

KPS Capital Partners To Acquire Lufkin Rod Lift Solutions From Baker Hughes

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Industry-Leading Brand in Global Rod Lift Solutions to Become Independent Company

NEW YORK, May 1, 2020 - KPS Capital Partners, LP ("KPS") announced today that it has signed a definitive agreement to acquire the Lufkin rod lift solutions business ("Lufkin" or the "Company") from Baker Hughes (NYSE: BKR).

Lufkin was founded in 1902 and acquired in 2013 by General Electric's Oil & Gas division. The division subsequently merged with Baker Hughes, Inc. in 2017.

Lufkin, headquartered in Missouri City, Texas, is a leading global provider of rod lift products, technologies, services and solutions, including automated control and optimization equipment and software for rod lift equipment to the oil and gas industry. With over 100 years of industry leadership, Lufkin manufactures a complete line of surface pumping units, downhole sucker rod pump systems, automation systems in six manufacturing and assembly facilities worldwide. Lufkin has an extensive global service footprint and operates in every critical rod lift market in the world.

Upon close, the transaction will transfer assets of the Lufkin rod lift business to an affiliate of KPS, including brand rights, intellectual property and personnel. Lufkin's power transmission business will remain part of the Baker Hughes portfolio and is not included in the transaction with KPS.

Michael Psaros, Co-Founder and Co-Managing Partner of KPS, said, "We are excited to create an independent Lufkin. We will build a successful energy platform on the foundation of Lufkin's legendary brand name, unparalleled reputation for reliability, superior technology and global footprint. The historic dislocation in current global and domestic energy markets has created an extraordinary investment opportunity for an investor like KPS. KPS Partner Ryan Baker will lead a team to acquire complementary technologies and products that serve the upstream sector of the energy industry in partnership with Lufkin's management. Lufkin will benefit from being a debt-free business with access to the very significant financial resources of KPS."

Andy Cordova, the rod lift solutions general manager for Baker Hughes, said, "We are confident in our future as an independent company under KPS' ownership. KPS is an ideal partner with a demonstrated decades-long track record of creating and growing industry-leading companies. KPS' global platform, commitment to manufacturing excellence and significant financial resources will enable Lufkin to accelerate its growth and invest in technology and process improvements for our customers, while enhancing our established reputation for industry-leading technology, quality and customer service."

Completion of the transaction is expected mid-year 2020 and is subject to customary closing conditions and approvals.

Simmons Energy, a division of Piper Sandler & Co., acted as advisor and Paul, Weiss, Rifkind, Wharton & Garrison LLP acted as legal counsel to KPS and its affiliates. Citi and Tudor, Pickering, Holt & Co. acted as financial advisors and King & Spalding LLP served as legal counsel to Baker Hughes.

About Lufkin

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About KPS Capital Partners

KPS, through its affiliated management entities, is the manager of the KPS Special Situations Funds, a family of investment funds.

with approximately \$11.7 billion of assets under management (as of December 31, 2019). For over two decades, the PKPS have worked exclusively to realize significant capital appreciation by making controlling equity investments in manufacturing and industrial companies across a diverse array of industries, including basic materials, branded consumer, healthcare products, automotive parts, capital equipment and general manufacturing. KPS creates value for its investors by working constructively with talented management teams to make businesses better, and generates investment returns by structuring improving the strategic position, competitiveness and profitability of its portfolio companies, rather than primarily relying on leverage. The KPS Funds' portfolio companies have aggregate annual revenues of approximately \$8.4 billion, operate manufacturing facilities in 26 countries, and have approximately 28,000 employees, directly and through joint ventures (as of December 31, 2019). The KPS investment strategy and portfolio companies are described in detail at www.kpsfunds.com

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