company to procure a judgment in its favor by reason of the fact that the Indemnitee is or was a director, officer or employee, agent or fiduciary of the Company, or any of its direct or indirect subsidiaries, or is or was serving at the request of the Company, or any of its direct or indirect subsidiaries, as a director, officer or employee of another entity, including, but not limited to, another corporation, partnership, limited liability company, employee benefit plan, joint venture, trust or other enterprise, or by reason of any act or omission by him/her in any such capacity. Pursuant to this Section 6, the Indemnitee shall be indemnified against all Expenses and Liabilities actually and reasonably incurred by him/her in connection with the defense or settlement of such Claim (including, but not limited to the investigation, defense or appeal thereof), if the Indemnitee acted in good faith and in a manner the Indemnitee reasonably believed to be in or not opposed to the best interests of the Company; *provided, however,* that no such

indemnification shall be made in respect of any Claim, issue or matter as to which the Indemnitee shall have been adjudged to be liable to the Company, unless and only to the extent that the Court of Chancery of the State of Delaware or the court in which such Claim was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, the Indemnitee is fairly and reasonably entitled to indemnity for such Expenses which such court shall deem proper.

Section 7. *Good Faith Definition.* For purposes of this Agreement, the Indemnitee shall be deemed to have acted in good faith and in a manner the Indemnitee reasonably believed to be in or not opposed to the best interests of the Company, or, with respect to any Claim, to have had no reasonable cause to believe the Indemnitee's conduct was unlawful, if such action was based on any of the following: the records or books of the account of the Company or other enterprise, including financial statements; information supplied to the Indemnitee by the officers of the Company or other enterprise in the course of his/her duties; the advice of legal counsel for the Company or other enterprise; or information or records given in reports made to the Company or other enterprise by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Company or other enterprise.

Section 8. *Indemnification for Expenses of Successful Party.* Notwithstanding the other provisions of this Agreement, to the extent that the Indemnitee has served on behalf of the Company, or any of its direct or indirect subsidiaries, as a witness or other participant in any class action or proceeding, or has been successful, on the merits or otherwise, in defense of any Claim referred to in Sections 5 and 6 hereof, or in defense of any Claim, issue or matter therein, including, but not limited to, the dismissal of any action without prejudice, the Indemnitee shall be indemnified against all Expenses actually and reasonably incurred by the Indemnitee in connection therewith.

Section 9. *Partial Indemnification*. If the Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of the Expenses, judgments and Liabilities actually and reasonably incurred by the Indemnitee in connection with the investigation, defense, appeal or settlement of such Claim described in Sections 5 and 6 hereof, but is not entitled to indemnification for the total amount thereof, the Company shall nevertheless indemnify the Indemnitee for the portion of such Expenses, judgments and Liabilities actually and reasonably incurred by the Indemnitee to which the Indemnitee is entitled.

Section 10. *Procedure for Determination of Entitlement to Indemnification*. To obtain indemnification under this Agreement, the Indemnitee shall promptly submit to the Company a written request of any Claim for which Indemnitee could seek indemnification hereunder, including documentation and information which is reasonably available to the Indemnitee and is reasonably necessary to determine whether and to what extent the Indemnitee is entitled to indemnification. The Secretary of the Company shall, promptly upon receipt of a request for indemnification, advise the Board of Directors in writing that the Indemnitee has requested indemnification. Any Expenses incurred by the Indemnitee in connection with the Indemnitee's request for indemnification hereunder shall be borne by the Company. The Company hereby indemnifies and agrees to hold the

Indemnitee harmless for any Expenses incurred by the Indemnitee under the immediately preceding sentence irrespective of the outcome of the determination of the Indemnitee's entitlement to indemnification.

(a) Upon written request by the Indemnitee for indemnification pursuant to Sections 5, 6 and 10 hereof, the entitlement of the Indemnitee to indemnification pursuant to the terms of this Agreement shall be determined by the following person or persons, who shall be empowered to make such determination:

(i) if a Change in Control shall have occurred, by Independent Counsel (unless the Indemnitee shall request in writing that such determination be made by the Board of Directors (or a committee thereof) in the manner provided for in clause (b)(ii) of this Section 10) in a written opinion to the Board of Directors, a copy of which shall be delivered to the Indemnitee;

(ii) if a Change in Control shall not have occurred, by the Board of Directors of the Company, by a majority vote of a quorum consisting of Disinterested Directors, or if a quorum consisting of Disinterested Directors is not obtainable, or if a majority vote of a quorum consisting of Disinterested Directors so directs, by Independent Counsel in a written opinion to the Board of Directors, a copy of which shall be delivered to the Indemnitee; or

(iii) in any event, by the stockholders pursuant to the Bylaws of the Company.

The Independent Counsel shall be selected by the Board of Directors and approved by the Indemnitee. Upon failure of the Board of Directors to so select, or upon failure of the Indemnitee to so approve, the Independent Counsel shall be selected by the Chancellor of the State of Delaware or such other person as the Chancellor shall designate to make such selection. Such determination of entitlement to indemnification shall be made not later than 45 days after receipt by the Company of a written request for indemnification. If the person making such determination shall determine that the Indemnitee is entitled to indemnification as to part (but not all) of the application for indemnification, such person shall reasonably prorate such part of indemnification among such claims, issues or matters. If it is so determined that Indemnitee is entitled to indemnification, payment to Indemnitee shall be made within 10 days after such determination.

Section 11. *Presumptions and Effect of Certain Proceedings*. In making a determination with respect to entitlement to indemnification, the Indemnitee shall be presumed to be entitled to indemnification hereunder and the Company shall have the burden of proof in the making of any determination contrary to such presumption.

(a) If the Board of Directors, or such other person or persons empowered pursuant to Section 10 to make the determination of whether the Indemnitee is entitled to indemnification, shall have failed to make a determination as to entitlement to indemnification within 45 days after receipt by the Company of such request, the requisite determination of entitlement to indemnification shall be deemed to have been

made and the Indemnitee shall be absolutely entitled to such indemnification, absent an intentional misstatement by Indemnitee of a material fact, or an intentional omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification or a prohibition of indemnification under applicable law.

The termination of any Claim described in Sections 5 and 6 hereof by judgment, order, settlement or conviction, or upon a plea of *nolo contendere* or its equivalent, shall not (except as otherwise expressly provided in this Agreement), of itself:

(i) create a presumption that the Indemnitee did not act in good faith and in a manner which he/she reasonably believed to be in or not opposed to the best interests of the Company, or, with respect to any criminal action or proceeding, that the Indemnitee has reasonable cause to believe that the Indemnitee's conduct was unlawful; or

(ii) otherwise adversely affect the rights of the Indemnitee to indemnification.

Section 12. *Advancement of Expenses*. Subject to applicable law, all reasonable Expenses actually incurred by the Indemnitee in connection with any Claim shall be paid by the Company in advance of the final disposition of such Claim, if so requested by the Indemnitee (including when such request is on behalf of Indemnitee's spouse), within 20 days after the receipt by the Company of a statement or statements from the Indemnitee requesting such Expense Advances. The Indemnitee may submit such statements from time to time and at such time(s) as Indemnitee deems appropriate in his or her sole discretion. The Indemnitee's entitlement to Expense Advances shall include those incurred in connection with any proceeding by the Indemnitee seeking an adjudication or award in arbitration pursuant to this Agreement. Such statement or statements shall reasonably evidence the Expenses incurred by the Indemnitee in connection therewith and shall include or be accompanied by a written affirmation by the Indemnitee of the Indemnitee's good faith belief that the Indemnitee has met the standard of conduct necessary for indemnification under this Agreement and an undertaking by or on behalf of the Indemnitee to repay such amount if it is determined by final judgment or other final adjudication under the provisions of any applicable law (as to which all rights of appeal therefrom have been exhausted or lapsed) that the Indemnitee is not entitled to be indemnified against such Expenses by the Company pursuant to this Agreement or otherwise. Each written undertaking to pay amounts advanced must be an unlimited general obligation but need not be secured, and shall be accepted without reference to financial ability to make repayment.

Section 13. *Remedies of the Indemnitee in Cases of Determination not to Indemnify or to Advance Expenses*. In the event that a determination is made that the Indemnitee is not entitled to indemnification hereunder or if the payment has not been timely made following a determination of entitlement to indemnification pursuant to Sections 10 and 11, or if Expenses are not advanced pursuant to Section 12, the Indemnitee shall be entitled to a final adjudication in an appropriate court of the State of

Delaware or any other court of competent jurisdiction of the Indemnitee's entitlement to such indemnification or advance. Alternatively, the Indemnitee may, at the Indemnitee's option, seek an award in arbitration to be conducted by a single arbitrator chosen by the Indemnitee and approved by the Company, which approval shall not be unreasonably withheld or delayed. If the Indemnitee and the Company do not agree upon an arbitrator within 30 days following notice to the Company by the Indemnitee that it seeks an award in arbitration, the arbitrator will be chosen pursuant to the rules of the American Arbitration Association (the "**AAA**"). The arbitration will be conducted pursuant to the rules of the AAA and an award shall be made within 60 days following the filing of the demand for arbitration. The arbitration shall be held in Houston, Harris County, Texas. The Company shall not oppose the Indemnitee's right to seek any such adjudication or award in arbitration or any other claim. Such judicial proceeding or arbitration shall be made *de novo,* and the Indemnitee shall not be prejudiced by reason of a determination (if so made) that the Indemnitee is not entitled to indemnification. If a determination is made or deemed to have been made pursuant to the terms of Section 10 or 11 hereof that the Indemnitee is entitled to indemnification, the Company shall be bound by such determination and shall be precluded from asserting that such determination has not been made or that the procedure by which such determination was made is not valid, binding and enforceable. The Company further agrees to stipulate in any such court or before any such arbitrator that the Company is bound by all the provisions of this Agreement and is precluded from making any assertions to the contrary. If the court or arbitrator shall determine that the Indemnitee is entitled to any indemnification hereunder, the Company shall pay all reasonable Expenses actually incurred by the Indemnitee in connection with such adjudication or award in arbitration (including, but not limited to, any appellate proceedings).

Section 14. *Notification and Defense of Claim*. Promptly after receipt by the Indemnitee of notice of the commencement of any Claim, the Indemnitee will, if a Claim in respect thereof is to be made against the Company under this Agreement, notify the Company in writing of the commencement thereof. The omission by the Indemnitee to so notify the Company will not relieve the Company from any liability that it may have to the Indemnitee under this Agreement or otherwise, except to the extent that the Company may suffer material prejudice by reason of such failure. Notwithstanding any other provision of this Agreement, with respect to any such Claim as to which the Indemnitee gives notice to the Company of the commencement thereof:

(a) The Company will be entitled to participate in the defense of such Claim at its own expense.

(b) Except as otherwise provided in this Section 14(b), to the extent that it may wish, the Company, jointly with any other indemnifying party similarly notified, shall be entitled to assume the defense thereof with counsel reasonably satisfactory to the Indemnitee. After notice from the Company to the Indemnitee of its election to so assume the defense thereof, the Company shall not be liable to the Indemnitee under this Agreement for any legal or other Expenses subsequently incurred by the Indemnitee in connection with the defense thereof other than reasonable costs of investigation or as otherwise provided below.

The Indemnitee shall have the right to employ the Indemnitee's own counsel in such Claim (but not more than one law firm plus, if applicable, local counsel in respect of any such Claim), but the fees and Expenses of such counsel incurred after notice from the Company of its assumption of the defense thereof shall be at the expense of the Indemnitee unless the employment of counsel by the Indemnitee has been authorized by the Company, the Indemnitee shall have reasonably concluded that there may be a conflict of interest between the Company and the Indemnitee in the conduct of the defense of such Claim and such determination by the Indemnitee shall be supported by an opinion of counsel, which opinion shall be reasonably acceptable to the Company, or the Company shall not in fact have employed counsel to assume the defense of such Claim, in each of which cases the fees and Expenses of counsel shall be at the expense of the Company. The Company shall not be entitled to assume the defense of any Claim brought by or on behalf of the Company or as to which the Indemnitee shall have reached the conclusion provided for in clause (ii) above.

(c) The Company shall not be liable to indemnify the Indemnitee under this Agreement for any amounts paid in settlement of any Claim without the Company's prior written consent, which consent shall not be unreasonably withheld. The Company shall not be required to obtain the consent of the Indemnitee to settle any Claim which the Company has undertaken to defend if the Company assumes full and sole responsibility for such settlement and such settlement grants the Indemnitee a complete and unqualified release in respect of any potential liability.

Section 15. *Other Right to Indemnification*. The indemnification and Expense Advances provided by this Agreement are cumulative, and not exclusive, and are in addition to any other rights to which the Indemnitee may now or in the future be entitled under any provision of the Bylaws or Certificate of the Company, the Certificate or Bylaws or other governing documents of any direct or indirect subsidiary of the Company, any vote of the stockholders or Disinterested Directors, any provision of applicable law or otherwise. Except as required by applicable law, the Company shall not adopt any amendment to its Bylaws or Certificate the effect of which would be to deny, diminish or encumber the Indemnitee's right to indemnification under this Agreement.

Section 16. *Director and Officer Liability Insurance*. The Company shall, from time to time, make the good faith determination whether or not it is practicable for the Company to obtain and maintain a policy or policies of insurance with reputable insurance companies providing the officers and directors of the Company, and any direct or indirect subsidiary of the Company, with coverage for losses from wrongful acts, or to ensure the Company's performance of its indemnification obligations under this Agreement. Among other considerations, the Company will weigh the costs of obtaining such insurance coverage against the protection afforded by such coverage. Notwithstanding the foregoing, the Company shall have no obligation to obtain or maintain such insurance if the Company determines in good faith that such insurance is not necessary or is not reasonably available, if the premium costs for such insurance are disproportionate to the amount of coverage provided, if the coverage provided by such insurance is limited by exclusions so as to provide an insufficient benefit or if the

Indemnitee is covered by similar insurance maintained by a direct or indirect subsidiary of the Company. However, the Company's decision whether or not to adopt and maintain such insurance shall not affect in any way its obligations to indemnify its officers and directors under this Agreement or otherwise. In all policies of director and officer liability insurance, the Indemnitee shall be named as an insured in such a manner as to provide the Indemnitee the same rights and benefits as are accorded to the most favorably insured of the Company's directors, if the Indemnitee is a director; or of the Company's officers, if the Indemnitee is not a director of the Company, but is an officer. The Company agrees that the provisions of this Agreement shall remain in effect regardless of whether liability or other insurance coverage is at any time obtained or retained by the Company; except that any payments made to, or on behalf of, the Indemnitee under an insurance policy, the Certificate, Bylaws or otherwise of the amounts otherwise indemnifiable (or for which Expense Advances are provided) by the Company shall reduce the obligations of the Company hereunder.

Section 17. *Spousal Indemnification*. The Company will indemnify the Indemnitee's spouse to whom the Indemnitee is legally married at any time the Indemnitee is covered under the indemnification provided in this Agreement (even if the Indemnitee did not remain married to him or her during the entire period of coverage) against any Claim for the same period where such legal marriage and coverage of the Indemnitee's indemnification overlap, to the same extent and subject to the same standards, limitations, obligations and conditions under which the Indemnitee is provided indemnification herein, if the Indemnitee's spouse (or former spouse) becomes involved in a Claim solely by reason of his or her status as the Indemnitee's spouse, including, without limitation, any Claim that seeks damages recoverable from marital community property, jointly-owned property or property purported to have been transferred from the Indemnitee to his/her spouse (or former spouse). Subject to the limitations described in this Section 17, the Indemnitee's spouse or former spouse also may be entitled to Expense Advances to the same extent that the Indemnitee is entitled to Expense Advances herein. The Company may maintain insurance to cover its obligation hereunder with respect to the Indemnitee's spouse (or former spouse) or set aside assets in a trust or escrow funds for that purpose.

Section 18. *Intent*. This Agreement is intended to be broader than any statutory indemnification rights applicable in the State of Delaware and shall be in addition to any other rights the Indemnitee may have under the Company's Certificate, Bylaws, applicable law or otherwise. To the extent that a change in applicable law (whether by statute or judicial decision) permits greater indemnification by agreement than would be afforded currently under the Company's Certificate, Bylaws, applicable law or this Agreement, it is the intent of the parties that the Indemnitee enjoy by this Agreement the greater benefits so afforded by such change.

Section 19. *Attorney's Fees and Other Expenses to Enforce Agreement*. In the event that the Indemnitee is subject to or intervenes in any proceeding in which the validity or enforceability of this Agreement is at issue or seeks an adjudication or award in arbitration to enforce the Indemnitee's rights under (or to recover damages for breach of) this Agreement, the Indemnitee, if he/she prevails in whole or in part in such action,

shall be entitled to recover from the Company and shall be indemnified by the Company against any actual expenses for attorneys' fees and disbursements reasonably incurred by the Indemnitee.

Section 20. *Subrogation*. In the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of the Indemnitee, who shall execute all documents required and shall do all acts that may be necessary to secure such rights and to enable the Company effectively to bring suit to enforce such rights.

Section 21. *Effective Date*. The provisions of this Agreement shall cover Claims whether now pending or hereafter commenced and shall be retroactive to cover acts or omissions or alleged acts or omissions which heretofore have taken place. The Company shall be liable under this Agreement, pursuant to Sections 5 and 6 hereof, for all acts of the Indemnitee while serving as a director and/or officer of the Company, notwithstanding the termination of the Indemnitee's service and other exceptions described in this Agreement, if such act was performed or omitted to be performed during the term of the Indemnitee's service to the Company.

Section 22. *Duration of Agreement*. This Agreement shall continue until and terminate upon the later of: ten years after the Indemnitee has ceased to occupy any of the positions or have any relationships described in Sections 5 and 6 of this Agreement and the final termination of all Claims to which the Indemnitee may be subject by reason of the fact that he/she is or was a director, officer, employee, agent or fiduciary of the Company, or any direct or indirect subsidiary of the Company, or is or was serving at the request of the Company as a director, officer, employee of any other entity, including, but not limited to, another corporation, partnership, limited liability company, employee benefit plan, joint venture, trust or other enterprise, or by reason of any act or omission by the Indemnitee in any such capacity. Subject to the terms of this Agreement, the indemnification provided under this Agreement shall continue as to the Indemnitee even though he/she may have ceased to be a director or officer of the Company, or any direct or indirect subsidiary of the Company. This Agreement shall be binding upon the Company and its successors and assigns, including, without limitation, any corporation or other entity which may have acquired all or substantially all of the Company's assets or business or into which the Company may be consolidated or merged, and shall inure to the benefit of the Indemnitee and his/her spouse, successors, assigns, heirs, devisees, executors, administrators or other legal representations. The Company shall require any successor or assignee (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, by written agreement in form and substance reasonably satisfactory to the Company and the Indemnitee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession or assignment had taken place.

Section 23. *Disclosure of Payments*. Except as expressly required by any federal securities laws or other federal or state law, neither party hereto shall disclose any payments under this Agreement unless prior approval of the other party is obtained.

Section 24. *Severability*. If any term or other provision (including any portion thereof) of this Agreement shall be held invalid, illegal or unenforceable by a court of competent jurisdiction for any reason whatsoever, the validity, legality and enforceability of the remaining provisions of this Agreement (including, but not limited to, all portions of any Sections of this Agreement containing any such provision held to be invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and to the fullest extent possible, the provisions of this Agreement (including, but not limited to, all portions of any paragraph of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that are not themselves invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifest by the provision held invalid, illegal or unenforceable.

Section 25. *Counterparts*. This Agreement may be executed by one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same agreement. Only one such counterpart signed by the party against whom enforceability is sought shall be required to be produced to evidence the existence of this Agreement.

Section 26. *Captions*. The captions and headings used in this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction or interpretation thereof.

Section 27. *Entire Agreement, Modification and Waiver*. This Agreement and the exhibits and documents referred to herein constitute the entire agreement and understanding of the parties hereto regarding the subject matter hereof, and no supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both parties hereto. No waiver of any of the provisions of this Agreement shall be binding unless in the form of a writing signed by the party against whom enforcement of the waiver is sought, and no waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar), nor shall such waiver constitute a continuing waiver. No supplement, modification or amendment to this Agreement shall limit or restrict any right of the Indemnitee under this Agreement in respect of any act or omission of the Indemnitee prior to the effective date of such supplement, modification or amendment unless expressly provided therein. Except as specifically provided herein, no failure to exercise or any delay in exercising any right, remedy, power or privilege hereunder shall constitute a waiver thereof.

Section 28. *Notices*. All notices, requests, demands or other communications hereunder shall be in writing and shall be deemed to have been duly given if delivered by hand with receipt acknowledged by the party to whom said notice or other communication shall have been directed, mailed by certified or registered mail, return receipt requested with postage prepaid, on the date shown on the return receipt or delivered by facsimile transmission on the date shown on the facsimile machine report:

(a) If to the Indemnitee, to:

(b) If to the Company, to:

Baker Hughes Company Attn: General Counsel17021 Aldine Westfield Rd. Houston, Texas 77073 Facsimile: (713) 439-8472

or to such other address as may be furnished to the Indemnitee by the Company or to the Company by the Indemnitee, as the case may be.

Section 29. *Governing Law*. The parties hereto agree that this Agreement shall be governed by, and construed and enforced in accordance with the laws of the State of Delaware, applied without giving effect to any conflicts of law principles.

Section 30. *Compliance With Section 409A*. Notwithstanding any other provision of this Agreement, to the extent that any payment hereunder is not exempt from section 409A of the Internal Revenue Code of 1986, as amended (the "**Code**"), pursuant to the application of Department of Treasury Regulation Section 1.409A-1(b)(10) or another applicable exemption (a "**409A Payment**"), the following provisions of this Section 30 shall apply with respect to such 409A Payment. The Company shall make a 409A Payment due under this Agreement at the time specified above in this Agreement. The parties intend and agree that such payment deadline is not to be extended as a result of the following sentence, which is included solely for the purpose of complying with Section 409A of the Code. The Company shall make a 409A Payment by the last day of the taxable year of the Indemnitee or the spouse of the Indemnitee, as applicable, following the taxable year in which the applicable legal fees and expenses were incurred. The legal fees or expenses that are subject to reimbursement pursuant to this Agreement shall not be limited as a result of when the fees or expenses are incurred. The amounts of legal fees or expenses that are eligible for reimbursement pursuant to this Agreement during a given taxable year of the Indemnitee or the spouse of the Indemnitee, as applicable, shall not affect the amount of expenses eligible for reimbursement in any other taxable year. The right to reimbursement pursuant to this Agreement is not subject to liquidation or exchange for another benefit.

[*Signature page follows*]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement to be effective on the day and year first above written.

BAKER HUGHES COMPANY

By: _____

Name:

Title:

INDEMNITEE:

By: _____

Name:

Title:

#92897632v2

Exhibit 31.1

CERTIFICATION

I, Lorenzo Simonelli, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Baker Hughes Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 24, 2020

By: /s/ Lorenzo Simonelli

Lorenzo Simonelli

President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Brian Worrell, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Baker Hughes Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 24, 2020

By: /s/ Brian Worrell

Brian Worrell

Chief Financial Officer

Exhibit 32

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Baker Hughes Company (the "Company") on Form 10-Q for the period ended March 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Lorenzo Simonelli, President and Chief Executive Officer of the Company, and Brian Worrell, the Chief Financial Officer of the Company, each of the undersigned hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(i) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(ii) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

The certification is given to the knowledge of the undersigned.

	/s/ Lorenzo Simonelli
Name:	Lorenzo Simonelli
Title:	President and Chief Executive Officer
Date:	April 24, 2020

	/s/ Brian Worrell
Name:	Brian Worrell
Title:	Chief Financial Officer
Date:	April 24, 2020