

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		
	3/31/2014	12/31/2013	3/31/2013
Operating Income:			
GAAP Operating Income	\$ 130	\$ (50)	\$ 279
Restructuring, Exited Businesses and Severance Cost (a)	84	30	8
Legacy Contracts (b)	46	168	3
Accounts Receivable Reserves and Write-offs	—	98	—
Tax Remediation and Restatement Expenses	5	2	21
Investigation Related Expenses	—	5	5
Professional Fees and Other (c)	21	1	1
Total Non-GAAP Adjustments	156	304	38
Non-GAAP Operating Income	\$ 286	\$ 254	\$ 317
Income (Loss) Before Income Taxes:			
GAAP Income (Loss) Before Income Taxes	\$ (5)	\$ (194)	\$ 35
Operating Income Adjustments	156	304	38
Devaluation of Venezuelan Bolivar	—	—	100
Non-GAAP Income Before Income Taxes	\$ 151	\$ 110	\$ 173
Provision for Income Taxes:			
GAAP Provision for Income Taxes	\$ (27)	\$ (70)	\$ (5)
Tax Effect on Non-GAAP Adjustments	(16)	20	(43)
Non-GAAP Provision for Income Taxes	\$ (43)	\$ (50)	\$ (48)
Net Income (Loss) Attributable to Weatherford:			
GAAP Net Income (Loss)	\$ (41)	\$ (271)	\$ 22
Restructuring, Exited Businesses and Severance Cost	71	25	6
Legacy Contracts	47	171	8
Devaluation of Venezuelan Bolivar	—	33	61
Accounts Receivable Reserves and Write-offs	—	96	—
Tax Remediation and Restatement Expenses	4	(2)	18
Investigation Related Expenses	—	2	3
Professional Fees and Other (c)	18	(1)	(1)
Total Charges, net of tax	140	324	95
Non-GAAP Net Income	\$ 99	\$ 53	\$ 117
Diluted Earnings Per Share Attributable to Weatherford:			
GAAP Diluted Earnings (Loss) per Share	\$ (0.05)	\$ (0.35)	\$ 0.03
Total Charges, net of tax	0.18	0.42	0.12
Non-GAAP Diluted Earnings per Share	\$ 0.13	\$ 0.07	\$ 0.15
GAAP Effective Tax Rate (d)			
	(540)%	(36)%	14%
Non-GAAP Effective Tax Rate (e)			
	28 %	45 %	28%

- (a) Restructuring, Exited Businesses and Severance Cost includes \$70 million in severance and exit costs associated with our 2014 workforce and cost reduction initiatives, as well as \$14 million in operating losses related to businesses exited in the three months ended March 31, 2014. These results are presented in comparison to the severance amounts recognized in the prior periods.
- (b) The revenues associated with the legacy lump sum contracts in Iraq were \$95 million, \$52 million and \$166 million for the three months ended 3/31/2014, 12/31/2013 and 3/31/2013, respectively.
- (c) Professional Fees and Other, during the three months ended March 31, 2014, includes the cost of our divestiture program, the restatement related litigation, and the cost incurred to date in association with our planned redomiciliation.
- (d) GAAP Effective Tax Rate is GAAP provision for income taxes divided by GAAP income before income taxes.
- (e) Non-GAAP 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)

(Stated In Millions)

	Three Months Ended		
	3/31/2014	12/31/2013	3/31/2013
Net Cash Used in Operating Activities	\$ (406)	\$ 662	\$ (11)
Less: Capital Expenditures for Property, Plant and equipment	(286)	(364)	(400)
Free Cash Flow	<u>\$ (692)</u>	<u>\$ 298</u>	<u>\$ (411)</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.