Weatherford International plc

IRISH DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS 2021

For the year ended
December 31

Weatherford International public limited company

Directors' Report and Consolidated Financial Statements
For the Year Ended December 31, 2021

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Directors’ Report
For the Year Ended 2021

The directors present their annual report and audited Consolidated Financial Statements and related Notes of Weatherford International plc for the year ended December 31, 2021.

The directors have elected to prepare the Consolidated Financial Statements in accordance with section 279 of the Companies Act 2014, which provides that a true and fair view of the assets and liabilities, financial position and profit or loss of a company and its subsidiary undertakings may be given by preparing its group financial statements in accordance with US accounting standards (“US GAAP”), as defined in section 279 (1) of the Companies Act 2014, to the extent that the use of those standards in the preparation of the financial statements does not contravene any provision of Part 6 of the Companies Act 2014.

Basis of Presentation

The accompanying consolidated financial statements include the accounts of Weatherford International plc, an Irish public limited company, and its controlled subsidiary companies (collectively, the "Company"), and have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and pursuant to the rules and regulations of the SEC for annual financial information. We consolidate all wholly owned subsidiaries and controlled joint ventures. All material intercompany accounts and transactions have been eliminated in consolidation. The consolidated financial statements of the Company and the majority of the information in the Notes thereto have been reconciled to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2021 submitted to the U.S. Securities and Exchange Commission on February 17, 2022.

Certain prior year amounts have been reclassified to conform to the current year presentation, including "Note 4 – Segment Information". Prior year net income (loss) and shareholders' equity (deficiency) were not affected by these reclassifications.

Principal Activities

Weatherford International plc, an Irish public limited company, together with its subsidiaries ("Weatherford," the "Company," "we," "us" and "our"), is a multinational energy services company. We are a leading global energy services company providing equipment and services used in the drilling, evaluation, well construction, completion, production, intervention and responsible abandonment of wells across the broad spectrum of energy sources. Many of our businesses, including those of our predecessor companies, have been operating for more than 50 years.

We conduct operations in approximately 75 countries, answering the challenges of the energy industry with 350 operating locations including manufacturing, research and development, service, and training facilities. Our operational performance is reviewed and managed across the life cycle of the wellbore and we report in three product line segments (1) Drilling and Evaluation, (2) Well Construction and Completions, and (3) Production and Intervention.

Our principal executive offices are located at 2000 St. James Place, Houston, Texas 77056 and our telephone number at that location is +1.713.836.4000. Our internet address is www.weatherford.com. General information about us, including our corporate governance policies, code of business conduct and charters for the committees of our Board of Directors, can be found on our website, and such information provided on our website, is not incorporated by reference into this Form 10-K. On our website we make available, free of charge, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished as soon as reasonably practicable after we electronically file or furnish them to the Securities and Exchange Commission ("SEC"). The SEC maintains a website that contains our reports, proxy and information statements, and our other SEC filings. The address of that site is www.sec.gov.

On June 1, 2021, The Nasdaq Stock Market LLC stock exchange ("NASDAQ") approved our application for the listing of our ordinary shares. In connection with the listing, we became subject to the reporting requirements of the Securities Exchange Act of 1934 (as amended, the "Exchange Act"). Our ordinary shares began trading on The Nasdaq Global Select Market on June 2, 2021 under the ticker symbol "WFRD".

Reorganization and Emergence from Bankruptcy Proceedings

On July 1, 2019 (the "Petition Date"), Weatherford and two of our subsidiaries (collectively, the "Weatherford Parties") commenced voluntary reorganization proceedings (the "Cases"), including under Chapter 11 of Title 11 ("Chapter 11") of the United States Bankruptcy Code in the U.S. Bankruptcy Court for the Southern District of Texas (the "Bankruptcy Court"), with ancillary proceedings filed in Ireland and Bermuda. The plan of reorganization (as amended, the "Plan"), together with the schemes of arrangement in Ireland and Bermuda, became effective on December 13, 2019 (the "Effective Date") and the Weatherford Parties emerged from Chapter 11.

On the Effective Date, the Weatherford Parties' then-existing unsecured senior and exchangeable senior notes totaling $7.6 billion were cancelled pursuant to the terms of the Plan. Upon emergence from Chapter 11, on the Effective Date, we adopted and applied the relevant guidance with respect to the accounting and financial reporting for entities that have emerged from bankruptcy proceedings ("Fresh Start Accounting"). For additional details regarding the Chapter 11, see "Note 2 – Emergence from Chapter 11 Bankruptcy Proceedings" and for Fresh Start Accounting see "Note 3 – Fresh Start Accounting".

Under Fresh Start Accounting, our balance sheet on the Effective Date reflected all our assets and liabilities at fair value. As described in "Note 1 – Summary of Significant Accounting Policies" references to "Predecessor" relate to the Consolidated Statements of Operations for the period from January 1, 2019 through and including the adjustments from the application of Fresh Start Accounting on December 13, 2019 ("Predecessor Period"). References to "Successor" relate to the Consolidated Statements of Operations for the years ended December 31, 2021 and 2020 and the period from December 14, 2019 through December 31, 2019 ("Successor Periods").

References and comparisons to results for the year ended December 31, 2019 relate to the combined Successor and Predecessor Periods for the year ended December 31, 2019 ("2019 Combined Period") as the 18 days of the Successor Period are not a significant period of time impacting the combined 2019 results.

Strategy

Our primary objective is to create and build value through sustainable profitability and free cash flow generation in our product lines from the disciplined use of capital and a strong customer focus.

Our customers' objectives are continually evolving and are currently focused on disciplined capital and operational expenditures, generating positive cash flow, reducing emissions, participating in the energy transition, and enhancing safety. Weatherford has aligned its technology development and operations around these objectives and expanded its role as a market leading provider of solutions that assists our customers in addressing their key operational challenges not just in conventional reservoirs but also in the following:

- *Mature Fields*: rejuvenating aging assets through optimizing lift efficiency, restoring wellbore integrity, accelerating reservoir recovery, and permanently abandoning wells when they are no longer economic to produce;

- *Unconventionals*: enabling customers to solve reservoir challenges and maximize production by drilling faster, deeper, safer and cheaper and combating production declines through accurate reservoir evaluation, efficient well construction, effective stimulation, and production optimization;

- *Offshore*: supporting customers sustain high-margin, long-term production with a focus on reducing rig time, enhancing safety and reliability, and increasing well integrity through the optimization of well placement and construction;

- *Digitalization and Automation*: leveraging our core competencies and significant presence at well sites to capture, analyze and present information for our customers to enable better decision making by leveraging the internet of things, multiple data sources, advanced analytics, and cloud computing across our many solutions.

We have driven this solution-based focus across our organization through a commitment to improving safety and service quality, embedding a returns-focused mindset in our organization, and developing and commercializing new technologies that add value to our customers' operations.

Markets

Demand for our industry's services and products depends in part upon commodity prices, number of oil and gas rigs and wells drilled, depth and drilling conditions of wells, number of well completions, age of existing wells, reservoir depletion, regulatory environment and the level of workover activity worldwide.

Technology is critical to the energy services marketplace as a result of the maturity of the world's oil and natural gas reservoirs, the acceleration of production decline rates and the focus on complex well designs, including deepwater prospects. Customers continue to seek, test and use production-enabling technologies at an increasing rate. We invest substantial resources into building our technology offerings, which enable our customers to find and produce oil and natural gas more efficiently. Our products and services enable our customers to increase production rates while reducing their costs of drilling and production.

Reportable Segments

The Company's chief operating decision maker ("CODM"), our chief executive officer, regularly reviews information to make operating decisions, allocate resources and assess performance of the business. During the fourth quarter of 2021, the CODM changed the information regularly reviewed to be aligned with how we offer our services and technologies in relation to the well life cycle and we have realigned our reportable segments to reflect the change. We now have three reportable segments: (1) Drilling and Evaluation (2) Well Construction and Completions, and (3) Production and Intervention. Previously we had two geographic based reportable segments, Western Hemisphere and Eastern Hemisphere.

Products and Services

Our principal business is to provide equipment and services to the oil and natural gas exploration and production industry as well as new energy platforms across our three product line segments: (1) Drilling and Evaluation (2) Well Construction and Completions, and (3) Production and Intervention. All of our segments are enabled by a full suite of digital, monitoring, optimization and artificial intelligence solutions providing services throughout the well life cycle, including responsible abandonment.

Drilling and Evaluation ("DRE") offers a suite of services including managed pressure drilling, drilling services, wireline and drilling fluids. DRE offerings range from early well planning to reservoir management through innovative tools and expert engineering to optimize reservoir access and productivity.

Managed Pressure Drilling helps to manage wellbore pressures to optimize drilling performance. We incorporate various technologies, including rotating control devices and advanced automated control systems, as well as, several drilling techniques, such as closed-loop drilling, air drilling, managed-pressure drilling and underbalanced drilling.

Drilling Services includes directional drilling, logging while drilling, measurement while drilling and rotary-steerable systems. We provide a full range of downhole equipment, including high-temperature and high-pressure sensors, drilling reamers and circulation subs.

Wireline includes open-hole and cased-hole logging services that measure the physical properties of subsurface formations to determine production potential, locate resources and detect cement and casing integrity issues. We also execute well intervention and remediation operations by conveying equipment via cable into existing wells.

Drilling Fluids provides the of fluids and chemicals essential to the drilling process.

Well Construction and Completions ("WCC") offers products and services for well integrity assurance across the full life cycle of the well. The primary offerings are tubular running services, cementation products, completions, liner hangers and well services. WCC deploys conventional to advanced technologies, providing safe and efficient services in any environment during the well construction phase.

Tubular Running Services provides equipment, tubular handling, tubular management and tubular connection services for the drilling, completions and workover of oil and natural gas wells. We include conventional rig services, automated rig systems, real-time torque-monitoring and remote viewing of the makeup and breakout verification process.

Cementation Products enable operators to centralize the casing throughout the wellbore and control the displacement of cement and other fluids for proper zonal isolation. Specialized equipment includes plugs, float and stage equipment and torque-and-drag reduction technology. Our cementation engineers analyze customer requirements and provide software enabled design input from pre-job planning to phases.

Completions offer customers a comprehensive line of completion tools, such as safety valves, production packers, downhole reservoir monitoring, flow control, isolation packers, multistage fracturing systems and sand-control technologies that set the stage for maximum production with minimal cost per barrel.

Liner Hangers suspend a casing string within a previous casing string thereby eliminating the need to run casing to the surface. We offer a comprehensive liner-hanger portfolio, along with engineering and execution experience, for a wide range of applications that include high-temperature and high-pressure wells.

Well Services provides through tubing product and services which ensure consistent delivery of well solutions that extend the economic life of our customer's assets.

Production and Intervention ("PRI") offers production optimization technologies through the Company's ability to design and deliver a complete production ecosystem to boost productivity and responsible abandonment for our customers. The primary offerings are intervention services & drilling tools, artificial lift, production automation & software, sub-sea intervention and pressure pumping services in select markets. PRI utilizes a suite of reservoir stimulation designs, and engineering capabilities that isolate zones and unlock reserves in conventional and unconventional wells, deep water, and aging reservoirs.

Intervention Services & Drilling Tools provides re-entry, fishing, wellbore cleaning and well abandonment services as well as patented bottom hole, tubular-handling equipment, pressure-control equipment and drill pipe and collars for oil and gas wells.

Artificial Lift provides pressure enabling methods to produce oil or gas from wells lacking sufficient reservoir pressure for natural flow. We provide most forms of lift, including reciprocating rod lift systems, progressing cavity pumping, gas-lift systems, hydraulic-lift systems, plunger-lift systems and hybrid lift systems for special applications. We also offer related automation and control systems.

Production Automation & Software provides flow measurement solutions, monitoring and automation capabilities and production software to optimize asset productivity.

Sub-Sea Intervention provides electrical and hydraulic power transmission to subsea equipment in order to facilitate workovers in deep and ultra-deep water operations in select markets.

Pressure Pumping Services offers advanced chemistry-based solutions and associated pumping services for safe and effective production enhancements. In select international markets, we provide pressure pumping and reservoir stimulation services, including acidizing, fracturing, cementation and coiled-tubing intervention.

Competition

We provide our products and services worldwide and compete in a variety of distinct segments with a number of global and regional competitors. Our principal competitors include Schlumberger, Halliburton, Baker Hughes, National Oilwell Varco, Nabors Industries, ChampionX and Expro Group Holdings. We also compete with various other regional suppliers that provide a limited range of equipment and services focused on the local markets. Competition is based on a number of factors, including performance, safety, quality, reliability, service, price, response time and, in some cases, depth and breadth of products. The energy services business is highly competitive, which may adversely affect our ability to succeed. Additionally, the impact of consolidation and acquisitions of our competitors is difficult to predict and may harm our business as a result.

Raw Materials

We purchase a wide variety of raw materials, as well as, parts and components made by other manufacturers and suppliers for use in our manufacturing facilities. Many of the products or components of products sold by us are manufactured by other parties. We consistently evaluate our supplier portfolio to reduce our risk from sole sourcing and to ensure the availability of resources and raw materials.

Customers

Substantially all of our customers are engaged in the energy industry and include international and independent oil and gas companies as well as new energy companies. As of December 31, 2021, customer receivables in Mexico and the U.S. accounted for 22% and 15%, respectively, of our total net outstanding accounts receivable from customers. No other country accounted for more than 10% of our net outstanding accounts receivable balance. For the years ended December 31, 2021, 2020 and 2019, no individual customer accounted for more than 10% of our consolidated revenues.

Backlog

Our services are usually short-term, day-rate based and cancellable should our customers wish to alter the scope of work. Consequently, our backlog of firm orders is not a material indicator of our future business.

Research, Development and Patents

We maintain world-class technology and training centers throughout the world. Additionally, we have research, development and engineering facilities focused on developing new technologies and improving existing products and services to meet customer demands for improved drilling performance, well integrity, and enhanced reservoir productivity, with emphasis on safety and the environment. Weatherford has significant expertise, trade secrets, intellectual property and know-how with respect to manufacturing our equipment and providing our services. As many areas of our business rely on patents and proprietary technology, we seek and ensure patent protection both inside and outside the U.S. for products and methods that we believe to have commercial significance. Although in the aggregate our patents are important to the manufacturing and marketing of many of our products and services, we do not believe that the expiration of any one of our patents would have a materially adverse effect on our business.

Seasonality

The widespread geographical locations of our operations serve to mitigate the overall impact of the seasonal nature of our business in any particular geographic region. Weather and natural phenomena can temporarily affect the level of demand for our products and services. Spring months in Canada and winter months in the North Sea and Russia can affect our operations negatively. Additionally, heavy rains, hurricanes, unusual extreme freezes or other climate changes may impact our results. Unpredictable or unusually harsh weather conditions could lengthen the periods of reduced activity and have a detrimental impact on our results of operations. In addition, customer spending patterns for our products and services may result in higher activity in the fourth quarter of each calendar year as our customers seek to fully utilize their annual budgets.

Federal Regulation and Environmental Matters

Our operations are subject to federal, state and local laws and regulations in the U.S. and globally relating to the energy industry in general and the environment in particular. Our 2021 expenditures to comply with environmental laws and regulations were not material, and we currently do not expect the cost of compliance with environmental laws and regulations for 2022 to be material.

We have obligations and expect to incur capital, operating and maintenance, and remediation expenditures, as a result of compliance with environmental laws and regulations. Among those obligations, are the current requirements imposed by the Texas Commission on Environmental Quality (“TCEQ”) at the former Universal Compression facility in Midland, Texas. At this location we are performing a TCEQ-approved Remedial Action Plan (“RAP”) to address contaminated ground water. The performance of the RAP and related expenses are scheduled to be performed over a ten to twenty-year period and, may cost as much as $6 million, all of which is recorded as an undiscounted obligation on the Consolidated Balance Sheets as of December 31, 2021 and 2020. We continuously monitor and strive to maintain compliance with changes in laws and regulations that impact our business.

Human Capital Management

Focus on People and Culture

At Weatherford, our people are our most critical asset and vital to our sustained long-term success. Our global team comprises world-class experts in various disciplines, including engineering, oilfield services support and multiple corporate functions. Each employee brings tremendous value to our Company, and we are immensely proud of our global workforce.

We follow a series of guiding principles to enable our dedicated, talented and passionate employees to continue advancing our Company’s strategic priorities and deliver value to our customers:

a. We constantly evolve how we identify, develop and retain our global talent pipeline for today and tomorrow;
b. We innovate how we attract and integrate diverse and qualified people to give Weatherford a competitive advantage and harness the power of different perspectives;
c. We cultivate a high-performing, diverse environment to inspire innovation, make smarter decisions and better our business;
d. We provide a culture that supports employees and delivers the results we need to build, sustain and operate effectively and efficiently internally and within the energy services industry

This past year, we focused on creating an enhanced recruitment experience and a more attractive employee value proposition for our candidates and new hires. We will continue to monitor our recruiting effectiveness, refine our hiring and onboarding processes and review the experiences and satisfaction levels of these prospective and new employees.

Once an individual decides to become part of the One Weatherford family, we are committed to helping the team member grow and develop professionally by providing them with the necessary training, tools and support to enable a long, meaningful, exciting and thriving career at Weatherford. Through role-specific competency-based training, leadership development programs and safety, ethics and unconscious bias training, we seek to expand our employees' skill sets and regularly reinforce important topics that align with our core values and strategic priorities. In addition, to further our employees' growth and help them chart a successful career path, we remain focused on building a high-performance culture through objective setting, ongoing and regular coaching and feedback and individual development plans. We also believe in providing development opportunities to prepare our employees for future positions at Weatherford and have designed programs to accelerate the development of defined competencies and skills through dedicated mentors and a structured curriculum. In all cases of employee development, we remain guided by our core values and our One Weatherford spirit.

Focus on Safety

Weatherford is committed to the health, safety and well-being of our employees, customers and communities. Our vision is to be a company that is incident free, delivers on our promises and leaves the environments and communities in which we operate better than we found them. Our commitment to safety and service quality is embedded into every level of our organization. Our Operational Excellence and Performance System ("OEPS"), which meets criteria outlined by national and international management system standards, supports our employees in the field and enables us to deliver on our customer commitments without sacrificing quality, health, safety, security or environmental performance. In addition, we have safety programs that are designed to educate employees and empower them to intervene when they see unsafe situations. In these programs, we focus on opportunities for risk prevention, including in areas such as driver and vehicle safety, commitment and intervention, facility safety, induction and training, risk management, lifting equipment and operations, hazardous substances, hazardous environments and occupational health. Furthermore, our Four Tenets program aims to bring awareness to how each of us plays a role in protecting our environment, including through monitoring impacts to land, water use, energy consumption and waste management.

Throughout the COVID-19 pandemic, we have remained focused on protecting the health, safety and well-being of our employees and customers. We are closely following the guidance set forth by the medical community, including the World Health Organization ("WHO") and the Centers for Disease Control and Prevention ("CDC"), to ensure our operations are aligned with recommended health and safety procedures and regularly communicate with our stakeholders regarding the protective measures in place. In addition, we have focused on employee wellness and we remain committed to nurturing our culture and creating a sense of unity, even during times of physical distancing. For example, in 2021 we increased employee recognition efforts across the globe - spotlighting the successes and contributions of our team - and provided opportunities for virtual collaboration on topics such as innovation, navigating the COVID-19 pandemic and diversity, equity and inclusion.

Compensation

We believe in aligning our employees' compensation with the positive performance of our Company. Our goal in our compensation programs is to provide competitive compensation opportunities to each of our employees that are well-balanced between our current and long-term strategic priorities, that discourage excessive or unnecessary risk taking and that reward our employees appropriately for their efforts. We are committed to maintaining and fostering a culture grounded in the principles inherent in pay-for-performance over the short and long-term for our employees eligible to receive a bonus. Through this culture, we strive to attract, motivate, retain and reward our employees for their work that contributes to building our brand and to sustaining our success in the marketplace. We believe our culture of aligning our strategic priorities with our compensation programs supports a cohesive drive towards value creation for all our stakeholders.

Diversity, Equity and Inclusion

We understand the importance of operating in a collaborative and inclusive manner across all levels of our organization, embracing the full spectrum of diversity among our employees and recognizing the strength and competitive advantages that our differences afford us as a Company. Our Diversity, Equity and Inclusion ("DE&I") Program is a core element of our One Weatherford culture. Through our DE&I efforts, we aim to provide learning, engagement and philanthropic opportunities to help our people and our communities flourish.

Our commitment to embedding our DE&I Program into our organization is championed from the Executive team to the frontline employees. To continue advancing our program, in 2021 we also established a DE&I Champions Network as an integrated approach to build, educate and promote ongoing DE&I initiatives in a way that best aligns with local considerations. This team is comprised of key members from various business functions, job disciplines and with all our geographical areas represented. Their goal is to reinforce all aspects of diversity, equity, and inclusion in the workplace. Furthermore, our Employee Resource Groups continue to align activities to enrich our culture and drive DE&I initiatives at the local level that engage, educate and empower our workforce while having a positive impact on our business.

Employee Statistics

As of December 31, 2021, Weatherford had approximately 17,000 employees globally, located in 75 different countries. As a result of efforts to continuously streamline our processes our workforce reduced by 1% in 2021 compared to December 31, 2020. Some of our operations are subject to union contracts and these contracts cover approximately 19% of our employees.

Principal Risks and Uncertainties

An investment in our securities involves various risks. You should consider carefully all the risk factors described below, the matters discussed herein under "Forward-Looking Statements" and other information included and incorporated by reference in this Form 10-K, as well as in other reports and materials that we file with the SEC. If any of the risks described below, or elsewhere in this Form 10-K, were to materialize, our business, financial condition, results of operations, cash flows and or prospects could be materially adversely affected. In such case, the trading price of our ordinary shares could decline and investors could lose part or all of their investment. Additional risks and uncertainties not currently known to us or that we currently deem immaterial may also materially adversely affect our financial condition, results of operations and cash flows.

Energy Services Industry Risks

Our business is dependent on capital spending by our customers which is greatly affected by fluctuations in oil and natural gas prices and the availability and cost of capital; reductions in capital spending by our customers has had, and could continue to have, an adverse effect on our business, financial condition and results of operations.

Demand for our services and products is tied to the level of exploration, development and production activity and the corresponding capital and operating spending by oil and natural gas exploration and production companies, including national oil companies. The level of exploration, development and production activity is directly affected by fluctuations in oil and natural gas prices, which historically have been volatile and are likely to continue to be volatile in the future, especially given current geopolitical and economic conditions. Low oil and natural gas prices and declines in global demand for oil and natural gas, including reduced demand as a result of the COVID-19 pandemic, have previously led to our customers, including large oil and gas exploration and production companies, to greatly reduce planned future capital expenditures. Factors affecting the prices of oil and natural gas include, but are not limited to: (1) the level of supply and demand for oil and natural gas; (2) the ability or willingness of the Organization of Petroleum Exporting Countries ("OPEC") and the expanded alliance ("OPEC+") and other high oil exporting non-OPEC+ nations to set and maintain oil production levels; (3) the level of oil and natural gas production in the U.S. and by other non-OPEC+ countries; (4) oil refining capacity; (5) shifts in end-customer preferences toward sustainable energy sources, fuel efficiency and the use of natural gas; (6) the cost of, and constraints associated with, producing and delivering oil and natural gas; (7) governmental regulations, including the policies of governments regarding the exploration for and production and development of their oil and natural gas reserves; (8) weather conditions, natural disasters, and health or similar issues, such as pandemics or epidemics; (9) worldwide political, military, and economic conditions; and (10) increased demand for alternative energy and electric vehicles, including government initiatives to promote the use of sustainable, renewable energy sources and public sentiment around alternatives to oil and gas.

In addition, actual and anticipated declines in commodity prices, the short-term tenor of most of our contracts and the financial stress experienced by some of our customers have combined to increase the demands by many of our customers for reductions in the prices we receive for our products and services in the past. Reductions in capital spending or requests for further cost reductions by our customers could directly impact our business by reducing demand and pricing for our services and products which would have a material adverse effect on our business, financial condition and results of operations. Spending by exploration and production companies can also be impacted by conditions in the capital markets, which have been volatile in recent years. Limitations on the availability of capital or higher costs of capital may cause exploration and production companies to make additional reductions to capital budgets even if oil and natural gas prices increase from current levels. In addition, the transition of the global energy sector from primarily a fossil fuel-based system to renewable energy sources could affect our customers' levels of expenditures. Any such cuts in spending would curtail drilling programs, as well as discretionary spending on well services, which may result in a reduction in the demand for our services, the rates we can charge and the utilization of our assets, any or all of which could have a material adverse effect on our business, financial condition and results of operations.

Climate change, environmental, social and governance and sustainability initiatives may result in regulatory or structural industry changes that then further results in significant operational changes and expenditures, reduced demand for our products and services and adversely affect our business, results of operations, stock price or access to capital markets.

Climate change, environmental, social and governance ("ESG") and sustainability are a growing global movement. Continuing political and social attention to these issues has resulted in both existing and pending international agreements and national, regional or local legislation, regulatory measures and policy changes. Also, there is increasing societal pressure in some areas, to limit greenhouse gas emissions and in the U.S., is a stated priority of the Biden Administration, as well as other global initiatives. These agreements and measures, including the Paris Climate Accord, may require, or could result in future legislation, regulatory measures and policy changes that require, significant equipment modifications, operational changes, taxes, or purchase of emission credits to reduce emission of greenhouse gases from our operations, which may result in substantial capital expenditures and compliance, operating, maintenance and remediation costs. As a result of heightened public awareness and attention to these issues as well as continued regulatory initiatives to reduce the use of oil and gas, demand for hydrocarbons may be reduced, which would have an adverse effect on our business and results of operations. The imposition and enforcement of stringent greenhouse gas emissions reduction requirements could severely and adversely impact the oil and gas industry and therefore significantly reduce the value of our business.

Certain financial institutions, institutional investors and other sources of capital have begun to limit or eliminate their investment in financing of conventional energy-related activities due to concerns about climate change, which could make it more difficult to finance our customer's businesses or our own business. Increasing attention to climate change, ESG and sustainability has resulted in governmental investigations, and public and private litigation, which could increase our costs or otherwise adversely affect our business or results of operations.

In addition, organizations that provide information to investors on corporate governance and related matters have developed ratings processes for evaluating companies on their approach to ESG matters. Such ratings are used by some investors to inform their investment and voting decisions. Unfavorable ESG ratings may lead to increased negative investor sentiment toward us and our industry and to the diversion of investment to other industries, which could have a negative impact on the price of our securities and our access to and costs of capital.

Any or all of these ESG and sustainability initiatives may result in significant operational changes and expenditures, reduced demand for our products and services, and could materially adversely affect our business, results of operations, stock price or access to capital markets.

Failure to effectively and timely address the need to operate more sustainably and with a lower carbon footprint and impact could adversely affect our business, results of operations and cash flows.

Our long-term success may depend on our ability to effectively lower the carbon impact of how we deliver our products and services to our customers as well as adapting our technology portfolio for potentially changing government requirements and customer preferences towards more sustainable competitors. We must also consider engaging with our customers to develop solutions to decarbonize their oil and gas operations. If we fail or are perceived to not be effectively lowering our carbon impact, then we could potentially lose engagement with customers, investors and/or certain financial institutions.

Failure to effectively and timely address the energy transition could adversely affect our business, results of operations and cash flows.

Our long-term success depends on our ability to effectively participate in the energy transition, which will require adapting our technology portfolio to potentially changing market demand for services and products to support the production of energy from sources other than hydrocarbons (e.g., geothermal, carbon capture, responsible abandonment, wind, solar and hydrogen). If the energy transition landscape changes faster than anticipated or in a manner that we do not anticipate, demand for our products and services could be adversely affected. Furthermore, if we fail or are perceived to not effectively implement an energy transition strategy, or if investors or financial institutions shift funding away from companies focused primarily or solely in fossil fuel-related industries, our access to capital or the market for our securities could be negatively impacted.

Severe weather, including extreme weather conditions associated with global climate change, has in the past, and could in the future, adversely affect our business and results of operations.

Our business has been, and in the future will likely be, affected by severe weather in areas where we operate, which could materially affect our operations and financial results. In addition, impacts of climate change could increase the frequency and severity of extreme weather conditions. Any such extreme weather-related events could have a material adverse effect on our business, financial condition and results of operations.

Liability claims resulting from catastrophic incidents could have a material adverse effect on our business, financial condition and results of operations

Drilling for and producing hydrocarbons, and the associated products and services that we provide, include inherent dangers that may lead to property damage, personal injury, death or the discharge of hazardous materials into the environment. Many of these events are outside our control. Typically, we provide products and services at a well site where our personnel and equipment are located together with personnel and equipment of our customer and third parties, such as other service providers. At many sites, we depend on other companies and personnel to conduct drilling and other operations in accordance with appropriate safety standards. From time to time, personnel are injured or equipment or property is damaged or destroyed, as a result of accidents, failed equipment, faulty products or services, failure of safety measures, uncontained formation pressures or other dangers inherent in drilling for or producing oil and natural gas. Any of these events can be the result of human error. With increasing frequency, our products and services are deployed on more challenging prospects both onshore and offshore, where the occurrence of the types of events mentioned above can have an even more catastrophic impact on people, equipment or the environment. Such events may expose us to significant potential losses which could have a material adverse effect on our business, financial condition and results of operations.

Business and Operational Risks

The COVID-19 pandemic has significantly weakened demand for our products and services and has had a substantial negative impact on our business, financial condition, results of operations and cash flows.

The effects of the COVID-19 pandemic, including actions taken by businesses and governments to contain the spread of the virus, have resulted in a significant reduction in international and U.S. economic activity and we have not yet reached pre-pandemic activity levels. These effects materially adversely affected the demand for oil and natural gas, as well as for our services and products.

The COVID-19 pandemic severely impacted our business and our industry in 2020 and 2021. These effects included, and may continue to include, adverse revenue and net income effects; disruptions to our operations; customer shutdowns of oil and gas exploration and production; employee impacts from illness, school closures and other community response measures; and temporary closures of our facilities or the facilities of our customers and suppliers.

The COVID-19 pandemic, and the volatile regional and global economic conditions stemming from the pandemic, exacerbated, and could continue to exacerbate, the potential negative impact from many of the other risks we face. The COVID-19 pandemic may also have a considerable and detrimental effect on our operating and financial results in a manner that is not currently known to us or that we do not currently consider as significant risks to our operations.

Given the nature and significance of the events described above, we are not able to enumerate all potential risks to our business and operations; however, we believe that in addition to the impacts described above, other current and potential impacts of these recent events include, but are not limited to:

- Structural shift in the global economy and its demand for oil and natural gas as a result of changes in the way people work, travel and interact, or in connection with a global recession or depression;
- Reduction of our global workforce to adjust to market conditions, including severance payments, retention issues, and an inability to hire employees when market conditions improve;
- Infections and quarantining of our employees and the personnel of our customers, suppliers and other third parties in areas in which we operate;
- Our insurance policies may not cover losses associated with pandemics like COVID-19 or similar global health threats;
- Litigation risk and possible loss contingencies related to COVID-19 and its impact, including with respect to commercial contracts, employment matters, personal injury and insurance arrangements; and
- Cybersecurity issues, as our reliance on digital technologies increases, those digital technologies may become more vulnerable and experience a higher rate of cyberattacks in the current environment of remote connectivity due to stay-at-home orders.

Our fulfillment system relies on external suppliers and service providers. Shortages, supplier capacity constraints, supplier production disruptions, supplier quality and sourcing issues or price increases could have a material adverse effect on our business, financial condition and results of operations.

We purchase a variety of raw materials, as well as, parts and components made by other manufacturers and suppliers for use in our manufacturing facilities. A disruption in deliveries to or from suppliers or decreased availability of materials could have an adverse effect on our ability to meet our commitments to customers or increase our operating costs. Also, certain parts and equipment that we use in our operations may be available only from a small number of suppliers, manufacturers or service providers, or in some cases may be sourced through a single supplier, manufacturer or service provider. A disruption in the deliveries from such third-party suppliers, manufacturers or service providers, capacity constraints, production disruptions, price increases, quality control issues, recalls or other decreased availability of parts and equipment could adversely affect our ability to meet our commitments to customers and have a material adverse effect on our business, financial condition and results of operations.

Our operational and financial growth is dependent on our liquidity requirements and the adequacy of our capital resources.

Our liquidity, including our ability to meet our ongoing operational obligations, as well as service our debt, is dependent upon, among other things: (i) our ability to maintain adequate cash on hand; (ii) our ability to generate cash flow from operations; and (iii) our ability to access the capital markets; and (iv) changes in market conditions that negatively impact our revenue.

The energy industry faces negative sentiment in the capital markets which has impacted the ability of participants to access appropriate amounts of capital under suitable terms. This negative sentiment in the energy industry has not only impacted our customers in North America, it is also affecting the availability and the pricing for most credit lines and other capital resources extended to participants in the industry.

We utilize letters of credit and performance and bid bonds to provide credit support to our customers. If the beneficiaries were to call the letters of credit issued under our committed and or uncommitted facilities, our available cash balance may be reduced by the amount called and it could have an adverse impact on our business, operations, and financial condition.

As of December 31, 2021, we had $342 million of letters of credit outstanding, consisting of $181 million under our senior secured letter of credit agreement (the “LC Credit Agreement”) and $161 million under various uncommitted facilities (of which there was $158 million in cash collateral held and recorded in “Restricted Cash” on the Consolidated Balance Sheets). In Latin America, we utilize surety bonds as part of our customary business practice. As of December 31, 2021, we had outstanding surety bonds of $293 million. Any of our outstanding letters of credit or surety bonds could be called by the beneficiaries should we breach certain contractual or performance obligations. If the beneficiaries were to call the letters of credit under the LC Credit Agreement or the surety bonds, our available liquidity would be reduced by the amount called.

We may not be fully indemnified against financial losses in all circumstances where damage to or loss of property, personal injury, death or environmental harm occur.

As is customary in our industry, our contracts typically require that our customers indemnify us for claims arising from the injury or death of their employees (and those of their other contractors), the loss or damage of their equipment (and that of their other contractors), damage to the well or reservoir and environmental impacts originating from the customer’s equipment or from the reservoir (including uncontained oil flow from a reservoir) and claims arising from catastrophic events, such as a well blowout, fire, explosion and from environmental impacts below the surface. Conversely, we typically indemnify our customers for claims arising from the injury or death of our employees, the loss or damage of our equipment (other than equipment lost in the hole) or environmental impacts originating from our equipment above the surface of the earth or water.

Our indemnification arrangements may not protect us in every case. For example, our indemnity arrangements may be held to be overly broad in some courts and/or contrary to public policy in some jurisdictions, and to that extent may be unenforceable. Additionally, some jurisdictions which permit indemnification nonetheless limit its scope by applicable law, rule, order or statute. We may be subject to claims brought by third parties or government agencies with respect to which we are not indemnified. Furthermore, the parties from which we seek indemnity may not be solvent, may become bankrupt, may lack resources or insurance to honor their indemnities or may not otherwise be able to satisfy their indemnity obligations to us. The lack of enforceable indemnification could expose us to significant potential losses.

Further, our assets generally are not insured against loss from political violence such as war, terrorism or civil unrest. If any of our assets are damaged or destroyed as a result of an uninsured cause, we could recognize a loss of those assets.

Our indebtedness and liabilities could limit cash flow available for our operations, expose us to risks that could adversely affect our business, financial condition and results of operations and impair our ability to satisfy our financial obligations.

As of December 31, 2021, we had $2.4 billion of long-term debt with $300 million in aggregate principal amount of our 11.0% Senior Notes maturing on December 1, 2024 ("Exit Notes") and $500 million in aggregate principal amount of our 6.5% Senior Secured Notes maturing on September 15, 2028 ("2028 Senior Secured Notes") and $1.6 billion in aggregate principal amount of our 8.625% Senior Notes maturing on April 30, 2030 ("2030 Senior Notes"). Pursuant to the terms of our Exit Notes, 2028 Senior Secured Notes and 2030 Senior Notes, we expect to make $215 million in interest payments in 2022 and approximately $204 million in interest payments annually until the maturity of our long-term debt obligations. If business activity declines, or otherwise does not increase, our level of indebtedness could have negative consequences for our business, financial condition and results of operations, including:

- limiting our ability to obtain additional financing, or refinance, on terms that are commercially acceptable;
- requiring the dedication of a substantial portion of our cash flow from operations to service our indebtedness, thereby reducing our free cash flow and the amount of our cash flow available for other purposes;
- limiting our flexibility in planning for, or reacting to, changes in our business;
- placing us at a possible competitive disadvantage with less leveraged competitors or competitors that may have better access to capital resources; and
- increasing our vulnerability to adverse economic and industry conditions.

Our ability to make scheduled payments on our debt obligations will depend on our financial and operating performance, which is subject to prevailing economic and competitive conditions and certain financial, business and other factors beyond our control. In the past, lower commodity prices and in turn lower demand for our products and services have negatively impacted our revenues, earnings and cash flows, and low oil and natural gas prices could have an adverse effect on our liquidity position. Any harm to our business and operations resulting from our current or future level of indebtedness could adversely affect our ability to pay amounts due to our lenders and noteholders.

Our business may be exposed to uninsured claims and, as a result, litigation might result in significant potential losses. The cost of our insured risk management program may increase.

In the ordinary course of business, we become the subject of various claims and litigation. We maintain liability insurance, which includes insurance against damage to people, property and the environment, in commercially reasonable amounts, subject to self-insured retentions and deductibles.

Our insurance policies are subject to exclusions, limitations and other conditions and may not apply in all cases, for example where willful wrongdoing on our part is alleged. It is possible an unexpected judgment could be rendered against us in cases in which we could be uninsured and beyond the amounts we currently have reserved or anticipate incurring, and in some cases those potential losses could be material.

Our insurance may not be sufficient to cover any particular loss or our insurance may not cover all losses. For example, although we maintain product liability insurance, this type of insurance is limited in coverage and it is possible an adverse claim could arise in excess of our coverage. Additionally, insurance rates have in the past been subject to wide fluctuation and may be unavailable on terms that we or our customers believe are economically acceptable. Reductions in coverage, changes in the insurance markets and accidents affecting our industry may result in further increases in our cost and higher deductibles and retentions in future years and may also result in reduced activity levels in certain markets. As a result, we may not be able to continue to obtain insurance on commercially reasonable terms. Any of these events could have an adverse impact on our business, financial condition and results of operations.

A significant portion of our revenue is derived from our operations outside the United States, which exposes us to risks inherent in doing business in each of the 75 countries in which we operate.

Our non-United States operations accounted for approximately 80% of our consolidated revenue in 2021. Operations in countries other than the United States are subject to various risks, including:

- volatility in political, social and economic conditions including currency exchange controls, inflation, and currency exchange rate fluctuations and devaluations;
- exposure to expropriation of our assets, deprivation of contract rights or other governmental actions;
- social unrest, acts of terrorism, war or other armed conflict;
- fraud and political corruption;
- varying international laws and regulations;
- adequate responses to COVID-19 pandemic and restrictions;
- confiscatory taxation or other adverse tax policies;
- trade and economic sanctions or other restrictions imposed by the European Union, the United States or other countries;
- exposure under the United States Foreign Corrupt Practices Act or similar legislation; and
- restrictions on the repatriation of income or capital.

Our actual financial results after emergence from bankruptcy are not comparable to our historical financial information as a result of the implementation of the Plan and the transactions contemplated thereby and the implementation of Fresh Start Accounting.

Upon our emergence from bankruptcy, we adopted Fresh Start Accounting and adjusted our assets and liabilities to fair values and our accumulated deficit was restated to zero as of December 13, 2019, which resulted in the Company becoming a new entity for financial reporting purposes. Accordingly, our financial condition and results of operations following our emergence from bankruptcy will not be comparable to the financial condition and results of operations reflected in our pre-December 13, 2019 historical financial statements. Implementation of the Plan and the transactions contemplated thereby materially changed the amounts and classifications reported in our consolidated historical financial statements. The lack of recent comparable historical financial information may discourage investors from purchasing our ordinary shares or debt securities or providing credit or financing on commercially acceptable terms to the Company.

There may be circumstances in which the interests of our significant shareholders could be in conflict with the interests of our other shareholders.

In the aggregate, certain funds associated with our six largest shareholders currently own in excess of 68% of our outstanding Ordinary Shares. Circumstances may arise in which these shareholders may have an interest in pursuing or preventing acquisitions, divestitures or other transactions, including the issuance of additional equity or debt, that, in their judgment, could enhance their investment in us or another company in which they invest. Such transactions might adversely affect us or could be in conflict with the interest of our other shareholders. In addition, our significant concentration of share ownership may adversely affect the trading price of our securities because investors may perceive disadvantages in owning securities in companies with significant shareholders and may restrict the trading volume in our ordinary shares.

An active trading market for our ordinary shares may not continue and the price and trading volume of our ordinary shares may fluctuate significantly.

On June 1, 2021, NASDAQ approved our application for the listing of our ordinary shares. In connection with the listing, we became subject to the reporting requirements of the Exchange Act. Our ordinary shares began trading on The Nasdaq Global Select Market on June 2, 2021 under the ticker symbol “WFRD”. We cannot predict the extent to which investor interest in us will lead to a continued active trading market or how liquid that market will be. If an active trading market does not continue, holders of our shares may have difficulty selling any of our ordinary shares that may now be owned or may be purchased later.

Even if an active trading market continues for our ordinary shares, the market price of our ordinary shares may be highly volatile and could be subject to wide fluctuations. In addition, the trading volume of our ordinary shares may fluctuate and cause significant price variations to occur. Volatility in the market price of our ordinary shares may prevent one from being able to sell shares at or above the ordinary share issuance price or above the price one paid to acquire the ordinary shares.

The terms of our indebtedness restrict our current and future operations, particularly our ability to respond to changes or to pursue our business strategies.

The LC Credit Agreement and the indentures governing our Exit Notes, 2028 Senior Secured Notes and 2030 Senior Notes contain restrictive covenants that impose significant operating and financial restrictions on us and may limit our ability to engage in acts that we may believe to be in our long-term best interest, including restrictions on our ability to:

- incur additional indebtedness;
- pay dividends and make other distributions;
- prepay, redeem or repurchase certain debt;
- make loans and investments; and
- sell assets and incur liens.

These covenants and other restrictions may limit our ability to effectively operate our business, and to execute our growth strategy or take advantage of new business opportunities. These covenants and restrictions include minimum liquidity covenants, certain financial ratios, which may apply in certain circumstances, and other restrictions. Our ability to meet the liquidity thresholds and those financial ratios can be affected by events beyond our control.

A breach of the covenants and other restrictions under the LC Credit Agreement, the indentures governing our Exit Notes, 2028 Senior Secured Notes and 2030 Senior Notes or our other indebtedness could result in an event of default thereunder. Such a default may allow the lenders, holders or the trustee, as applicable, to accelerate the related indebtedness and may result in the acceleration of any other indebtedness to which a cross-acceleration or cross-default provision applies. In addition, an event of default under LC Credit Agreements would permit the lenders thereunder to terminate all commitments.

Legal, Tax and Regulatory Risks

Our operations are subject to numerous environmental laws and regulations, including treaties and international agreements related to greenhouse gases, climate change and renewable energy sources that may expose us to significant liabilities, result in additional compliance costs and could reduce our business opportunities and revenues.

We are subject to various laws and regulations applicable to the energy industry related to pollution, protection of the environment and natural resources, public and worker health and safety, and treaties and international agreements related to climate change and the regulation of greenhouse gasses. These laws and regulations sometimes provide for strict liability for remediation costs, damages to natural resources, or threats to public health and safety. Strict liability can render us liable for damages without regard to our degree of care or fault. Some environmental laws also provide for joint and several strict liability for remediation of spills and releases of hazardous substances, and, as a result, we could be liable for the actions of others. Thus, an environmental claim could arise with respect to one or more of our current businesses, operations, products or services, or a business or property that one of our predecessors owned or used, and such claims could involve material expenditures. Generally, environmental laws have in recent years become more stringent and have sought to impose greater liability on a larger number of potentially responsible parties and have required increased costs to comply with their requirements. The scope of regulation of our industry and our products and services may increase further, including possible increases in liabilities, financial assurance, or funding requirements imposed by governmental agencies. Additional regulations on deepwater drilling in the Gulf of Mexico and elsewhere in the world could be imposed, and those regulations could limit our business where they are imposed.

In addition, members of the U.S. Congress, the U.S. Environmental Protection Agency and various agencies of several states within the U.S. frequently review, consider and propose more stringent regulation of hydraulic fracturing, a stimulation treatment routinely performed on oil and gas wells in low-permeability reservoirs. We previously provided (and may, in the future, resume providing) fracturing services to customers. Regulators periodically investigate whether any chemicals used in the hydraulic fracturing process might adversely affect groundwater or whether the fracturing processes could lead to other unintended effects or damages. In recent years, local and national governments (including several cities and states within the U.S.) passed new laws and regulations restricting or banning hydraulic fracturing. A significant portion of North American service activity today is directed at prospects that require hydraulic fracturing in order to produce hydrocarbons. Therefore, additional regulation could increase the costs of conducting our business by subjecting fracturing to more stringent regulation. Regulation of hydraulic fracturing could increase our cost of providing services or materially reduce our business opportunities and revenues if customers decrease their levels of activity or we cannot pass along cost to customers. We are unable to predict whether changes in laws or regulations or any other governmental proposals or responses will ultimately occur, and accordingly, we are unable to assess the potential financial or operational impact they may have on our business.

Adverse changes in tax laws both in the United States and abroad, changes in tax rates or exposure to additional income tax liabilities could have a material adverse effect on our results of operations.

Changes in tax laws could significantly increase our tax expense and require us to take actions, at potential significant expense, to seek to preserve our current level of tax expense.

In 2002, we reorganized from the United States to a foreign jurisdiction. There are frequent legislative proposals in the United States that attempt to treat companies that have undertaken similar transactions as U.S. corporations subject to U.S. taxes or to limit the tax deductions or tax credits available to United States subsidiaries of these corporations. Our tax expense could be impacted by changes in tax laws, tax treaties or tax regulations or the interpretation or enforcement thereof or differing interpretation or enforcement of applicable law by the U.S. Internal Revenue Service and other taxing jurisdictions, acting in unison or separately. The inability to reduce our tax expense could have a material impact on our consolidated financial statements.

The Organization of Economic Cooperation and Development ("OECD"), which represents a coalition of member countries, issued various white papers addressing Tax Base Erosion and Jurisdictional Profit Shifting. The recommendations in these white papers are generally aimed at combating what they believe is tax avoidance. Numerous jurisdictions in which we operate have been influenced by these white papers as well as other factors and are increasingly active in evaluating changes to their tax laws. In addition, the OECD has advanced reforms focused on global profit allocation, and implementing a global minimum tax rate of at least 15% for large multinational corporations on a jurisdiction-by-jurisdiction basis, known as the "two pillar plan." On October 8, 2021, the OECD announced an accord endorsing and providing an implementation plan for the two pillar plan agreed upon by 136 nations. While the implementation of the accord is uncertain, if legislation is enacted to implement the accord in some or all of the jurisdictions in which we have operations, it could materially increase the amount of taxes we owe, on a retroactive or prospective basis, thereby negatively affecting our results of operations and our cash flows from operations.

Our effective tax rate has fluctuated in the past and may fluctuate in the future. Future effective tax rates could be affected by changes in the composition of earnings in countries in which we operate with differing tax rates, non-income-based taxes, changes in tax laws, or changes in deferred tax assets and liabilities. We assess our deferred tax assets on a quarterly basis to determine whether a valuation allowance may be required. We have recorded a valuation allowance on substantially all of our deferred tax assets.

If a United States person is treated as owning at least 10% of our shares, such holder may be subject to adverse U.S. federal income tax consequences.

As a result of the Tax Cuts and Jobs Act of 2017, many of our non-U.S. subsidiaries are now classified as "controlled foreign corporations" for U.S. federal income tax purposes due to the expanded application of certain ownership attribution rules within a multinational corporate group. If a United States person is treated as owning (directly, indirectly or constructively) at least 10% of the value or voting power of our shares, such person may be treated as a "United States shareholder" with respect to one or more of our controlled foreign corporation subsidiaries. In addition, if our shares are treated as owned more than 50% by United States shareholders, we would be treated as a controlled foreign corporation. A United States shareholder of a controlled foreign corporation may be required to annually report and include in its U.S. taxable income, as ordinary income, its pro rata share of "Subpart F income," "global intangible low-taxed income" and investments in U.S. property by controlled foreign corporations, whether or not we make any distributions to such United States shareholder. An individual United States shareholder generally would not be allowed certain tax deductions or foreign tax credits that would be allowed to a corporate United States shareholder with respect to a controlled foreign corporation. A failure by a United States shareholder to comply with its reporting obligations may subject the United States shareholder to significant monetary penalties and may extend the statute of limitations with respect to the United States shareholder's U.S. federal income tax return for the year for which such reporting was due. We cannot provide any assurances that we will assist investors in determining whether we or any of our non-U.S. subsidiaries are controlled foreign corporations or whether any investor is a United States shareholder with respect to any such controlled foreign corporations. We also cannot guarantee that we will furnish to United States shareholders information that may be necessary for them to comply with the aforementioned obligations. United States investors should consult their own advisors regarding the potential application of these rules to their investments in us. The risk of being subject to increased taxation may deter our current shareholders from increasing their investment in us and others from investing in us, which could impact the demand for, and value of, our shares.

The United States could treat Weatherford International plc (parent corporation) as a United States taxpayer under IRC Section 7874.

Following the emergence from bankruptcy on December 13, 2019, Weatherford continues to operate under Weatherford International plc ("PLC"), an Irish tax resident. The IRS may, however, assert that PLC should be treated as a U.S. corporation for U.S. federal income tax purposes pursuant to IRC Section 7874. For U.S. federal income tax purposes, a corporation generally is classified as either a U.S. corporation or a foreign corporation by reference to the jurisdiction of its organization or incorporation. Because PLC is an Irish incorporated entity, it would generally be classified as a foreign corporation under these rules. IRC Section 7874 provides an exception to this general rule under which a foreign incorporated entity may, in certain circumstances, be treated as a U.S. corporation for U.S. federal income tax purposes. Under IRC Section 7874, a corporation created or organized outside the United States (i.e., a foreign corporation) will nevertheless be treated as a U.S. corporation for U.S. federal income tax purposes when (i) the foreign corporation directly or indirectly acquires substantially all of the assets held directly or indirectly by a U.S. corporation (including the indirect acquisition of assets of the U.S. corporation by acquiring the outstanding shares of the U.S. corporation), (ii) the shareholders of the acquired U.S. corporation hold, by vote or value, at least 80% (or 60% in certain circumstances if the Third Country Rule applies) of the shares of the foreign acquiring corporation after the acquisition by reason of holding shares in the U.S. acquired corporation, and (iii) the foreign corporation's "expanded affiliated group" does not have substantial business activities in the foreign corporation's country of organization or incorporation relative to such expanded affiliated group's worldwide activities. Although it is not free from doubt, we believe that as a result of the implementation of the plan of reorganization in 2019, PLC should not be treated as acquiring directly or indirectly substantially all of the properties of a U.S. corporation and, as a result, PLC is not expected to be treated as a U.S. corporation or otherwise subject to the adverse tax consequences of IRC Section 7874. The law and the Treasury Regulations promulgated under IRC Section 7874 are, however, unclear and there can be no assurance that the IRS will agree with this conclusion. If it is determined that IRC Section 7874 is applicable, PLC would be a U.S. corporation for U.S. federal income tax purposes, the taxable year of Weatherford US consolidated group could end on or prior to the emergence from bankruptcy, which could result in additional adverse tax consequences. In addition, although PLC would be treated as a U.S. corporation for U.S. federal income tax purposes, it would generally also be considered an Irish tax resident for Irish tax and other non-U.S. tax purposes.

The rights of our shareholders are governed by Irish law; Irish law differs from the laws in effect in the United States and may afford less protection to holders of our securities.

As an Irish company, we are governed by the Irish Companies Act, which differs in some material respects from laws generally applicable to U.S. corporations and shareholders, including, among others, provisions relating to interested directors, mergers and acquisitions, takeovers, shareholder lawsuits and indemnification of directors. Likewise, the duties of directors and officers of an Irish company generally are owed to the company only. Shareholders of Irish companies generally do not have a personal right of action against directors or officers of the company and may exercise such rights of action on behalf of the company only in limited circumstances. Accordingly, holders of our securities may have more difficulty protecting their interests than would holders of securities of a corporation incorporated in a jurisdiction of the United States.

We are incorporated in Ireland and a significant portion of our assets are located outside the United States. As a result, it might not be possible for shareholders to enforce civil liability provisions of the federal or state securities laws of the United States.

We are organized under the laws of Ireland, and a significant portion of our assets are located outside the United States. The United States currently does not have a treaty with Ireland providing for the reciprocal recognition and enforcement of judgments in civil and commercial matters. As such, a shareholder who obtains a court judgment based on the civil liability provisions of U.S. federal or state securities laws may be unable to enforce the judgment against us in Ireland. In addition, there is some doubt as to whether the courts of Ireland and other countries would recognize or enforce judgments of U.S. courts obtained against us or our directors or officers based on the civil liabilities provisions of the federal or state securities laws of the United States or would hear actions against us or those persons based on those laws. The laws of Ireland do, however, as a general rule, provide that the judgments of the courts of the United States have the same validity in Ireland as if rendered by Irish Courts. Certain important requirements must be satisfied before the Irish Courts will recognize the U.S. judgment. The originating court must have been a court of competent jurisdiction, the judgment must be final and conclusive, and the judgment may not be recognized if it was obtained by fraud or its recognition would be contrary to Irish public policy. Any judgment obtained in contravention of the rules of natural justice or that is irreconcilable with an earlier foreign judgment would not be enforced in Ireland.

Similarly, judgments might not be enforceable in countries other than the United States where we have assets.

General Risks

If our long-lived assets and other assets are impaired, we may be required to record significant non-cash charges to our earnings.

We recognize impairments of long-lived assets when we determine the carrying amount of certain long-lived asset groups exceed their respective fair values. Our impairment assessment includes analysis of the undiscounted cash flow of our asset groups, which include property, plant and equipment, definite-lived intangible assets, and right of use assets. Based on the uncertainty of forecasted revenue, forecasted operating margins, and discount rate assumptions used to estimate our asset groups' fair value, future reductions in our expected cash flows could cause a material non-cash impairment charge of long-lived assets, which could have a material adverse effect on our results of operations and financial condition.

Our business could be negatively affected by cybersecurity incidents and other technology disruptions.

We rely heavily on information systems to conduct and protect our business. These information systems are increasingly subject to sophisticated cybersecurity incidents such as unauthorized access to data and systems, loss or destruction of data (including confidential customer, supplier and employee information), computer viruses, or other malicious code, phishing and cyberattacks, and other similar events. These incidents arise from numerous sources, not all of which are within our control, including fraud or malice on the part of third parties, accidental technological failure, electrical or telecommunication outages, failures of computer servers or other damage to our property or assets, human error, complications encountered as existing systems are maintained, repaired, replaced, or upgraded or outbreaks of hostilities or terrorist acts.

Given the rapidly evolving nature of cybersecurity incidents, there can be no assurance that the systems we have designed and implemented to prevent or limit the effects of cybersecurity incidents or attacks will be sufficient in preventing all such incidents or attacks, or be able to avoid a material impact to our systems should such incidents or attacks occur. Recent widespread ransomware attacks and cybersecurity breaches in the U.S. and elsewhere have affected many companies, including the cybersecurity incident involving SolarWinds Orion in December 2020. While these attacks did not affect our business operations, future events of this kind could result in the disclosure of confidential or proprietary customer, supplier or employee information, theft or loss of intellectual property, damage to our reputation with our customers, suppliers and the market, failure to meet customer requirements or customer dissatisfaction, theft or exposure to litigation, damage to equipment (which could cause environmental or safety issues) and other financial costs and losses. Moreover, although Weatherford implements stringent controls on third party connectivity to our systems, we have limited control in ensuring their systems consistently enforce strong cybersecurity controls. As a result, the occurrence of a cybersecurity incident or attack could go unnoticed for a period time. As cybersecurity incidents and attacks continue to evolve, we may also be required to devote additional resources to continue to enhance our protective measures or to investigate or remediate any cybersecurity vulnerabilities. We maintain insurance coverage to protect against certain cybersecurity risks. However, we cannot ensure that it will be sufficient to cover any particular losses we may experience as a result of such cybersecurity incident or attack. Any cybersecurity incident or attack could have a material adverse effect on our business, financial condition and results of operations.

Review of the Development and Performance of the Business

As used in this item, "Weatherford", "the Company," "we," "us" and "our" refer to Weatherford International plc, a public limited company organized under the laws of Ireland, and its subsidiaries on a consolidated basis.

The following discussion should be read in conjunction with our Consolidated Financial Statements and Notes thereto. Our discussion includes various forward-looking statements about our markets, the demand for our products and services and our future results. These statements include certain risks and uncertainties. For information about these risks and uncertainties, refer to the section entitled "Forward-Looking Statements" and the section entitled "Principal Risks and Uncertainties." As described in "Note 1 – Summary of Significant Accounting Policies" references to "Predecessor" relate to the Consolidated Statements of Operations for the period from January 1, 2019 through and including the adjustments from the application of Fresh Start Accounting on December 13, 2019 ("Predecessor Period"). References to "Successor" relate to the Consolidated Statements of Operations for the years ended December 31, 2021 and 2020 and for the period from December 14, 2019 through December 31, 2019 ("2021 Successor Period, 2020 Successor Period and 2019 Successor Period", respectively) and are not comparable to the Consolidated Financial Statements of the Predecessor Period as indicated by the "black line" division in the financials and footnote tables, which emphasizes the lack of comparability between amounts presented.

References and comparisons to results for the year ended December 31, 2019 relate to the combined Successor and Predecessor Period ("2019 Combined Period") as the 18 days of the Successor Period is not a significant period of time impacting the combined results.

Consolidated Revenues, Expenses and Operating Income Overview

2021 vs 2020

Revenues totaled $3.65 billion in 2021, a decline of 1% compared to 2020. We experienced significant declines in activity after the start of the pandemic in March of 2020 and although revenues are slightly lower in 2021, our revenues in 2021 reflect the ongoing recovery in business activity. Revenues in 2021 reflect a 5% increase in service revenues, which was offset by a 10% decline in product revenues. The revenue increases were related to higher demand for Drilling and Evaluation ("DRE") and Production and Intervention ("PRI") businesses, primarily for managed pressure drilling, wireline, intervention and pressure pumping services. These improvements were partially offset by lower demand for products from our Well Construction and Completions ("WCC"), primarily for cementation products and liner hangers, and a decline in demand for the artificial lift within our PRI business.

Cost of services and products of $2.72 billion decreased $91 million, or 3%, compared to 2020, primarily due to cost improvement initiatives that were implemented during 2020 and early 2021. Our costs declined despite higher service activity and increased cost for supplies and logistics. Our cost of products and services as a percentage of revenues was 74.5% in 2021, an improvement compared to 76.2% in 2020, reflecting our cost initiative improvements and operational efficiency gains.

Selling, general, administrative and research and development costs of $823 million decreased $111 million, or 12%, due to cost improvement initiatives to reduce overhead and corporate costs that were implemented during 2020 and early 2021. These costs as a percentage of revenues were 22.6% in 2021, an improvement compared to 25.3% in 2020, reflecting our cost initiative improvements.

Operating income of $116 million improved $1.6 billion in 2021 compared to 2020, primarily from the absence of impairment and restructuring charges, the decline in cost of services and products as well as the decline in selling, general and administrative, corporate, and research and development expense. The improvement in operating income was driven by increased service activity levels, increased service versus product mix, higher adoption of our technology offerings and increased demand in our DRE and PRI businesses primarily for managed pressure drilling, wireline, intervention, pressure pumping services. Our exit of certain drilling services in North America in the fourth quarter of 2020 also positively contributed to the improvement.

2020 vs 2019 Combined Period

Revenues totaled $3.7 billion in 2020, a decline of 29% compared to the 2019 Combined Period, as the unprecedented global health and economic crisis sparked by the COVID-19 pandemic negatively impacted industry activity. The lower demand for oil and gas together with uncertainty around the extent and timing for an economic recovery, caused significant reductions to the capital spending plans of exploration and production companies. Our revenue decline was predominantly driven by lower activity levels impacting all our product line segments, with revenue declines of 29% in DRE, 37% in PRI and 15% in WCC. Revenue declined in North America as a result of lower demand for our products and services in the United States, but was also impacted by declines in activity internationally, primarily in Latin America, the Middle East, North Africa and Russia. The pandemic had an immediate negative impact beginning in the second quarter of 2020 in the North America while taking longer to significantly impact our business internationally.

Operating loss of $1.5 billion worsened 26% in 2020 compared to the 2019 Combined Period, primarily from the decline in business demand due to the COVID-19 pandemic, long-lived assets impairment charges, goodwill impairment, and inventory charges.

Business Outlook

We expect continued improvements in our customer activity levels with the relaxing of COVID-19 restrictions globally and improved macroeconomic conditions generally, all of which are expected to provide a measured pathway to energy demand recovery in 2022. We believe that industry activity will continue to recover and our 2022 consolidated revenues are anticipated to increase by high single to low double digits above 2021.

We continue to closely monitor the ongoing global impacts surrounding the COVID-19 pandemic, including operational and manufacturing disruptions, escalating costs, logistical constraints and travel restrictions. The energy services industry growth is highly dependent on many external factors, such as the global response to the COVID-19 pandemic, our customers' capital expenditures, environmental, social and governance ("ESG") driven changes, world economic and political conditions, the price of oil and natural gas, member-country quota compliance within the OPEC+, weather conditions and other factors.

COVID-19 Pandemic Impacts

We continue to experience impacts from the COVID-19 pandemic, including inflationary pressures and delays and supply shortages when sourcing raw materials and services as everyone manages through the challenges around reopening and returning to work. Shipping and other logistic activities are experiencing tight availability for carriers, containers and shipping materials, exacerbating the delays and lack of availability of key components. In addition, we continue to experience certain customer restrictions that prevent access to their sites, community measures to contain the spread of the COVID-19 virus, and changes to our policies that have both restricted and changed the way our employees work.

We strive to continuously improve crew rotations and management practices to minimize our employees' risk of exposure to the COVID-19 virus while at customer facilities. We are also constantly refining and updating our identification and management of COVID-19 cases through the development of updated protocols, advanced testing and response procedures consistent with the latest guidance, from the Centers of Disease Control and Prevention and the World Health Organization. Faced with these challenges in 2020 and 2021, we evolved our product and services offerings, increasing the breadth of our digital portfolio and enhancing our applications to offer more fully integrated digital energy services solutions. We also increased our offerings of automated well construction and remote monitoring and predictive analytics related to our product offerings.

Opportunities and Challenges

As production decline rates persist and reservoir productivity complexities increase, our customers continue to face challenges in balancing the cost of extraction activities with securing desired rates of production while achieving acceptable rates of return on investment. These challenges increase our customers' requirements for technologies that improve productivity and efficiency and pressures us to deliver our products and services at competitive rates. In addition, as consolidation of the energy services industry continues due to market conditions, there has been an increased demand for companies to provide specialized products, services and technologies. We believe we are well positioned to satisfy our customers' needs, but the level of improvement in our businesses in the future will depend heavily on pricing, volume of work, our ability to offer technology solutions to more efficiently extract oil and gas while controlling costs, and our success in penetrating new and existing markets with our newly developed technologies. Over the long-term, we expect the world's demand for energy to continue to rise and require more advanced technology from the energy service industry. We remain focused on delivering innovative and cost-efficient solutions for customers to assist them in achieving their operational, safety and environmental objectives.

Our challenges also include market conditions that could make it more difficult to obtain our targeted cost reduction benefits and to recruit, motivate and retain employees, including key personnel. Increasing investor and government focus on ESG factors, the cyclicality of the energy industry and the ongoing COVID-19 pandemic may negatively impact demand for our products and services. We are following our long-term strategy aimed at achieving sustainable profitability in our businesses, servicing our customers and creating value for our shareholders. Our long-term success will be determined by our ability to manage effectively the cyclicality of our industry, including potential prolonged industry downturns, our ability to respond to industry demands in periods of over-supply or uncertain oil prices, and ultimately to generate consistent positive cash flow and positive returns on the invested capital.

Exchange Listing

On June 1, 2021, NASDAQ approved our application for the listing of our ordinary shares. In connection with the listing, we became subject to the reporting requirements of the Exchange Act. Our ordinary shares began trading on The Nasdaq Global Select Market on June 2, 2021 under the ticker symbol "WFRD".

Industry Trends

The level of spending in the energy industry is heavily influenced by the current and expected future prices of oil and natural gas, but is also impacted by ESG initiatives and ongoing supply chain shortages. These factors result in an increase or decrease in demand for our products and services. Rig count is an indicator of the level of spending for the exploration and production of oil and natural gas reserves.

The table below shows the average oil and natural gas prices for West Texas Intermediate ("WTI") and Brent North Sea ("Brent") crude oil and Henry Hub natural gas during years ended December 31, 2021, 2020 and 2019. Commodity prices increased during 2021 due to demand outpacing supply as demand recovery built toward pre-pandemic levels with increased vaccination rates and global economic activity. Average oil prices for 2021 were approximately 73% higher than the average oil prices for 2020 and natural gas prices increased by 92% over the same period.

	Years Ended		
	12/31/2021	12/31/2020	12/31/2019
Oil price - WTI [1]	$67.99	$39.23	$56.98
Oil price - Brent [1]	$70.68	$41.76	$64.36
Natural Gas price - Henry Hub [2]	$3.91	$2.04	$2.57

[1] Oil price measured in dollars per barrel (rounded to the nearest $0.01)

[2] Natural gas price measured in dollars per million British thermal units (Btu), or MMBtu

North America and International average rig counts were well below pre-pandemic levels. The historical average rig counts based on the weekly Baker Hughes Company rig count information were as follows:

	Years Ended		
	12/31/2021	12/31/2020	12/31/2019
North America	610	522	1,077
International	755	825	1,098
Worldwide	1,365	1,347	2,175

As of December 31, 2021, the North America and International Rig counts totaled 676 and 834, respectively.

Significant Financing Transactions

For additional details on the recap provided below, see "Note 2 – Emergence from Chapter 11 Bankruptcy Proceedings", "Note 3 – Fresh Start Accounting", "Note 13 – Borrowings and Other Debt Obligations" and "Loss on Extinguishment of Debt and Bond Redemption Premium" on the Consolidated Statements of Operations.

2030 Senior Notes Issuance and Exit Notes Partial Redemption

On October 27, 2021, we issued the 2030 Senior Notes with an aggregate principal amount of $1.6 billion and a stated interest rate of 8.625% per annum due in 2030. We redeemed $1.6 billion in principal amount of our Exit Notes plus interest with net proceeds from the 2030 Senior Notes and cash on hand. We paid and recognized a $103 million bond redemption premium and recognized a $2 million noncash loss on extinguishment of debt related to the unamortized debt issuance costs.

In addition, on October 20, 2021, we redeemed $200 million of our Exit Notes and paid a bond redemption premium of $6 million.

Subsequent to the partial redemption, $300 million in aggregate principal of our Exit Notes remains unpaid.

2028 Senior Secured Notes Issuance and 2024 Senior Secured Notes Redemption

On September 30, 2021, we issued the 2028 Senior Secured Notes with an aggregate principal amount of $500 million and a stated interest rate of 6.5% per annum due in 2028. We repaid our 2024 Senior Secured Notes with net proceeds from the issuance of the 2028 Senior Secured Notes and cash on hand. We paid and recognized a $22 million bond redemption premium and recognized a $37 million noncash loss on extinguishment of debt related to the unamortized debt issuance costs and original issue discount.

2024 Senior Secured Notes Issuance in 2020

On August 28, 2020, we issued the 2024 Senior Secured Notes with an aggregate principal amount of $500 million and a stated interest rate of 8.75% per annum due 2024 and repaid in full on September 30, 2021 with the issuance of the 2028 Senior Secured Notes and cash on hand.

LC Credit Agreement

We have a senior secured letter of credit agreement (the "LC Credit Agreement") in an aggregate amount of $215 million maturing on May 29, 2024, which is used by the Company and certain of its subsidiaries for the issuance of bid and performance letters of credit. We amended certain provisions and covenants of our LC Credit Agreement on September 20, 2021.

2019 Emergence from Bankruptcy Proceedings and Fresh Start Accounting

On July 1, 2019 (the "Petition Date"), Weatherford and two of our subsidiaries (collectively, the "Weatherford Parties") commenced voluntary reorganization proceedings (the "Cases"), including under Chapter 11 of Title 11 ("Chapter 11") of the United States Bankruptcy Code in the U.S. Bankruptcy Court for the Southern District of Texas (the "Bankruptcy Court"), with ancillary proceedings filed in Ireland and Bermuda. The plan of reorganization (as amended, the "Plan"), together with the schemes of arrangement in Ireland and Bermuda, became effective on December 13, 2019 (the "Effective Date") and the Weatherford Parties emerged from Chapter 11 and adopted fresh start accounting ("Fresh Start Accounting"), which reflected all our assets and liabilities at fair value. These events resulted in several financing activities, later discussed under the caption "Liquidity and Capital Resources". For additional details regarding the Chapter 11, see "Note 2 – Emergence from Chapter 11 Bankruptcy Proceedings" and "Note 3 – Fresh Start Accounting".

Our emergence from bankruptcy and the adoption of Fresh Start Accounting resulted in a new reporting entity, referred to herein as the "Successor," for financial reporting purposes. To facilitate discussion and analysis of our financial condition and results of operations, we refer to the reorganized Weatherford Parties as the Successor for periods subsequent to December 13, 2019 and as the "Predecessor" for periods on or prior to December 13, 2019. As a result of the adoption of Fresh Start Accounting and the effects of the implementation of the Plan, our consolidated financial statements subsequent to December 13, 2019 are not comparable to our consolidated financial statements on or prior to December 13, 2019, and as such, "Black-line" financial statements are presented to distinguish between the Predecessor and Successor companies.

Reportable Segments

The Company's chief operating decision maker ("CODM"), our chief executive officer, regularly reviews information to make operating decisions, allocate resources and assess performance of the business. During the fourth quarter of 2021, the CODM changed the information regularly reviewed to be aligned with how we offer our services and technologies in relation to the well life cycle and we have realigned our reportable segments to reflect the change. We now have three reportable segments: (1) Drilling and Evaluation (2) Well Construction and Completions, and (3) Production and Intervention. Previously we had two geographic based reportable segments, Western Hemisphere and Eastern Hemisphere.

Total revenues are from external customers and segment revenues are specific to our three reportable segments and all other revenues are specific to our non-operating segment revenues. Revenues are further described in "Note 5 – Revenues."

Additionally, we have changed our primary measure of segment profitability to segment adjusted EBITDA, which is based on segment earnings before interest, taxes, depreciation, amortization, share-based compensation expense and other adjustments. Research and development expenses are included in segment adjusted EBITDA. Corporate and other includes business activities related to all other segments (profit and loss), corporate and other expenses (overhead support and centrally managed or shared facilities costs) that do not individually meet the criteria for segment reporting. We have revised our segment reporting to reflect our current management approach and recast prior periods to conform to the current segment presentation.

Segment Results of Operations

The following table shows our consolidated results of operations and financial information for the referenced periods. The 2021, 2020 and 2019 Successor Periods are distinct reporting periods from the 2019 Predecessor Period as a result of our emergence from bankruptcy on December 13, 2019. We have combined results (“2019 Combined Period”) for the 2019 Successor and Predecessor Periods which are not presented according to generally accepted accounting principles in the United States (“GAAP”) and no comparable GAAP measure is presented, however, management believes that providing the combined financial information may be useful for making certain year-to-date comparisons.

	Successor			Predecessor		Favorable (Unfavorable)		Favorable (Unfavorable)	
	Year Ended	Year Ended	12/14/19 through	01/01/19 through		$	%	$	%
(Dollars in millions)	12/31/21	12/31/20	12/31/19	12/13/19	2019 Combined	2021 vs 2020		2020 vs 2019 Combined	
Revenues:									
Drilling and Evaluation	$ 1,066	$ 1,044	$ 67	$ 1,407	$ 1,474	$ 22	2 %	$ (430)	(29) %
Well Construction and Completions	1,353	1,414	90	1,583	1,673	(61)	(4) %	(259)	(15) %
Production and Intervention	1,127	1,106	86	1,673	1,759	21	2 %	(653)	(37) %
Segment Revenues	3,546	3,564	243	4,663	4,906	(18)	(1) %	(1,342)	(27) %
All Other	99	121	18	291	309	(22)	(18) %	(188)	(61) %
Total Revenues	**3,645**	**3,685**	**261**	**4,954**	**5,215**	**(40)**	**(1)%**	**(1,530)**	**(29)%**
Segment Adjusted EBITDA:									
Drilling and Evaluation	$ 186	$ 132	$ (3)	$ 219	$ 216	$ 54	41 %	$ (84)	(39) %
Well Construction and Completions	256	273	19	225	244	(17)	(6) %	29	12 %
Production and Intervention	191	154	20	216	236	37	24 %	(82)	(35) %
Segment Adjusted EBITDA	633	559	36	660	696	74	13 %	(137)	(20) %
Corporate and Other	(62)	(100)	(1)	(104)	(105)	38	38 %	5	5 %
Depreciation and Amortization	(440)	(503)	(34)	(447)	(481)	63	13 %	(22)	(5) %
Share-based Compensation Expense	(25)	—	—	(24)	(24)	(25)	n/m	24	100 %
Other Adjustments	10	(1,442)	—	(1,267)	(1,267)	1,452	101 %	(175)	(14) %
Operating Income (Loss)	**$ 116**	**$(1,486)**	**$ 1**	**$ (1,182)**	**$ (1,181)**	**$ 1,602**	**108 %**	**$ (305)**	**(26)%**

Segment Revenues

2021 vs 2020

Revenues totaled $3.65 billion in 2021, a decline of 1% compared to 2020 and reflected in our segment revenues as follows:

DRE revenues of $1.1 billion in 2021, increased 2% compared to 2020 primarily due to higher demand for managed pressure drilling and and wireline services and products, partially offset by a decline in drilling services and drilling fluids. The year-over-year improvement was driven by increased activity levels, an increase in services versus product mix, and higher adoption of our technology offerings internationally. The decline in drilling services revenue reflects the exit of certain drilling services in North America in the fourth quarter of 2020.

WCC revenues of $1.4 billion in 2021, decreased 4% compared to 2020 primarily due to lower activity for cementation products, liner hangers and tubular running services. Internationally we experienced lower well construction and completions activity in the Middle East and Russia, which was partially offset by higher activity in North America and Latin America.

PRI revenues of $1.1 billion in 2021, increased 2% compared to 2020 primarily due to higher demand for pressure pumping, intervention services & drilling tools, and production automation & software, partially offset by a decline in demand for artificial lift services. The year-over-year improvement was driven by increased activity levels, increase in services versus product mix, higher adoption of our technology offerings and greater demand for our services.

2020 vs 2019 Combined Period

Revenues totaled $3.7 billion in 2020, a decline of 29% compared to the 2019 Combined Period, as the unprecedented global health and economic crisis sparked by the COVID-19 pandemic negatively impacted industry activity. The lower demand for oil and gas together with uncertainty around the extent and timing for an economic recovery, caused significant reductions to the capital spending plans of exploration and production companies. The impact was seen across all segment divisions, with revenue declines of 29% in DRE, 37% in PRI and 15% in WCC. Revenue declined in North America as a result of lower demand for our products and services in the United States, but was also impacted by declines in activity internationally, primarily in Latin America, the Middle East, North Africa and Russia. The pandemic had an immediate negative impact beginning in the second quarter of 2020 in North America while taking longer to significantly impact our business internationally.

Segment Adjusted EBITDA

2021 vs 2020

Segment adjusted EBITDA was $633 million in 2021, an increase of 13% compared to 2020 which is reflected in our segments as follows:

DRE segment adjusted EBITDA of $186 million in 2021, increased 41% compared to 2020 primarily due to higher demand for managed pressure drilling and wireline services and products and lower operating costs as a result of cost improvement initiatives that were implemented during 2020 and early 2021, partially offset by a decline in drilling fluids. Positively impacting DRE segment adjusted EBITDA was the exit of certain drilling services in North America in the fourth quarter of 2020. The year-over-year segment adjusted EBITDA improvement was driven by increased activity levels, increase in services versus product mix, higher adoption of our technology offerings and greater demand for services globally.

WCC segment adjusted EBITDA of $256 million in 2021, decreased 6% compared to 2020 primarily due to lower activity for cementation products, liner hangers and tubular running services, which was partially offset by improvements in completions margins and cost efficiencies as a result of initiatives implemented during 2020 and early 2021. Internationally we experienced lower well construction and completions activity in the Middle East and Russia resulting in decrease segment profit, which was partially offset by higher margin activity in North America and Latin America.

PRI segment adjusted EBITDA of $191 million in 2021, increased 24% compared to 2020 primarily due to to higher demand for intervention services & drilling tools, pressure pumping and production automation & software services, and lower operating costs as a result of cost improvement initiatives that were implemented during 2020 and early 2021, partially offset by a decline in artificial lift services. The year-over-year segment adjusted EBITDA improvement was driven by increased activity levels, increase in services versus product mix, higher adoption of our technology offerings and greater demand for services and products.

2020 vs 2019 Combined Period

Operating loss of $1.5 billion worsened 26% in 2020 compared to the 2019 Combined Period, primarily from the decline in business demand due to the COVID-19 pandemic, long-lived assets impairment charges, goodwill impairment, and inventory charges.

Successor segment adjusted EBITDA was $559 million in 2020, a decrease of 20% compared to the 2019 Combined Period, driven primarily from the decline in business demand due to the COVID-19 pandemic in DRE of 39% and PRI of 35%, partially offset by a 12% increase in WCC. Segment adjusted EBITDA declined in North America as a result of lower demand for our products and services in the United States, but was also impacted by declines in activity internationally, primarily in Latin America, the Middle East, North Africa and Russia. The pandemic had an immediate negative impact beginning in the second quarter of 2020 in North America while taking longer to significantly impact our business internationally.

Depreciation and Amortization

Depreciation and amortization decreased in 2021 compared to 2020 due to the decrease in carrying value of assets after impairments taken in 2020. The increase in depreciation and amortization in 2020 compared to the 2019 Combined Period was due to the initial increase in carrying value of assets after a fair value adjustment at fresh start, coming out of bankruptcy on December 13, 2019.

Share-based Compensation

We record share-based compensation in “Selling, General and Administrative” on the accompanying Consolidated Statements of Operations. We recognized $25 million, an immaterial amount and zero in the 2021, 2020 and 2019 Successor Periods, respectively. During the 2019 Predecessor Period, we recognized $46 million, of which $24 million was recorded in “Selling, General and Administrative” and the remainder in“Other Charges (Credits), Net” to include $24 million related to the acceleration of share-based compensation at Fresh Start offset by $2 million in terminated executive forfeitures.

Other Adjustments

Other adjustments include goodwill and long-lived asset impairments, restructuring charges, prepetition charges, gain on sale of businesses and other charges and credits, net as applicable to the periods presented. See “ Note 6 – Impairments and Other Charges, Net”, “Note 7 – Long-Lived Assets Impairment”, “Note 11 – Goodwill and Intangibles, Net”, “ Note 8 – Restructuring Charges”, and “Note 2 – Emergence from Chapter 11 Bankruptcy Proceedings” for additional information. In the 2020 Successor and 2019 Predecessor Periods, the segment adjusted EBITDA of Well Construction and Completions includes $12 million and $15 million, respectively, of gains on sales of operational assets.

Non-Operating Expenses

Reorganization Items

Reorganization items in the 2019 Predecessor Period were directly related to bankruptcy and included the $4.3 billion gain on settlement of liabilities subject to compromise, $1.4 billion gain on revaluation of the Company’s assets and liabilities, and $346 million of charges for debt issuance write-offs, debt discount write-offs, backstop commitment fees, DIP financing fees and professional fees related to bankruptcy matters.

Reorganization items in the 2020 and 2019 Successor Periods totaled $9 million and $4 million, respectively.

Interest Expense, Net

Interest expense, net was $260 million for the year ended December 31, 2021, and primarily represented interest on our Exit Notes and 2024 Senior Secured Notes, and a portion from our 2028 Senior Secured Notes and 2030 Senior Notes, newly issued later in the year. The $251 million of interest expense, net for year ended December 31, 2020 primarily represented interest on our Exit Notes and later in the year, the 2024 Senior Secured Notes.

The $12 million for the 2019 Successor Period represented interest expense on our Exit Notes and the $362 million for the 2019 Predecessor Period represented a half year of interest expense on the Predecessor's debt. Upon filing for Chapter 11 cases, which began July 1, 2019, we no longer recognized interest expense on Predecessor debt in accordance with ASC 852.

See "Note 13 – Borrowings and Other Debt Obligations" to the Consolidated Financial Statements for further details.

Loss on Extinguishment of Debt and Bond Redemption Premium

During 2021, we repaid and refinanced certain of our debt obligations and recognized a $170 million loss on extinguishment of debt and bond redemption premium for the repayment of our 2024 Senior Secured Notes, the repayment of $200 million of Exit Notes and the refinancing of $1.6 billion of Exit Notes. This loss was comprised of a $39 million loss on extinguishment of debt related to unamortized debt issuance costs and discount and a $131 million bond redemption premium on the early redemption of debt, which is presented as "Loss on Extinguishment of Debt and Bond Redemption Premium" on the Consolidated Statements of Operations. See "Note 13 – Borrowings and Other Debt Obligations" for additional details.

Loss on Termination of ABL Credit Agreement

On December 13, 2019, we entered into a senior secured asset-based lending agreement in an aggregate amount of $450 million (the "ABL Credit Agreement") which was terminated on August 28, 2020. Upon its termination, we recorded $15 million of noncash "Loss on Termination of ABL Credit Agreement" on our Consolidated Financial Statements related to unamortized deferred debt issuance costs.

Other Expense, Net

Other expense, net was $29 million for the year ended December 31, 2021 compared to $53 million for the year ended December 31, 2020. Other expense is comprised of letter of credit fees, other financing charges and foreign exchange losses, primarily attributed to currency losses in countries with no or limited markets to hedge. The year-over-year improvement was primarily due to lower currency volatility in 2021 compared to the significant volatility in the same period in the prior year following the start of the COVID-19 pandemic.

Successor other expense was $53 million for the year ended December 31, 2020 compared to Predecessor other expense of $26 million in 2019. Other expense was primarily driven by foreign currency exchange losses of $34 million for the year ended December 31, 2020 compared to $14 million for the 2019 Combined Period. The unfavorable change primarily relates to the weakening of foreign currencies following the onset of the COVID-19 pandemic. Other expense also includes letter of credit fees and other financing fees.

In 2019, other expense was primarily driven by foreign currency exchange losses, letter of credit fees, other financing fees and non-service periodic pension and other post-retirement benefit expenses. Foreign exchange losses are typically due to the strengthening U.S. dollar compared to our foreign denominated operations.

Income Taxes

We provide for income taxes based on the laws and rates in effect in the countries in which operations are conducted, or in which we or our subsidiaries are considered resident for income tax purposes. The relationship between our pre-tax income or loss from continuing operations and our income tax benefit or provision varies from period to period as a result of various factors, which include changes in total pre-tax income or loss, the jurisdictions in which our income is earned, the tax laws in those jurisdictions, the impacts of tax planning activities and the resolution of tax audits. On September 26, 2019, our parent company ceased to be a Swiss tax resident and became an Irish tax resident subject to tax under the Irish tax regime. As a result, our effective rate differs from the Irish statutory tax rate as the majority of our operations are taxed in jurisdictions with different tax rates. In addition, we are unable to recognize tax benefit on our losses.

We record deferred tax assets for net operating losses and temporary differences between the book and tax basis of assets and liabilities that are expected to produce tax deductions in future periods. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those deferred tax assets would be deductible. The Company assesses the realizability of its deferred tax assets each period by considering whether it is more likely than not that all or a portion of the deferred tax assets will not be realized. The Company considers all available evidence (both positive and negative) when determining whether a valuation allowance is required, with emphasis on our past operating results, the existence of cumulative losses in the most recent years and our forecast of near-term taxable income. The Company evaluates possible sources of taxable income that may be available to realize the benefit of deferred tax assets, including projected future taxable income, the reversal of existing temporary differences, taxable income in carryback years and available tax planning strategies, and the impact of Fresh Start Accounting in making this assessment. The realizability of the deferred tax assets is dependent upon judgments and assumptions inherent in the determination of future taxable income, including factors such as future operation conditions (particularly as related to prevailing oil prices and market demand for our products and services). The Company concluded it was not able to realize the benefit of its deferred tax assets and has established a valuation allowance. Continued performance improvement in certain jurisdictions could result in a change in our realization of deferred tax asset assessment in the near future, which would release valuation allowance.

The income tax provision and respective effective tax rate was $86 million and (25)%, $85 million and (5)%, $9 million and (60)%, and $135 million and 3%, for the 2021, 2020, 2019 Successor Periods and 2019 Predecessor Period, respectively.

Our income tax provisions in 2021 and 2020 are primarily driven by income in certain jurisdictions, deemed profit countries and withholding taxes on intercompany and third-party transactions that do not directly correlate to ordinary income or loss. Impairments and other charges recognized do not result in significant tax benefit as a result of our inability to forecast realization of the tax benefit of such losses.

Our results for the 2019 Predecessor period include $32 million of tax expense related to the Fresh Start Accounting impacts and $14 million of tax benefit primarily related to goodwill and other asset impairments and write-downs. We also recognized $4.3 billion gain on Settlement of Liabilities Subject to Compromise as a result of the bankruptcy (See “Note 3 – Fresh Start Accounting”) with no tax impact due to it being attributed to Bermuda, which has no income tax regime, and the U.S., which resulted in the reduction of our U.S. unbenefited net operating losses carryforward under the operative tax statute and applicable regulations offset by the release of a similar amount of valuation allowance. Prepetition charges (charges prior to Petition Date) and reorganization items (charges after Petition Date) had no significant tax impact.

We are continuously under tax examination in various jurisdictions. We cannot predict the timing or outcome regarding resolution of these tax examinations or if they will have a material impact on our consolidated financial statements. As of December 31, 2021, we anticipate that it is reasonably possible that the amount of our uncertain tax positions of $235 million may decrease by up to $1 million in the next twelve months due to expiration of statutes of limitations, settlements and/or conclusions of tax examinations.

In response to the COVID-19 pandemic, many countries have enacted tax relief measures to provide aid and economic stimulus to companies impacted by the COVID-19 pandemic. For the Successor years ended December 31, 2021 and 2020, there were no material tax impacts to our financial statements as it relates to COVID-19 tax relief measures.

Dividends

We have not declared or paid cash dividends on our shares since 1984. We intend to retain any future earnings and do not expect to pay any cash dividends in the near future.

Liquidity and Capital Resources

At December 31, 2021, we had total cash and cash equivalents plus restricted cash of $1.1 billion, of which $162 million was restricted cash, compared to $1.3 billion at December 31, 2020, of which $167 million was restricted cash. The following table summarizes cash provided by (used in) each type of business activity in the periods presented:

	Successor			Predecessor
(Dollars in millions)	Year Ended 12/31/2021	Year Ended 12/31/2020	From 12/14/2019 through 12/31/2019	From 1/1/2019 through 12/13/2019
Net Cash Provided by (Used in) Operating Activities	$ 322	$ 210	$ 61	$ (747)
Net Cash Provided by (Used in) Investing Activities	(83)	(75)	(14)	149
Net Cash Provided by (Used in) Financing Activities	(403)	348	(2)	749

Operating Activities

Cash provided by operating activities in 2021 was $322 million. The primary sources of cash from operating activities were from higher operating income and lower accounts payable spend partially offset by higher interest payments.

Cash provided by operating activities was $210 million and $61 million during the 2020 and 2019 Successor Periods. The primary sources of cash from operating activities were collections on our accounts receivables, partially offset by payments for interest and severance.

Cash used in operating activities was $747 million in the 2019 Predecessor Period. The primary uses of cash from operating activities were driven by working capital needs, payments for debt interest, and severance and other restructuring and transformation costs. In addition, there were also payments for reorganization items and prepetition charges primarily for professional and other fees related to the Cases as well as payments for retention and certain bonuses.

Investing Activities

Cash used in investing activities in 2021 was $83 million. The primary uses of cash from investing activities were for capital expenditures of $85 million and investments in marketable securities in Argentina of $39 million. The primary source of cash from investing activities was $41 million of proceeds from asset dispositions. The amount we spend for capital expenditures varies each year and is based on the types of contracts into which we enter, our asset availability and our expectations with respect to activity levels.

Cash used in investing activities in 2020 was $75 million. The primary uses of cash from investing activities were for capital expenditures of $154 million. The primary sources of cash from investing activities were $22 million from asset dispositions and $50 million from the maturity of our Angolan government bonds.

Cash used in investing activities in the 2019 Successor Period was $14 million primarily for capital expenditures of $20 million.

Cash provided by investing activities in the 2019 Predecessor Period was $149 million. The primary uses of cash from investing activities were for capital expenditures of $250 million and $13 million to acquire intellectual property and other intangibles. The primary sources of cash from investing activities were $328 million of proceeds from divestitures (from our rigs, laboratory services and surface data logging businesses) and $84 million from asset dispositions.

Financing Activities

Cash used in financing activities in 2021 was $403 million. The primary uses of cash from financing activities were repayments of long-term debt of $2.3 billion associated with the partial redemption of our Exit Notes and full redemption of our 2024 Senior Secured Notes as well as finance lease obligations. Other primary uses of cash from financing activities were $131 million in bond redemption premium payments as a result of the early redemptions and $28 million primarily for dividends to noncontrolling interests. The primary sources of cash from financing activities were net proceeds of $2.1 billion from the issuance of our 2030 Senior Notes and 2028 Senior Secured Notes.

Cash provided by financing activities in 2020 was $348 million, primarily sourced from borrowings of long-term debt of $453 million related to the net proceeds from the issuance of our 2024 Senior Secured Notes. The primary uses of cash from financing activities were $24 million of deferred consideration for the 2018 acquisition of our Qatari joint venture $27 million repayments of short-term debt and $45 million primarily for dividends to noncontrolling interests.

Cash provided by financing activities was $749 million during the 2019 Predecessor Period. The primary sources of cash from financing activities were net proceeds of $1.6 billion on our Exit Notes issued upon emergence and $1.5 billion on the DIP Credit Agreement issued between the petition date and emergence. The primary uses of cash from financing activities were (i) the $1.5 billion repayment in full of the DIP Credit Agreement upon emergence (ii) net short-term debt repayments of $347 million primarily from the borrowings and repayments of our Predecessor Revolving Credit Agreements, including the repayment of our 364-Day Credit Agreement (iii) long-term debt repayments of $318 million related to our Predecessor Term Loan Agreement and financed leases and (iv) $137 million in DIP financing fees and payments on a backstop agreement.

For additional details on our financing activities see Significant Financing Transactions section, "Note 2 – Emergence from Chapter 11 Bankruptcy Proceedings" and "Note 13 – Borrowings and Other Debt Obligations"

Sources of Liquidity

Our sources of available liquidity include cash generated by our operations, cash and cash equivalent balances, and accounts receivable factoring. From time to time, we may enter into transactions to dispose of businesses or capital assets that no longer fit our long-term strategy. We historically have accessed banks for short-term loans and the capital markets for debt and equity offerings. Based upon current and anticipated levels of operations and our recent refinancing transactions, we expect to have sufficient cash from operations and cash on hand to fund our cash requirements (discussed below) and financial obligations, both in the short-term and long-term.

Our total cash and cash equivalents plus restricted cash of $1.1 billion remain our primary source of funds to manage any liquidity event risks. An agreement for a new corporate revolving credit facility at terms and conditions acceptable to us would further enhance our liquidity.

LC Credit Agreement

We have a LC Credit Agreement in an aggregate amount of $215 million maturing on May 29, 2024, which is used by the Company and certain of its subsidiaries for the issuance of bid and performance letters of credit.

On September 20, 2021, certain provisions and covenants of the LC Credit Agreement were amended as follows:

- Permit the borrowing of up to an additional $400 million of secured indebtedness under an asset-based lending facility or a revolving credit facility upon compliance with certain conditions;
- Removed the minimum secured liquidity requirement;
- Increased the minimum aggregate liquidity requirement from $175 million to $300 million;
- Decreased the minimum aggregate book value of certain pledged assets requirement from $1.25 billion to $1 billion; and
- Increased the ability to redeem debt to $500 million subject to a minimum aggregate liquidity of $400 million at the time of redemption.

The outstanding amount of each letter of credit under the LC Credit Agreement bears interest at London Interbank Offered Rate ("LIBOR") plus an applicable margin of 350 basis points per annum. We expect LIBOR to continue to be published until June 2023, and expect to transition to an alternative to LIBOR prior to that termination date. The LC Credit Agreement currently contains provisions allowing the Administrative Agent to replace LIBOR with an alternate benchmark rate (including any mathematical or other adjustments to the benchmark (if any) incorporated therein) that has been broadly accepted by the syndicated loan market in the United States in lieu of LIBOR. The LC Credit Agreement includes (i) a 12.5 basis point per annum fronting fee on the outstanding amount of each such letter of credit and (ii) an unused commitment fee in respect of the unutilized commitments at a rate of 50 basis point per annum on the average daily unused commitments under the LC Credit Agreement.

The LC Credit Agreement is secured by substantially all the personal assets and properties of certain subsidiaries of the Company (including a first lien on the priority collateral for the LC Credit Agreement and a second lien on the priority collateral for Senior Secured Notes, in each case, subject to permitted liens). The LC Credit Agreement is also guaranteed on an unsecured basis by certain other subsidiaries of the Company.

Ratings Services' Credit Ratings

Our credit ratings at December 31, 2021 were maintained or improved since December 31, 2020:

- Moody's Investors Service ("Moody's") maintained our corporate family rating at B2, our senior unsecured notes rating at B3, and our senior secured notes and LC Credit Agreement ratings at Ba3. The outlook was upgraded from negative to stable.
- Standard and Poor's ("S&P") upgraded our corporate family and senior unsecured notes ratings from CCC to B-, and upgraded our senior secured notes and LC Credit Agreement ratings from B- to B+. The outlook was upgraded from negative to stable.

Cash Requirements

Our cash requirements will continue to include payments for capital expenditures, payments for short-term working capital needs, interest payments on our long-term debt, repayment on finance leases, operating costs associated with our business and restructuring payments. During 2020, we accumulated working capital due to the sharp decrease in demand from the COVID-19 pandemic. In 2021, operating cash flow benefited from the monetization of working capital accumulated in 2020. As business activity rises to pre-COVID-19 pandemic levels we expect that we will utilize cash to invest in capital assets and inventory. Our cash requirements may also include awards under our employee incentive programs and other amounts to settle litigation related matters.

As of December 31, 2021, we had outstanding debt $300 million in aggregate principal amount maturing on December 1, 2024 for our Exit Notes, $500 million in aggregate principal amount for our 2028 Senior Secured Notes and $1.6 billion in aggregate principal amount of the 2030 Senior Notes. Please see "Note 13 – Borrowings and Other Obligations" for additional details.

Our capital spending for 2022 is projected to be between $175 million to $225 million. Capital expenditures are expected to be used primarily to support the ongoing activities and commitments in our core business. We expect to make $215 million in interest payments in 2022 and approximately $204 million in interest payments annually until the maturity of our long-term debt obligations. Our payments on operating leases and operating purchase obligations in the upcoming year are expected to be approximately $74 million and $177 million, respectively. See "Note 12 – Leases" for details of our lease obligations by year.

Cash and cash equivalents plus restricted cash of $162 million (which primarily includes $158 million in cash collateral on our letters of credit) totaled $1.1 billion at December 31, 2021 and are held by subsidiaries outside of Ireland. At December 31, 2021 we had approximately $167 million of our cash and cash equivalents that cannot be immediately repatriated from various countries due to country central bank controls or other regulations. Based on the nature of our structure, other than the restrictions noted above, we foresee we will be able to redeploy cash with minimal to no incremental tax.

Customer Receivable

We may experience delayed customer payments and payment defaults due to, among other reasons, a weaker economic environment, reductions in our customers' cash flow from operations, our customers' inability to access credit markets, as well as unsettled political conditions.

Accounts Receivable Factoring

From time to time, we participate in factoring arrangements to sell accounts receivable to third-party financial institutions for cash proceeds net of discount and hold-back. The programs we factor under are uncommitted and thus we cannot assure they will be available as a source of liquidity. During the 2021 Successor Period, we sold accounts receivable balances of $100 million and received cash proceeds of $85 million. During the 2020 Successor Period, we sold accounts receivable balances of $90 million and received cash proceeds of $79 million. During the 2019 Combined Period, we sold accounts receivable of $206 million and received cash proceeds of $193 million. Our factoring transactions were recognized as sales, and the proceeds are included as operating cash flows in our Consolidated Statements of Cash Flows.

Derivative Instruments

We enter into contracts to hedge our exposure to currency fluctuations in various foreign currencies. At December 31, 2021 and December 31, 2020, we had outstanding foreign currency forward contracts with notional amounts aggregating to $349 million and $337 million, respectively. The notional amounts of our foreign currency forward contracts do not generally represent amounts exchanged by the parties and thus are not a measure of the cash requirements related to these contracts or of any possible loss exposure. The amounts actually exchanged at maturity are calculated by reference to the notional amounts and by other terms of the derivative contracts, such as exchange rates. Our foreign currency derivatives are not designated as hedges under ASC 815, and the changes in fair value of the contracts are recorded in each period in “Other Income (Expense), Net” on the accompanying Consolidated Statements of Operations. See “Note 15 – Derivative Instruments” for additional information.

Guarantees

Weatherford International plc, the ultimate parent of the Weatherford group, guarantees the obligations of its subsidiaries – Weatherford International Ltd., a Bermuda exempted company (“Weatherford Bermuda”), and Weatherford International, LLC, a Delaware limited liability company (“Weatherford Delaware”), including the notes and credit facilities listed below.

Our Exit Notes, 2024 Senior Secured Notes (before repayment in 2021), 2028 Senior Secured Notes and 2030 Senior Notes were issued by Weatherford Bermuda and guaranteed by Weatherford International plc and Weatherford Delaware and other subsidiary guarantors party thereto.

Letters of Credit and Surety Bonds

As of December 31, 2021, we had $342 million of letters of credit outstanding, consisting of $181 million under the LC Credit Agreement and $161 million under various uncommitted facilities (of which there was $158 million in cash collateral held and recorded in “Restricted Cash” on the Consolidated Balance Sheets).

In Latin America we utilize surety bonds as part of our customary business practice. As of December 31, 2021, we had surety bonds outstanding of $293 million. Any of our outstanding letters of credit or surety bonds could be called by the beneficiaries should we breach certain contractual or performance obligations. If the beneficiaries were to call the letters of credit under our LC Credit Agreement or surety bonds, our available liquidity would be reduced by the amount called.

Company Accounting Records

The directors believe that they have complied with the requirements of Section 281 to 285 of the Companies Act 2014, with regard to adequate accounting records by engaging the services of a fellow group entity, which employs accounting personnel with appropriate expertise and by providing adequate resources to the financial function. The accounting records of the Company are made available to the directors at its registered office.

Political Donations

No political contributions that require disclosure under s26(1) Electoral Act 1997 (as amended) were made during the years ended December 31, 2021 and 2020.

Subsidiaries

Information regarding subsidiaries is provided in “Note 26 - Significant Subsidiaries” to the Consolidated Financial Statements and the business conducted by these subsidiaries is described above. See “Directors’ Report - Principal Activities.”

Significant Events Since Year End

On February 24, 2022, Russia invaded Ukraine and both are now engaged in an ongoing broad military conflict. In response, we evaluated our operations and have taken a number of actions, with the first being centered on the safety and well-being of our employees in the impacted regions.

Additionally, the United States, the European Union, the United Kingdom and other countries have imposed broad sanctions against Russia, certain Russian individuals and certain activities involving Russia or Russian individuals. While global events continue to evolve rapidly, we continue to monitor and intend to remain in full compliance with the fast evolving sanctions landscape and will continue to fulfill existing contractual obligations within applicable international laws and sanctions.

Management is assessing the financial impacts of these events on our revenues, operating expenses and asset valuation, however, our assessments have not been completed as of the date of this report.

Directors’ Compliance Statement

The directors, in accordance with Section 225 of the Companies Act 2014, acknowledge that they are responsible for securing the Company’s compliance with certain obligations specified in that section arising from the Companies Act 2014, and Irish tax laws (‘relevant obligations’). The directors confirm that:

- a compliance policy statement has been drawn up setting out the Company’s policies with regard to such compliance;
- appropriate arrangements and structures that, in their opinion, are designed to secure material compliance with the Company’s relevant obligations, have been put in place; and
- a review has been conducted, during the financial year, of the arrangements and structures that have been put in place to secure the Company’s compliance with its relevant obligations.

Non-Financial Disclosure

For the purpose of Statutory Instrument 360/2017 European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017 (as amended), the following items, each as described and published on our website (www.weatherford.com), are deemed to be incorporated in this part of the Directors’ Report:

- the Safety and Service Quality section;
- the Sustainability section;
- the Sustainability section of our Annual Report;
- the annual Weatherford Climate Change Carbon Disclosure Project (“CDP”) Report; and

- our Operational Excellence and Performance System (“OEPS”) brochure.

In addition, earlier sections of this Directors’ Report beginning with Principal Activities through the section Principal Risks and Uncertainties provide additional details.

The Board is responsible for the oversight of overall risk management for the Company, and the Audit Committee is responsible for financial and compliance reporting as well as reviewing the results of the Company’s enterprise risks assessments. The Board oversees an Enterprise Risk Management (“ERM”) process to identify and evaluate varying levels of risk and their potential impact on the enterprise, as well as steps to further mitigate those risks. Management representatives of the ERM committee (a non-Board level committee) present quarterly to applicable Committees of the Board and annually to the full Board.

Our Sustainability Committee, comprised of leaders from a cross-section of our organization, is committed to making measurable progress on our sustainability agenda and further weaving its values into the fabric of our organization. The Sustainability Committee reports to the Board on progress and areas that need additional support. The Board extends their full support to ongoing sustainability initiatives to ensure they are a priority for the organization.

Detailed outcomes of our objectives can be found in the Sustainability section of our 2019 and 2021 Annual Reports (we did not produce a 2020 Annual Report), and in the annual CDP report and the Sustainability section of our Company website. We did not produce a 2020 Annual Report. We are committed and continue to make progress towards our environmental, diversity and other goals.

Audit Committee

- The Group has established an Audit Committee with responsibility for:
- overseeing the integrity of our financial reporting process and systems of internal accounting and financial controls;
- reviewing our financial statements;
- overseeing our compliance with legal and regulatory requirements;
- together with the board, being responsible for the appointment, compensation, retention, and oversight of our independent auditor;
- overseeing our independent auditor’s qualifications and independence; and
- overseeing the performance of our internal audit function and independent auditor.

Relevant Audit Information

The directors believe that they have taken all steps necessary to make themselves aware of any relevant audit information and have established that the Group’s statutory auditors are aware of that information. In so far as they are aware, there is no relevant audit information of which the Group’s statutory auditors are unaware.

Directors' and Secretaries' Interest in Shares

The directors and secretaries of the Company as of December 31, 2021 are listed in the table below and, except as noted in the following, have served for each calendar fiscal year and through to the date of this report.

Unless noted below, no director, secretary or any member of their immediate families had any interest in shares or debentures of any subsidiary. Directors' remuneration is set forth in "Note 26 – Directors' Remuneration" to the Consolidated Financial Statements.

The interest of the directors and secretaries in office at December 31, 2021 in the ordinary share capital of Weatherford International plc are shown in the table below:

	December 31, 2021		December 31, 2020	
	Shares	**Options** [(a)]	**Shares**	**Options** [(a)]
Directors:				
Benjamin C. Duster IV [(b)]	—	47,506	—	—
Neal P. Goldman	—	47,506	—	—
Jacqueline Mutschler	—	47,506	—	—
Girishchandra K. Saligram [(c)]	137,063	1,161,162	—	338,982
Charles M. Sledge	—	69,359	—	—
Secretaries:				
Christine M. Morrison	—	21,396	—	104
Cristina D. Waber [(d)]	—	500	—	—

(a) This category includes unexercised warrants, unvested restricted share units, unvested performance share units and unvested phantom restricted share units.
(b) Mr. Duster was appointed on June 16, 2020.
(c) Mr. Saligram was appointed on October 12, 2020.
(d) Ms.Waber was appointed on June 9, 2021.

Auditors

KPMG, Chartered Accountants, will continue in office in accordance with s383(2) of the Companies Act 2014.

On behalf of the Directors

/s/ Girishchandra K. Saligram

Girishchandra K. Saligram
Director

/s/ Charles M. Sledge

Charles M. Sledge
Director

April 13, 2022

Weatherford International plc

Statement of Directors' Responsibilities in Respect of the Directors' Report and the Consolidated Financial Statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare the Consolidated Financial Statements for each financial year. Under that law, the directors have elected to prepare the Consolidated Financial Statements in accordance with section 279 of the Companies Act 2014, which provides that a true and fair view of the assets and liabilities, financial position and profit or loss of a company and its subsidiary undertakings may be given by preparing its group financial statements in accordance with U.S. accounting standards ("U.S. GAAP"), as defined in section 279(1) of the Companies Act 2014, to the extent that the use of those standards in the preparation of the financial statements does not contravene any provision of Part 6 of the Companies Act 2014. The directors have elected to prepare the Financial Statements of the parent company in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and as adopted by the European Union, and applicable law.

Under company law the directors must not approve the group and company financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the group and company and of the Group's profit or loss for that year. In preparing each of the group and company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company and which enable them to ensure that the financial statements comply with the provisions of the Companies Act 2014. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsible for safeguarding the assets of the Company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors are also responsible for preparing a directors' report that complies with the requirements of the Companies Act 2014.

The directors are also responsible for preparing a Directors' Report that complies with the requirements of the Companies Act 2014. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Forward-Looking Statements

This report contains various statements relating to future financial performance and results, business strategy, plans, goals and objectives, including certain projections, business trends and other statements that are not historical facts. These statements constitute forward-looking statements. These forward-looking statements generally are identified by the words "believe," "project," "expect," "anticipate," "estimate," "intend," "budget," "strategy," "plan," "guidance," "outlook," "may," "should," "could," "will," "would," "will be," "will continue," "will likely result," and similar expressions, although not all forward-looking statements contain these identifying words.

Forward-looking statements reflect our beliefs and expectations based on current estimates and projections. While we believe these expectations, and the estimates and projections on which they are based, are reasonable and were made in good faith, these statements are subject to numerous risks and uncertainties. Accordingly, our actual outcomes and results may differ materially from what we have expressed or forecasted in the forward-looking statements. We undertake no obligation to correct, update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise, except to the extent required under federal securities laws. The following, together with disclosures under "Principal Risks and Uncertainties", sets forth certain risks and uncertainties relating to our forward-looking statements that may cause actual results to be materially different from our present expectations or projections:

- risks associated with disease outbreaks and other public health issues, including COVID-19, their impact on the global economy and the business of our company, customers, suppliers and other partners, changes in, and the administration of, treaties, laws, and regulations, including in response to such issues and the potential for such issues to exacerbate other risks we face, including those related to the factors listed or referenced below;
- further spread and potential for a resurgence of COVID-19 in a given geographic region and related disruptions to our business, employees, customers, suppliers and other partners and additional regulatory measures or voluntary actions that may be put in place to limit the spread of COVID-19, including vaccination requirements and the associated availability of vaccines, restrictions on business operations or social distancing requirements, and the duration and efficacy of such restrictions;
- the price and price volatility of, and demand for, oil, natural gas and natural gas liquids;
- member-country quota compliance within the Organization of Petroleum Exporting Countries ("OPEC");
- our ability to realize expected revenues and profitability levels from current and future contracts;
- our ability to generate cash flow from operations to fund our operations;
- our ability to comply with, and respond to, climate change, environmental, social and governance and other "sustainability" initiatives and future legislative and regulatory measures both globally and in the specific geographic regions in which we and our customers operate;
- our ability to effectively and timely address the need to conduct our operations and provision of services to our customers more sustainably and with a lower carbon footprint;
- our ability to effectively and timely adapt our technology portfolio, products and services to address and participate in changes to the market demands for the transition to alternate sources of energy such as geothermal, carbon capture and responsible abandonment, including our digitalization efforts;
- global political, economic and market conditions, political disturbances, war, terrorist attacks, changes in global trade policies, weak local economic conditions and international currency fluctuations;
- increases in the prices and lack of availability of our procured products and services;
- our ability to timely collect from customers;
- our ability to realize cost savings and business enhancements from our revenue and cost improvement efforts;
- our ability to attract, motivate and retain employees, including key personnel;
- our ability to access to capital markets on terms that are commercially acceptable to the Company;
- our ability to manage our workforce, supply chain and business processes, information technology systems and technological innovation and commercialization, including the impact of our organization restructure, business enhancements, improvement efforts and the cost and support reduction plans;
- our ability to service our debt obligations;
- potential non-cash asset impairment charges for long-lived assets, intangible assets or other assets;
- adverse weather conditions in certain regions of our operations; and
- failure to ensure on-going compliance with current and future laws and government regulations, including but not limited to environmental and tax and accounting laws, rules and regulations.

Many of these factors are macro-economic in nature and are, therefore, beyond our control. Should one or more of these risks or uncertainties materialize, affect us in ways or to an extent that we currently do not expect or consider to be significant, or should underlying assumptions prove incorrect, our actual results, performance or achievements may vary materially from those described in this annual report as anticipated, believed, estimated, expected, intended, planned or projected.

Finally, our future results will depend upon various other risks and uncertainties, including, but not limited to, those detailed in our other filings with the SEC under the Exchange Act and the Securities Act of 1933 (as amended, the “Securities Act”). For additional information regarding risks and uncertainties, see our other filings with the SEC.

INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF WEATHERFORD INTERNATIONAL PLC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Weatherford International plc (the “Parent Company”) and its subsidiaries (together, the “Group”) for the year ended December 31, 2021, which comprise the Consolidated and Parent Company Balance Sheets, the Consolidated Statements of Operations, the Consolidated Statements of Comprehensive Income/(Loss), the Consolidated and Parent Company Shareholders’ Equity Statements, the Consolidated and Parent Company Cash Flows Statements and the related notes. The financial reporting framework that has been applied in the preparation of the Group financial statements is Irish law and US Generally Accepted Accounting Practice (“US GAAP”), and, as regards the Parent Company financial statements, International Financial Reporting Standards (“IFRS”) as adopted by the European Union, as applied in accordance with the provisions of the Companies Act 2014.

In our opinion:

- the financial statements give a true and fair view of the assets, liabilities and financial position of the Group and Parent Company as of December 31, 2021 and of the Group’s loss for the year then ended;
- The Group financial statements have been properly prepared in accordance with US GAAP, as applied in accordance with the provisions of the Companies Act, 2014;
- The Parent Company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2014; and
- The Group and Parent Company financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We have fulfilled our ethical responsibilities under, and we remained independent of the Company in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), as applied to listed entities.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We evaluated the directors’ assessment of the Group’s and Parent Company’s ability to continue to adopt the going concern basis of accounting. In our evaluation of the directors’ conclusions, we considered the inherent risks to the Group’s and Parent Company’s business model and analysed how those risks might affect the Group’s and Parent Company’s financial resources or ability to continue operations over the going concern period.

There were no risks identified that we considered were likely to have a material adverse effect on the Group’s and Parent Company’s available financial resources over this period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group or the Parent Company’s ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In arriving at our audit opinion above, key audit matters were as follows (in 2020 we did not disclose any key audit matters in our audit report):

Consolidated Financial Statements: Assessment of impairment triggering events related to long-lived assets. The carrying value of long-lived assets as of December 31,2021 was approximately $1.8 billion (2020: $2.2 billion)

Refer to page 60 (accounting policy) and page 73 (financial disclosures)

The key audit matter	How the matter was addressed in our audit
The company has approximately $1.8 billion long lived assets as of December 31, 2021. The company evaluates long-lived assets, consisting of property, plant and equipment, definite-lived intangible assets, and operating lease right-of-use assets, for impairment whenever events or changes in circumstances, known as triggering events, indicate that the carrying amount of an asset or asset group may not be recoverable. There is a risk associated with the assessment of whether (i) reduced or expected sustained decreases in cash flows generated by an asset group and (ii) negative changes in industry conditions represented a triggering event due to the significant judgements involved.	Our audit procedures included, among other things: – We evaluated the design and tested the operating effectiveness of internal controls related to the Company's triggering events assessment. – We evaluated the Company's identification of triggering events related to the evaluation of cash flow trends for certain asset groups by comparing historical cash flow trends to the asset groups' carrying values. – Further, we evaluated the Company's assessment of changes in industry conditions by comparing them to data obtained from publicly available industry and market information. Based on procedures we performed, we considered that the assessment used by the company to identify triggering events relating to long-lived assets is reasonable.

Parent Company: Impairment assessment over the Company's investment in subsidiaries – The carrying value of investment in subsidiaries as of December 31,2021 was approximately $2.6 billion (2020: $2.6 billion)

Refer to page 91 (accounting policy) and page 92 (financial disclosures)

The key audit matter	How the matter was addressed in our audit
The Parent Company's investment in subsidiaries was approximately $2.6 billion as of December 31, 2021. The company evaluates at each period end whether any impairment is required by reference to the higher of the market value and the value in use of the investments. There is a risk associated with this assessment due to the inherent judgments in determining the value in use of an investment, including the use of prospective cashflow information.	Our audit procedures included, among other things: – We performed procedures to verify the market value of the Parent Company's investment by reference to publicly available information. – We assessed the inputs into the value in use model including evaluation of the method used, the determination of prospective cashflows, and the discount rates applied to the model. – No material misstatements were noted as part of our testing.

Our application of materiality and an overview of the scope of our audit

We determined materiality for the Group financial statements with reference to the most relevant benchmark of total revenues for the year. We set our measure of Group materiality for the financial statements as a whole at 0.5% of total revenue (2020: 0.5%), which is $16 million for the year ended December 31, 2021 (2020: $17 million).

With respect to the Parent Company financial statements, we based our calculation of materiality on total assets at 0.5% (2020: 0.5%), which is $14 million for the year ended December 31, 2021 (2020: $15 million).

We reported to the Audit Committee any corrected or uncorrected identified misstatements exceeding $0.82 million (2020: $0.85 million), in addition to other misstatements that warranted reporting on qualitative grounds.

We applied materiality to determine the nature and extent of testing required.

Our audit was conducted over the consolidated results of the Group as a whole and we did not involve component auditors.

Other information

The directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the directors' report. The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on our work on the other information , we report that:

- we have not identified material misstatements in the directors' report;
- in our opinion, the information given in the directors' report is consistent with the financial statements;
- in our opinion, the directors' report has been prepared in accordance with the Companies Act 2014.

Our opinions on other matters prescribed by the Companies Act 2014 are unmodified

We have obtained all the information and explanations which we consider necessary for the purpose of our audit. In our opinion, the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the Company's financial statements are in agreement with the accounting records.

We have nothing to report on other matters on which we are required to report by exception

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by Sections 305 to 312 of the Act are not made. We have nothing to report in this regard.

Respective responsibilities and restrictions on use

Directors' responsibilities

As explained more fully in their statement set out on page [x], the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal controls as they determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A fuller description of our responsibilities is provided on IAASA's website at http://www.iaasa.ie/Publications/Auditing-standards/International-Standards-on-Auditing-for-use-in-Ire/Description-of-the-auditor-s-responsibilities-for.

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Parent Company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members, as a body, for our audit work, for our report, or for the opinions we have formed.

Signature:

/s/ KPMG

Michael Gibbons
For and on behalf of KPMG
Chartered Accountants, Statutory Audit Firm
1 Stokes Place, St. Stephen's Green, Dublin 2, Ireland.

13 April 2022

WEATHERFORD INTERNATIONAL PLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	Successor			Predecessor
	Years Ended		Period From 12/14/2019 through	Period From 1/1/2019 through
(Dollars and shares in millions, except per share amounts)	12/31/2021	12/31/2020	12/31/2019	12/13/2019
Revenues:				
Services	$ 2,353	$ 2,250	$ 150	$ 3,135
Products	1,292	1,435	111	1,819
Total Revenues	3,645	3,685	261	4,954
Costs and Expenses:				
Cost of Services	1,547	1,550	108	2,168
Cost of Products	1,169	1,257	100	1,685
Research and Development	85	97	7	136
Selling, General and Administrative	738	837	45	895
Goodwill and Long-Lived Assets Impairment	—	1,053	—	750
Restructuring Charges	—	206	—	189
Other Charges (Credits), Net	(10)	171	—	339
Prepetition Charges	—	—	—	86
Gain on Sale of Businesses, Net	—	—	—	(112)
Total Costs and Expenses	3,529	5,171	260	6,136
Operating Income (Loss)	116	(1,486)	1	(1,182)
Other Income (Expense):				
Interest Expense, Net	(260)	(251)	(12)	(362)
Loss on Extinguishment of Debt and Bond Redemption Premium	(170)	—	—	—
Loss on Termination of ABL Credit Agreement	—	(15)	—	—
Reorganization Items	—	(9)	(4)	5,389
Other Expense, Net	(29)	(53)	—	(26)
Income (Loss) Before Income Taxes	(343)	(1,814)	(15)	3,819
Income Tax Provision	(86)	(85)	(9)	(135)
Net Income (Loss)	(429)	(1,899)	(24)	3,684
Net Income Attributable to Noncontrolling Interests	21	22	2	23
Net Income (Loss) Attributable to Weatherford	$ (450)	$ (1,921)	$ (26)	$ 3,661
Basic and Diluted Loss Per Share Attributable to Weatherford	$ (6.43)	$ (27.44)	$ (0.37)	$ 3.65
Basic and Diluted Weighted Average Shares Outstanding	70	70	70	1,004

The accompanying notes are an integral part of these consolidated financial statements.

WEATHERFORD INTERNATIONAL PLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	Successor			Predecessor
	Years Ended		Period From 12/14/2019 through	Period From 1/1/2019 through
(Dollars in millions)	12/31/2021	12/31/2020	12/31/2019	12/13/2019
Net Income (Loss)	$ (429)	$ (1,899)	$ (24)	$ 3,684
Foreign Currency Translation	(5)	(38)	7	52
Defined Benefit Pension Activity	13	(14)	2	(11)
Interest Rate Derivative Loss	—	—	—	8
Other Comprehensive Income (Loss)	8	(52)	9	49
Comprehensive Income (Loss)	(421)	(1,951)	(15)	3,733
Comprehensive Income Attributable to Noncontrolling Interests	21	22	2	23
Comprehensive Income (Loss) Attributable to Weatherford	$ (442)	$ (1,973)	$ (17)	$ 3,710

The accompanying notes are an integral part of these consolidated financial statements.

WEATHERFORD INTERNATIONAL PLC AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(Dollars and shares in millions, except par value)	December 31, 2021	December 31, 2020
Assets:		
Cash and Cash Equivalents	$ 951	$ 1,118
Restricted Cash	162	167
Accounts Receivable, Net of Allowance for Credit Losses of $31 at December 31, 2021 and $32 at December 31, 2020	825	826
Inventories, Net	670	717
Other Current Assets	303	349
Total Current Assets	2,911	3,177
Property, Plant and Equipment, Net of Accumulated Depreciation of $623 at December 31, 2021 and $367 at December 31, 2020	996	1,236
Intangible Assets, Net of Accumulated Amortization of $328 at December 31, 2021 and $173 at December 31, 2020	657	810
Operating Lease Right-of-Use Assets	113	138
Other Non-current Assets	97	73
Total Assets	$ 4,774	$ 5,434
Liabilities:		
Short-term Borrowings and Current Portion of Long-term Debt	$ 12	$ 13
Accounts Payable	380	325
Accrued Salaries and Benefits	343	297
Income Taxes Payable	140	185
Current Portion of Operating Lease Liabilities	59	71
Other Current Liabilities	398	471
Total Current Liabilities	1,332	1,362
Long-term Debt	2,416	2,601
Operating Lease Liabilities	128	177
Other Non-current Liabilities	402	357
Total Liabilities	4,278	4,497
Shareholders' Equity:		
Ordinary Shares - Par value $0.001; Authorized 1,356, Issued and Outstanding 70 at December 31, 2021 and 2020	—	—
Capital in Excess of Par Value	2,904	2,897
Retained Deficit	(2,397)	(1,947)
Accumulated Other Comprehensive Loss	(35)	(43)
Weatherford Shareholders' Equity	472	907
Noncontrolling Interests	24	30
Total Shareholders' Equity	496	937
Total Liabilities and Shareholders' Equity	$ 4,774	$ 5,434

The accompanying notes are an integral part of these consolidated financial statements.

On behalf of the Directors

/s/ Girishchandra K. Saligram
Girishchandra K. Saligram
Director

/s/ Charles M. Sledge
Charles M. Sledge
Director

WEATHERFORD INTERNATIONAL PLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (DEFICIENCY)

(Dollars in millions)	Par Value of Issued Shares	Capital In Excess of Par Value	Retained Earnings (Deficit)	Accumulated Other Comprehensive Income (Loss)	Non-controlling Interests	Total Shareholders' Equity (Deficiency)
Balance at December 31, 2018 (Predecessor)	$ 1	$ 6,711	$ (8,671)	$ (1,746)	$ 39	$ (3,666)
Net Income (Loss)	—	—	3,661	—	23	3,684
Other Comprehensive Income	—	—	—	49	—	49
Dividends to NCI	—	—	—	—	(22)	(22)
Equity Awards Granted, Vested and Exercised	—	22	—	—	—	22
Equity Awards Vested and Cancelled in Connection With the Plan	—	24	—	—	—	24
Other Activity	—	—	—	—	2	2
Elimination of Predecessor Equity Balances	(1)	(6,757)	5,010	1,697	—	(51)
Issuance of New Ordinary Shares to Creditors in Connection with the Plan	—	2,837	—	—	—	2,837
Issuance of New Ordinary Shares to Prior Shareholders	—	29	—	—	—	29
Equity Value of Warrants	—	31	—	—	—	31
Fresh Start Adjustment to NCI	—	—	—	—	(8)	(8)
Balance at December 13, 2019 (Successor)	$ —	$ 2,897	$ —	$ —	$ 34	$ 2,931
Net Income (Loss)	—	—	(26)	—	2	(24)
Other Comprehensive Income	—	—	—	9	—	9
Balance at December 31, 2019 (Successor)	$ —	$ 2,897	$ (26)	$ 9	$ 36	$ 2,916
Net Income (Loss)	—	—	(1,921)	—	22	(1,899)
Other Comprehensive Income	—	—	—	$ (52)	—	(52)
Dividends to NCI	—	—	—	—	(28)	(28)
Balance at December 31, 2020 (Successor)	$ —	$ 2,897	$ (1,947)	$ (43)	$ 30	$ 937
Net Income (Loss)	—	—	(450)	—	21	(429)
Equity Awards, Granted, Vested and Exercised	—	7	—	—	—	7
Other Comprehensive Income	—	—	—	8	—	8
Dividends to NCI	—	—	—	—	(27)	(27)
Balance at December 31, 2021 (Successor)	$ —	$ 2,904	$ (2,397)	$ (35)	$ 24	$ 496

The accompanying notes are an integral part of these consolidated financial statements.

WEATHERFORD INTERNATIONAL PLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Successor			Predecessor
	Years Ended		Period From 12/14/2019 through	Period From 1/1/2019 through
(Dollars in millions)	12/31/2021	12/31/2020	12/31/2019	12/13/2019
Cash Flows From Operating Activities:				
Net Income (Loss)	$ (429)	$ (1,899)	$ (24)	$ 3,684
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Depreciation and Amortization	440	503	34	447
Bond Redemption Premium and Loss on Extinguishment of Debt and Termination of ABL Credit Agreement	170	15	—	—
Gain on Settlement of Liabilities Subject to Compromise	—	—	—	(4,297)
Reorganization Items	—	—	—	(1,161)
Goodwill and Long-Lived Assets Impairment	—	1,053	—	750
Inventory Charges	62	210	—	159
Asset Write-Downs and Other Charges	—	60	—	145
Employee Share-Based Compensation Expense	25	—	—	46
Loss (Gain) on Disposition of Assets	(22)	2	—	—
Gain on Sale Businesses, Net	—	—	—	(112)
Deferred Income Tax Provision (Benefit)	(10)	(5)	—	25
Change in Operating Assets and Liabilities, Net:				
Accounts Receivable	(6)	378	36	(135)
Inventories	(18)	64	18	(215)
Accounts Payable	56	(250)	(79)	(72)
Other Assets and Liabilities, Net	54	79	76	(11)
Net Cash Provided by (Used in) Operating Activities	$ 322	$ 210	$ 61	$ (747)
Cash Flows From Investing Activities:				
Capital Expenditures for Property, Plant and Equipment	$ (85)	$ (154)	$ (20)	$ (250)
Proceeds from Divestiture of Businesses and Investments	—	11	7	328
Proceeds from Disposition of Assets	41	22	—	84
Proceeds from Bond Maturities	—	50	—	—
Other Investing Activities	(39)	(4)	(1)	(13)
Net Cash Provided by (Used in) Investing Activities	$ (83)	$ (75)	$ (14)	$ 149
Cash Flows From Financing Activities:				
Borrowings of Long-term Debt	$ 2,073	$ 453	$ —	$ 1,600
Repayments of Long-term Debt	(2,313)	(9)	(1)	(318)
Bond Redemption Premium	(131)	—	—	—
Repayments of Short-term Debt, Net	(4)	(27)	(1)	(347)
Borrowings on Debtor in Possession (“DIP”) Credit Agreement	—	—	—	1,529
Repayment on DIP Credit Agreement upon Emergence	—	—	—	(1,529)
DIP Financing Fees and Payments on Backstop Agreement	—	—	—	(137)
Deferred Consideration Payment	—	(24)	—	—
Other Financing Activities, Net	(28)	(45)	—	(49)
Net Cash Provided by (Used in) Financing Activities	$ (403)	$ 348	$ (2)	$ 749
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(8)	2	1	1
Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash	(172)	485	46	152
Cash, Cash Equivalents and Restricted Cash at Beginning of Period	1,285	800	754	602
Cash, Cash Equivalents and Restricted Cash at End of Period	$ 1,113	$ 1,285	$ 800	$ 754
Supplemental Cash Flow Information				
Interest Paid	$ 269	$ 232	$ —	$ 272
Income Taxes Paid, Net of Refunds	$ 62	$ 79	$ 2	$ 89

The accompanying notes are an integral part of these consolidated financial statements.

WEATHERFORD INTERNATIONAL PLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 – Summary of Significant Accounting Policies

Organization and Nature of Operations

Weatherford International plc ("Weatherford Ireland"), an Irish public limited company, together with its subsidiaries ("Weatherford," the "Company," "we," "us" and "our"), is a multinational energy services company. Weatherford is one of the world's leading providers of equipment and services used in the drilling, evaluation, completion, production and intervention of oil, geothermal and natural gas wells. We operate in approximately 75 countries and have service and sales locations in oil and natural gas producing regions globally. Many of our businesses, including those of our predecessor companies, have been operating for more than 50 years.

The authorized share capital of Weatherford includes 1.356 billion ordinary shares with a par value of $0.001 per share. On June 1, 2021, The Nasdaq Stock Market LLC stock exchange ("NASDAQ") approved our application for the listing of our ordinary shares. In connection with the listing, we became subject to the reporting requirements of the Securities Exchange Act of 1934 (as amended, the "Exchange Act"). Our ordinary shares began trading on The Nasdaq Global Select Market on June 2, 2021 under the ticker symbol "WFRD".

Basis of Presentation and Principles of Consolidation

The accompanying consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and pursuant to the rules and regulations of the SEC for annual financial information. We consolidate all wholly owned subsidiaries and controlled joint ventures. All material intercompany accounts and transactions have been eliminated in consolidation.

Certain prior year amounts have been reclassified to conform to the current year presentation, including "Note 4 – Segment Information". Prior year net income (loss) and shareholders' equity (deficiency) were not affected by these reclassifications.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, the reported amounts of revenues and expenses during the reporting period, and disclosure of contingent assets and liabilities. On an on-going basis, we evaluate our estimates and assumptions, including those related to allowance for credit losses, inventory valuation reserves, recoverability of long-lived assets, useful lives used in depreciation and amortization, income taxes and related valuation allowance, accruals for contingencies, actuarial assumptions to determine costs and liabilities related to employee benefit plans, and share-based compensation. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. We believe the most significant estimates and assumptions are associated with the recoverability of long-lived assets impairment assessment, inventory valuation reserves and estimating our income tax provision, including uncertain tax positions and the valuation of deferred taxes. Actual results could differ from those estimates.

Bankruptcy and Fresh Start Accounting

On July 1, 2019 (the "Petition Date"), Weatherford Ireland, Weatherford International Ltd. ("Weatherford Bermuda"), and Weatherford International, LLC ("Weatherford Delaware") (collectively, "Weatherford Parties"), filed voluntary petitions under Chapter 11 of the U.S. Bankruptcy Code ("Bankruptcy Code") in the U.S. Bankruptcy Court for the Southern District of Texas ("Bankruptcy Court"). On December 13, 2019 ("Effective Date" or "Fresh Start Reporting Date") after all conditions to effectiveness were satisfied, we emerged from bankruptcy after successfully completing the reorganization pursuant to the Plan.

During bankruptcy in 2019, we classified all income, expenses, gains or losses that were incurred or realized as a result of the Chapter 11 proceedings as "Reorganization Items" in our 2019 Consolidated Statements of Operations through the Effective Date.

In accordance with Accounting Standards Codification "ASC" 852 - Reorganizations, we qualified for and adopted fresh start accounting ("Fresh Start Accounting") on the Fresh Start Reporting Date, at which point we became a new entity for financial reporting because (i) the holders of the then existing ordinary shares of the Predecessor company received less than 50% of the new ordinary shares of the Successor company outstanding upon emergence and (ii) the reorganization value of the Company's assets immediately prior to confirmation of the Plan was less than the total of all post-petition liabilities and allowed claims.

Upon adoption of Fresh Start Accounting, the reorganization value derived from the enterprise value associated with the Plan was allocated to the Company's identifiable tangible and intangible assets and liabilities based on their estimated fair values (except for deferred income taxes), with the remaining excess value allocated to Goodwill in accordance with ASC 805 – Business Combinations. Deferred income tax amounts were determined in accordance with ASC 740 – Income Taxes.

For more information, see "Note 2 – Emergence from Chapter 11 Bankruptcy Proceedings" and "Note 3 – Fresh Start Accounting." The Company's financial results for periods following the application of Fresh Start Accounting are and will be different from the Predecessor historical trends and the differences may be material.

References to "Predecessor" relate to the Consolidated Statements of Operations for the period from January 1, 2019 through and including the adjustments from the application of Fresh Start Accounting on December 13, 2019 ("Predecessor Period"). References to "Successor" relate to the Consolidated Balance Sheets of the reorganized Company as of December 31, 2021 and 2020 and Consolidated Statements of Operations for the years ended December 31, 2021 and 2020 and for the period from December 14, 2019 through December 31, 2019 ("Successor Periods") and are not comparable to the Consolidated Financial Statements of the Predecessor as indicated by the "black line" division in the financials and footnote tables, which emphasizes the lack of comparability between amounts presented.

Cash and Cash Equivalents

We consider all highly liquid investments with original maturities of three months or less to be cash equivalents.

Restricted Cash

Our restricted cash balance of $162 million at December 31, 2021 and $167 million at December 31, 2020 primarily includes cash collateral for certain of our letters of credit facilities.

Allowance for Credit Losses on Accounts Receivables

We establish an allowance for credit losses based on various factors to including historical experience, current conditions and environments in which our customers operate, the aging status and reasonable and supportable forecasts. The determination of the collectability requires us to use estimates and make judgments regarding future events and trends, including monitoring our customers' payment history and current creditworthiness, as well as consideration of the overall business and political climate in which our customers operate. Our customer base has generally similar collectability risk characteristics, although risk profiles can vary between larger independent customers and state-owned customers, which may have a lower risk than smaller independent customers. Provisions for credit losses are recorded based on estimated losses on customer accounts that may become uncollectible.

Major Customers and Credit Risk

Substantially all of our customers are engaged in the energy industry. This concentration of customers may impact our overall exposure to credit risk, either positively or negatively, in that customers may be similarly affected by changes in economic and industry conditions. We perform periodic credit evaluations of our customers and do not generally require collateral in support of our trade receivables. We maintain allowances for credit losses. International sales also present various risks, including risks of war, civil disturbances and governmental activities that may limit or disrupt markets, restrict the movement of funds, or result in the deprivation of contract rights or the taking of property without fair consideration. Most of our international sales are to large international or national oil companies and these sales may result in a concentration of receivables from such companies.

As of December 31, 2021, accounts receivable in Mexico and the U.S. accounted for 22% and 15%, respectively, of our total net outstanding account receivables. Although we have experienced delay of payments in Mexico, the balances due are not in dispute and we do not expect to have any material write-offs of receivables in the country. No other country accounted for more than 10% of our net outstanding accounts receivables balance. For the years ended December 31, 2021, 2020 and 2019, no individual customer accounted for more than 10% of our consolidated revenues.

Inventories

We state our inventories at the lower of cost or net realizable value using either the first-in, first-out ("FIFO") or average cost method. Cost represents third-party invoice or production cost. Production cost includes material, labor and manufacturing overhead. To maintain a carrying value that is the lower of cost or net realizable value, we regularly review inventory quantities on hand and compare to estimates of future product demand, market conditions, our production requirements, and technological developments. We maintain reserves for excess, slow moving and obsolete inventory and we may periodically recognize additional charges for inventory in which we determine there is no forecasted demand.

Property, Plant and Equipment ("PP&E")

PP&E is both owned and under finance leases, and is initially stated at cost and depreciated over its estimated life. Subsequently, PP&E is measured at cost less accumulated depreciation and impairment losses. The carrying values are based on our estimates and judgments relative to capitalized costs, useful lives and salvage value, where applicable.

We expense maintenance and repairs as incurred. We capitalize expenditures for improvements as well as renewals and replacements that extend the useful life of the asset. We depreciate our fixed assets on a straight-line basis over their estimated useful lives, allowing for salvage value where applicable.

The estimated useful lives of our major classes of PP&E are as follows:

Major Classes of Property, Plant and Equipment	PP&E Estimated Useful Lives
Buildings and leasehold improvements	10 – 40 years or lease term
Rental and service equipment	3 – 10 years
Machinery and other	2 – 12 years

Goodwill

As of December 31, 2021 and 2020, we no longer carried goodwill on our Consolidated Balance Sheets. See Note 11 – Goodwill and Intangibles, Net for further discussion. Goodwill represented the excess of consideration paid (or with respect to our 2019 Fresh Start Accounting, the excess of reorganization value) over the fair value of net tangible and identifiable intangible assets acquired. Goodwill was not amortized but was evaluated for impairment. When we carried goodwill on our Consolidated Balance Sheets, we performed an impairment test for goodwill annually as of October 1 or more frequently whenever events and changes in the circumstances indicate that the carrying value of a reporting unit might exceed its fair value. The quantitative step of the goodwill impairment test involves a comparison of the fair value of each of our reporting units that have goodwill assigned with their carrying values. If the carrying value of a reporting unit's goodwill were to exceed its fair value, an impairment loss is recognized in an amount equal to that excess, limited to the total amount of goodwill allocated to that reporting unit.

Other Intangible Assets

With respect to the Successor and as a result of Fresh Start Accounting, our newly established identifiable intangible assets included developed technologies and our trade name. Successor identifiable intangible assets are being amortized on a straight-line basis over their estimated economic lives generally ranging from five to 10 years. We amortize developed technology over 5 years and our trade names over 10 years. As many areas of our business rely on patents and proprietary technology, we seek patent protection both inside and outside the U.S. for products and methods that appear to have commercial significance. We capitalize patent defense costs when we determine that a successful defense is probable.

Long-Lived Assets

Long-lived assets to be held and used are reviewed to determine whether any events or changes in circumstances, known as triggering events, indicate that we may not be able to recover the carrying amount of the asset or asset group. Triggering events include, but are not limited to, reduced or expected sustained decreases in cash flows generated by an asset group, negative changes in industry conditions (such as global rig count, commodity prices, and the global economy), a significant change in the long-lived asset's use or physical condition, the introduction of competing technologies, and legal and regulatory challenges. The Company groups individual assets at the lowest level of identifiable cash flows and, if impairment triggers are present, performs an undiscounted cash flow analysis to identify assets or asset groups that may not be recoverable.

Long-lived assets held as of our 2019 emergence date were remeasured to fair value. Refer to Note 3 – Fresh Start Accounting for further details.

Research and Development Expenditures

Research and development expenditures are expensed as incurred.

Derivative Financial Instruments

We record derivative instruments on the balance sheet at their fair value as either assets or liabilities. Changes in the fair value of derivatives are recorded each period in current earnings.

Foreign Currency

Results of operations for our foreign subsidiaries with functional currencies other than the U.S. dollar are translated using average exchange rates during the period. Assets and liabilities of these foreign subsidiaries are translated using the exchange rates in effect at the balance sheet dates, and the resulting translation adjustments are included in "Accumulated Other Comprehensive Loss", a component of Shareholders' Equity (Deficiency).

For our subsidiaries that have a functional currency that differs from the currency of their balances and transactions, inventories, PP&E and other non-monetary assets and liabilities, together with their related elements of expense or income, are remeasured into the functional currency using historical exchange rates. All monetary assets and liabilities are remeasured into the functional currency at current exchange rates. All revenues and expenses are translated into the functional currency at average exchange rates. Remeasurement gains and losses for these subsidiaries are recognized in our results of operations during the period incurred. We record net foreign currency gains and losses on foreign currency derivatives (see "Note 15 – Derivative Instruments") and currency devaluation charges, when incurred, in "Other Income (Expense), Net" on the accompanying Consolidated Statements of Operations.

Share-Based Compensation

We account for equity-classified share-based payment awards, including awards issued under employee stock purchase plans, stock options, restricted shares, restricted share units and performance units by measuring these awards at the date of grant and recognizing the grant date fair value as an expense, net of forfeitures, over the service period, which is usually the vesting period. Liability-classified awards, such as phantom restricted share units, are remeasured at their current market value at the end of each reporting period over the service period.

Income Taxes

We account for taxes under the asset and liability method. Income taxes have been provided based upon the tax laws and rates in the countries in which our operations are conducted and income is earned. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. A valuation allowance for deferred tax assets is recorded when it is more likely than not that some or all of the benefit from the deferred tax asset will not be realized. The impact of an uncertain tax position taken or expected to be taken on an income tax return is recognized in the financial statements at the largest amount that is more likely than not to be sustained upon examination by the relevant taxing authority.

Leases

We lease certain facilities, land, vehicles, and equipment. Leases with an initial term of 12 months or less ("short-term leases") are not recorded on the balance sheet; we recognize lease expense for these leases on a straight-line basis over the lease term.

Operating lease right of use ("ROU") assets and operating lease liabilities are recognized based on the present value of lease payments over the lease term at commencement date. We determine if an arrangement is classified as a lease at inception of the arrangement. As most of our leases do not provide an implicit rate of return, on a quarterly basis, we use our incremental borrowing rate, together with the lease term information available at commencement date of the lease, in determining the present value of lease payments. For certain equipment leases, such as copiers and vehicles, we account for the leases under a portfolio method. Operating lease payments include related options to extend or terminate lease terms that are reasonably certain of being exercised.

Upon emergence from bankruptcy on December 13, 2019, our lease liabilities were remeasured to fair value using the present value of the remaining lease payments as if we acquired new leases. The remeasurement was based on our incremental borrowing rate as of December 13, 2019. Additionally, the ROU assets were revalued based upon the present value of market-based rent. The remeasurement of our ROU assets was based on the market discount rate as of December 13, 2019.

Disputes, Litigation and Contingencies

We accrue an estimate of costs to resolve certain disputes, legal matters and contingencies when a loss on these matters is deemed probable and reasonably estimable. For matters not deemed probable or not reasonably estimable, we have not accrued any amounts. Our contingent loss estimates are based upon an analysis of potential results, assuming a combination of possible litigation and settlement strategies. The accuracy of these estimates is impacted by the complexity of the associated issues.

Revenue Recognition

We account for revenue in accordance with ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, and all of the related amendments, collectively referred to as "Topic 606". Revenues are recognized when control of the promised goods or services is transferred to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services. The majority of our revenue is derived from short term contracts. Our services and products are generally sold based upon purchase orders, contracts or other legally enforceable arrangements with our customers that included fixed or determinable prices but do not generally include right of return provisions or other significant post-delivery obligations.

The unmanned equipment that we lease to customers under operating leases consist primarily of drilling rental tools and artificial lift pumping equipment. These equipment rental revenues are generally provided based on call-out work orders that include fixed per unit prices and are derived from short-term contracts. We include revenue from these leases within "Services Revenue" on our Consolidated Statement of Operations.

Contract Balances

The timing of revenue recognition, billings and cash collections results in billed and unbilled accounts receivable, contract assets, and customer advances and deposits (contract liabilities classified as deferred revenues). Receivables are included in "Accounts Receivable, Net," contract assets are included in "Other Current Assets" and contract liabilities are included in "Other Current Liabilities" on our Consolidated Balance Sheets.

Consideration under certain contracts such as turnkey or lump sum contracts may be classified as contract assets as the invoicing occurs once the performance obligations have been satisfied while the customer simultaneously receives and consumes the benefits provided. We also have receivables for work completed on service contracts but not billed in which the rights to consideration are conditional and would be classified as contract assets. We may also have contract liabilities and defer revenues for certain product sales that are not distinct from their installation.

Performance Obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied.

Generally, our revenue is recognized for services over time as the services are rendered and we primarily utilize an output method such as time elapsed or footage drilled which coincides with how customers receive the benefit. Both contract drilling and pipeline service revenue is contractual by nature and generally governed by day-rate based contracts. Revenue is recognized on product sales at a point in time when control passes and is generally upon delivery but is dependent on the terms of the contract.

Our services and products are generally sold based upon purchase orders, contracts or call-out work orders that include fixed per unit prices or variable consideration but do not generally include right of return provisions or other significant post-delivery obligations. We generally bill our sales of services and products upon completion of the performance obligation. Product sales are billed and recognized when control passes to the customer. Our products are produced in a standard manufacturing operation, even if produced to our customer's specifications. Revenues are recognized at the amount to which we have the right to invoice for services performed. Our payment terms vary by the type and location of our customer and the products or services offered. For certain products or services and customer types, we require payment before the products or services are delivered to the customer and record as a contract liability. We defer revenue recognition on such payments until the products or services are delivered to the customer.

From time to time, we may enter into bill and hold arrangements. When we enter into these arrangements, we determine if the customer has obtained control of the product by determining (a) the reason for the bill-and-hold arrangement; (b) whether the product is identified separately as belonging to the customer; (c) whether the product is ready for physical transfer to the customer; and (d) whether we are unable to utilize the product or direct it to another customer.

We account for individual products and services separately if they are distinct and the product or service is separately identifiable from other items in the contract and if a customer can benefit from it on its own or with other resources that are readily available to the customer. The consideration, including any discounts, is allocated between separate products and services based on their standalone selling prices. The standalone selling prices are determined based on the prices at which we separately sell our products and services. For items not sold separately (e.g. term software licenses in our Completion and Production product line), we estimate standalone selling prices using the adjusted market assessment approach. Costs of relocating equipment without contracts are expensed as incurred.

The nature of our contracts gives rise to several types of variable consideration, including claims and lost-in-hole charges. Our claims are not significant and lost-in-hole charges are constrained variable consideration. We do not estimate revenue associated with these types of variable consideration.

Under certain contracts, we may incur rebillable expenses including shipping and handling, third-party inspection and repairs, and customs costs and duties. If reimbursable by customers we recognize the revenue associated with these rebillable expenses as "Product Revenues" and all related costs as "Cost of Products" in the accompanying Consolidated Statements of Operations.

We provide certain assurance warranties on product sales which range from one to five years but do not offer extended warranties on any of our products or services. These assurance warranties are not separate performance obligations thus no portion of the transaction price is allocated to our obligations under these warranties.

Earnings (Loss) per Share

Basic earnings (loss) per share for all periods presented equals net income (loss) divided by the weighted average shares outstanding during the period including participating securities. Diluted earnings (loss) per share is computed by dividing net income (loss) by our weighted average shares outstanding during the period including participating securities and any potential dilutive shares, when applicable.

Unvested share-based payment awards and other instruments issued by the Company that contain non-forfeitable rights to dividends or dividend equivalents, whether paid or unpaid, are participating securities and are included in the computation of earnings per share following the two-class method.

Accounting Standards Issued Not Yet Adopted

Evaluations of all other new accounting pronouncements that have been issued, but not yet effective are on-going, and at this time are not expected to have a material impact on our Consolidated Financial Statements.

2 – Emergence from Chapter 11 Bankruptcy Proceedings

Restructuring Support Agreement; Voluntary Reorganization Under Chapter 11 of the U.S. Bankruptcy Code

On May 10, 2019, the Weatherford Parties entered into the Restructuring Support Agreement ("RSA") with certain holders of our unsecured notes ("Consenting Creditors"), setting forth, subject to certain conditions, the terms of the proposed capital financial restructuring of the Company ("Transaction"). The RSA included certain milestones for the progress of the upcoming court proceedings, which included the dates by which the Weatherford Parties were required to, among other things, obtain certain court orders and complete the Transaction. On July 1, 2019, Weatherford Ireland, Weatherford Bermuda, and Weatherford Delaware, filed voluntary petitions under Chapter 11 of the U.S. Bankruptcy Code in the U.S. Bankruptcy Court for the Southern District of Texas (the "Cases").

Emergence

The Company emerged from Chapter 11 with an Effective Date of December 13, 2019, except as noted below:

(1) the Company amended and restated its memorandum and articles of association on December 10, 2019;

(2) the Company appointed new members to the Successor's board of directors to replace the directors of the Predecessor;

(3) all outstanding obligations under our unsecured senior and exchangeable notes were cancelled and the applicable agreements governing such obligations were terminated;

(4) the senior secured superpriority debtor-in-possession credit agreement (the "DIP Credit Agreement") the Company previously entered into was paid in full and terminated;

(5) the Company issued a $2.1 billion aggregate principal amount of unsecured 11.00% Exit Notes due 2024; for additional details see "Note 13 – Borrowings and Other Debt Obligations";

(6) the Company entered into a senior secured asset-based revolving credit agreement in an aggregate amount of $450 million (the "ABL Credit Agreement") with the lenders party thereto and Wells Fargo Bank, N.A. as administrative agent; for additional details see Note 13 – Borrowings and Other Debt Obligations;

(7) the Company entered into a senior secured letter of credit agreement in an aggregate amount of $195 million (the "LC Credit Agreement") for issuance of bid and performance letters of credit; for additional details see Note 13 – Borrowings and Other Debt Obligations;

(8) the Company issued 69,999,954 shares of Successor new ordinary shares ("New Ordinary Shares") to the holders of the Company's existing senior notes and holders of the existing ordinary shares ("Old Ordinary Shares"); for additional details see "Note 19 – Shareholders' Equity (Deficiency)";

(9) the Company issued warrants (the "New Warrants"), to holders of the Company's existing Old Ordinary Shares, to purchase up to an aggregate of 7,777,779 New Ordinary Shares in the Company at an exercise price of $99.96 per ordinary share. The New Warrants are exercisable until the earlier of December 13, 2023 and the date of consummation of any liquidity event as defined in the Warrant Agreement; for additional details see "Note 19 – Shareholders' Equity (Deficiency)".

Prepetition Charges

Expenses, gains and losses were realized or incurred before July 1, 2019 and in relation to the Cases are recorded under the caption "Prepetition Charges" on our 2019 Predecessor Consolidated Statements of Operations. The $86 million of prepetition charges primarily consisted of professional and other fees related to the Cases.

Reorganization Items

Any expenses, gains and losses that are realized or incurred as of or subsequent to the Petition Date and as a direct result of the Cases are recorded under "Reorganization Items" on our Consolidated Statements of Operations for the Predecessor and Successor Periods and consisted of the following:

	Successor		Predecessor
Reorganization Gain (Expense) (Dollars in millions)	Year Ended 12/31/2020	Period From 12/14/2019 through 12/31/2019	Period From 1/1/2019 through 12/13/2019
Gain on Settlement of Liabilities Subject to Compromise	$ —	$ —	$ 4,297
Fresh Start Valuation Adjustments	—	—	1,434
Reorganization Items for Plan Effects (Non-Cash)	—	—	5,731
Unamortized Debt Issuance and Discount	$ —	$ —	$ (128)
Unamortized Interest Rate Derivative Loss	—	—	(8)
Reorganization Items (Non-Cash)	—	—	(136)
Backstop Commitment Fees	$ —	$ —	$ (81)
DIP Financing Fees	—	—	(56)
Professional Fees	(9)	(4)	(69)
Reorganization Fees	(9)	(4)	(206)
Total Reorganization Items	$ (9)	$ (4)	$ 5,389
Reorganization Items (Fees) Unpaid	$ —	$ 30	$ 30
Reorganization Items (Fees) Paid	$ 39	$ 4	$ 176

3 – Fresh Start Accounting

Fresh Start Accounting

Upon emergence from bankruptcy, we qualified for and adopted Fresh Start Accounting in accordance with ASC 852, which resulted in the Company becoming a new entity for financial reporting purposes because (1) the holders of the then existing common shares of the Predecessor received less than 50 percent of the new common shares of the Successor outstanding upon emergence and (2) the reorganization value of the Company's assets immediately prior to confirmation of the Plan was less than the total of all post-petition liabilities and allowed claims.

The reorganization value derived from the range of enterprise values associated with the Plan was allocated to the Company's identifiable tangible and intangible assets and liabilities based on their estimated fair values (except for deferred income taxes) with the remaining excess value allocated to goodwill in accordance with ASC 805 – Business Combinations. The amount of deferred income taxes recorded was determined in accordance with ASC 740 – Income Taxes.

Reorganization Value

Under ASC 852, the Successor determined a value to be assigned to the equity of the emerging entity as of the date of adoption of Fresh Start Accounting. The Company engaged valuation experts to assist management in the allocation of such enterprise value to the assets and liabilities for financial reporting purposes based on management's latest outlook as of the effective date. Based on this reassessment, the Company deemed it appropriate to use an enterprise value of $4.5 billion for financial reporting purposes.

The following table reconciles the enterprise value to the estimated fair value of our Successor common shares as of the Fresh Start Reporting Date:

(Dollars in millions)	Fresh Start Reporting Date
Enterprise Value	$ 4,516
Plus: Cash and Cash Equivalents (includes $25 million cash collateral released from restricted cash on 12/17/19)	518
Less: Fair Value of Debt	(2,103)
Fair Value of Successor Equity as of December 13, 2019	$ 2,931

The following table reconciles the enterprise value to the reorganization value of the Successor's assets to be allocated to the Company's individual assets as of the Fresh Start Reporting Date:

(Dollars in millions)	Fresh Start Reporting Date
Enterprise Value	$ 4,516
Plus: Cash and Cash Equivalents (includes $25 million cash collateral released from restricted cash on 12/17/19)	518
Plus: Current Liabilities Excluding Short-term Borrowings and Current Portion of Long-term Debt	1,707
Plus: Non-current Liabilities Excluding Long-term Debt	627
Reorganization Value of Successor's Assets to be Allocated	$ 7,368

With the assistance of third-party valuation advisors, we determined the enterprise and corresponding equity value of the Successor using various valuation methods, including: (i) a calculation of the present value of future cash flows based on our financial projections, and (ii) a peer group trading analysis. The enterprise value and corresponding equity value were dependent upon achieving the future financial results set forth in our valuations, as well as the realization of certain other assumptions. All estimates, assumptions, valuations and financial projections, including the fair value adjustments, the financial projections, the enterprise value and equity value projections, are inherently subject to significant uncertainties and the resolution of contingencies beyond our control. Accordingly, upon emergence we could not assure that the estimates, assumptions, valuations or financial projections would be realized, and actual results could vary materially.

4 – Segment Information

The Company's chief operating decision maker ("CODM"), our chief executive officer, regularly reviews information to make operating decisions, allocate resources and assess performance of the business. During the fourth quarter of 2021, the CODM changed the information regularly reviewed to be aligned with how we offer our services and technologies in relation to the well life cycle and we have realigned our reportable segments to reflect the change. All of our segments are enabled by a full suite of digital, monitoring, optimization and artificial intelligence solutions providing services throughout the well life cycle, including responsible responsible abandonment. We now have three reportable segments: (1) Drilling and Evaluation (2) Well Construction and Completions, and (3) Production and Intervention. Previously we had two geographic based reportable segments, Western Hemisphere and Eastern Hemisphere.

Drilling and Evaluation ("DRE") offers a suite of services including managed pressure drilling, drilling services, wireline and drilling fluids. DRE offerings range from early well planning to reservoir management through innovative tools and expert engineering to optimize reservoir access and productivity.

Well Construction and Completions ("WCC") offers products and services for well integrity assurance across the full life cycle of the well. The primary offerings are tubular running services, cementation products, completions, liner hangers and well services. WCC deploys conventional to advanced technologies, providing safe and efficient services in any environment during the well construction phase.

Production and Intervention ("PRI") offers a suite of reservoir stimulation designs, and engineering capabilities that isolate zones and unlock reserves in conventional and unconventional wells, deep water, and aging reservoirs. The primary offerings are intervention services & drilling tools, artificial lift, production automation & software, sub-sea intervention and pressure pumping services in select markets.

Total revenues are from external customers and segment revenues are specific to our three reportable segments and all other revenues are specific to our non-operating segment revenues. Revenues are further described in "Note 5 – Revenues."

Additionally, we have changed our primary measure of segment profitability to segment adjusted EBITDA, which is based on segment earnings before interest, taxes, depreciation, amortization, share-based compensation expense and other adjustments. Research and development expenses are included in segment adjusted EBITDA. Corporate and other includes business activities related to all other segments (profit and loss), corporate and other expenses (overhead support and centrally managed or shared facilities costs) that do not individually meet the criteria for segment reporting.

We have revised our segment reporting to reflect our current management approach and recast prior periods to conform to the current segment presentation.

	Successor			Predecessor
			Period From 12/14/2019 through	Period From 1/1/2019 through
(Dollars in millions)	Year Ended 12/31/2021	Year Ended 12/31/2020	12/31/2019	12/13/2019
Revenues:				
Drilling and Evaluation	$ 1,066	$ 1,044	$ 67	$ 1,407
Well Construction and Completions	1,353	1,414	90	1,583
Production and Intervention	1,127	1,106	86	1,673
Segment Revenues	3,546	3,564	243	4,663
All Other	99	121	18	291
Total Revenues	$ 3,645	$ 3,685	$ 261	$ 4,954
Segment Adjusted EBITDA:				
Drilling and Evaluation	$ 186	$ 132	$ (3)	$ 219
Well Construction and Completions	256	273	19	225
Production and Intervention	191	154	20	216
Segment Adjusted EBITDA	$ 633	$ 559	$ 36	$ 660
Corporate and Other	(62)	(100)	(1)	(104)
Depreciation and Amortization	(440)	(503)	(34)	(447)
Share-based Compensation Expense [(a)]	(25)	—	—	(24)
Other Adjustments [(b)]	10	(1,442)	—	(1,267)
Operating Income (Loss)	$ 116	$ (1,486)	$ 1	$ (1,182)

(a) See "Note 18 – Share-Based Compensation" for additional information.

(b) Other adjustments include goodwill and long-lived asset impairments, restructuring charges, prepetition charges, gain on sale of businesses and other charges and credits, net as applicable to the periods presented. See "Note 7 – Long-Lived Assets Impairment", "Note 11 – Goodwill and Intangibles, Net", " Note 8 – Restructuring Charges", " Note 6 – Impairments and Other Charges, Net", and "Note 2 – Emergence from Chapter 11 Bankruptcy Proceedings" for additional information. In the 2020 Successor and 2019 Predecessor Periods, the segment adjusted EBITDA of Well Construction and Completions includes $12 million and $15 million, respectively, of gains on sales of operational assets.

Depreciation and amortization and capital expenditures by segment are summarized in the table below:

	Successor			Predecessor
(Dollars in millions)	Year Ended 12/31/2021	Year Ended 12/31/2020	Period From 12/14/2019 through 12/31/2019	Period From 1/1/2019 through 12/13/2019
Depreciation and Amortization:				
Drilling and Evaluation	$ 164	$ 183	$ 11	$ 168
Well Construction and Completions	123	151	9	115
Production and Intervention	102	112	9	121
Corporate and Other	51	57	5	43
Total Depreciation and Amortization	$ 440	$ 503	$ 34	$ 447
Capital Expenditures:				
Drilling and Evaluation	$ 18	$ 27	$ 10	$ 88
Well Construction and Completions	18	23	6	59
Production and Intervention	36	73	2	60
Corporate and Other	13	31	2	43
Total Capital Expenditures	$ 85	$ 154	$ 20	$ 250

Corporate and other depreciation and amortization and capital expenditures were for business activities related to all other segments (profit and loss), corporate and other expenses (overhead support and centrally managed or shared facilities costs) that do not individually meet the criteria for segment reporting.

Total assets by segment are summarized in the table below:

	December 31,	
(Dollars in millions)	2021	2020
Total Assets:		
Drilling and Evaluation	$ 783	$ 950
Well Construction and Completions	974	1,100
Production and Intervention	686	768
Total Reportable Segment Assets	2,443	2,818
Corporate and Other	2,331	2,616
Total	$ 4,774	$ 5,434

Corporate and other assets primarily include cash and cash equivalents, certain intangibles, and centrally managed or shared facilities.

Long-lived Assets by Geographic Areas

Long-lived assets by geographic area are summarized below and includes PP&E, intangibles and ROU assets at December 31, 2021 and December 31, 2020. Long-lived assets were zero in Ireland, our country of domicile in both years and in the U.S. were $238 million and $306 million as of December 31, 2021 and December 31, 2020, respectively. North America in the table below consists of the U.S. and Canada.

	December 31,	
(Dollars in millions)	**2021**	**2020**
Long-Lived Assets:		
North America	$ 324	$ 403
Latin America	265	289
Europe/Sub-Sahara Africa/Russia	337	463
Middle East/North Africa/Asia	840	1,029
Total Long-Lived Assets	$ 1,766	$ 2,184

5 – Revenues

Disaggregated Revenue

Revenues are recognized when control of the promised goods or services is transferred to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services. The majority of our revenue is derived from short term contracts. Our services and products are generally sold based upon purchase orders, contracts or other legally enforceable arrangements with our customers that include fixed or determinable prices but do not generally include right of return provisions or other significant post-delivery obligations. For additional details on our revenue recognition policies see "Note 1 – Summary of Significant Accounting Policies".

The unmanned equipment that we lease to customers as operating leases consists primarily of drilling rental tools and artificial lift pumping equipment (in the Production and Intervention reportable segment). These equipment rental revenues are generally provided based on call-out work orders that include fixed per unit prices and are derived from short-term contracts. Equipment revenues recognized under Topic 842 was $131 million, $150 million and $12 million in 2021, 2020 and 2019 Successor Periods, respectively, and $284 million in the 2019 Predecessor Period.

The following tables disaggregate our revenues from contracts with customers by geographic region and includes equipment rental revenues. Revenues in the U.S. were $678 million, $720 million and $59 million in the 2021, 2020 and 2019 Successor Periods, respectively, and $1.3 billion in the 2019 Predecessor Period. We had no revenue in our country of domicile (Ireland) in the 2021, 2020 and 2019 Successor Periods, and the 2019 Predecessor Period. North America in the table below consists of the U.S. and Canada.

	Successor			Predecessor
(Dollars in millions)	**Year Ended 12/31/2021**	**Year Ended 12/31/2020**	**Period From 12/14/2019 through 12/31/2019**	**Period From 1/1/2019 through 12/13/2019**
Revenues by Geographic Areas:				
North America	$ 896	$ 889	$ 68	1,548
Latin America	814	697	53	1,072
Europe/Sub-Sahara Africa/Russia	737	747	52	$ 907
Middle East/North Africa/Asia	1,198	1,352	88	1,427
Total Revenues	$ 3,645	$ 3,685	$ 261	$ 4,954

Contract Balances

The timing of our revenue recognition, billings and cash collections results in the recording of billed and unbilled accounts receivable, contract assets, customer advances and deposits (contract liabilities classified as deferred revenues). Receivables with customers are included in “Accounts Receivable, Net,” contract assets are included in “Other Current Assets” and contract liabilities are included in “Other Current Liabilities” on our Consolidated Balance Sheets. Contract assets are immaterial in all periods presented on our Consolidated Balance Sheets. Revenues recognized in the 2021 and 2020 Successor Periods were $32 million and $10 million, respectively and included in the contract liabilities balance at the beginning of each year. The following table summarizes these balances at December 31, 2021 and December 31, 2020:

(Dollars in millions)	12/31/2021	12/31/2020
Total Accounts Receivables, Net	$ 825	$ 826
Receivables for Product and Services in Accounts Receivable, Net	$ 795	$ 792
Receivables for Equipment Rentals in Account Receivable, Net	$ 30	$ 34
Contract Liabilities included in Other Current Liabilities	$ 26	$ 37

Performance Obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account in Topic 606. A contract’s transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. In the following table, estimated revenue for contracts with original performance obligations greater than twelve months are expected to be recognized in the future related to performance obligations that are either unsatisfied or partially unsatisfied as of December 31, 2021.

(Dollars in millions)	2022	2023	2024	2025	Thereafter	Total
Service revenue	$ 67	$ 59	$ 59	$ 44	$ 20	$ 249

6 – Impairments and Other Charges, Net

We recorded the following in "Goodwill and Long-Lived Assets Impairment" and "Other Charges (Credits), Net" on the accompanying Consolidated Statements of Operations:

	Successor			Predecessor
(Dollars in millions)	Year Ended 12/31/2021	Year Ended 12/31/2020	Period From 12/14/2019 through 12/31/2019	Period From 1/1/2019 through 12/13/2019
Long-lived Assets Impairment	$ —	$ 814	$ —	$ 20
Goodwill Impairment	—	239	—	730
Total Goodwill and Long-lived Assets Impairment	$ —	$ 1,053	$ —	$ 750
Inventory Charges	$ 7	$ 138	$ —	$ 117
Asset Write-downs and Rigs Related Charges	—	11	—	132
Other Charges, Net	(17)	22	—	90
Total Other Charges (Credits), Net	$ (10)	$ 171	$ —	$ 339
Gain on Sale of Businesses, Net	$ —	$ —	$ —	$ (112)

See "Note 7 – Long-Lived Assets Impairment", "Note 11 – Goodwill and Intangibles, Net" and "Note 9 – Inventories, Net" for further details.

We did not have any significant divestitures of businesses in our Successor Periods. In the 2019 Predecessor Period, we disposed of net assets of $161 million of our laboratory, surface data logging and a portion of our rigs businesses for proceeds of $328 million and recognized $112 million in "Gain on Sale of Businesses, Net" on the Consolidated Statements of Operations.

7 – Long-Lived Assets Impairment

We did not recognize long-lived assets impairments in the 2021 Successor Period.

During the 2020 Successor Period, the global economic and industry conditions resulting from the decline in demand and impact from the COVID-19 pandemic were identified as impairment indicators. As a result, we performed interim impairment assessments of our property, plant and equipment, definite-lived intangible assets, and right of use assets with the assistance of a third-party valuation advisor. As of March 31, 2020, and as of June 30, 2020, we determined the carrying amount of certain long-lived assets exceeded their respective fair values and recognized $814 million of long-lived asset impairments as summarized by asset class and segment in the table below, which was included in "Goodwill and Long-Lived Assets Impairment" on the Consolidated Statements of Operations.

The fair values of our long-lived assets were determined using discounted cash flows under the income approach, a Level 3 fair value analysis. The income approach required significant assumptions to determine the fair value of an asset or asset group including the estimated discounted future cash flows, forecasted revenues and operating margins and the discount rate.

Long-Lived Assets Impairment by Asset Class and Segment

(Dollars in millions)	Drilling and Evaluation	Well Construction and Completions	Production and Intervention	All Other	Total
Property, Plant and Equipment	$ 195	$ 126	$ 232	$ 18	$ 571
Intangible Assets	76	39	40	—	155
Right of Use Assets	14	20	54	—	88
Long-lived Assets Impairment	$ 285	$ 185	$ 326	$ 18	$ 814

We recognized long-lived assets impairment of $20 million for the 2019 Predecessor Period to write-down our land drilling rigs included in All Other due to the sustained downturn in the energy services industry.

8 – Restructuring Charges

We had no restructuring charges for the 2021 Successor Period. Our prior restructuring plans include workforce reductions, organization restructurings, facility consolidations and other cost reduction measures and efficiency initiatives targeted to better align with activity levels at the time.

The following table presents restructuring charges for the Successor Periods and the 2019 Predecessor Period.

	Successor			Predecessor
(Dollars in millions)	Year Ended 12/31/2021	Year Ended 12/31/2020	Period From 12/14/2019 through 12/31/2019	Period From 01/01/2019 through 12/13/2019
Severance Charges	$ —	$ 132	$ —	$ 53
Facility Exit Charges	—	10	—	99
Inventory Charges	—	15	—	24
Property, Plant and Equipment	—	40	—	13
Right of Use and Other Assets	—	9	—	—
Total Restructuring Charges	$ —	$ 206	$ —	$ 189

The following table presents total restructuring charges by reportable segment and corporate and other for the Successor and Predecessor Periods.

	Successor			Predecessor
(Dollars in millions)	Year Ended 12/31/2021	Year Ended 12/31/2020	Period From 12/14/2019 through 12/31/2019	Period From 01/01/2019 through 12/13/2019
Drilling and Evaluation	$ —	$ 35	$ —	$ 29
Well Construction and Completions	—	60	—	47
Production and Intervention	—	52	—	54
Corporate and Other	—	59	—	59
Total Restructuring Charges	$ —	$ 206	$ —	$ 189

The following table presents total restructuring accrual activity for the periods presented. Restructuring charges in the table below exclude restructuring related asset charges.

(Dollars in millions)	Accrued Balance at Beginning of Period	Charges	Cash Payments	Other	Accrued Balance at End of Period
2021 Successor Period	$ 53	$ —	$ (30)	$ (6)	$ 17
2020 Successor Period	$ 66	$ 142	$ (137)	$ (18)	$ 53
2019 Successor Period	$ 66	$ —	$ —	$ —	$ 66
2019 Predecessor Period	$ 59	$ 152	$ (120)	$ (25)	$ 66

9 – Inventories, Net

Inventories, net of reserves of $159 million and $119 million as of December 31, 2021 and December 31, 2020, respectively, by category were as follows:

(Dollars in millions)	December 31, 2021	December 31, 2020
Finished Goods	$ 595	$ 655
Raw Materials, Components and Supplies	75	62
Total Inventory	$ 670	$ 717

We recognized inventory charges, including excess and obsolete inventory charges considered commercially unviable or technologically obsolete considering current and future demand and volatility in industry demand. In 2020, these charges were additionally driven by the impact of the COVID-19 pandemic. These inventory charges were recognized in the following captions on our Consolidated Statements of Operations:

	Successor			Predecessor
(Dollars in millions)	Year Ended 12/31/2021	Year Ended 12/31/2020	Period From 12/14/2019 through 12/31/2019	Period From 1/1/2019 through 12/13/2019
Inventory Charges in "Cost of Products"	$ 55	$ 57	$ —	$ 18
Inventory Charges in "Restructuring Charges"	—	15	—	24
Inventory Charges in "Other Charges (Credits), Net"	7	138	—	117
Total Inventory Charges	$ 62	$ 210	$ —	$ 159

10 – Property, Plant and Equipment, Net

Property, plant and equipment, net was composed of the following:

(Dollars in millions)	December 31, 2021	December 31, 2020
Land, Buildings and Leasehold Improvements	$ 484	$ 515
Rental and Service Equipment	902	869
Machinery and Other	233	219
	1,619	1,603
Less: Accumulated Depreciation	623	367
Property, Plant and Equipment, Net	$ 996	$ 1,236

Depreciation expense was $284 million, $340 million and $25 million in the 2021, 2020 and 2019 Successor Periods, respectively, and $386 million in the 2019 Predecessor Periods. See "Note 7 – Long-Lived Assets Impairment" for additional information on impairments.

11 – Goodwill and Intangibles, Net

Goodwill Impairment

We based our goodwill impairment assessments previously on the fair value of our reporting units, which were at a regional geographic level. We fully impaired our Successor and Predecessor goodwill during 2020 and 2019. The cumulative impairment loss for goodwill was $239 million for the Successor and $3.4 billion for Predecessor periods.

Successor Goodwill Recognition and Impairment

As a result of Fresh Start Accounting, we recognized $239 million of goodwill. During 2020, based on our interim goodwill impairment assessments that determined the fair value of our reporting units were less than their carrying values, we recognized goodwill impairment charges and fully impaired our goodwill as presented in "Note 4 – Impairments and Other Charges." We identified impairment indicators as discussed in "Note 7 – Long-Lived Assets Impairment" that triggered these interim quantitative goodwill assessments. The fair values of our reporting units were determined using a combination of the income approach and the market approach for comparable companies in our industry, a Level 3 fair value analysis. Determining the fair value of the reporting units required management to develop significant judgments, including estimating and discounting future cash flows by reporting unit, specifically forecasted revenue, forecasted operating margins and discount rates.

Predecessor Period Goodwill Impairments and Assessment Factors

The 2019 Predecessor impairment indicators were a result of lower activity levels and lower exploration and production capital spending that resulted in a decline in drilling activity and forecasted growth in all our reporting units. Our lower than expected and forecasted financial results were due to the continued weakness within the energy market and consequently our inability to quickly and significantly reduce our cost structure under our restructuring plans savings and as a result we incurred a goodwill impairment charge of $730 million.

Intangible Assets

The components of intangible assets were as follows:

	December 31, 2021		
(Dollars in millions)	**Gross Carrying Amount**	**Accumulated Amortization**	**Net Intangible Assets**
Developed and Acquired Technology	$ 590	$ (247)	$ 343
Trade Names	395	(81)	314
Totals	$ 985	$ (328)	$ 657

	December 31, 2020		
(Dollars in millions)	**Gross Carrying Amount**	**Accumulated Amortization**	**Net Intangible Assets**
Developed and Acquired Technology	$ 588	$ (132)	$ 456
Trade Names	395	(41)	354
Totals	$ 983	$ (173)	$ 810

See "Note 7 – Long-Lived Assets Impairment" for additional information on impairments.

Amortization expense was $156 million, $163 million and $9 million in the 2021, 2020, and 2019 Successor Periods and $61 million in the 2019 Predecessor Period. Based on the carrying value of intangible assets at December 31, 2021, amortization expense for the subsequent five years is estimated as follows (dollars in millions):

Period		**Amount**
2022	$	157
2023		157
2024		145
2025		41
2026		41

12 – Leases

We lease certain facilities, land, vehicles, and equipment. Leases with an initial term of 12 months or less ("short-term leases") are not recorded on the balance sheet (including short-term sale leaseback transactions); we recognize lease expense for these leases on a straight-line basis over the lease term.

We have data center lease agreements with lease and non-lease components which are accounted for separately, while for the remainder of our agreements we have elected the practical expedient to account for lease and non-lease components as a single lease component. For certain equipment leases, such as copiers and vehicles, we account for the leases under a portfolio method. Operating lease payments include related options to extend or terminate lease terms that are reasonably certain of being exercised.

The unmanned equipment that we lease to customers under operating leases consists primarily of drilling rental tools and artificial lift pumping equipment. These equipment rental revenues are generally provided based on call-out work orders that include fixed per unit prices and are derived from short-term contracts. See "Note 1 – Summary of Significant Accounting Policies" and "Note 5 – Revenues" for additional details on our equipment rental revenues.

	Successor			**Predecessor**
	Years Ended December 31,		**Period From 12/14/2019 through**	**Period From 1/1/2019 through**
(Dollars in millions)	**2021**	**2020**	**12/31/2019**	**12/13/2019**
Lease Expense Components:				
Operating Lease Expense	$ 61	$ 76	$ 5	$ 109
Short-term and Variable Lease Expense	65	63	5	91
Subtotal of Operating Lease Expense	$ 126	$ 139	$ 10	$ 200
Finance Lease Expense: Amortization of ROU Assets and Interest on Lease Liabilities	16	15	1	11
Sublease Income	(4)	(6)	(1)	(6)
Total Lease Expense	$ 138	$ 148	$ 10	$ 205

We are committed under various operating lease agreements primarily related to office space and equipment. Generally, these leases include renewal provisions and rental payments, which may be adjusted for taxes, insurance and maintenance related to the property. Future minimum commitments under operating and finance leases are as follows:

(Dollars in millions)	Operating Leases	Finance Leases
Maturity of Lease Liabilities as of December 31, 2021:		
2022	$ 74	$ 16
2023	42	14
2024	29	12
2025	23	12
2026	18	11
After 2026	113	4
Total Lease Payments	299	69
Less: Interest	112	13
Present Value of Lease Liabilities	$ 187	$ 56

	Successor			Predecessor
	Years Ended		Period From 12/14/2019 through	Period From 1/1/2019 through
(Dollars in millions except years and percentages)	12/31/2021	12/31/2020	12/31/2019	12/13/2019
Other Supplemental Information:				
Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash outflows from operating leases	$ 89	$ 101	$ 5	$ 131
Operating cash outflows from finance leases	$ 5	$ 5	$ —	$ 4
Financing cash outflows from finance leases	$ 13	$ 9	$ 1	$ 8
ROU assets obtained in exchange of new operating lease liabilities	$ 23	$ 37	$ 2	$ 59
Loss on sale leaseback transactions (short-term) [(a)]	$ —	$ —	$ —	$ 34
	December 31, 2021	**December 31, 2020**	**December 31, 2019**	
Weighted-average remaining lease term (years)				
Operating leases	8.9	8.1	7.8	
Finance leases	4.8	5.9	6.7	
Weighted-average discount rate (percentages)				
Operating leases	9.6 %	9.6 %	9.2 %	
Finance leases	8.9 %	9.1 %	9.1 %	

(a) Included in "Goodwill and Long-Lived Assets Impairment" in our Consolidated Statements of Operations and "Other Assets and Liabilities, Net" in our Consolidated Statements of Cash Flows.

13 – Borrowings and Other Debt Obligations

Total debt carrying values consisted of the following:

	December 31,	
(Dollars in millions)	2021	2020
Finance Lease Current Portion	$ 12	$ 9
Other Short-term Financing Arrangements	—	4
Short-term Borrowings	$ 12	$ 13
11.00% Exit Notes due 2024	300	2,098
8.75% Senior Secured Notes due 2024	—	455
6.5% Senior Secured Notes due 2028	488	—
8.625% Senior Notes due 2030	$ 1,584	$ —
Finance Lease Long-term Portion	44	48
Long-term Debt	$ 2,416	$ 2,601

Our Exit Notes, 2024 Senior Secured Notes (before repayment in 2021), 2028 Senior Secured Notes and 2030 Senior Notes were issued by Weatherford Bermuda and guaranteed by Weatherford International plc and Weatherford Delaware and other subsidiary guarantors party thereto. The bond redemption premiums and noncash loss on extinguishment of debt related to the unamortized debt issuance costs are presented as "Loss on Extinguishment of Debt and Bond Redemption Premium" on the Consolidated Statements of Operations.

Exit Notes

On December 13, 2019, we issued unsecured 11.00% Exit Notes due in 2024 for an aggregate principal amount of $2.1 billion (of which $500 million was in the form of Exit Takeback Notes to existing creditors on the senior notes being cancelled). Interest on the Exit Notes accrues at the rate of 11.00% per annum and is payable semiannually on June 1 and December 1 and commenced June 1, 2020. Proceeds from the issuance were reduced by debt issuance costs which reduced the carrying amount of the debt liability and are recognized using the effective interest rate method over the term of the debt in "Interest Expense, Net" on our Consolidated Financial Statements.

On October 20, 2021, we redeemed $200 million of our Exit Notes and paid related accrued interest of $8 million along with a bond redemption premium of $6 million. On October 27, 2021, we issued $1.6 billion of 2030 Senior Notes (defined below) and the net proceeds and cash on hand were used to redeem $1.6 billion in principal of our Exit Notes at applicable prices, plus accrued and unpaid interest of $71 million. We paid and recognized a $103 million bond redemption premium and recognized a $2 million noncash loss on extinguishment of debt related to the unamortized debt issuance costs. At December 31, 2021, the carrying value of $300 million represents the remaining unpaid principal.

2024 Senior Secured Notes

On August 28, 2020, we entered into an indenture and issued the 8.75% Senior Secured Notes in an aggregate principal amount of $500 million maturing September 1, 2024 (the "2024 Senior Secured Notes"). Interest accrued at the rate of 8.75% per annum and was payable semiannually on March 1 and September 1, which commenced on March 1, 2021. Proceeds from the issuance were reduced by a purchase commitment discount of $25 million and a commitment fee of $15 million which reduced the carrying amount of the debt liability and were recognized using the effective interest rate method over the term of the debt in "Interest Expense, Net" on our Consolidated Financial Statements.

On September 30, 2021, we repaid the principal outstanding on our 2024 Senior Secured Notes and accrued interest with proceeds from the issuance of the 2028 Senior Secured Notes described below and cash on hand. In addition, we paid and recognized a $22 million bond redemption premium and recognized a $37 million noncash loss on extinguishment of debt related to the unamortized debt issuance costs and discount.

2028 Senior Secured Notes

On September 30, 2021, we issued 6.5% Senior Secured Notes in aggregate principal amount of $500 million maturing September 15, 2028 (the "2028 Senior Secured Notes"). Interest accrues at the rate of 6.5% per annum and is payable semiannually on September 15 and March 15 of each year, commencing on March 15, 2022. Proceeds from the issuance were reduced by debt issuance costs which reduced the carrying amount of the debt liability and are being recognized using the effective interest rate method over the term of the debt in "Interest Expense, Net" on our Consolidated Financial Statements. The 2028 Senior Secured Notes and the related guarantees are secured by substantially all of the assets and properties of the Company and the other guarantors (on an effectively first-priority basis with respect to the priority collateral for the 2028 Senior Secured Notes, and on an effectively second-priority basis with respect to the priority collateral for the senior secured letter of credit agreement (the "LC Credit Agreement"), in each case, subject to permitted liens).

2030 Senior Notes

On October 27, 2021, we issued 8.625% Senior Notes in aggregate principal amount of $1.6 billion maturing April 30, 2030 (the "2030 Senior Notes"). Interest accrues at the rate of 8.625% per annum and is payable semiannually on June 1 and December 1 of each year, commencing on June 1, 2022. Proceeds from the issuance were reduced by debt issuance costs which reduced the carrying amount of the debt liability and are being recognized using the effective interest rate method over the term of the debt in "Interest Expense, Net" on our Consolidated Financial Statements.

LC Credit Agreement

We have a senior secured letter of credit agreement (the "LC Credit Agreement") in an aggregate amount of $215 million maturing on May 29, 2024, which is used by the Company and certain of its subsidiaries for the issuance of bid and performance letters of credit.

On September 20, 2021, certain provisions and covenants of the LC Credit Agreement were amended as follows to:

- Permit the borrowing of up to an additional $400 million of secured indebtedness under an asset-based lending facility or a revolving credit facility upon compliance with certain conditions;
- Remove the minimum secured liquidity requirement;
- Increase the minimum aggregate liquidity requirement from $175 million to $300 million;
- Decrease the minimum aggregate book value of certain pledged assets requirement from $1.25 billion to $1 billion; and
- Increase the ability to redeem debt up to $500 million subject to minimum aggregate liquidity of $400 million at the time of repayment or redemption.

At December 31, 2021, we had approximately $181 million in outstanding letters of credit under the LC Credit Agreement and availability of $34 million.

The outstanding amount of each letter of credit under the LC Credit Agreement bears interest at London Interbank Offered Rate ("LIBOR") plus an applicable margin of 350 basis points per annum. We expect LIBOR to continue to be published until June 2023, and expect to transition to an alternative to LIBOR prior to that termination date. The LC Credit Agreement currently contains provisions allowing the Administrative Agent to replace LIBOR with an alternate benchmark rate (including any mathematical or other adjustments to the benchmark (if any) incorporated therein) that has been broadly accepted by the syndicated loan market in the United States in lieu of LIBOR. The LC Credit Agreement includes (i) a 12.5 basis point per annum fronting fee on the outstanding amount of each such letter of credit and (ii) an unused commitment fee in respect of the unutilized commitments at a rate of 50 basis point per annum on the average daily unused commitments under the LC Credit Agreement.

The LC Credit Agreement is secured by substantially all the personal assets and properties of certain subsidiaries of the Company and (including a first lien on the priority collateral for the LC Credit Agreement and a second lien on the priority collateral for Senior Secured Notes, in each case, subject to permitted liens). The LC Credit Agreement is also guaranteed on an unsecured basis by certain other subsidiaries of the Company.

As of December 31, 2021, we had $342 million of letters of credit outstanding, consisting of the $181 million mentioned above under the LC Credit Agreement and another $161 million under various uncommitted bi-lateral facilities (of which there was $158 million in cash collateral held and recorded in "Restricted Cash" on the Consolidated Balance Sheets).

ABL Credit Agreement

On the Effective Date pursuant to the terms of the Plan, the Company entered into a senior secured asset-based lending agreement (the "ABL Credit Agreement") in an aggregate amount of $450 million with the lenders party thereto and Wells Fargo Bank, N.A. as administrative agent. On August 28, 2020, we terminated the ABL Credit Agreement. At the time of termination, there were no loan amounts outstanding under the ABL Credit Agreement, and all outstanding letters of credit thereunder were either cash collateralized or transferred to issuing banks under the LC Credit Agreement, described above. Upon termination, we recorded $15 million of unamortized deferred debt issuance costs in "Loss on Termination of ABL Credit Agreement" on our Consolidated Statements of Operations.

Covenants for the Exit Notes, 2028 Senior Secured Notes and LC Credit Agreement

The indentures governing the Exit Notes and 2028 Senior Secured Notes contain covenants that limit, among other things, our ability and the ability of certain of our subsidiaries, to: incur, assume or guarantee additional indebtedness; pay dividends or distributions on capital stock or redeem or repurchase capital stock; make investments; sell stock of our subsidiaries; transfer or sell assets; create liens; enter into transactions with affiliates; and enter into mergers or consolidations. The Company is subject to a $300 million minimum aggregate liquidity requirement covenant under our amended LC Credit Agreement as defined in the applicable documents.

In the event (1) the Exit Notes have an investment grade rating from both of Moody's Investors Service ("Moody's"), and Standard and Poor's ("S&P') and (2) no default has occurred and is continuing under the indenture, certain of these and other covenants will be suspended and cease to be in effect so long as the rating assigned by either Moody's or S&P has not subsequently declined to below Baa3 or BBB- (or equivalent).

The indentures also provide for certain customary events of default, including, among others, nonpayment of principal or interest, failure to pay final judgments in excess of a specified threshold, failure of a guarantee to remain in effect, bankruptcy and insolvency events, and cross acceleration, which would permit the principal, premium, if any, interest and other monetary obligations on all the then outstanding Exit Notes and 2028 Senior Secured Notes to be declared due and payable immediately.

As of December 31, 2021, we were in compliance with the covenants of the indentures governing the Exit Notes and 2028 Senior Secured Notes and the LC Credit Agreement.

The following is a summary of scheduled debt maturities by year:

(Dollars in millions)		
2022	$	12
2023		11
2024		310
2025		10
2026		10
Thereafter		2,103
Total Debt Maturities	$	2,456
Unamortized Debt Issuance and Discount	$	(28)
Total Debt Carrying Value	$	2,428

14 – Fair Value of Financial Instruments, Assets and Other Assets

Financial Instruments and Other Assets Measured and Recognized at Fair Value

We estimate fair value at a price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal market for the asset or liability. Our valuation techniques require inputs that we categorize using a three-level hierarchy, from highest to lowest level of observable inputs. Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities. Level 2 inputs are quoted prices or other market data for similar assets and liabilities in active markets, or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument. Level 3 inputs are unobservable inputs based upon our own judgment and assumptions used to measure assets and liabilities at fair value. Classification of a financial asset or liability within the hierarchy is determined based on the lowest level of input that is significant to the fair value measurement. Other than the derivative instruments discussed in "Note 15 – Derivative Instruments" we had no other material assets or liabilities measured and recognized at fair value on a recurring basis at December 31, 2021 and December 31, 2020.

Fair Value of Other Financial Instruments

Our other financial instruments include cash and cash equivalents, accounts receivable, accounts payable, short-term borrowings and long-term debt. The carrying value of our cash and cash equivalents, accounts receivable, accounts payable, and short-term borrowings approximates their fair value due to their short maturities. These short-term borrowings are classified as Level 2 in the fair value hierarchy.

The fair value of our long-term debt fluctuates with changes in applicable interest rates among other factors. Fair value will exceed carrying value when the current market interest rate is lower than the interest rate at which the debt was originally issued and will be less than the carrying value when the market rate is greater than the interest rate at which the debt was originally issued. The fair value of our long-term debt in the following table is classified as Level 2 in the fair value hierarchy and is established based on observable inputs in less active markets.

	December 31, 2021		December 31, 2020	
(Dollars in millions)	**Carrying Value**	**Fair Value**	**Carrying Value**	**Fair Value**
11.00% Exit Notes due 2024	$ 300	$ 311	$ 2,098	$ 1,628
8.75% Senior Secured Notes due 2024	—	—	455	507
6.5% Senior Secured Notes due 2028	488	528	—	—
8.625% Senior Notes due 2030	1,584	1,660	—	—
Total Long-Term Debt	$ 2,372	$ 2,499	$ 2,553	$ 2,135

Non-recurring Fair Value Measurements

In the 2019 Successor Period, our Fresh Start Accounting to determine the reorganization value derived from the enterprise value associated with the Plan was allocated to the Company's identifiable tangible and intangible assets and liabilities based on their fair values (except for deferred income taxes), with the remaining excess value allocated to goodwill. They were determined to be Level 3 fair values. See further discussion at "Note 3 – Fresh Start Accounting".

In the 2020 Successor Period and the 2019 Predecessor Period, our goodwill impairment tests indicated that our goodwill was impaired and as a result was written down to estimated fair value. The Level 3 fair values of our reporting units were determined using a combination of the income approach and the market approach. The unobservable inputs to the income approach requiring significant assumptions include each reporting unit's estimated discounted future cash flows, specifically the forecasted revenue, forecasted operating margins, and the discount rate. The market approach considered market multiples of comparable publicly traded companies to estimate fair value as a multiple of each reporting unit's actual and forecasted earnings.

During the 2020 Successor Period, we recognized long-lived asset impairments to write-down our assets or asset groups to the lower of carrying amount or fair value less cost to sell, triggered by the current and forecasted impacts of the COVID-19 pandemic on our operations. The Level 3 fair values of the long-lived assets or asset groups were determined using a combination of the income approach and the market approach. The unobservable inputs to the income approach requiring significant assumptions include each asset groups estimated discounted future cash flows, specifically the forecasted revenue, forecasted operating margins, and the discount rate.

During the 2019 Predecessor Period, we recognized long-lived asset impairments to write-down our assets to the lower of carrying amount or fair value less cost to sell. The change in our expectations of the market's recovery, in addition to successive negative operating cash flows in certain disposal asset groups represented an indicator that those assets will no longer be recoverable over their remaining useful lives. The Level 3 fair values of the long-lived assets were determined using a combination of the income approach and the market approach.

See further discussion at "Note 6 – Impairments and Other Charges, Net," "Note 7 – Long-Lived Assets Impairment", and "Note 11 – Goodwill and Intangibles, Net."

15 – Derivative Instruments

From time to time, we may enter into derivative financial instrument transactions to manage or reduce our market risk. We manage our debt portfolio to achieve an overall desired position of fixed and floating rates. We enter into foreign currency forward contracts and cross-currency swap contracts to economically hedge our exposure to fluctuations in various foreign currencies. The major risks from interest rate derivatives include changes in the interest rates affecting the fair value of such instruments, potential increases in interest expense due to market increases in floating interest rates, changes in foreign exchange rates and the creditworthiness of the counterparties in such transactions.

We monitor the creditworthiness of our counterparties, which are multinational commercial banks. The fair values of all our outstanding derivative instruments are determined using a model with Level 2 inputs including quoted market prices for contracts with similar terms and maturity dates.

We enter into contracts to hedge our exposure to currency fluctuations in various foreign currencies. At December 31, 2021 and December 31, 2020, we had outstanding foreign currency forward contracts with notional amounts aggregating to $349 million and $337 million, respectively. These foreign currency forward contracts are not designated as hedges under ASU 2014-03*, Derivatives and Hedging (Topic 815)* or "Topic 815". The notional amounts of our foreign currency forward contracts do not generally represent amounts exchanged by the parties and thus are not a measure of the cash requirements related to these contracts or of any possible loss exposure. The amounts actually exchanged at maturity are calculated by reference to the notional amounts and by other terms of the derivative contracts, such as exchange rates.

Our foreign currency derivatives are not designated as hedges under Topic 815, and the changes in fair value of the contracts were not material to our consolidated results and are recorded in each period in "Other Expense, Net" on the accompanying Consolidated Statements of Operations.

16 – Retirement and Employee Benefit Plans

We have defined contribution plans covering certain employees. Contribution expenses related to these plans totaled $16 million, $13 million and $31 million for the 2021 and 2020 Successor Periods and the 2019 Predecessor Period, respectively. Contribution expense for the 2019 Successor Period was not material. The decrease in 2020 relates primarily to the suspension of employer matching contributions to our U.S. 401(k) savings plan and other contribution plans sponsored by the Company.

We have defined benefit pension and other post-retirement benefit plans covering certain U.S. and international employees. Plan benefits are generally based on factors such as age, compensation levels and years of service. Net periodic benefit cost related to these plans totaled $4 million, $2 million, and $5 million for the 2021 and 2020 Successor Periods and the 2019 Predecessor Period, respectively. Net periodic benefit cost for the 2019 Successor Period was not material. The projected benefit obligations on a consolidated basis were $207 million and $231 million as of December 31, 2021 and December 31, 2020, respectively. The decrease year over year is due primarily to actuarial gains as a result of increased discount rates. The fair values of plan assets on a consolidated basis (determined primarily using Level 2 inputs) were $160 million and $164 million as of December 31, 2021 and December 31, 2020, respectively. As of December 31, 2021, the net underfunded obligation consisted of $16 million of funded obligations recorded to "Other Non-current Assets" and $63 million of underfunded obligations substantially all recorded to "Other Non-current Liabilities" on our Consolidated Balance Sheets. As of December 31, 2020, the net underfunded obligation was substantially all recorded to "Other Non-current Liabilities" on our Consolidated Balance Sheets. Additionally, the consolidated pre-tax amount in accumulated other comprehensive income (loss) as of December 31, 2021 and 2020, that has not yet been recognized as a component of net periodic benefit cost was a net gain of $1 million and net loss of $12 million, respectively. As mentioned above, increased discount rates were the primary driver of the overall gain in 2021.

The weighted average assumption rates used for benefit obligations were as follows:

	Years Ended December 31,	
	2021	**2020**
Discount rate:		
United States Plans	2.00% - 2.75%	1.50% - 2.50%
International Plans	0.85% - 8.47%	0.40% - 5.85%
Rate of Compensation Increase:		
United States Plans	—	—
International Plans	2.00% - 4.77%	2.00% - 3.48%

During the years ended December 31, 2021 and 2020, we made contributions and paid direct benefits of $5 million and $5 million, respectively, in connection with our defined benefit pension and other post-retirement benefit plans. Contributions in the 2019 Successor Period were not material. In 2022, we expect to fund approximately $5 million related to those plans.

17 – Disputes, Litigation and Legal Contingencies

We are subject to lawsuits and claims arising out of the nature of our business. We have certain claims, disputes and pending litigation for which we do not believe a negative outcome is probable or for which we can only estimate a range of liability. It is possible, however, that an unexpected judgment could be rendered against us, or we could decide to resolve a case or cases, that would result in a liability that could be uninsured and beyond the amounts we currently have reserved and in some cases those losses could be material. If one or more negative outcomes were to occur relative to these cases, the aggregate impact to our financial condition could be material. Due to the COVID-19 pandemic, courts in many jurisdictions around the world were temporarily closed for trials and hearings and have been slow to reopen, which has resulted in delays in many of our litigation matters.

Accrued litigation and settlements recorded in "Other Current Liabilities" on the accompanying Consolidated Balance Sheets as of December 31, 2021 and December 31, 2020 were $40 million and $43 million, respectively.

GAMCO Shareholder Litigation

On September 6, 2019, GAMCO Asset Management, Inc. ("GAMCO"), purportedly on behalf of itself and other similarly situated shareholders, filed a lawsuit asserting violations of the federal securities laws against certain then-current and former officers and directors of the Company. GAMCO alleges violations of Sections 10(b) and 20(b) of the Securities Exchange Act of 1934, and violations of Sections 11 and 15 of the Securities Act of 1933, as amended (the "Securities Act") based on allegations that the Company and certain of its officers made false and/or misleading statements, and alleged non-disclosure of material facts, regarding our business, operations, prospects and performance. GAMCO seeks damages on behalf of purchasers of the Company's ordinary shares from October 26, 2016 through May 10, 2019. GAMCO's lawsuit was filed in the United States District Court for the Southern District of Texas, Houston Division, and it is captioned GAMCO Asset Management, Inc. v. McCollum, et al., Case No. 4:19-cv-03363. The District Court Judge appointed Utah Retirement Systems ("URS") as Lead Plaintiff, and on March 16, 2020, URS filed its Amended Complaint. URS added the Company as a defendant but dropped the claims against non-officer board members and all the claims under the Securities Act. The defendants filed their motion to dismiss on May 18, 2020, and the Court granted the motion on May 14, 2021. URS appealed the Court's Opinion on Dismissal to the Court of Appeals for the Fifth Circuit, and the parties are awaiting a decision. We cannot reliably predict the outcome of the claims, including the amount of any possible loss.

18 – Share-Based Compensation

As part of the emergence from bankruptcy in 2019, all outstanding awards under our previous share-based compensation plans were cancelled, and the 2019 Equity Incentive Plan was approved. The 2019 Plan was amended and restated in 2020. The share-based compensation plan permits the grant of options, share appreciation rights, restricted share awards, restricted share units, and other share-based and performance-based awards to any employee, consultant or non-employee director. The provisions of each award vary based on the type of award granted and are determined by the Compensation and Human Resources Committee of our Board of Directors.

Those awards that are based on a specific contractual term will be granted with a term not to exceed 10 years. When the Company settles awards with shares, new shares are issued. Recipients of restricted share units ("RSUs") and performance-based restricted share units ("PSUs") do not have the rights of a shareholder until such date as the shares are issued or transferred to the recipient under the Plan.

During the 2021 Successor Period, we granted 5 million RSUs, Phantom RSUs and PSUs, and the number of units vested and forfeited was immaterial. As of December 31, 2021, 8 million shares authorized under our 2019 Plan were remaining, of which 3 million were available for future grants.

For RSUs, compensation expense is recognized on a straight-line basis over the requisite service period for the separately vesting portion of each award. For Phantom RSUs, which may be settled in either cash or shares, compensation expense is recognized over the requisite service period and remeasured based on current fair value. For PSUs, compensation expense is recognized over the requisite service period for the entire award, with adjustments for estimated payout.

We record share-based compensation in "Selling, General and Administrative" on the accompanying Consolidated Statements of Operations. We recognized $25 million, an immaterial amount and zero in the 2021, 2020 and 2019 Successor Periods, respectively. During the 2019 Predecessor Period, we recognized $46 million, of which $24 million was recorded in "Selling, General and Administrative" and the remainder in "Other Charges (Credits), Net" to include $24 million related to the acceleration of share-based compensation at Fresh Start offset by $2 million in terminated executive forfeitures.

19 – Shareholders' Equity (Deficiency)

There were no material changes in our ordinary shares issued as of December 31, 2021 and 2020.

Upon the effectiveness of the Plan, all previously issued and outstanding equity interests in the Predecessor were cancelled and the Company issued 69,999,954 "New Ordinary Shares" to the holders of the Company's existing senior notes and holders of "Old Ordinary Shares". The amount in excess of par value of $2.9 billion is reported in "Capital in Excess of Par Value" on the accompanying Consolidated Balance Sheets.

On the Effective Date, the Company issued New Warrants to holders of the Company's Old Ordinary Shares, to purchase up to an aggregate of 7,777,779 New Ordinary Shares in the Company, par value $0.001, at an exercise price of $99.96 per ordinary share. The New Warrants are equity classified and, upon issuance, have a value of $31 million, which was recorded in "Capital in Excess of Par Value." The warrant fair value was a Level 2 valuation and is estimated using the Black Scholes valuation model. Inputs to the model include Weatherford's share price, volatility of our share price, and the risk-free interest rate.

The New Warrants are exercisable until "Expiration Date" of which is the earlier of (i) December 13, 2023 and (ii) the date of consummation of any liquidity event resulting in the sale or exchange of all or substantially all of the equity interests of the Company to one or more third parties (whether by merger, sale, recapitalization, consolidation, combination or otherwise) or the sale, directly or indirectly, by the Company of all or substantially all of the assets of the Company and its Subsidiaries, taken as a whole; or a liquidation, dissolution or winding up of the Company. All unexercised New Warrants will expire, and the rights of the warrant holders to purchase New Ordinary Shares will terminate, on the Expiration Date. During 2021 and 2020, an immaterial number of warrants were exercised.

Accumulated Other Comprehensive Loss

The following table presents the changes in our accumulated other comprehensive loss by component:

(Dollars in millions)	Currency Translation Adjustment	Defined Benefit Pension	Total
Balance at December 31, 2019	**$ 7**	**$ 2**	**$ 9**
Other Comprehensive Income	(38)	(14)	(52)
Balance at December 31, 2020	**$ (31)**	**$ (12)**	**$ (43)**
Other Comprehensive Income	**(5)**	**$ 13**	**$ 8**
Balance at December 31, 2021	**$ (36)**	**$ 1**	**$ (35)**

20 – Earnings per Share

Basic earnings (loss) per share for all periods presented equals net income (loss) divided by our weighted average shares outstanding during the period. Diluted earnings (loss) per share is computed by dividing net income (loss) by our weighted average shares outstanding during the period including potential dilutive ordinary shares.

The following table presents our basic and diluted weighted average shares outstanding and loss per share:

	Successor			Predecessor
	Year Ended		Period From 12/14/19 through	Period From 1/1/2019 through
(Shares in millions)	12/31/2021	12/31/2020	12/31/2019	12/13/2019
Net Income (Loss) Attributable to Weatherford	$ (450)	$ (1,921)	$ (26)	$ 3,661
Basic and Diluted Weighted Average Shares Outstanding	70	70	70	1,004
Basic and Diluted Income (Loss) Per Share Attributable to Weatherford	$ (6.43)	$ (27.44)	$ (0.37)	$ 3.65

Our basic and diluted weighted average shares outstanding for the 2021, 2020 and 2019 Successor Periods are equivalent due to the net loss attributable to shareholders. Diluted weighted average shares outstanding for 2021 exclude 10 million potential ordinary shares for restricted share units, performance units, phantom restricted share units, and outstanding warrants. Diluted weighted average shares for the 2020 and 2019 Successor Periods exclude 8 million potential ordinary shares. Our basic and diluted weighted average shares outstanding for the 2019 Predecessor Period are equivalent as we believe including the dilutive impact of our Predecessor potential shares would not be meaningful as the potential shares were cancelled pursuant to the terms of the Plan. Diluted weighted average shares outstanding for the 2019 Predecessor Period exclude 197 million potential ordinary shares for restricted share units, performance units, exchangeable senior notes and warrants outstanding.

21 – Income Taxes

We provide for income taxes based on the laws and rates in effect in the countries in which operations are conducted, or in which we or our subsidiaries are considered resident for income tax purposes. The relationship between our pre-tax income or loss and our income tax provision or benefit varies from period to period as a result of various factors which include changes in total pre-tax income or loss, the jurisdictions in which our income is earned, the tax laws in those jurisdictions and in our operating structure. On September 26, 2019, our parent company ceased to be a Swiss tax resident and became an Irish tax resident subject to tax under the Irish tax regime.

Our income tax provision from continuing operations consisted of the following:

	Successor			Predecessor
(Dollars in millions)	Year Ended 12/31/2021	Year Ended 12/31/2020	Period From 12/14/2019 through 12/31/2019	Period From 1/1/2019 through 12/13/2019
Total Current Provision	$ (96)	$ (90)	$ (9)	$ (110)
Total Deferred (Provision) Benefit	10	5	—	(25)
Provision for Income Taxes	$ (86)	$ (85)	$ (9)	$ (135)

The difference between the income tax provision at the Irish and/or Swiss income tax rate and the income tax (provision) benefit attributable to "Loss Before Income Taxes" for the 2021 and 2020 Successor years and the 2019 Successor and Predecessor Periods are analyzed below:

	Successor			Predecessor
(Dollars in millions)	Year Ended 12/31/2021	Year Ended 12/31/2020	Period From 12/14/2019 through 12/31/2019	Period From 1/1/2019 through 12/13/2019
Irish or Swiss Income Tax at a rate of 25.0% and 7.83%, respectively	$ 86	$ 454	$ 2	$ (299)
Tax on Operating Earnings/Losses Subject to Rates Different than the Irish or Swiss Federal Income Tax Rate	(166)	(182)	(65)	197
Change in Valuation Allowance	29	(330)	56	17
Change in Uncertain Tax Positions	(35)	(27)	(2)	(18)
Estimated Tax on Settlement of Liabilities Subject to Compromise and Fresh Start Accounting	—	—	—	(495)
Change in Valuation Allowance Attributed to Estimated Tax on Settlement of Liabilities Subject to Compromise and Fresh Start Accounting	—	—	—	463
Provision for Income Taxes	$ (86)	$ (85)	$ (9)	$ (135)

Our income tax provisions generally do not correlate to our consolidated income (loss) before tax. Our income taxes provisions are primarily driven by profits in certain jurisdictions, deemed profit countries and withholding taxes on intercompany and third-party transactions that do not directly correlate to ordinary income or loss. Impairments and other charges recognized do not result in significant tax benefit as a result of our inability to forecast realization of the tax benefit of such losses.

Our results for the 2019 Predecessor period include $32 million of tax expense related to the Fresh Start Accounting impacts and $14 million of tax benefit primarily related to goodwill and other asset impairments and write downs. We also recognized $4.3 billion gain on Settlement of Liabilities Subject to Compromise as a result of the bankruptcy (See "Note 2 –

Emergence from Chapter 11 Bankruptcy Proceedings") with no tax impact due to it being attributed to Bermuda, which has no income tax regime, and the U.S., which resulted in the reduction of our U.S. unbenefited net operating losses carryforward under the operative tax statute and applicable regulations offset by the release of the valuation allowance. Prepetition charges (charges prior to Petition Date) and reorganization items (charges after Petition Date) had no significant tax impact.

Deferred tax assets and liabilities are recognized for the estimated future tax effects of temporary differences between the tax basis of an asset or liability and its reported amount in the Consolidated Financial Statements. The measurement of deferred tax assets and liabilities is based on enacted tax laws and rates currently in effect in each of the jurisdictions in which we have operations.

The components of the net deferred tax asset (liability) were as follows:

(Dollars in millions)	**December 31, 2021**	**December 31, 2020**
Deferred Tax Assets:		
Net Operating Losses Carryforwards	$ 828	$ 881
Unused Recognized Built in Losses	50	39
Accrued Liabilities and Reserves	186	175
Tax Credit Carryforwards	9	11
Employee Benefits	30	30
Property, Plant and Equipment	118	129
Inventory	52	52
U.S. Interest Deferral	13	55
State Deferred	50	84
Other Differences between Financial and Tax Basis	139	92
Valuation Allowance	(1,426)	(1,499)
Total Deferred Tax Assets	49	49
Deferred Tax Liabilities:		
Intangible Assets	(35)	(45)
Other Differences between Financial and Tax Basis	(3)	(4)
Total Deferred Tax Liabilities	(38)	(49)
Net Deferred Tax Asset (Liability)	$ 11	$ —

We record deferred tax assets for net operating losses and temporary differences between the book and tax basis of assets and liabilities that are expected to produce tax deductions in future periods. The ultimate realization of the deferred tax assets is dependent upon the generation of future taxable income during the periods in which those deferred tax assets would be deductible. The Company assesses the realizability of its deferred tax assets each period by considering whether it is more likely than not that all or a portion of the deferred tax assets will not be realized. The Company considers all available evidence (both positive and negative) when determining whether a valuation allowance is required, with emphasis on our past operating results, the existence of cumulative losses in the most recent years and our forecast of near- term taxable income. The Company evaluates possible sources of taxable income that may be available to realize the benefit of deferred tax assets, including projected future taxable income, the reversal of existing temporary differences, taxable income in carryback years and available tax planning strategies, and the impact of fresh start accounting in making this assessment. The realizability of the deferred tax assets is dependent upon judgments and assumptions inherent in the determination of future taxable income, including factors such as future operation conditions (particularly as related to prevailing oil prices and market demand for our products and services).

The decrease in the valuation allowance in 2021 is primarily attributable to the utilization of net operating losses previously not expected to be realized.

Deferred income taxes generally have not been recognized on the cumulative undistributed earnings of our non-Irish subsidiaries because they are considered to be indefinitely reinvested. Distribution of these earnings in the form of dividends or otherwise may result in a combination of income and withholding taxes payable in various countries. As of December 31, 2021, the pool of positive undistributed earnings of our non-Irish subsidiaries that are considered indefinitely reinvested and may be subject to tax if distributed amounts to approximately $1.4 billion. Due to complexities in the tax laws and the manner of repatriation, it is not practicable to estimate the unrecognized amount of deferred income taxes and the related dividend withholding taxes associated with these undistributed earnings.

At December 31, 2021, we had approximately $5.4 billion of net operating losses ("NOLs") in various jurisdictions, $2.0 billion of which were generated by certain U.S. subsidiaries. We estimate that the maximum U.S. NOLs available for utilization in the future is $713 million as a result of the tax consequences of our emergence from bankruptcy as described below.

As a result of our emergence on December 13, 2019, in the U.S. approximately $480 million of cancellation of indebtedness (COD) income was realized for tax purposes. Under exceptions applying to COD income resulting from a bankruptcy reorganization, the U.S. subsidiaries were not required to recognize this COD income currently as taxable income. Instead, the company's US net operating losses were reduced under the operative tax statute and applicable regulations, affecting the balance of deferred taxes. The Company also realized COD income attributable to Bermuda, which does not have an income tax regime. As a result, there was no impact from the COD income.

Additionally, upon emergence our U.S. subsidiaries experienced an ownership change as the Company's emergence was considered an "ownership change" for purposes of Internal Revenue Code section 382. The Internal Revenue Code sections 382 and 383 impose limitations on the ability of a company to utilize tax attributes after experiencing an "ownership change." As a result, we have estimated our annual limitation is approximately $23 million against the utilization of our U.S. loss carryforwards and other tax attributes, including unused recognized built-in losses and U.S. interest deferral. The annual limitation will result in approximately $1.2 billion of our U.S. loss carryforwards expiring unused. Upon emergence, we decreased our NOL deferred tax asset and also decreased our valuation allowance each by $273 million to remove these lost NOLs.

Our non-indefinite loss carryforwards, if not utilized, will mostly expire for U.S. subsidiaries from 2030 through 2037 and at various dates from 2021 through 2040 for non-U.S. subsidiaries. At December 31, 2021, we had $9 million of tax credit carryovers, all of which are related to our non-U.S. subsidiaries.

A tabular reconciliation of the total amounts of uncertain tax positions at the beginning and end of the period is as follows:

	Successor			Predecessor
(Dollars in millions)	**Year Ended 12/31/2021**	**Year Ended 12/31/2020**	**Period From 12/14/2019 through 12/31/2019**	**Period From 1/1/2019 through 12/13/2019**
Balance at Beginning of Year	$ 222	$ 214	$ 213	$ 195
Additions as a Result of Tax Positions Taken During a Prior Period	23	9	—	34
Reductions as a Result of Tax Positions Taken During a Prior Period	(8)	(4)	—	(1)
Additions as a Result of Tax Positions Taken During the Current Period	12	21	2	17
Reductions Relating to Settlements with Taxing Authorities	(5)	(2)	(1)	(20)
Reductions as a Result of a Lapse of the Applicable Statute of Limitations	(2)	(7)	—	(5)
Foreign Exchange Effects	(7)	(9)	—	(7)
Balance at End of Year	$ 235	$ 222	$ 214	$ 213

Substantially all of the uncertain tax positions, if released in future periods, would impact our effective tax rate. Within the total balance is $76 million and $77 million as of December 31, 2021 and 2020, respectively, that would be offset by net operating losses and other tax attributes if settled. Our income tax provision includes penalties and interest on uncertain tax positions of $17 million, $11 million, $1 million, and $15 million for Successor years ended December 31, 2021 and 2020, and the 2019 Successor and Predecessor Periods, respectively. The amounts in the table above exclude cumulative accrued interest and penalties of $104 million and $89 million at December 31, 2021 and 2020 respectively, which are included in other non-current liabilities.

We are subject to income tax in many of the approximately 75 countries where we operate. As of December 31, 2021, the following table summarizes the tax years that remain subject to examination for the major jurisdictions in which we operate:

Tax Jurisdiction	**Tax Years under Examination**
Canada	2013 - 2021
Mexico	2010 - 2021
Russia	2018 - 2021
Switzerland	2013 - 2021
United States (Federal)	2018 - 2021

We are continuously under tax examination in various jurisdictions. We cannot predict the timing or outcome regarding resolution of these tax examinations or if they will have a material impact on our financial statements. As of December 31, 2021, we anticipate that it is reasonably possible that the amount of uncertain tax positions may decrease by up to $1 million in the next twelve months due to expiration of statutes of limitations, settlements and/or conclusions of tax examinations.

22 – Accounts Receivable Factoring

From time to time, we participate in factoring arrangements to sell accounts receivable to third-party financial institutions. Our factoring transactions are recognized as sales, and the proceeds are included as operating cash flows in our Consolidated Statements of Cash Flows. The loss on sale of accounts receivable was immaterial for all periods. The following table presents accounts receivable sold and the cash proceeds, net of discount and hold-back.

	Successor			**Predecessor**
(Dollars in millions)	**Year Ended 12/31/2021**	**Year Ended 12/31/2020**	**Period From 12/14/2019 through 12/31/2019**	**Period From 1/1/2019 through 12/13/2019**
Accounts Receivable Sold	$ 100	$ 90	$ 7	$ 199
Cash Proceeds from Sale of Accounts Receivable	$ 85	$ 79	$ 7	$ 186

23 – Employees

The average number of persons employed by the Company during the years ended December 31, 2021 and 2020 was as follows:

	Year Ended December 31,	
	2021	2020
Drilling and Evaluation	4,570	5,140
Well Construction and Completions	4,773	5,488
Production and Intervention	4,665	5,404
Corporate and Other	2,946	3,643
Total Average Number of Persons Employed	16,954	19,675

Employee costs for the years ended December 31, 2021 and 2020 were as follows:

	Year Ended December 31,	
(Dollars in millions)	2021	2020
Salaries and Wages	$ 1,018	$ 1,091
Benefits and Payroll Taxes	194	213
Employee Welfare	37	39
Bonus and Incentives	111	93
Employee Stock Plans	25	—
Severance	—	132
Total Employee Costs	$ 1,385	$ 1,568

24 – Directors' Remuneration

Directors' remuneration for the years ended December 31, 2021 and 2020 is presented in the table below. Mr. Girishchandra K. Saligram, the Company's President, Chief Executive Officer and Director and Mr. Mark A. McCollum, the Company's former President, Chief Executive Officer and Director were not compensated for their services as a director. Accordingly, the amounts below include compensation for Mr. Girishchandra K. Saligram and Mr. Mark A. McCollum as chief executive officer (referred to as "Managerial Services") as well as compensation for all non-employee directors in their capacities as such (referred to as "Director Services").

	Year Ended December 31,	
(Dollars in millions)	2021	2020
Managerial Services [a]	$ 13	$ 8
Director Services [b]	3	3
Total Directors' Remuneration	$ 16	$ 11

(a) 2021 includes base compensation earned of $1 million, long-term incentive compensation of $10 million and other compensation of $2 million consisting of non-equity incentive compensation and retirement plan contributions for Mr. Saligram. 2020 includes base compensation and bonuses of $1 million and long-term incentive compensation of $1 million for Mr. Saligram. 2020 also includes base compensation and long-term incentive compensation of $1 million for Mr. McCollum and a settlement of $5 million related to his departure from the Company.

(b) 2021 includes director fees of $1 million and share-based compensation of $2 million. 2020 consists of director fees only including a cash component in lieu of share-based compensation.

25 – Auditors' Remuneration

(Dollars in millions)	Year Ended December 31, 2021	2020
Audit Fees		
Audit Fees Paid to KPMG and its Affiliates	$ 6	$ 7
Audit of the Parent Company Financial Statements	—	—
Total Audit Fees	$ 6	$ 7
Tax and Other Fees	—	—
Total Audit, Tax and Other Fees	$ 6	$ 7

26 – Significant Subsidiaries

Listed below are the significant subsidiaries of the Registrant as of December 31, 2021, and the states or jurisdictions in which they are incorporated or organized. The names of other subsidiaries have been omitted from the list below, since they would not constitute, in the aggregate, a significant subsidiary as of December 31, 2021.

Name of Company	Jurisdiction
Weatherford Al-Rushaid Co. Ltd.	Saudi Arabia
Weatherford Artificial Lift Systems, LLC	Delaware
Weatherford Canada Ltd.	Canada
Weatherford de Mexico, S. de R.L. de C.V.	Mexico
Weatherford Industria e Comercio Ltda.	Brazil
Weatherford International de Argentina S.A.	Argentina
Weatherford International Ltd.	Bermuda
Weatherford International, LLC	Delaware
Weatherford Management Company Switzerland Sarl	Switzerland
Weatherford Oil Tool GmbH	Germany
Weatherford Oil Tool Middle East Limited	British Virgin Islands
Weatherford Products GmbH	Switzerland
Weatherford Switzerland Trading and Development GmbH	Switzerland
Weatherford U.K. Limited	England
Weatherford U.S., L.P.	Louisiana
Weatherford, LLC	Russia
Weatherford Well Services L.L.C.	Qatar
Precision Energy Services, Inc.	Delaware

27 – Subsequent Event

On February 24, 2022, Russia invaded Ukraine and both are now engaged in an ongoing broad military conflict. In response, we evaluated our operations and have taken a number of actions, with the first being centered on the safety and well-being of our employees in the impacted regions.

Additionally, the United States, the European Union, the United Kingdom and other countries have imposed broad sanctions against Russia, certain Russian individuals and certain activities involving Russia or Russian individuals. While global events continue to evolve rapidly, we continue to monitor and intend to remain in full compliance with the fast evolving sanctions landscape and will continue to fulfill existing contractual obligations within applicable international laws and sanctions.

Management is assessing the financial impacts of these events on our revenues, operating expenses and asset valuation, however, our assessments have not been completed as of the date of this report.

WEATHERFORD INTERNATIONAL PLC
PARENT COMPANY BALANCE SHEET
DECEMBER 31, 2021

(In USD millions)	December 31, 2021		December 31, 2020	
NON-CURRENT ASSETS:				
Investment in Subsidiaries	$	2,647	$	2,567
Loan receivable from Affiliates		126		365
TOTAL NON-CURRENT ASSETS		2,773		2,932
CURRENT ASSETS				
Accounts receivable		—		1
Intercompany Debtors		63		74
Cash and Cash Equivalents		—		—
TOTAL CURRENT ASSETS	$	63	$	75
TOTAL ASSETS		2,836		3,007
EQUITY				
Called Up Share Capital	$	—	$	—
Share Premium		8		—
Other Reserve		31		31
Retained Earnings		2,727		2,759
SHAREHOLDERS' EQUITY		2,766		2,790
NON-CURRENT LIABILITIES				
Loans Payable to Affiliates		11		94
TOTAL NON-CURRENT LIABILITIES		11		94
CURRENT LIABILITIES				
Current Portion of Loans Payable to Affiliates		22		25
Intercompany Creditors		33		94
Accounts Payable and Other Current Liabilities		4		4
TOTAL CURRENT LIABILITIES		59		123
TOTAL LIABILITIES		70		217
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	$	2,836	$	3,007

The balance sheet was approved and signed on behalf of the Board of Directors on April 13, 2022 by:

/s/ Girishchandra K. Saligram	/s/ Charles M. Sledge
Girishchandra K. Saligram	Charles M. Sledge
Director	Director

WEATHERFORD INTERNATIONAL PLC
PARENT COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
DECEMBER 31, 2021

(Dollars in millions)	Called up Share Capital	Share Premium	Share-based Payments Reserve	Other Reserve	Retained Earnings	Total
Balance at December 31, 2019	$ —	$ —	$ —	$ 31	$ 2,772	$ 2,803
Profit for the financial period	—	—	—	—	(13)	(13)
Balance at December 31, 2020	$ —	$ —	$ —	$ 31	$ 2,759	$ 2,790
Profit for the financial period	—	—	—	—	(32)	(32)
Net activity related to share-based payments	—	—	8	—	—	8
Balance at December 31, 2021	$ —	$ —	$ 8	$ 31	$ 2,727	$ 2,766

WEATHERFORD INTERNATIONAL PLC
PARENT COMPANY CASH FLOW STATEMENT
DECEMBER 31, 2021

	December 31,	
(In USD millions)	**2021**	**2020**
Cash Flows From Operating Activities:		
Net Income (Loss)	$ (32)	$ (13)
Adjustments to Reconcile Net Loss to Net Cash Provided By/(Used In) Operating Activities:		
Employee Share-Based Compensation Expense	8	—
Change of Investment in Subsidiaries	(80)	(401)
Change in Loan Receivable	239	400
Changes in Operating Assets and Liabilities:		
Other, Net	(49)	(15)
Net Cash Provided By/(Used In) Operating Activities	86	(29)
Capital Flows From Financing Activities:		
Net Repayment of Loans Payable to Affiliates	(86)	28
Net Cash Provided By/(Used In) Financing Activities	(86)	28
Increase/(Decrease) in Cash and Cash Equivalents in the Year	$ —	$ (1)
Cash and Cash Equivalents at Beginning of Year	$ —	$ 1
Cash and Cash Equivalents at End of Year	$ —	$ —

Weatherford International plc
Parent Company Notes to Company Financial Statements

1 – Summary of Significant Accounting Policies

Reporting Entity

Weatherford International plc (the "Company" or "Weatherford") is a company incorporated and registered in Ireland. The parent company financial statements have been prepared in accordance with IFRS, as issued by the IASB and as adopted by the EU, and in accordance with the Companies Act of 2014. The IFRS that were adopted in these financial statements are those that were effective from January 1, 2021.

There were a number of amendments to standards that were effective for the Company beginning January 1, 2020. None of these had a material impact on the Company.

In the year ended December 31, 2021, the Company did not early adopt any new or amended standards and does not plan to early adopt any of the standards issued but not yet effective.

Functional Currency

Items included in the balance sheet are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The balance sheet is presented in United States dollars, which is the Company's functional currency. Transactions in currencies other than the functional currency are recorded at the rate ruling at the date of the transaction. The resulting monetary assets and liabilities are translated at the balance sheet rate with the resulting gains or losses reflected in the profit and loss account.

Profit and Loss Account

In accordance with Section 304 of the Companies Act 2014, the Company has availed itself of the exemption therein and has not presented a profit and loss account. The Company's loss for the year ended December 31, 2020 was approximately $13 million and loss for the year ended December 31, 2021 was approximately $32 million.

Financial Assets

The Company's investment in its subsidiaries were originally recorded at cost where the cost also equaled fair value on June 17, 2014, and was based on the market capitalization of Weatherford International plc at that time. The investment is tested for impairment if circumstances or indicators suggest that impairment may exist and, in any case, on an annual basis. Impairments are recognized directly in the profit and loss account. If the investment is deemed to be impaired, the asset is impaired to the higher of its fair value or its value in use. The Company determines fair value based on the market capitalization of the group and determines value in use based on the expected cash flows of the investment's cash generating units, discounted at an appropriate discount rate for the nature of the Company's activities.

Taxation

Current tax is provided on the Company's taxable profits, at amounts expected to be paid, using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is accounted for in respect of timing differences that have originated but not reversed at the balance sheet date and is provided for at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse. Timing differences arise from the inclusion of items in income and expenditure in tax computations in periods different from those in which they are included in the financial statements.

A deferred tax asset is only recognized when it is more likely than not the asset will be recoverable in the foreseeable future out of suitable taxable profits from which the underlying timing differences can be recovered.

Share-Based Payments

The Company and its subsidiaries operate share-based compensation plans the details of which are presented in "Note 18 - Share-Based Compensation" to the Consolidated Financial Statements.

The share-based compensation plans permit the grant of options, share appreciation rights, restricted share awards, restricted share units, and other share-based and performance-based awards to any employee, consultant or non-employee director. The provisions of each award vary based on the type of award granted and are determined by the Compensation and Human Resources Committee of our Board of Directors.

The entity or subsidiary that receives services in exchange for the share-based compensation accounts for all share-based payment awards by measuring these awards at the date of grant and recognizing the grant date fair value as an expense, net of expected forfeitures, over the service period, which is usually the vesting period. Upon vest, the entity or subsidiary reimburses the Company for the vest date value of the award. The net effect of the grant date fair value of the Company's share-based compensation to employees of the Company's subsidiaries and any recharges received from those subsidiaries is presented as a movement in Investment in Subsidiaries. For more information on financial fixed assets, see "Note 3 - Investment in Subsidiaries" below.

The Company issues new Weatherford International plc shares to fulfill its obligations under its share-based compensation plans.

As of December 31, 2021, we had three million shares available for grant under our share-based compensation plan.

2 – Description of the Company

The principal activity of the company is an investment holding company. The Company is the parent company of one of the world's leading providers of equipment and services used in the drilling, evaluation, completion, production and intervention of oil and natural gas wells. Weatherford and its subsidiaries operate in over 75 countries and have service and sales locations in nearly all of the oil and natural gas producing regions in the world.

3 – Investment in Subsidiaries

The Company's investment was recorded at fair value on June 17, 2014 This initial valuation became the Company's cost basis in its investments. This initial investment has been subsequently adjusted to reflect the activity related to share-based payment transactions and impairments.

(In USD millions)

Balance as of December 31, 2019	$	2,166
Net activity related to subsidiary share transactions		401
Net activity related to share-based payment plans		—
Balance as of December 31, 2020	$	2,567
Net activity related to subsidiary share transactions		75
Net activity related to share-based payment plans		5
Balance as of December 31, 2021	$	2,647

4 – Called Up Share Capital

	December 31, 2021	December 31, 2020
Authorized:		
1,356,000,000 ordinary shares of $0.001 par value	$ 1	$ 1
Total Value of Authorized Ordinary Shares	$ 1	$ 1
Allotted, Called Up and Fully Paid Equity:		
Ordinary shares, par value $0.001 per share, 70,161,685 and 70,017,356 shares as of December 31, 2021 and 2020	$ —	$ —
Total Value Allotted, Called Up and Fully Paid Equity	$ —	$ —

On December 13, 2019, we issued warrants to holders of the Company's Old Ordinary Shares, to purchase up to an aggregate of 7,777,779 New Ordinary Shares in the Company, par value $0.001, at an exercise price of $99.96 per ordinary share. Upon issuance of the Warrants, the amount in excess of par value for the Ordinary Shares net of New Warrant was $31 million and was recorded in "Capital in Excess of Par Value." During 2021, an immaterial number of warrants were exercised.

5 – Related Party Transactions

The company has availed itself of the exemption provided in International Accounting Standard 24, Related Party Disclosures, for subsidiary undertakings, 100% of whose voting rights are controlled within the group. Consequently, the financial statements do not contain disclosures of transactions with entities in the group controlled by Weatherford International plc.

6 – Guarantees

Weatherford International plc, the ultimate parent of the Weatherford group, guarantees the obligations of its subsidiaries – Weatherford International Ltd., a Bermuda exempted company ("Weatherford Bermuda"), and Weatherford International, LLC, a Delaware limited liability company ("Weatherford Delaware"), including the notes and credit facilities listed below.

Our Exit Notes, 2024 Senior Secured Notes (before repayment in 2021), 2028 Senior Secured Notes and 2030 Senior Notes were issued by Weatherford Bermuda and guaranteed by Weatherford International plc and Weatherford Delaware and other subsidiary guarantors party thereto.

See "Note 13 – Borrowings and Other Debt Obligations" in the Company's Consolidated Financial Statements for more detailed information on the underlying debt guaranteed by the Company.

7 – Tax

As of December 31, 2021 and 2020, the Company had no accrued net income tax payable. There were no deferred tax liabilities nor recognized or unrecognized deferred tax assets as of the balance sheet date.

8 – Employees

As of December 31, 2021 and 2020, the Company had no employees. "Note 23 - Employees" of the Consolidated Financial Statements provides additional information on the overall number and cost of the persons employed by the Company.

9 – Directors’ and Auditors’ Remuneration

“Note 24 - Directors' Remuneration” and “Note 25 - Auditors' Remuneration” of the Consolidated Financial Statements provide additional details regarding the fees paid by the Company to Directors and Auditors. Fees for the audit of the Weatherford International plc individual accounts were $75 thousand in both years in December 31, 2021 and 2020, respectively.

10 – Financial Instruments

The are no material third party financial asset or liability as of December 2021 and 2020. See “Note 15 - Derivative Instruments” of the Consolidated Financial Statements for additional information. Further information on financial instruments, as required by IFRS 7, IFRS 9 and IFRS 13 are not provided on the grounds of materiality.