

We report our financial results in accordance with generally accepted accounting principles (GAAP). However, Weatherford's management believes that certain non-GAAP financial measures and ratios (as defined under the SEC's Regulation G) may provide users of this financial information, additional meaningful comparisons between current results and results of prior periods. The non-GAAP amounts shown below should not be considered substitutes for operating income, provision for income taxes, net income or other data prepared and reported in accordance with GAAP, but should be viewed in addition to the Company's reported results prepared in accordance with GAAP.

Weatherford International Ltd.
Reconciliation of GAAP to Non-GAAP Financial Measures
(Unaudited)
(In Millions, Except Per Share Amounts)

	Three Months Ended			Six Months Ended	
	6/30/2013	3/31/2013	6/30/2012	6/30/2013	6/30/2012
Operating Income:					
GAAP Operating Income (Loss)	\$ 55	\$ 279	\$ (632)	\$ 334	\$ (262)
Goodwill and Equity Investment Impairment	-	-	793	-	793
US Government Investigation Loss Contingency	153	-	100	153	100
Legacy Contracts (a)	21	3	62	24	93
Tax Remediation and Restatement Expenses	6	21	11	27	26
Other Adjustments	51	14	(5)	65	27
Non-GAAP Operating Income	<u>\$ 286</u>	<u>\$ 317</u>	<u>\$ 329</u>	<u>\$ 603</u>	<u>\$ 777</u>
Income (Loss) Before Income Taxes:					
GAAP Income (Loss) Before Income Taxes	\$ (91)	\$ 35	\$ (780)	\$ (56)	\$ (540)
Goodwill and Equity Investment Impairment	-	-	793	-	793
US Government Investigation Loss Contingency	153	-	100	153	100
Devaluation of Venezuelan Bolivar	-	100	-	100	-
Legacy Contracts	21	3	62	24	93
Tax Remediation and Restatement Expenses	6	21	11	27	26
Other Adjustments	51	14	(5)	65	24
Non-GAAP Income Before Income Taxes	<u>\$ 140</u>	<u>\$ 173</u>	<u>\$ 181</u>	<u>\$ 313</u>	<u>\$ 496</u>
Provision for Income Taxes:					
GAAP Provision for Income Taxes	\$ (20)	\$ (5)	\$ (63)	\$ (25)	\$ (173)
Goodwill and Equity Investment Impairment	-	-	(1)	-	(1)
US Government Investigation Loss Contingency	-	-	(1)	-	(1)
Devaluation of Venezuelan Bolivar	-	(39)	-	(39)	-
Legacy Contracts	10	5	-	15	-
Tax Remediation and Restatement Expenses	(1)	(3)	(3)	(4)	(6)
Other Adjustments	(6)	(6)	-	(12)	(3)
Non-GAAP Provision for Income Taxes	<u>\$ (17)</u>	<u>\$ (48)</u>	<u>\$ (68)</u>	<u>\$ (65)</u>	<u>\$ (184)</u>
Net Income (Loss) Attributable to Weatherford:					
GAAP Net Income (Loss)	\$ (118)	\$ 22	\$ (849)	\$ (96)	\$ (726)
Total Charges, net of tax	234 (b)	95 (c)	956 (d)	329 (e)	1,025 (f)
Non-GAAP Net Income	<u>\$ 116</u>	<u>\$ 117</u>	<u>\$ 107</u>	<u>\$ 233</u>	<u>\$ 299</u>
Diluted Earnings (Loss) Per Share Attributable to Weatherford:					
GAAP Diluted Earnings (Loss) per Share	\$ (0.15)	\$ 0.03	\$ (1.11)	\$ (0.12)	\$ (0.95)
Total Charges, net of tax	0.30	0.12	1.25	0.42	1.34
Non-GAAP Diluted Earnings per Share	<u>\$ 0.15</u>	<u>\$ 0.15</u>	<u>\$ 0.14</u>	<u>\$ 0.30</u>	<u>\$ 0.39</u>
GAAP Effective Tax Rate (g)					
	-22%	14%	-8%	-45%	-32%
Annual Effective Tax Rate (h)					
	12%	28%	38%	21%	37%

Note (a): The revenues associated with the legacy lump sum contracts in Iraq were \$215 million, \$166 million and \$39 million for the three months ended June 30, 2013, March 31, 2013, and June 30, 2012 and \$380 million and \$91 million for the six months ended June 30, 2013 and 2012, respectively.

Note (b): Non-GAAP adjustments are comprised of (i) \$153 million loss accrual related to US government investigation matters, (ii) \$31 million in operating losses and tax expense related to legacy lump sum contracts in Iraq, (iii) \$38 million in other adjustments consisting of severance of \$25 million and \$13 million in other charges and (iv) \$12 million related to US government investigations and tax related professional fees.

Note (c): Non-GAAP adjustments are comprised of (i) a charge for the devaluation of the Venezuelan Bolivar of \$61 million, (ii) \$8 million in operating losses and tax expense related to legacy lump sum contracts in Iraq, (iii) tax restatement and remediation expenses of \$18 million and (iv) \$8 million in other adjustments consisting of severance and other charges including \$3 million in investigation related expenses.

Note (d): Non-GAAP adjustments are comprised of (i) goodwill and equity method investment impairments of \$793 million, (ii) \$100 million loss accrual related to US government investigation matters, (iii) \$62 million in operating losses and tax expense related to legacy lump sum contracts in Iraq, (iv) tax restatement and remediation expenses of \$8 million and (v) \$(7) million in other adjustments.

Note (e): Non-GAAP adjustments are comprised of (i) \$153 million loss accrual related to US government investigation matters, (ii) \$39 million in operating losses and tax expense related to legacy lump sum contracts in Iraq, (iii) tax restatement and remediation expenses of \$23 million, (iv) a \$61 million charge for the devaluation of the Venezuelan Bolivar and (v) \$53 million in other adjustments consisting of \$31 million in severance, \$10 million in investigation related expenses and \$12 million in other charges.

Note (f): Non-GAAP adjustments are comprised of (i) goodwill and equity method investment impairments of \$793 million, (ii) \$100 million loss accrual related to US government investigation matters, (iii) \$93 million in operating losses and tax expense related to legacy lump sum contracts in Iraq, (iv) tax restatement and remediation expenses of \$20 million and (v) \$19 million in other adjustments.

Note (g): GAAP Effective Tax Rate is GAAP provision for income taxes divided by GAAP income before income taxes.

Note (h): Annual Effective Tax Rate is the Non-GAAP provision for income taxes divided by Non-GAAP income before income taxes.

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Weatherford International Ltd.
Selected Cash Flow Data
(Unaudited)
(In Millions)

	Three Months Ended			Six Months Ended	
	6/30/2013	3/31/2013	6/30/2012	6/30/2013	6/30/2012
Net Cash Provided by (Used in) Operating Activities	\$ 252	\$ (11)	\$ 145	\$ 241	\$ 285
Less: Capital Expenditures for Property, Plant and Equipment	(446)	(400)	(584)	(846)	(1,098)
Free Cash Flow	<u>\$ (194)</u>	<u>\$ (411)</u>	<u>\$ (439)</u>	<u>\$ (605)</u>	<u>\$ (813)</u>

Free cash flow is defined as net cash provided by or used in operating activities less capital expenditures. Free cash flow is an important indicator of how much cash is generated or used by our normal business operations, including capital expenditures. Management uses free cash flow as a measure of progress on its capital efficiency and cash flow initiatives.