

WEATHERFORD INTERNATIONAL LTD.

U.S. EXPORT CONTROL COMPLIANCE POLICY

APPLICATION

- 1.00 This policy applies to all officers and employees of Weatherford International Ltd. and its subsidiaries and affiliates (“Weatherford” or the “Company”).

PURPOSE

- 2.00 The purpose of this policy is to ensure Weatherford’s strict and full compliance with the U.S. Export Administration Regulations (“EAR”) and all other U.S. laws and regulations concerning exports and re-exports to foreign countries. U.S. export controls cover all exports and re-exports (from third countries) of U.S.-origin goods, software and technology, as well as foreign made products that incorporate above *de minimis* levels of U.S.-origin parts, components, software or technology.

POLICY

- 3.00 All subsidiaries and divisions within the Company that export U.S.-origin products, services, software or technology, or use U.S.-origin parts, components, software or technology in the manufacture of products abroad, will establish or participate in export compliance programs to ensure compliance with U.S. export control laws. The Company will provide assistance on an ongoing basis to facilitate compliance with the relevant laws and compliance programs.
- 3.01 Compliance officers and Export Compliance Administrators (“ECAs”) will be designated as appropriate. ECAs will report to senior management within their group and to the Office of Global Trade Compliance of the Company. The Office of Global Trade Compliance will assist the ECAs with information and regular program updates.
- 3.02 Upon receipt of an order from a new customer, the identity of the customer and all other available information regarding the customer and the transaction should be screened against the U.S. Government lists of prohibited persons. Orders from new customers shall not be shipped until the customer and the transaction have been screened against U.S. Government lists of prohibited persons.
- 3.03 Under Company policy, no business of any type directly or indirectly related to Cuba, Iran, Sudan or Syria may be conducted. These countries are subject to comprehensive U.S. sanctions, but Company goes beyond what the U.S. sanctions prohibit and restrict any and all business with these countries. Please refer to the Company’s Export Compliance Manual for more details.

- 3.04 Although the economic embargo against Iraq has been lifted, certain Iraq-specific export restrictions remain under the EAR. The goods, software and technology subject to these restrictions are specifically identified on the Commerce Control List in the EAR. Accordingly, shipments to Iraq require prior confirmation from the ECA or the Office of Global Trade Compliance that the parts, components, software or technology do not require an export license or that a license has been obtained.
- 3.05 No order will be executed without the specific approval of the Chief Compliance Officer or the Office of Global Trade Compliance if there is any reason or suspicion to believe that the goods, software, or technology (“Items”) to be exported will be used in connection with:
- a. the research, design, development, production, testing, maintenance or use of nuclear explosive devices or components of such devices, nuclear reactors, facilities for the fabrication of nuclear fuel, or installations for the storage of nuclear fuel;
 - b. the design, development, production or use of missiles, rocket systems, or unmanned air vehicle systems; or
 - c. the design, development, production, stockpiling, or use of chemical or biological weapons.
- 3.06 No order will be executed with the specific approval of the Chief Compliance Officer or the Office of Global Trade Compliance if there is any reason to believe or suspect that a customer may divert shipments of product:
- a. to any customer or end-user in any country listed in Section 3.03;
 - b. for any purpose identified in Section 3.05; or
 - c. if any “Red Flags” exist with respect to the customer or order (see 4.06 below and detailed Export Compliance Manual for details).
- 3.07 Any order that involves the export or re-export of a defense article, service, or technology, or incorporates nuclear source materials (such as thorium or americium) requires the specific approval of an ECA or the Office of Global Trade Compliance.
- 3.08 All orders will be screened for antiboycott language. See the separate Antiboycott Policy for further information.
- 3.09 Failure to comply with this policy may result in disciplinary action, dismissal, or civil or criminal prosecution.
- 3.10 Questions or concerns regarding any transaction or customer should be directed to an ECA or the Office of Global Trade Compliance.

BACKGROUND

- 4.00 Exports of Goods , Software or Technology from the United States. U.S. export controls apply to any shipment or transfer from the United States to any other country, as well as domestic transfers to foreign nationals.
- 4.01 Re-exports of U.S. – Origin Items. In addition to restricting direct exports from the United States, U.S. law imposes aggressive and far-reaching controls on re-exports of U.S. origin Items. Under these rules, no person may re-export U.S. origin Items received from the United States to any third country unless specifically authorized to do so by the relevant U.S. regulatory authority. Similarly, a U.S. exporter may not export Items from the United States if it knows that the items will be re-exported directly or indirectly, in whole or in part, to a destination not authorized under U.S. law.
- 4.02 Exports of Foreign Manufactured Goods. U.S. export regulations also control shipments of certain foreign-manufactured Items that incorporate U.S.-origin content (including U.S. origin parts and components) or, for certain destinations and products, are the “direct product” of U.S. origin technology. Overseas shipments of foreign-made items that incorporate above *de minimis* levels of U.S. origin content (10% by value to Cuba, Iran, North Korea, Sudan and Syria and 25% to all other countries) are themselves subject to EAR controls.
- 4.03 Deemed Export to Foreign Nationals. Where a foreign national (nonresident alien) is exposed to U.S.-origin technology (either in the U.S. or abroad), an export of that technology to the foreign national’s country is deemed to occur. Such “exports” can occur when a foreign national received U.S.-origin technology by visual inspection of facilities, verbal interaction (e.g., by telephone), or by reviewing written documentation.
- 4.04 Bureau of Industry and Security. U.S. export controls are administered by the U.S. Department of Commerce, Bureau of Industry and Security (“BIS”).
- 4.05 End-Use Restrictions. BIS maintains special license requirements for exports or re-exports of U.S. origin Items to any end-user engaged in nuclear, chemical or biological warfare, or missile technology or production activities. All personnel should consider whether a particular customer is engaged in such restricted activities. The Office of Global Trade Compliance has implemented screening procedures that require the screening of parties to transactions against the various restricted parties lists maintained by the U.S. and the E.U. See the Sanctions Compliance Policy and the Export Compliance Manual for more details.
- 4.06 Red Flags. BIS has published a list of “Red Flags” to assist Company personnel in determining whether there is a risk that a shipment of products will be sent or diverted to a user subject to special restrictions. Company personnel involved in export transactions should be familiar with these Red Flags.

- 4.07 Antiboycott Rules. BIS also maintains separate rules prohibiting compliance with the Arab boycott of Israel and other international boycotts not recognized by the United States. Company personnel should review the separate Antiboycott Compliance Policy for guidance.
- 4.08 Training. The Office of Global Trade Compliance will maintain a continuing program to keep the Company's officers, employees and agents advised of the applicable provisions of the export control and international sanctions laws and regulations and the requirements of the Company's related policies. All personnel engaged in export or re-export activities shall receive training in export compliance requirements.
- 4.09 Penalties. Failure to comply with U.S. export control laws can subject the Company and individuals who participate to serious criminal and civil liability. Whoever "willfully" or "knowingly" violates the Export Administration Act is subject to the following penalties:
- a. Criminal – anyone who knowingly violates the Export Administration Regulations may be fined up to \$1,000,000 per violation or twice the pecuniary gain or loss of the transaction for each violation, imprisoned for not more than five years, or both.
 - b. Administrative – any person who violates the Export Administration Regulations may be subject to a civil penalty of up to \$250,000 or twice the value of the transaction, and/or suffer suspension, revocation, or denial of its export privileges. I.E. The company or its subsidiaries would not be permitted to export or receive exports of U.S. origin goods, software or technology.

References:

- **Weatherford International Ltd. Export Compliance Manual**
- **Sanctions Compliance Policy**
- **Antiboycott Policy**