

We report our financial results in accordance with U.S. 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)
(Stated In Millions, Except Per Share Amounts)

	Three Months Ended			Year Ended	
	12/31/2013	9/30/2013	12/31/2012	12/31/2013	12/31/2012
Operating Income:					
GAAP Operating Income	\$ (50)	\$ 239	\$ 245	\$ 523	\$ 298
Goodwill and Equity Investment Impairment	—	—	—	—	793
Legacy Contracts (a)	168	107	30	299	137
U.S. Government Investigation Loss	—	—	—	153	100
Accounts Receivable Reserves and Write-offs	98	—	—	98	—
Severance	30	20	5	94	45
Tax Remediation and Restatement Expenses	2	8	50	37	103
Investigation Related Expenses	5	8	10	30	13
Other Adjustments	1	10	16	15	46
Non-GAAP Operating Income	<u>\$ 254</u>	<u>\$ 392</u>	<u>\$ 356</u>	<u>\$ 1,249</u>	<u>\$ 1,535</u>
Income Before Income Taxes:					
GAAP Income (Loss) Before Income Taxes	\$ (194)	\$ 80	\$ 89	\$ (170)	\$ (288)
Operating Income Adjustments	304	153	111	726	1,237
Devaluation of Venezuelan Bolivar	—	—	—	100	—
Other Adjustments	—	—	—	—	(3)
Non-GAAP Income Before Income Taxes	<u>\$ 110</u>	<u>\$ 233</u>	<u>\$ 200</u>	<u>\$ 656</u>	<u>\$ 946</u>
Provision for Income Taxes:					
GAAP Provision for Income Taxes	\$ (70)	\$ (49)	\$ (203)	\$ (144)	\$ (462)
Non-GAAP Provision for Income Taxes	(50)	(47)	(184)	(162)	(471)
Net Income Attributable to Weatherford:					
GAAP Net Income (Loss)	\$ (271)	\$ 22	\$ (122)	\$ (345)	\$ (778)
Goodwill and Equity Investment Impairment	—	—	—	—	792
Legacy Contracts (a)	171	113	64	323	171
U.S. Government Investigation Loss	—	—	—	153	99
Devaluation of Venezuelan Bolivar	33	—	—	94	—
Accounts Receivable Reserves and Write-offs	96	—	—	96	—
Severance	25	17	4	73	39
Tax Remediation and Restatement Expenses	(2)	7	43	28	87
Investigation Related Expenses	2	10	7	23	9
Other Adjustments	(1)	8	12	18	28
Total Charges, net of tax	<u>324</u>	<u>155</u>	<u>130</u>	<u>808</u>	<u>1,225</u>
Non-GAAP Net Income	<u>\$ 53</u>	<u>\$ 177</u>	<u>\$ 8</u>	<u>\$ 463</u>	<u>\$ 447</u>
Diluted Earnings Per Share Attributable to Weatherford:					
GAAP Diluted Earnings (Loss) per Share	\$ (0.35)	\$ 0.03	\$ (0.16)	\$ (0.45)	\$ (1.02)
Total Charges, net of tax	<u>0.42</u>	<u>0.20</u>	<u>0.17</u>	<u>1.05</u>	<u>1.60</u>
Non-GAAP Diluted Earnings per Share	<u>\$ 0.07</u>	<u>\$ 0.23</u>	<u>\$ 0.01</u>	<u>\$ 0.60</u>	<u>\$ 0.58</u>
GAAP Effective Tax Rate (b)	(36)%	61%	228%	(85)%	(160)%
Annual Effective Tax Rate (c)	45 %	20%	92%	25 %	50 %

Note (a): The revenues associated with the legacy lump sum contracts in Iraq were \$52 million, \$80 million and \$178 million for the three months ended 12/31/2013, 9/30/2013 and 12/31/2012 and \$512 million and \$360 million for the years ended 12/31/2013 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 taxes.

We report our financial results in accordance with U.S. 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 cash flow information prepared and reported in accordance with GAAP, but should be viewed in addition to the Company's reported cash flow statements prepared in accordance with GAAP.

Weatherford International Ltd.

Selected Cash Flow Data

(Unaudited)

(Stated In Millions)

	Three Months Ended			Year Ended	
	12/31/2013	9/30/2013	12/31/2012	12/31/2013	12/31/2012
Net Cash Provided by Operating Activities	\$ 662	\$ 326	\$ 705	\$ 1,229	\$ 1,221
Less: Capital Expenditures for Property, Plant and equipment	(364)	(365)	(507)	(1,575)	(2,177)
Free Cash Flow	<u>\$ 298</u>	<u>\$ (39)</u>	<u>\$ 198</u>	<u>\$ (346)</u>	<u>\$ (956)</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.