

# **BAKER HUGHES INCORPORATED**

## **CHARTER OF THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS (as amended and restated January 22, 2014)**

The Board of Directors of Baker Hughes Incorporated (the “Company”) has heretofore constituted and established a Compensation Committee (the “Committee”) with authority, responsibility and specific duties as described in this Charter. This document replaces and supersedes in its entirety the previous Charter of Responsibilities of the Compensation Committee adopted by the Board of Directors of the Company.

### **PURPOSE**

The purpose of the Compensation Committee is to discharge the Board of Directors’ responsibilities relating to compensation of the Company’s Chief Executive Officer (“CEO”) and other executive officers. The Committee shall have overall responsibility for reviewing and evaluating and, as applicable, approving the compensation plans of the Company. It is also the purpose of the Committee to review the disclosures in Compensation Discussion and Analysis (the “CD&A”) as contained in the Company’s Annual Proxy Statement and to produce an annual Compensation Committee report for inclusion in the Company’s proxy statement.

### **COMPOSITION**

The Committee and Chairman of the Committee shall be elected annually by the Board of Directors and subject to removal pursuant to the terms of the Company’s Bylaws. The Committee shall be comprised of not less than three nor more than six of its independent and non-employee members. Such members shall meet the requirements for “independent” pursuant to the rules of the New York Stock Exchange and shall meet the requirements for “disinterested non-employee directors” pursuant to Rule 16b-3 of the Securities Exchange Act of 1934, as amended. The Committee may, if appropriate, delegate its authority to subcommittees.

### **PRINCIPAL RESPONSIBILITIES**

The principal responsibility of the Committee is to assure that the executive officers of the Company are compensated effectively in a manner consistent with the general compensation strategy of the Company, internal equity considerations and competitive practice. More specifically, the Committee shall be responsible for the following:

- Review from time to time and approve the Company’s general compensation strategy and objectives.
- With input from the entire Board, biannually review and approve the Company’s goals and objectives relevant to the CEO’s compensation, annually evaluate the CEO’s performance in light of such goals and objectives, and determine the CEO’s compensation level based on this

evaluation and other relevant information, including the individual elements of total compensation of the CEO, including annual salary, annual bonus and long-term incentive compensation, and report such determination to the Board of Directors.

- Review and discuss with management the disclosures made in the CD&A prior to the filing of the Company's annual report or Form 10-K and proxy statement for the annual meeting of stockholders, and recommend to the Board of Directors whether the CD&A should be included in the Form 10-K and proxy statement.
- Review and approve the individual elements of total compensation for the executive officers of the Company other than the CEO.
- Review compensation programs to ensure that such programs do not encourage unnecessary or unreasonable risk taking.
- Review the outcome of the stockholder advisory vote on senior executive compensation when making future compensation decisions for executive officers.
- Review with the CEO matters relating to management succession, including, but not limited to, compensation.
- Maintain and review with Board of Directors a list for the Board of potential successors to the CEO, including in the event of an emergency or retirement of the CEO on short notice.
- Assure that the Company's incentive compensation program, including the annual and long-term incentive plans, is administered in a manner consistent with the Company's compensation strategy as to participation, target annual incentive awards, corporate financial goals and actual awards paid to executive officers.
- Approve and make recommendations to the Board of Directors, subject, where appropriate, to submission to stockholders, of incentive-compensation plans and equity-based compensation plans.
- Approve revisions to the Company's executive officer's annual salary increases and review compensation arrangements of the Company's executive officers.
- Review and report to the Board of Directors on levels of stock ownership by the officers of the Company in accordance with the Stock Ownership Policy adopted by the Committee, including resolution of out of compliance situations.
- Review the Company's employee benefit programs and retirement plans, as administered by an Administrative Committee and an Investment Committee, approve all committee administrative changes and approve changes, subject, where appropriate, to approval by the stockholders or Board of Directors.

- Produce an annual Compensation Committee report for inclusion in the Company's proxy statement for the annual meeting of stockholders, in accordance with applicable rules and regulations.
- Review any potential or possible conflicts of interest with the compensation consultant including a review of the following factors: (i) the provision of other services to the Company; (ii) the amount of fees received from the Company as a percentage of the total revenue of the compensation consultant; (iii) the Committee's policies and procedures that are designed to prevent conflicts of interest; (iv) any business or personal relationship of the compensation consultant with a member of the Committee; (v) any stock of the Company owned by the compensation consultant; and (vi) any business or personal relationship of the compensation consultant with an executive officer of the Company.
- Establish performance criteria for the Committee, conduct an annual self-evaluation and report results to the Governance Committee.
- Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Governance Committee for approval who will then present to the Board of Directors for approval.
- Such other duties and responsibilities as may be assigned to the Committee, from time to time, by the Board of Directors, or as designated in plan documents.

### **MEETINGS**

The Committee will meet at least three times year, as determined by the Board of Directors. Special meetings may be called, as needed, by the Chairman of the Board or the Chairman of the Committee. All meetings of the Committee will be held pursuant to the Bylaws of the Company with regard to notice and waiver thereof and quorum and voting requirements, and written minutes of each meeting will be duly filed in the Company records. Reports of meetings of the Committee shall be made to the Board of Directors at its next regularly scheduled meeting following the Committee meeting accompanied by any recommendations to the Board of Directors approved by the Committee.

### **AUTHORITY**

The Committee has the authority to the extent it deems appropriate, to retain consultants and advisors to assist the Committee in the evaluation of executive compensation and its other duties. The Committee with funding provided by the Company has the authority to retain, approve fees, terms and conditions and to terminate such consultants and advisors.