

We report our financial results in accordance with generally accepted accounting principles (GAAP). However, Weatherford's management believes that certain non-GAAP financial measures and ratios (as defined under the SEC's Regulation G) may provide users of this financial information additional meaningful comparisons between current results and results in prior periods. The non-GAAP financial measures we may present from time to time include: 1) operating income or income from continuing operations excluding certain charges or amounts, 2) the provision for income taxes excluding discrete items and 3) the resulting non-GAAP net income and per share amounts. These adjusted amounts are not measures of financial performance under GAAP. Accordingly, these amounts should not be considered as a substitute for operating income, provision for income taxes, net income or other data prepared and reported in accordance with GAAP. See the table below for supplemental financial data and corresponding reconciliations to GAAP financial measures for the three months ended December 31, 2012, September 30, 2012, and December 31, 2011 and for the years ended December 31, 2012 and 2011. Non-GAAP financial measures should be viewed in addition to, and not as an alternative to, the Company's reported results prepared in accordance with GAAP.

Weatherford International Ltd.
Reconciliation of GAAP to Non-GAAP Financial Measures
(Unaudited)
(In Millions, Except Per Share Amounts)

	Three Months Ended			Twelve Months Ended	
	12/31/2012	9/30/2012	12/31/2011	12/31/2012	12/31/2011
Operating Income:					
GAAP Operating Income	\$ 245	\$ 315	\$ 396	\$ 298	\$ 1,307
Goodwill and Equity Investment Impairment	-	-	-	793	-
Sanctioned Country Loss Contingency	-	-	-	100	-
Legacy Contracts	30	14	(5)	137	(13)
Libya Reserve	-	-	67	-	67
Other Adjustments	31	46	26	104	74
Tax Remediation and Restatement Expenses	50	27	12	103	22
Non-GAAP Operating Income	<u>\$ 356</u>	<u>\$ 402</u>	<u>\$ 496</u>	<u>\$ 1,535</u>	<u>\$ 1,457</u>
Income (Loss) Before Income Taxes:					
GAAP Income (Loss) Before Income Taxes	\$ 89	\$ 163	\$ 244	\$ (288)	\$ 747
Goodwill and Equity Investment Impairment	-	-	-	793	-
Sanctioned Country Loss Contingency	-	-	-	100	-
Legacy Contracts	30	14	(5)	137	(13)
Libya Reserve	-	-	67	-	67
Other Adjustments	31	46	31	101	79
Tax Remediation and Restatement Expenses	50	27	12	103	22
Non-GAAP Income (Loss) Before Income Taxes	<u>\$ 200</u>	<u>\$ 250</u>	<u>\$ 349</u>	<u>\$ 946</u>	<u>\$ 902</u>
Benefit (Provision) for Income Taxes:					
GAAP Benefit (Provision) for Income Taxes	\$ (203)	\$ (86)	\$ (251)	\$ (462)	(542)
Goodwill and Equity Investment Impairment	-	-	-	(1)	-
Sanctioned Country Loss Contingency	-	-	-	(1)	-
Legacy Contracts	34	-	-	34	-
Other Adjustments	(8)	(14)	(7)	(25)	(14)
Tax Remediation and Restatement Expenses	(7)	(3)	(6)	(16)	(10)
Legal Entity Reorganization Charges	-	-	22	-	22
Non-GAAP Benefit (Provision) for Income Taxes	<u>\$ (184)</u>	<u>\$ (103)</u>	<u>\$ (242)</u>	<u>\$ (471)</u>	<u>\$ (544)</u>
Net Income (Loss) Attributable to Weatherford:					
GAAP Net Income (Loss)	\$ (122)	\$ 70	\$ (13)	\$ (778)	\$ 189
Total Charges, net of tax	130 (a)	70 (b)	114 (c)	1,225 (d)	153 (e)
Non-GAAP Net Income	<u>\$ 8</u>	<u>\$ 140</u>	<u>\$ 101</u>	<u>\$ 447</u>	<u>\$ 342</u>
Diluted Earnings (Loss) Per Share Attributable to Weatherford:					
GAAP Diluted Earnings (Loss) per Share	\$ (0.16)	\$ 0.09	\$ (0.02)	\$ (1.02)	\$ 0.25
Total Charges, net of tax	0.17	0.09	0.15	1.60	0.20
Non-GAAP Diluted Earnings per Share	<u>\$ 0.01</u>	<u>\$ 0.18</u>	<u>\$ 0.13</u>	<u>\$ 0.58</u>	<u>\$ 0.45</u>
GAAP Effective Tax Rate (f)					
	228%	53%	103%	-160%	73%
Annual Effective Tax Rate (g)					
	92%	41%	69%	50%	60%

Note (a): Non-GAAP adjustments are comprised of (i) tax restatement and remediation expenses of \$43 million, (ii) \$64 million in operating losses and tax expense related to legacy lump sum contracts in Iraq, (iii) \$23 million in other adjustments consisting of severance and other charges including \$7 million in investigation related expenses.

Note (b): Non-GAAP adjustments are comprised of (i) tax restatement and remediation expenses of \$23 million, (ii) \$14 million in operating losses related to legacy lump sum contracts in Iraq, (iii) \$33 million in other adjustments including \$11 million in fees and expenses associated with our Q3 debt consent solicitation, a \$18 million lower of cost or market adjustment to the carrying value of our inventory and \$4 million in severance, exit and other charges.

Note (c): Non-GAAP adjustments are comprised of (i) a \$67 million charge primarily to reserve accounts receivable, inventory and machinery and equipment in Libya (ii) \$22 million in withholding taxes and legal and professional costs incurred in conjunction with our tax planning activities, (iii) \$6 million in tax material weakness remediation and restatement expenses and (v) severance, exit and other charges of \$19 million.

Note (d): Non-GAAP adjustments are comprised of (i) goodwill and equity method investment impairments of \$793 million, (ii) \$100 million loss accrual related to sanctioned country matters, (iii) tax restatement and remediation expenses of \$87 million, (iv) \$171 million in operating losses and tax expense related to legacy lump sum contracts in Iraq, (v) \$74 million in severance, exit and other charges including \$11 million in fees and expenses associated with our Q3 debt consent solicitation, \$19 million in lower of cost or market adjustments to the carrying value of our inventory and \$9 million in investigation related expenses.

Note (e): Non-GAAP adjustments are comprised of (i) a \$67 million charge primarily to reserve accounts receivable, inventory and machinery and equipment in Libya (ii) \$22 million in withholding taxes and legal and professional costs incurred in conjunction with our tax planning activities (iii) \$12 million in tax material weakness remediation and restatement expenses and (v) severance, exit and other charges of \$52 million, including \$10 million incurred in conjunction with the ongoing investigations and \$9 million associated with the termination of a corporate consulting contract.

Note (f): GAAP Effective Tax Rate is GAAP provision for income taxes divided by GAAP income before income taxes.

Note (g): Annual Effective Tax Rate is the Non-GAAP provision for income taxes divided by Non-GAAP income before income taxes.