

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			Nine Months Ended	
	9/30/2014	6/30/2014	9/30/2013	9/30/2014	9/30/2013
Operating Income:					
GAAP Operating Income	\$ 318	\$ 25	\$ 239	\$ 473	\$ 573
Long-Lived Asset and Goodwill Impairment	(4)	268	—	264	—
North Africa Restructuring ^(a)	81	—	—	81	—
Other Restructuring, Exited Businesses and Severance Cost ^(b)	94	86	20	264	64
Gain on Sale of Businesses	(38)	—	—	(38)	(8)
Legacy Contracts ^(c)	2	2	107	50	131
U.S. Government Investigation Loss	—	—	—	—	153
Tax Remediation and Restatement Expenses	—	—	8	5	35
Professional Fees and Other ^(d)	28	18	18	67	47
Total Non-GAAP Adjustments	163	374	153	693	422
Non-GAAP Operating Income	\$ 481	\$ 399	\$ 392	\$ 1,166	\$ 995
Income (Loss) Before Income Taxes:					
GAAP Income (Loss) Before Income Taxes	\$ 187	\$ (122)	\$ 80	\$ 60	\$ 24
Operating Income Adjustments	163	374	153	693	422
Devaluation of Venezuelan Bolivar	—	—	—	—	100
Non-GAAP Income Before Income Taxes	\$ 350	\$ 252	\$ 233	\$ 753	\$ 546
Provision for Income Taxes:					
GAAP Provision for Income Taxes	(98)	(11)	(49)	(136)	(74)
Tax Effect on Non-GAAP Adjustments	8	(43)	2	(51)	(38)
Non-GAAP Provision for Income Taxes	\$ (90)	\$ (54)	\$ (47)	\$ (187)	\$ (112)
Net Income Attributable to Weatherford:					
GAAP Net Income (Loss)	\$ 77	\$ (145)	\$ 22	\$ (109)	\$ (74)
Long-Lived Asset and Goodwill Impairment	(4)	246	—	242	—
North Africa Restructuring ^(a)	81	—	—	81	—
Restructuring, Exited Businesses and Severance Cost	78	68	17	217	48
Gain on Sale of Businesses	(13)	—	—	(13)	(9)
Legacy Contracts	4	3	113	54	152
U.S. Government Investigation Loss	—	—	—	—	153
Devaluation of Venezuelan Bolivar	—	—	—	—	61
Tax Remediation and Restatement Expenses	—	—	7	4	30
Professional Fees and Other	25	14	18	57	49
Total Charges, net of tax	171	331	155	642	484
Non-GAAP Net Income	\$ 248	\$ 186	\$ 177	\$ 533	\$ 410
Diluted Earnings Per Share Attributable to Weatherford:					
GAAP Diluted Earnings (Loss) per Share	\$ 0.10	\$ (0.19)	\$ 0.03	\$ (0.14)	\$ (0.10)
Total Charges, net of tax	0.22	0.43	0.20	0.82	0.63
Non-GAAP Diluted Earnings per Share	\$ 0.32	\$ 0.24	\$ 0.23	\$ 0.68	\$ 0.53
GAAP Effective Tax Rate ^(e)	52%	(10)%	61%	226%	308%
Non-GAAP Effective Tax Rate ^(f)	26%	22 %	20%	25%	21%

- (a) Responsive to the recent disruptions in North Africa, principally Libya, the Company incorporated the restructuring of the affected markets into the our overall restructuring plan recognizing in the three months ended September 30, 2014, \$67 million in asset impairments, \$8 million in severance and \$6 million in operating losses related to the exited businesses.
- (b) Other Restructuring, Exited Businesses and Severance Cost includes severance and restructuring costs of \$79 million and \$59 million for the three months ended September 30, 2014 and June 30, 2014, respectively, associated with our 2014 workforce and cost reduction initiatives, as well as \$15 million and \$27 million in operating losses related to businesses exited for the three months ended September 30, 2014 and June 30, 2014, respectively. These results are presented in comparison to the severance amounts recognized in the prior periods.
- (c) The revenues associated with the legacy lump sum contracts in Iraq were \$76 million, \$43 million and \$80 million for the three months ended September 30, 2014, June 30, 2014 and September 30, 2013, and \$214 million and \$460 million for the nine months ended September 30, 2014 and 2013, respectively.
- (d) Professional Fees and Other, during the three months ended September 30, 2014, includes the cost of our divestiture program, the restatement related investigation and litigation costs and other charges.
- (e) GAAP Effective Tax Rate is GAAP provision for income taxes divided by GAAP income before income taxes.
- (f) 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 plc

Selected Cash Flow Data

(Unaudited)

(In Millions)

	Three Months Ended			Nine Months Ended	
	9/30/2014	6/30/2014	9/30/2013	9/30/2014	9/30/2013
Net Cash Provided by Operating Activities	350	\$ 435	\$ 326	\$ 379	567
Less: Capital Expenditures for Property, Plant and Equipment	(383)	(376)	(365)	(1,045)	(1,211)
Free Cash Flow	<u>\$ (33)</u>	<u>\$ 59</u>	<u>\$ (39)</u>	<u>\$ (666)</u>	<u>\$ (644)</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.