

SECURITIES AND EXCHANGE COMMISSION

FORM 3

Filing Date: **2009-01-26** | Period of Report: **2009-01-22**
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ISSUER

BAKER HUGHES INC

CIK: **808362** | IRS No.: **760207995** | State of Incorporation: **DE** | Fiscal Year End: **1231**
SIC: **3533** Oil & gas field machinery & equipment

Mailing Address
*PO BOX 4740
HOUSTON TX 77210-4740*

Business Address
*2929 ALLEN PARKWAY
SUITE 2100
HOUSTON TX 77019-2118
7134398600*

REPORTING OWNER

Cancilla Russell J

CIK: **1454512**
Type: **3** | Act: **34** | File No.: **001-09397** | Film No.: **09544253**

Mailing Address
*2929 ALLEN PARKWAY
SUITE 2100
HOUSTON TX 77019*

Business Address
713-439-8600

**UNITED STATES SECURITIES AND EXCHANGE
COMMISSION**

Washington, D.C. 20549

OMB APPROVAL	
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**INITIAL STATEMENT OF BENEFICIAL
OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person Cancilla Russell J (Last) (First) (Middle) 2929 ALLEN PARKWAY, SUITE 2100 (Street) HOUSTON, TX 77019 (City) (State) (Zip)	2. Date of Event Requiring Statement (Month/Day/Year) 01/22/2009	3. Issuer Name and Ticker or Trading Symbol BAKER HUGHES INC [BHI]		
		4. Relationship of Reporting Person(s) to Issuer (Check all applicable) ___ Director ___ 10% Owner ___X___ Officer (give title below) ___ Other (specify below) Vice President		5. If Amendment, Date Original Filed (Month/Day/Year)
		6. Individual or Joint/Group Filing (Check applicable line) ___X___ Form Filed by One Reporting Person ___ Form Filed by More than One Reporting Person		

Table I - Non-Derivative Securities Beneficially Owned

1. Title of Security (Instr. 4)	2. Amount of Securities Beneficially Owned (Instr. 4)	3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)	4. Nature of Indirect Beneficial Ownership (Instr. 5)
Common Stock, \$1.00 Par Value	3,449	D	

Table II - Derivative Securities Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 4)	2. Date Exercisable and Expiration Date (Month/Day/Year)		3. Title and Amount of Securities Underlying Derivative Security (Instr. 4)		4. Conversion or Exercise Price of Derivative Security	5. Ownership Form of Derivative Security: Direct (D) or Indirect (I) (Instr. 5)	6. Nature of Indirect Beneficial Ownership (Instr. 5)
	Date Exercisable	Expiration Date	Title	Amount or Number of Shares			
Common Stock, \$1.00 Par Value ⁽¹⁾ ⁽²⁾	06/19/2006	06/10/2016	Common Stock, \$1.00 Par Value	1,003	\$79.94	D	
Common Stock, \$1.00 Par Value ⁽¹⁾ ⁽³⁾	01/24/2007	01/24/2017	Common Stock, \$1.00 Par Value	900	\$68.54	D	
Common Stock, \$1.00 Par Value ⁽¹⁾ ⁽⁴⁾	07/25/2007	07/25/2017	Common Stock, \$1.00 Par Value	900	\$82.28	D	
Common Stock, \$1.00 Par Value ⁽¹⁾ ⁽⁵⁾	01/23/2008	01/23/2018	Common Stock, \$1.00 Par Value	1,016	\$69.92	D	
Common Stock, \$1.00 Par Value ⁽¹⁾ ⁽⁶⁾	08/11/2008	08/11/2018	Common Stock, \$1.00 Par Value	923	\$77.2	D	
Common Stock, \$1.00 Par Value ⁽¹⁾ ⁽⁷⁾	01/21/2009	01/21/2019	Common Stock, \$1.00 Par Value	2,419	\$29.18	D	

Explanation of Responses:

1. Option granted pursuant to the terms of the Company's 2002 Employee Long-Term Incentive Plan.
2. Option vests in three equal annual installments beginning June 19, 2007.
3. Option vests in three equal annual installments, beginning January 24, 2008.
4. Option vests in three equal annual installments beginning July 25, 2008.
5. Option vests in three equal annual installments, beginning January 23, 2009.
6. Option vests in three equal annual installments beginning August 11, 2009.
7. Option vests in three equal annual installments, beginning January 21, 2010.

Signatures

Sandra E. Alford Attorney-in-Fact

** Signature of Reporting Person

01/26/2009

Date

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

* If the form is filed by more than one reporting person, see Instruction 4 (b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB Number.

POWER OF ATTORNEY

Know all by these presents that the undersigned hereby constitutes and appoints each of Sandra E. Alford, William D. Marsh and Alan R. Crain as the undersigned's true and lawful attorneys-in-fact, with full power of substitution, to:

(1) execute for and on behalf of the undersigned, in the undersigned's capacity as a reporting person of Baker Hughes Incorporated (the Company) pursuant to Section 16 of the Securities Exchange Act of 1934, as amended (the Exchange Act), and the rules and regulations issued thereunder, Forms 3, 4 and 5 in accordance with Section 16(a) of the Exchange Act and any Form 144, Form 8-K or other form required to be filed relating to the transaction covered by such report (collectively, the Required Forms);

(2) do and perform any and all acts for and on behalf of the undersigned which may be necessary or desirable to complete and execute any such Required Forms and timely file such Required Forms with the United States Securities and Exchange Commission, any stock exchange, or other authority or body; and

(3) take any other action of any type whatsoever in connection with the foregoing which, in the opinion of any of such attorneys-in-fact or their substitutes, may be of benefit to, in the best interest of, or legally required by, the undersigned, it being understood that the documents executed by any of such attorneys-in-fact or their substitutes on behalf of the undersigned pursuant to this Power of Attorney shall be in such form and shall contain such terms and conditions as any of such attorneys-in-fact or their substitutes may approve in the discretion of any such person.

The undersigned hereby grants to each such attorney-in-fact or their substitutes full power and authority to do and perform any and every act and thing whatsoever requisite, necessary, or proper to be done in the exercise of any of the rights and powers herein granted, as fully to all intents and purposes as the undersigned might or could do if personally present, with full power of substitution or revocation, hereby ratifying and confirming all that any of such attorneys-in-fact, or the substitute or substitutes of any of such attorneys-in-fact, shall lawfully do or cause to be done by virtue of this Power of Attorney and the rights and powers herein granted. The undersigned acknowledges that the foregoing attorneys-in-fact or their substitutes, in serving in such capacity at the request of the undersigned, are not assuming, nor is the Company assuming, any of the undersigned's responsibilities to comply with Section 16 of the Exchange Act or any other law, rule or regulation.

This Power of Attorney shall remain in full force and effect until the undersigned is no longer required to file Required Forms with respect to the undersigned's holdings of and transactions in securities issued by the Company, unless earlier revoked by the undersigned in a signed writing delivered to the foregoing attorneys-in-fact.

IN WITNESS WHEREOF, the undersigned has caused this Power of Attorney to be executed as of this 22nd day of January 2009.

Signature: /s/Russell J. Cancilla

Name:

Russell J. Cancilla