

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 plc
Reconciliation of GAAP to Non-GAAP Financial Measures
(Unaudited)
(In Millions, Except Per Share Amounts)

	Three Months Ended			Six Months Ended	
	6/30/2014	3/31/2014	6/30/2013	6/30/2014	6/30/2013
Operating Income:					
GAAP Operating Income	\$ 25	\$ 130	\$ 55	\$ 155	\$ 334
Long-Lived Asset Impairment	143	—	—	143	—
Goodwill Impairment	125	—	—	125	—
Restructuring, Exited Businesses and Severance Cost ^(a)	86	84	36	170	44
Legacy Contracts ^(b)	2	46	21	48	24
U.S. Government Investigation Loss	—	—	153	—	153
Tax Remediation and Restatement Expenses	—	5	6	5	27
Investigation Related Expenses	—	—	12	—	17
Professional Fees and Other ^(c)	18	21	3	39	4
Total Non-GAAP Adjustments	374	156	231	530	269
Non-GAAP Operating Income	\$ 399	\$ 286	\$ 286	\$ 685	\$ 603
Income (Loss) Before Income Taxes:					
GAAP Income (Loss) Before Income Taxes	\$ (122)	\$ (5)	\$ (91)	\$ (127)	\$ (56)
Operating Income Adjustments	374	156	231	530	269
Devaluation of Venezuelan Bolivar	—	—	—	—	100
Non-GAAP Income Before Income Taxes	\$ 252	\$ 151	\$ 140	\$ 403	\$ 313
Provision for Income Taxes:					
GAAP Provision for Income Taxes	(11)	(27)	(20)	(38)	(25)
Tax Effect on Non-GAAP Adjustments	(43)	(16)	3	(59)	(40)
Non-GAAP Provision for Income Taxes	\$ (54)	\$ (43)	\$ (17)	\$ (97)	\$ (65)
Net Income (Loss) Attributable to Weatherford:					
GAAP Net Loss	\$ (145)	\$ (41)	\$ (118)	\$ (186)	\$ (96)
Long-Lived Asset Impairment	121	—	—	121	—
Goodwill Impairment	125	—	—	125	—
Restructuring, Exited Businesses and Severance Cost	68	71	25	139	31
Legacy Contracts	3	47	31	50	39
U.S. Government Investigation Loss	—	—	153	—	153
Devaluation of Venezuelan Bolivar	—	—	—	—	61
Tax Remediation and Restatement Expenses	—	4	5	4	23
Investigation Related Expenses	—	—	8	—	11
Professional Fees and Other ^(c)	14	18	12	32	11
Total Charges, net of tax	331	140	234	471	329
Non-GAAP Net Income	\$ 186	\$ 99	\$ 116	\$ 285	\$ 233
Diluted Earnings Per Share Attributable to Weatherford:					
GAAP Diluted Loss per Share	\$ (0.19)	\$ (0.05)	\$ (0.15)	\$ (0.24)	\$ (0.12)
Total Charges, net of tax	0.43	0.18	0.30	0.60	0.42
Non-GAAP Diluted Earnings per Share	\$ 0.24	\$ 0.13	\$ 0.15	\$ 0.36	\$ 0.30
GAAP Effective Tax Rate ^(d)					
	(10)%	(540)%	(22)%	(30)%	(45)%
Non-GAAP Effective Tax Rate ^(e)					
	22 %	28 %	12 %	24 %	21 %

- (a) Restructuring, Exited Businesses and Severance Cost includes severance and restructuring costs of \$59 million and \$70 million for the three months ended June 30, 2014 and March 31, 2014, respectively, associated with our 2014 workforce and cost reduction initiatives, as well as \$27 million and \$14 million in operating losses related to businesses exited for the three months ended June 30, 2014 and March 31, 2014, respectively. 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 \$43 million, \$95 million and \$215 million for the three months ended June 30, 2014, March 31, 2014 and June 30, 2013, and \$138 million and \$380 million for the six months ended June 30, 2014 and 2013, respectively.
- (c) Professional Fees and Other, during the three months ended June 30, 2014, includes the cost of our divestiture program, the restatement related litigation, and the cost incurred to date in association with our recently completed redomestication from Switzerland to Ireland.
- (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 are calculated in thousands.

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Weatherford International plc

Selected Cash Flow Data

(Unaudited)

(In Millions)

	Three Months Ended			Six Months Ended	
	6/30/2014	3/31/2014	6/30/2013	6/30/2014	6/30/2013
Net Cash Provided by Operating Activities	\$ 435	\$ (406)	\$ 252	29	241
Less: Capital Expenditures for Property, Plant and Equipment	(376)	(286)	(446)	(662)	(846)
Free Cash Flow	<u>\$ 59</u>	<u>\$ (692)</u>	<u>\$ (194)</u>	<u>\$ (633)</u>	<u>\$ (605)</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.