

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 as 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			Nine Months Ended	
	9/30/2013	6/30/2013	9/30/2012	9/30/2013	9/30/2012
Operating Income:					
GAAP Operating Income	\$ 239	\$ 55	\$ 315	\$ 573	\$ 53
Goodwill and Equity Investment Impairment	-	-	-	-	793
U.S. Government Investigation Loss Contingency	-	153	-	153	100
Legacy Contracts (a)	107	21	14	131	107
Tax Remediation and Restatement Expenses	8	6	27	35	53
Severance	20	36	6	64	40
Investigation Related Expenses	8	12	-	25	2
Other Adjustments	10	3	40	14	31
Non-GAAP Operating Income	<u>\$ 392</u>	<u>\$ 286</u>	<u>\$ 402</u>	<u>\$ 995</u>	<u>\$ 1,179</u>
Income Before Income Taxes:					
GAAP Income (Loss) Before Income Taxes	\$ 80	\$ (91)	\$ 163	\$ 24	\$ (377)
Operating Income Adjustments	153	231	87	422	1,126
Devaluation of Venezuelan Bolivar	-	-	-	100	-
Other Adjustments	-	-	-	-	(3)
Non-GAAP Income Before Income Taxes	<u>\$ 233</u>	<u>\$ 140</u>	<u>\$ 250</u>	<u>\$ 546</u>	<u>\$ 746</u>
Provision for Income Taxes:					
GAAP Provision for Income Taxes	\$ (49)	\$ (20)	\$ (86)	\$ (74)	\$ (259)
Non-GAAP Provision for Income Taxes	(47)	(17)	(103)	(112)	(287)
Net Income Attributable to Weatherford:					
GAAP Net Income (Loss)	\$ 22	\$ (118)	\$ 70	\$ (74)	\$ (656)
Goodwill and Equity Investment Impairment	-	-	-	-	792
U.S. Government Investigation Loss Contingency	-	153	-	153	99
Devaluation of Venezuelan Bolivar	-	-	-	61	-
Legacy Contracts	113	31	14	152	107
Tax Remediation and Restatement Expenses	7	5	24	30	44
Severance	17	25	5	48	35
Investigation Related Expenses	10	8	-	21	2
Other Adjustments	8	12	27	19	16
Total Charges, net of tax	155	234	70	484	1,095
Non-GAAP Net Income	<u>\$ 177</u>	<u>\$ 116</u>	<u>\$ 140</u>	<u>\$ 410</u>	<u>\$ 439</u>
Diluted Earnings Per Share Attributable to Weatherford:					
GAAP Diluted Earnings (Loss) per Share	\$ 0.03	\$ (0.15)	\$ 0.09	\$ (0.10)	\$ (0.86)
Total Charges, net of tax	0.20	0.30	0.09	0.63	1.43
Non-GAAP Diluted Earnings per Share	<u>\$ 0.23</u>	<u>\$ 0.15</u>	<u>\$ 0.18</u>	<u>\$ 0.53</u>	<u>\$ 0.57</u>
GAAP Effective Tax Rate (b)					
	61%	(22%)	53%	308%	(69%)
Annual Effective Tax Rate (c)					
	20%	12%	41%	21%	38%

Note (a): The revenues associated with the legacy lump sum contracts in Iraq were \$80 million, \$215 million and \$91 million for the three months ended 9/30/2013, 6/30/2013, and 9/30/2012 and \$460 million and \$182 million for the nine months ended 9/30/2013 and 2012, respectively.

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

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

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Weatherford International Ltd.

Selected Cash Flow Data

(Unaudited)

(In Millions)

	Three Months Ended			Nine Months Ended	
	9/30/2013	6/30/2013	9/30/2012	9/30/2013	9/30/2012
Net Cash Provided by Operating Activities	\$ 326	\$ 252	\$ 231	\$ 567	\$ 516
Less: Capital Expenditures for Property, Plant and equipment	(365)	(446)	(572)	(1,211)	(1,670)
Free Cash Flow	<u>\$ (39)</u>	<u>\$ (194)</u>	<u>\$ (341)</u>	<u>\$ (644)</u>	<u>\$ (1,154)</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.