

Weatherford International Ltd./Switzerland (WFT)

10-Q

Quarterly report pursuant to sections 13 or 15(d)

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2010

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

001-34258
(Commission file number)

WEATHERFORD INTERNATIONAL LTD.

(Exact name of registrant as specified in its charter)

Switzerland
(State or other jurisdiction of
incorporation or organization)

98-0606750
(I.R.S. Employer
Identification No.)

4-6 Rue Jean-Francois Bartholoni, 1204 Geneva, Switzerland
(Address of principal executive offices)

Not Applicable
(Zip Code)

Registrant's telephone number, including area code: 41.22.816.1500

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ (Do not check if a smaller reporting company) Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

As of October 25, 2010, there were 741,424,789 shares of Weatherford registered shares, 1.16 Swiss francs par value per share, outstanding.

TABLE OF CONTENTS

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

ITEM 4. CONTROLS AND PROCEDURES

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

ITEM 1A. RISK FACTORS

ITEM 2. UNREGISTERED SALES OF EQUITY IN SECURITIES AND USE OF PROCEEDS

ITEM 6. EXHIBITS

SIGNATURES

EX-4.1

EX-10.3

EX-31.1

EX-31.2

EX-32.1

EX-32.2

EX-101 INSTANCE DOCUMENT

EX-101 SCHEMA DOCUMENT

EX-101 CALCULATION LINKBASE DOCUMENT

EX-101 LABELS LINKBASE DOCUMENT

EX-101 PRESENTATION LINKBASE DOCUMENT

EX-101 DEFINITION LINKBASE DOCUMENT

PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS
WEATHERFORD INTERNATIONAL LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except par value)

	September 30, 2010 (unaudited)	December 31, 2009
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 951,382	\$ 252,519
Accounts Receivable, Net of Allowance for Uncollectible Accounts of \$24,477 and \$20,466, Respectively	2,535,625	2,504,876
Inventories	2,493,289	2,239,762
Current Deferred Tax Assets	260,128	259,077
Other Current Assets	943,740	884,372
Total Current Assets	<u>7,184,164</u>	<u>6,140,606</u>
Property, Plant and Equipment, Net of Accumulated Depreciation of \$4,026,775 and \$3,438,248, Respectively	6,931,216	6,991,579
Goodwill	4,141,972	4,156,105
Other Intangible Assets, Net of Accumulated Amortization of \$427,151 and \$359,052, Respectively	741,796	778,786
Equity Investments	537,505	542,667
Other Assets	347,790	256,440
Total Assets	<u>\$19,884,443</u>	<u>\$18,866,183</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Short-term Borrowings and Current Portion of Long-term Debt	\$ 582,628	\$ 869,581
Accounts Payable	1,200,627	1,002,359
Other Current Liabilities	984,857	924,948
Total Current Liabilities	<u>2,768,112</u>	<u>2,796,888</u>
Long-term Debt	6,694,963	5,847,258
Other Liabilities	434,843	423,333
Total Liabilities	<u>9,897,918</u>	<u>9,067,479</u>
Shareholders' Equity:		
Shares, CHF 1.16 Par Value: Authorized 1,137,670 Shares, Conditionally Authorized 379,223 Shares, Issued 758,447 Shares at September 30, 2010; Authorized 1,093,303 Shares, Conditionally Authorized 364,434 Shares, Issued 758,447 Shares at December 31, 2009	761,077	761,077
Capital in Excess of Par Value	4,682,827	4,642,800
Treasury Shares, Net	(565,464)	(616,048)
Retained Earnings	4,895,374	4,817,101
Accumulated Other Comprehensive Income	143,123	114,742
Weatherford Shareholders' Equity	9,916,937	9,719,672
Noncontrolling Interests	69,588	79,032
Total Shareholders' Equity	<u>9,986,525</u>	<u>9,798,704</u>
Total Liabilities and Shareholders' Equity	<u>\$19,884,443</u>	<u>\$18,866,183</u>

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

WEATHERFORD INTERNATIONAL LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)
(In thousands, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
Revenues:				
Products	\$ 910,653	\$ 636,378	\$ 2,522,867	\$ 2,029,831
Services	<u>1,623,504</u>	<u>1,513,501</u>	<u>4,787,809</u>	<u>4,371,021</u>
	2,534,157	2,149,879	7,310,676	6,400,852
Costs and Expenses:				
Cost of Products	640,752	526,960	1,817,693	1,621,196
Cost of Services	1,259,247	1,082,281	3,640,504	2,965,407
Research and Development	54,457	49,300	156,844	144,434
Selling, General and Administrative Attributable to Segments	254,072	287,453	1,009,915	892,822
Corporate General and Administrative	<u>47,014</u>	<u>53,963</u>	<u>187,330</u>	<u>162,981</u>
Operating Income	<u>278,615</u>	<u>149,922</u>	<u>498,390</u>	<u>614,012</u>
Other Expense:				
Interest Expense, Net	(99,318)	(90,285)	(290,376)	(274,846)
Bond Tender Premium	(10,731)	—	(10,731)	—
Devaluation of Venezuelan Bolivar	—	—	(63,859)	—
Other, Net	<u>(12,277)</u>	<u>(11,046)</u>	<u>(35,681)</u>	<u>(28,456)</u>
Income Before Income Taxes	156,289	48,591	97,743	310,710
Benefit (Provision) for Income Taxes	<u>(7,157)</u>	<u>34,369</u>	<u>(7,833)</u>	<u>(3,535)</u>
Net Income	149,132	82,960	89,910	307,175
Net Income Attributable to Noncontrolling Interests	<u>(4,286)</u>	<u>(5,586)</u>	<u>(11,637)</u>	<u>(23,018)</u>
Net Income Attributable to Weatherford	<u>\$ 144,846</u>	<u>\$ 77,374</u>	<u>\$ 78,273</u>	<u>\$ 284,157</u>
Earnings Per Share Attributable to Weatherford:				
Basic	\$ 0.19	\$ 0.11	\$ 0.11	\$ 0.40
Diluted	\$ 0.19	\$ 0.11	\$ 0.10	\$ 0.40
Weighted Average Shares Outstanding:				
Basic	745,502	724,114	742,192	707,621
Diluted	751,394	735,109	748,382	715,719

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

WEATHERFORD INTERNATIONAL LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(In thousands)

	Nine Months Ended September 30,	
	2010	2009
Cash Flows from Operating Activities:		
Net Income	\$ 89,910	\$ 307,175
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	776,745	652,996
Employee Share-Based Compensation Expense	75,167	85,136
Deferred Income Tax Benefit	(112,053)	(209,864)
Devaluation of Venezuelan Bolivar	63,859	—
Supplemental Executive Retirement Plan	38,021	—
Revaluation of Contingent Consideration	(448)	(27,368)
Other, Net	42,302	(17,397)
Change in Operating Assets and Liabilities, Net of Effect of Businesses Acquired		
Accounts Receivable	(71,920)	210,861
Inventories	(272,957)	(122,252)
Accounts Payable	176,284	(95,918)
Other	(67,334)	(508,323)
Net Cash Provided by Operating Activities	<u>737,576</u>	<u>275,046</u>
Cash Flows from Investing Activities:		
Acquisitions of Businesses, Net of Cash Acquired	(58,417)	(4,749)
Capital Expenditures for Property, Plant and Equipment	(717,556)	(1,269,884)
Acquisition of Intellectual Property	(22,509)	(25,352)
Purchase of Equity Investments in Unconsolidated Affiliates	(1,750)	(26,999)
Proceeds from Sale of Assets and Businesses, Net	191,115	113,720
Other Investing Activities	41,840	—
Net Cash Used by Investing Activities	<u>(567,277)</u>	<u>(1,213,264)</u>
Cash Flows from Financing Activities:		
Borrowings (Repayments) of Short-term Debt, Net	(841,058)	(237,549)
Borrowings (Repayments) of Long-term Debt, Net	1,396,553	1,230,262
Other Financing Activities, Net	(7,403)	9,046
Net Cash Provided by Financing Activities	<u>548,092</u>	<u>1,001,759</u>
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(19,528)	4,656
Net Increase in Cash and Cash Equivalents	698,863	68,197
Cash and Cash Equivalents at Beginning of Period	252,519	238,398
Cash and Cash Equivalents at End of Period	<u>\$ 951,382</u>	<u>\$ 306,595</u>
Supplemental Cash Flow Information:		
Interest Paid	\$ 354,677	\$ 304,623
Income Taxes Paid, Net of Refunds	257,605	325,920

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

WEATHERFORD INTERNATIONAL LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(UNAUDITED)
(In thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
Net Income	\$ 149,132	\$ 82,960	\$ 89,910	\$ 307,175
Other Comprehensive Income:				
Curtailment and Remeasurement of Supplemental Executive Retirement Plan	—	—	35,111	—
Amortization of Pension Components	173	1,936	1,819	6,464
Foreign Currency Translation Adjustment	143,587	146,155	(9,017)	306,377
Other	157	153	468	456
Comprehensive Income	293,049	231,204	118,291	620,472
Comprehensive Income Attributable to Noncontrolling Interests	(4,286)	(5,586)	(11,637)	(22,897)
Comprehensive Income Attributable to Weatherford	<u>\$ 288,763</u>	<u>\$ 225,618</u>	<u>\$ 106,654</u>	<u>\$ 597,575</u>

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

WEATHERFORD INTERNATIONAL LTD. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. General

The accompanying unaudited condensed consolidated financial statements of Weatherford International Ltd. and all majority-owned subsidiaries (the "Company") are prepared in accordance with U.S. generally accepted accounting principles and include all adjustments of a normal recurring nature which, in the opinion of management, are necessary to present fairly our Condensed Consolidated Balance Sheet at September 30, 2010, Condensed Consolidated Statements of Income, Condensed Consolidated Statements of Comprehensive Income and Condensed Consolidated Statements of Cash Flows for the three and nine months ended September 30, 2010 and 2009. Although we believe the disclosures in these financial statements are adequate to make the interim information presented not misleading, certain information relating to our organization and footnote disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles have been condensed or omitted in this Form 10-Q pursuant to U.S. Securities and Exchange Commission ("SEC") rules and regulations. These financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2009 and the related notes included in our Annual Report on Form 10-K. The results of operations for the three and nine months ended September 30, 2010 are not necessarily indicative of the results expected for the full year.

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period and disclosure of contingent liabilities. On an ongoing basis, we evaluate our estimates, including those related to uncollectible accounts receivable, lower of cost or market of inventories, equity investments, intangible assets and goodwill, property, plant and equipment, income taxes, percentage-of-completion accounting for long-term contracts, self-insurance, pension and post retirement benefit plans and contingent liabilities. 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. Actual results could differ from those estimates.

Principles of Consolidation

The consolidated financial statements include the accounts of Weatherford International Ltd., all majority-owned subsidiaries, all controlled joint ventures and variable interest entities where the Company has determined it is the primary beneficiary. When referring to Weatherford and using phrases such as "we", "us", and "our", the intent is to refer to Weatherford International Ltd. and its subsidiaries as a whole or on a regional basis, depending on the context in which the statements are made.

Investments in affiliates in which we exercise significant influence over operating and financial policies are accounted for using the equity method. All material intercompany accounts and transactions have been eliminated in consolidation.

2. Business Combinations

We have acquired businesses we feel are important to our long-term growth strategy. Results of operations for acquisitions are included in the accompanying Condensed Consolidated Statements of Income from the date of acquisition. The balances included in the Condensed Consolidated Balance Sheets related to recent acquisitions are based on preliminary information and are subject to change when final asset valuations are obtained and the potential for liabilities has been evaluated. The purchase price is allocated to the net assets acquired based upon their estimated fair values at the date of acquisition.

In July 2009, we acquired the Oilfield Services Division ("OFS") of TNK-BP. In this transaction, we acquired drilling, well workover and cementing services operations in West Siberia, East Siberia and the Volga-Urals region. We issued 24.3 million shares valued at approximately \$450 million. Under our sale and purchase agreement dated May 29, 2009, if TNK-BP sold the shares it received in consideration for the transaction for a price less than \$18.50 per share prior to June 29, 2010, we were obligated to pay TNK-BP additional consideration in an amount equal to the difference between the price at which the shares were sold and \$18.50. On June 24, 2010, we entered into an amendment that modifies the provisions relating to the value guarantee mechanism to allow the parties additional

WEATHERFORD INTERNATIONAL LTD. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

time to settle the amount of consideration received by TNK-BP under the agreement. The settlement date has been extended from June 29, 2010 to the earlier of (a) December 1, 2010, or (b) 30 days after the third business day following our public announcement of our quarterly earnings for the third quarter of 2010. In addition, the base dollar amount used to calculate potential guarantee payments was increased from \$18.50 to \$19.50, and our option to pay the guarantee payment in stock was ended. From October 22 through October 29, 2010, TNK-BP and its affiliates had sold 12.2 million of our common shares in open market transactions at an average price of \$17.07 per share. We currently expect TNK-BP and its affiliates to dispose of the remaining shares in a similar manner before expiration of the value guarantee on November 22, 2010. We finalized the valuation of the assets and liabilities acquired in the OFS acquisition during the third quarter of 2010.

Accounting guidance for business combinations requires contingent consideration to be recognized at its acquisition date fair value. Based on the terms of the arrangement, we classified the contingent consideration for the OFS acquisition as a liability. Such liabilities are required to be remeasured to fair value at each reporting date until the contingency is resolved, with changes in fair value being recognized in earnings. We estimated the fair value of the contingent consideration for the OFS acquisition to be a liability of \$84 million at the date of acquisition, \$63 million at December 31, 2009 and \$152 million at June 30, 2010. This liability was estimated to have a fair value of \$62 million at September 30, 2010, resulting in the recognition of a gain of \$90 million for the three months ended September 30, 2010, offsetting the \$89 million loss incurred during the first six months of 2010. This gain was recorded in the Selling, General and Administrative Attributable to Segments line in the Condensed Consolidated Statements of Income. The valuation of the contingent consideration was determined using a lattice-based model incorporating the term of the contingency, the price of our shares over the relevant periods and the volatility of our stock price.

In November 2008, we acquired a group of affiliated companies in Latin America. Consideration for the transaction totaled approximately \$160 million, which was comprised of approximately six million shares valued at approximately \$65 million, non-cash consideration of approximately \$75 million and cash of approximately \$20 million. Additional consideration of up to \$65 million is contingent on the occurrence of future events and circumstances. The additional consideration, if any, is payable in cash or our common shares at our option. We will record this contingent consideration when and if these events occur.

3. Inventories

The components of inventory were as follows:

	September 30, 2010	December 31, 2009
	<i>(In thousands)</i>	
Raw materials, components and supplies	\$ 366,969	\$ 328,253
Work in process	116,250	115,564
Finished goods	2,010,070	1,795,945
	<u>\$ 2,493,289</u>	<u>\$ 2,239,762</u>

Work in process and finished goods inventories include the cost of materials, labor and plant overhead.

4. Goodwill

Goodwill is evaluated for impairment on at least an annual basis. We perform our annual goodwill impairment test as of October 1. Our 2009 impairment tests indicated goodwill was not impaired. We will continue to test our goodwill annually as of October 1 unless events occur or circumstances change between annual tests that would more likely than not reduce the fair value of a reporting unit below its carrying amount.

During the three months ended September 30, 2010, we incurred a \$76 million charge for revisions to our profitability estimates on our project management contracts in Mexico, where the client's budget constraints triggered an activity decline to near zero and an expected modification to future drilling plans. As a result of this downturn, we performed an impairment test on our Latin America reporting unit and concluded that our goodwill in Latin America was not impaired.

WEATHERFORD INTERNATIONAL LTD. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

The changes in the carrying amount of goodwill for the nine months ended September 30, 2010, were as follows:

	North America	Middle East/ North Africa/ Asia	Europe/ West Africa/ FSU <i>(In thousands)</i>	Latin America	Total
As of December 31, 2009	\$ 2,097,549	\$ 698,896	\$ 1,045,577	\$ 314,083	\$ 4,156,105
Acquisitions	4,109	24,058	2,837	—	31,004
Disposals	—	(712)	—	—	(712)
Purchase price and other adjustments	(546)	(643)	(42,905)	(6,364)	(50,458)
Foreign currency translation	11,667	6,682	(12,103)	(213)	6,033
As of September 30, 2010	<u>\$ 2,112,779</u>	<u>\$ 728,281</u>	<u>\$ 993,406</u>	<u>\$ 307,506</u>	<u>\$ 4,141,972</u>

5. Short-term Borrowings and Current Portion of Long-term Debt

The components of short-term borrowings were as follows:

	September 30, 2010	December 31, 2009
	<i>(In thousands)</i>	
Revolving credit facilities	\$ —	\$ 798,500
Other short-term bank loans	10,838	53,007
Total short-term borrowings	10,838	851,507
Current portion of long-term debt	571,790	18,074
Short-term borrowings and current portion of long-term debt	<u>\$ 582,628</u>	<u>\$ 869,581</u>

In September 2010, we completed a \$1.4 billion long-term debt offering comprised of (i) \$800 million of 5.125% Senior Notes due in 2020 ("5.125% Senior Notes") and (ii) \$600 million of 6.75% Senior Notes due in 2040 ("6.75% Senior Notes"). Net proceeds of \$1.386 billion were used to fund our bond tender offer that commenced in September 2010 and repay short-term borrowings on our revolving credit facilities.

In September 2010, we commenced a cash tender offer for up to \$700 million aggregate principal amount of specified series of our outstanding debt. Pursuant to the tender-offer terms, we repurchased \$167 million of our 6.625% senior notes due 2011 in September 2010 and incurred an expense of \$11 million for the premium we paid on the repurchase.

In October 2010, we completed the tender offer by repurchasing \$327 million and \$206 million of our 5.95% senior notes due 2012 and 5.15% senior notes due 2013, respectively. We paid a \$44 million premium on these bonds tendered and expect to incur a charge of approximately \$42 million in the fourth quarter of 2010. The \$533 million principal amounts repurchased in October 2010 are included in current portion of long-term debt in our Condensed Consolidated Balance Sheet at September 30, 2010.

At September 30, 2010, we maintained two revolving credit facilities with syndicates of banks available for a combination of borrowings, support for our commercial paper program and issuances of letters of credit. These facilities allow for an aggregate availability of \$1.75 billion and mature in May 2011. There were no outstanding borrowings on these facilities at September 30, 2010. There were \$63 million in outstanding letters of credit under these facilities at September 30, 2010.

These borrowing facilities require us to maintain a debt-to-capitalization ratio of less than 60% and contain other covenants and representations customary for an investment-grade commercial credit. We are in compliance with these covenants at September 30, 2010.

WEATHERFORD INTERNATIONAL LTD. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

On October 15, 2010, the Company entered into a \$1.75 billion unsecured revolving credit agreement (the "Credit Agreement") with JPMorgan Chase Bank, N.A., as administrative agent. The Credit Agreement replaced our existing revolving credit facilities that were scheduled to mature in May 2011. The Credit Agreement has a scheduled maturity date of October 15, 2013, subject to extension, and can be used for a combination of borrowings, support for our commercial paper program and issuances of letters of credit. Consistent with our prior facilities, the Credit Agreement requires us to maintain a debt-to-capitalization ratio of less than 60%.

We have a \$1.5 billion commercial paper program under which we may from time to time issue short-term unsecured notes. At September 30, 2010, the commercial paper program is supported by our revolving credit facilities. There were no commercial paper borrowings outstanding at September 30, 2010.

We have short-term borrowings with various domestic and international institutions pursuant to uncommitted facilities. At September 30, 2010, we had \$11 million in short-term borrowings under these arrangements with a weighted average interest rate of 5%. In addition, we had \$333 million of letters of credit and bid and performance bonds under these uncommitted facilities. The carrying value of our short-term borrowings approximates their fair value as of September 30, 2010.

In June 2010, we entered into a secured loan agreement with a third-party financial institution and received proceeds of \$180 million. The note bears interest at a rate of 4.8% and will be repaid in monthly installments over seven years. The loan is secured by equipment located in the United States, and is included in long-term debt on our Condensed Consolidated Balance Sheet.

WEATHERFORD INTERNATIONAL LTD. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

6. Financial Instruments

Accounts Receivable Factoring

We have entered into an accounts receivable sales program to sell accounts receivable related to Latin America to third party financial institutions. One of our subsidiaries sold approximately \$350 million under this program during the second and third quarter of 2010. We received cash totaling \$320 million and recognized a loss of \$5 million on these sales. These transactions qualified for sale accounting under the accounting standards. The remainder of the amounts due to us was recorded as other receivables in the Condensed Consolidated Balance Sheet at September 30, 2010. The initial proceeds received on the sale are included in operating cash flows in our Condensed Consolidated Statement of Cash Flows.

Financial Instruments Measured and Recognized at Fair Value

The accounting guidance for fair value measurements establishes a valuation hierarchy for disclosure of the inputs to the valuations used to measure fair value. This hierarchy prioritizes the inputs into three broad levels. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices 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 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.

The following table presents our non-derivative assets and liabilities that are measured and recognized at fair value on a recurring basis classified under the appropriate level of the fair value hierarchy as of September 30, 2010 and December 31, 2009:

	September 30, 2010			
	Level 1	Level 2	Level 3	Total
	(In thousands)			
Other Assets:				
Other investments	\$ —	\$ —	\$ —	\$ —
Other Current Liabilities:				
Contingent consideration on acquisition (See Note 2)	—	—	62,315	62,315
	December 31, 2009			
	Level 1	Level 2	Level 3	Total
	(In thousands)			
Other Assets:				
Other investments	\$ —	\$ 40,822	\$ —	\$ 40,822
Other Current Liabilities:				
Contingent consideration on acquisition (See Note 2)	—	—	62,763	62,763

During the first quarter of 2010, we received proceeds of approximately \$42 million from the redemption of our other investments recorded at fair value at December 31, 2009. The proceeds are included in investing activities in the Condensed Consolidated Statement of Cash Flows for the period ended September 30, 2010.

WEATHERFORD INTERNATIONAL LTD. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

The following table provides a summary of changes in fair value of our Level 3 financial liability for the three and nine months ended September 30, 2010:

	Three Months Ended September 30, 2010	Nine Months Ended September 30, 2010
	<i>(In thousands)</i>	
Balance at beginning of period	\$ 152,326	\$ 62,763
Unrealized gain on contingent consideration on acquisition included in earnings	(90,011)	(448)
Balance at end of period	<u>\$ 62,315</u>	<u>\$ 62,315</u>

The related gain recorded during the first nine months of 2010 is included in the Selling, General and Administrative Attributable to Segments line in the Condensed Consolidated Statements of Income.

Fair Value of Other Financial Instruments

Our other financial instruments include cash and cash equivalents, foreign currency exchange contracts, interest rate swaps, accounts receivable, notes receivable, accounts payable and short and long-term debt. With the exception of long-term debt, the carrying value of these financial instruments approximates their fair value.

The fair value of outstanding debt fluctuates with changes in applicable interest rates. 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. The fair value of a company's debt is a measure of its current value under present market conditions. It does not impact the financial statements under current accounting rules. The fair value of our long-term debt was established based on quoted market prices.

The fair value and carrying value of our long-term debt and current portion of long-term debt is as follows:

	September 30, 2010		December 31, 2009
		<i>(In thousands)</i>	
Fair value	\$ 7,989,214	\$	6,303,203
Carrying value	7,266,753		5,865,332

7. Derivative Instruments

We are exposed to market risk from changes in foreign currency and changes in interest rates. 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 and we may employ interest rate swaps as a tool to achieve that goal. 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 and the creditworthiness of the counterparties in such transactions. In light of events in the global credit markets and the potential impact of these events on the liquidity of the banking industry, we continue to 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.

WEATHERFORD INTERNATIONAL LTD. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Interest Rate Swaps

We use interest rate swaps to help mitigate exposures related to interest rate movements. Amounts paid or received upon termination of interest rate swaps accounted for as fair value hedges represent the fair value of the agreements at the time of termination and are recorded as an adjustment to the carrying value of the related debt. These amounts are amortized as a reduction (in the case of gains) or as an increase (in the case of losses) to interest expense over the remaining term of the debt. As of September 30, 2010, we had net unamortized gains of \$61 million associated with interest rate swap terminations.

Cash Flow Hedges

In 2008, we entered into interest rate derivative instruments to hedge projected exposures to interest rates in anticipation of a debt offering. Those hedges were terminated at the time of the issuance of the debt, and the loss on these hedges is being amortized from Accumulated Other Comprehensive Income to interest expense over the remaining term of the debt. As of September 30, 2010, we had net unamortized losses of \$13 million associated with our cash flow hedge terminations.

Other Derivative Instruments

As of September 30, 2010, we had foreign currency forward contracts with notional amounts aggregating to \$1,039 million, which were entered into to hedge exposure to currency fluctuations in various foreign currencies, including, but not limited to, the British pound sterling, the Canadian dollar, the euro and the Norwegian krone. The total estimated fair value of these contracts at September 30, 2010, resulted in a net liability of approximately \$17 million. These derivative instruments were not designated as hedges and the changes in fair value of the contracts are recorded each period in Other, Net in the accompanying Condensed Consolidated Statements of Income.

We have cross-currency swaps between the U.S. dollar and Canadian dollar to hedge certain exposures to the Canadian dollar. At September 30, 2010, we had notional amounts outstanding of \$215 million. The total estimated fair value of these contracts at September 30, 2010, resulted in a liability of \$28 million. These derivative instruments were not designated as hedges and the changes in fair value of the contracts are recorded each period in Other, Net in the accompanying Condensed Consolidated Statements of Income.

The fair values of outstanding derivative instruments are summarized as follows:

	September 30, 2010	December 31, 2009	Classifications
	<i>(In thousands)</i>		
Derivative assets not designated as hedges:			
Foreign exchange contracts	\$ 4,323	\$ 9,831	Other Current Assets
Derivative liabilities not designated as hedges:			
Foreign exchange contracts	20,854	18,939	Other Current Liabilities
Cross-currency swap contracts	28,448	26,170	Other Liabilities

8. Income Taxes

For the three months ended September 30, 2010, we had a tax provision of \$7 million on income before taxes of \$156 million. Our income before taxes for the three months ended September 30, 2010 includes a \$90 million gain on the fair value adjustment to the put option issued in connection with the OFS acquisition for which no tax expense has been recorded. For the nine months ended September 30, 2010, we had a tax provision of \$8 million on income before taxes of \$98 million. Our income before taxes for the nine months ended September 30, 2010 includes a curtailment expense on our Supplemental Executive Retirement Plan ("SERP") for which no related tax benefit was recorded, partially offset by a tax benefit related to the devaluation of the Venezuelan bolivar. For the three months ended September 30, 2009, we had a tax benefit of \$34 million. This benefit primarily related to a true-up of our effective tax rate to 1.1% year-to-date at September 30, 2009.

WEATHERFORD INTERNATIONAL LTD. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

9. Shareholders' Equity

The following summarizes our shareholders' equity activity for the nine months ended September 30, 2010 and 2009:

	Total Shareholders' Equity	Company Shareholders' Equity <i>(In thousands)</i>	Noncontrolling Interests in Consolidated Subsidiaries
Balance at December 31, 2009	\$ 9,798,704	\$ 9,719,672	\$ 79,032
Comprehensive Income:			
Net Income	89,910	78,273	11,637
Curtailment and Remeasurement of Supplemental Executive Retirement Plan	35,111	35,111	—
Amortization of Pension Components	1,819	1,819	—
Foreign Currency Translation Adjustments	(9,017)	(9,017)	—
Other	468	468	—
Comprehensive Income	118,291	106,654	11,637
Transactions with Shareholders	90,611	90,611	—
Dividends Paid to Noncontrolling Interests	(21,378)	—	(21,378)
Other	297	—	297
Balance at September 30, 2010	<u>\$ 9,986,525</u>	<u>\$ 9,916,937</u>	<u>\$ 69,588</u>

	Total Shareholders' Equity	Company Shareholders' Equity <i>(In thousands)</i>	Noncontrolling Interests in Consolidated Subsidiaries
Balance at December 31, 2008	\$ 8,366,049	\$ 8,285,648	\$ 80,401
Comprehensive Income:			
Net Income	307,175	284,157	23,018
Amortization of Pension Components	6,464	6,464	—
Foreign Currency Translation Adjustments	306,377	306,498	(121)
Other	456	456	—
Comprehensive Income	620,472	597,575	22,897
Transactions with Shareholders	752,005	752,005	—
Dividends Paid to Noncontrolling Interests	(25,047)	—	(25,047)
Other	3,118	—	3,118
Balance at September 30, 2009	<u>\$ 9,716,597</u>	<u>\$ 9,635,228</u>	<u>\$ 81,369</u>

10. Earnings Per Share

Basic earnings per share for all periods presented equals net income divided by the weighted average number of our shares outstanding during the period. Diluted earnings per share is computed by dividing net income by the weighted average number of our shares outstanding during the period, adjusted for the dilutive effect of our stock options, restricted shares, performance units and our outstanding warrants. Our diluted earnings per share calculation excludes three million potential shares for the three and nine months ended September 30, 2010, three million potential shares for the three months ended September 30, 2009 and nine million potential shares for the nine months ended September 30, 2009, due to their antidilutive effect.

WEATHERFORD INTERNATIONAL LTD. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

The following reconciles basic and diluted weighted average of shares outstanding:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
	<i>(In thousands)</i>			
Basic weighted average shares outstanding	745,502	724,114	742,192	707,621
Dilutive effect of:				
Warrants	553	3,163	801	1,756
Stock options and restricted shares	5,339	7,832	5,389	6,342
Diluted weighted average shares outstanding	<u>751,394</u>	<u>735,109</u>	<u>748,382</u>	<u>715,719</u>

11. Share-Based Compensation

In June 2010, the Weatherford International Ltd. 2010 Omnibus Incentive Plan ("2010 Omnibus Plan") was approved by our shareholders. This plan permits the grant of options, stock appreciation rights, restricted share awards, restricted share units, performance share awards, performance unit awards, other share-based awards and cash-based awards to any employee, non-employee director and other individual service providers or any affiliate. The 2010 Omnibus Plan is similar to our 2006 Omnibus Plan. The aggregate number of shares available for grant under this plan is 10,144,000.

During the nine months ended September 30, 2010, we issued one million performance units, which will vest ratably over a three-year period assuming continued employment and if the Company meets certain market-based performance goals. The performance units have a weighted-average grant date fair value of \$12.41 based on the Monte Carlo simulation method.

We recognized the following employee share-based compensation expense during the three and nine months ended September 30, 2010 and 2009:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
	<i>(In thousands)</i>			
Share-based compensation	\$ 25,298	\$ 30,090	\$ 75,167	\$ 85,136
Related tax benefit	8,854	10,532	26,308	29,798

During the nine months ended September 30, 2010, we granted one million restricted share awards and units at a weighted average grant date fair value of \$15.97 per share.

As of September 30, 2010, there was \$177 million of total unrecognized compensation cost related to our unvested stock options, restricted share grants, and performance units. This cost is expected to be recognized over a weighted average period of two years.

WEATHERFORD INTERNATIONAL LTD. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

12. Retirement and Employee Benefit Plans

We have defined benefit pension and other postretirement benefit plans covering certain employees. The components of net periodic benefit cost for the three and nine months ended September 30, 2010 and 2009 were as follows:

	Three Months Ended September 30,			
	2010		2009	
	United States	International	United States	International
	<i>(In thousands)</i>			
Service cost	\$ —	\$ 1,450	\$ 891	\$ 1,778
Interest cost	765	1,797	1,892	1,772
Expected return on plan assets	(149)	(1,172)	(166)	(1,043)
Amortization of prior service cost (credit)	—	(14)	997	(13)
Amortization of loss	225	41	1,617	249
Net periodic benefit cost	<u>\$ 841</u>	<u>\$ 2,102</u>	<u>\$ 5,231</u>	<u>\$ 2,743</u>

	Nine Months Ended September 30,			
	2010		2009	
	United States	International	United States	International
	<i>(In thousands)</i>			
Service cost	\$ 978	\$ 4,415	\$ 2,672	\$ 5,063
Interest cost	3,921	5,373	5,677	5,022
Expected return on plan assets	(447)	(3,514)	(497)	(2,976)
Amortization of transition obligation	—	—	—	(1)
Amortization of prior service cost (credit)	1,534	(40)	2,990	(36)
Amortization of loss	1,139	122	4,851	712
Curtailment/settlement loss	35,453	—	1,063	—
Net periodic benefit cost	<u>\$ 42,578</u>	<u>\$ 6,356</u>	<u>\$ 16,756</u>	<u>\$ 7,784</u>

Our SERP was amended effective March 31, 2010 to freeze the benefits under the plan. This resulted in the net curtailment loss shown above. The projected benefit obligation of the SERP after recording the curtailment charge in the first quarter of 2010 was \$100 million.

In April 2010, one executive in the plan left the Company and a distribution payment of \$11 million was made. Three additional executives left the Company in June 2010, and we expect to pay out approximately \$21 million for their SERP benefits in the fourth quarter of 2010 and incur a settlement charge of approximately \$2 million.

Effective April 8, 2010, our SERP was further amended to allow participants a one-time option to convert their vested, fixed-amount, dollar-denominated benefits under the SERP into equity-denominated benefits. The amendment permitted participants in the SERP to make a one-time irrevocable election before June 7, 2010 to convert between 50% and 100% of their cash balance under the plan into units representing the right to receive registered shares in the Company. During May 2010, the remaining participants elected to convert approximately \$76 million of their cash entitlement into approximately 4.7 million shares, which was based on the closing share price on the date of the election.

At September 30, 2010, the projected benefit obligation of the SERP is \$100 million and is primarily comprised of the \$76 million to be paid in shares and the \$21 million to be paid in cash in the fourth quarter of 2010.

We previously disclosed in our financial statements for the year ended December 31, 2009, that we expected to contribute approximately \$7 million to our pension and other postretirement benefit plans during 2010. As of September 30, 2010, we have contributed approximately \$7 million to these plans and anticipate total annual contributions to approximate original estimates previously disclosed.

WEATHERFORD INTERNATIONAL LTD. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

13. Segment Information

Financial information by segment is summarized below. Revenues are attributable to countries based on the ultimate destination of the sale of products or performance of services.

	Three Months Ended September 30, 2010			Total Assets at September 30, 2010
	Net Operating Revenues	Income from Operations	Depreciation and Amortization	
	<i>(In thousands)</i>			
North America	\$ 1,098,757	\$ 201,516	\$ 81,843	\$ 6,446,335
Middle East/North Africa/Asia	603,249	68,197	75,968	4,757,236
Europe/West Africa/FSU	495,800	60,825	58,847	3,763,873
Latin America (a)	336,351	(34,484)	46,527	2,752,967
	2,534,157	296,054	263,185	17,720,411
Corporate and Research and Development (b)	—	(96,426)	5,911	2,164,032
Revaluation of Contingent Consideration	—	90,011	—	—
Other (c)	—	(11,024)	—	—
Total	\$ 2,534,157	\$ 278,615	\$ 269,096	\$ 19,884,443

	Three Months Ended September 30, 2009			Total Assets at December 31, 2009
	Net Operating Revenues	Income from Operations	Depreciation and Amortization	
	<i>(In thousands)</i>			
North America	\$ 620,496	\$ 33,259	\$ 79,737	\$ 6,357,021
Middle East/North Africa/Asia	600,110	101,943	65,771	4,568,310
Europe/West Africa/FSU	404,390	44,468	44,864	3,601,031
Latin America	524,883	54,343	43,403	3,122,902
	2,149,879	234,013	233,775	17,649,264
Corporate and Research and Development	—	(93,572)	4,134	1,216,919
Revaluation of Contingent Consideration	—	27,368	—	—
Other (d)	—	(17,887)	—	—
Total	\$ 2,149,879	\$ 149,922	\$ 237,909	\$ 18,866,183

- (a) The three months ended September 30, 2010 includes a \$76 million charge for revisions to our profitability estimates on our project management contracts in Mexico where the client's budget constraints triggered an activity decline to near zero and an expected modification to future drilling plans.
- (b) Total assets at September 30, 2010 include the remaining cash proceeds from the September 2010 debt offering. This cash was subsequently used to repurchase the remaining bonds tendered in October 2010.
- (c) The three months ended September 30, 2010 includes \$8 million for severance and facility closure costs and \$3 million for legal and professional fees incurred in connection with our on-going investigations.
- (d) The three months ended September 30, 2009 includes \$9 million for legal and professional fees incurred in connection with on-going investigations by the U.S. government and \$9 million for severance charges associated with reorganization activities.

WEATHERFORD INTERNATIONAL LTD. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Nine Months Ended September 30, 2010			
	Net Operating Revenues	Income from Operations (In thousands)	Depreciation and Amortization
North America	\$ 2,910,744	\$ 443,204	\$ 243,543
Middle East/North Africa/Asia	1,769,005	229,002	223,397
Europe/West Africa/FSU	1,456,275	162,187	159,863
Latin America (e)	1,174,652	34,579	133,759
	<u>7,310,676</u>	<u>868,972</u>	<u>760,562</u>
Corporate and Research and Development	—	(288,665)	16,183
Revaluation of Contingent Consideration	—	448	—
Other (f)	—	(82,365)	—
Total	<u>\$ 7,310,676</u>	<u>\$ 498,390</u>	<u>\$ 776,745</u>

Nine Months Ended September 30, 2009			
	Net Operating Revenues	Income from Operations (In thousands)	Depreciation and Amortization
North America	\$ 2,029,264	\$ 155,586	\$ 232,088
Middle East/North Africa/Asia	1,774,964	359,522	184,326
Europe/West Africa/FSU	1,138,201	182,025	114,732
Latin America	1,458,423	232,319	109,816
	<u>6,400,852</u>	<u>929,452</u>	<u>640,962</u>
Corporate and Research and Development	—	(269,139)	12,034
Revaluation of Contingent Consideration	—	27,368	—
Other (g)	—	(73,669)	—
Total	<u>\$ 6,400,852</u>	<u>\$ 614,012</u>	<u>\$ 652,996</u>

- (e) The nine months ended September 30, 2010 includes a \$76 million charge for revisions to our profitability estimates on our project management contracts in Mexico.
- (f) The nine months ended September 30, 2010 includes a \$38 million charge related to our SERP which was frozen on March 31, 2010, \$44 million for severance and facility closure costs and \$5 million for legal and professional fees incurred in connection with our on-going investigations. These charges were offset by a \$5 million benefit related to the reversal of prior cost accruals for our exit from certain sanctioned countries.
- (g) The nine months ended September 30, 2009 includes \$36 million for legal and professional fees incurred in connection with on-going investigations by the U.S. government, \$34 million for severance and facility closure costs associated with reorganization activities and \$4 million in costs related to the Company's withdrawal from certain sanctioned countries.

WEATHERFORD INTERNATIONAL LTD. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

14. Disputes, Litigation and Contingencies

U.S. Government and Internal Investigations

We are currently involved in government and internal investigations involving various areas of our operations.

Until 2003, we participated in the United Nations oil-for-food program governing sales of goods and services into Iraq. The U.S. Department of Justice ("DOJ") and the SEC have undertaken investigations of our participation in the oil-for-food program and have subpoenaed certain documents in connection with these investigations. We have cooperated fully with these investigations. We have retained legal counsel, reporting to our audit committee, to investigate this matter. We have begun negotiations with the government agencies to resolve these matters, but we cannot yet anticipate the timing, outcome or possible impact of the ultimate resolution of the investigations, financial or otherwise.

The U.S. Department of Commerce, Bureau of Industry & Security, Office of Foreign Assets Control ("OFAC"), DOJ and SEC have undertaken investigations of allegations of improper sales of products and services by the Company and its subsidiaries in certain sanctioned countries. We have cooperated fully with this investigation. We have retained legal counsel, reporting to our audit committee, to investigate these matters and to cooperate fully with these agencies. We have begun negotiations with the government agencies to resolve these matters, but we cannot yet anticipate the timing, outcome or possible impact of the ultimate resolution of the investigation, financial or otherwise.

In light of this investigation and of U.S. and foreign policy environment and the inherent uncertainties surrounding these countries, we decided in September 2007 to direct our foreign subsidiaries to discontinue doing business in countries that are subject to comprehensive U.S. economic and trade sanctions, specifically Cuba, Iran, and Sudan, as well as Syria. Effective September 2007, we ceased entering into any new contracts in these countries and began an orderly discontinuation and winding down of our existing business in these sanctioned countries. Effective March 31, 2008, we substantially completed our winding down of business in these countries. We can complete the withdrawal process only pursuant to licenses issued by OFAC. Our remaining activities in Iran, Sudan and Syria include ongoing withdrawal activities such as attempts to collect accounts receivable, attempts to settle tax liabilities or legal claims and attempts to recover or liquidate assets, including equipment and funds. Certain of our subsidiaries continue to conduct business in countries such as Myanmar that are subject to more limited U.S. trading sanctions.

The DOJ and SEC are investigating our compliance with the Foreign Corrupt Practices Act ("FCPA") and other laws worldwide. We have retained legal counsel, reporting to our audit committee, to investigate these matters and to cooperate fully with the DOJ and SEC. As part of our investigations, we have uncovered potential violations of U.S. law in connection with activities in West Africa. We have begun negotiations with the government agencies to resolve these matters, but we cannot yet anticipate the timing, outcome or possible impact of the ultimate resolution of the investigations, financial or otherwise.

The DOJ, SEC and other agencies and authorities have a broad range of civil and criminal penalties they may seek to impose against corporations and individuals for violations of trade sanctions laws, the FCPA and other federal statutes including, but not limited to, injunctive relief, disgorgement, fines, penalties and modifications to business practices and compliance programs. In recent years, these agencies and authorities have entered into agreements with, and obtained a range of penalties against, several public corporations and individuals in similar investigations, under which civil and criminal penalties were imposed, including in some cases fines and other penalties and sanctions in the tens and hundreds of millions of dollars. These agencies are seeking to impose penalties against us for past conduct, but the ultimate amount of any penalties we may pay currently cannot be reasonably estimated. Under trade sanctions laws, the DOJ may also seek to impose modifications to business practices, including immediate cessation of all business activities in specific countries or other limitations that decrease our business, and modifications to compliance programs, which may increase compliance costs. Any injunctive relief, disgorgement, fines, penalties, sanctions or imposed modifications to business practices resulting from these investigations could adversely affect our results of operations. In addition, our historical activities in sanctioned countries, such as Sudan and Iran, could result in certain investors, such as government sponsored pension funds, divesting or not investing in our registered shares. Based on available information, we cannot predict

WEATHERFORD INTERNATIONAL LTD. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

what, if any, actions the DOJ, SEC or other authorities will take in our situation or the effect any such actions will have on our consolidated financial position or results of operations. To the extent we violated trade sanctions laws, the FCPA, or other laws or regulations, fines and other penalties may be imposed. Because these matters are now pending before the indicated agencies, there can be no assurance that actual fines or penalties, if any, will not have a material adverse effect on our business, financial condition, liquidity or results of operations.

During the nine months ended September 30, 2010 and 2009, we incurred \$5 million and \$36 million, respectively, in connection with these on-going investigations.

Macondo Litigation

On April 20, 2010, the Deepwater Horizon rig operating under contract with BP at the Macondo well in the Gulf of Mexico exploded and sank, resulting in 11 deaths, several injuries and significant damages to property and the environment.

Weatherford provided the following services and products to BP on the Macondo well: (1) connected and tightened four intermediate casing strings and one tapered production string ("long string"); (2) furnished a liner hanger on one casing string; (3) furnished centralizers, most of which were not used in the well, and (4) provided float equipment on the long string. The float equipment consisted of a reamer shoe, a float collar and wiper plugs. The float collar is designed to control backflow or ingress of the cement through the shoe track while the cement hardens. At the time of the explosion, Weatherford had two employees on the Deepwater Horizon; they sustained minor injuries.

Weatherford has been named, along with BP and other defendants, in several dozen lawsuits involving pollution damage claims and in several other suits where plaintiffs allege wrongful death and other personal injuries. The pollution damage complaints generally refer to the Oil Pollution Act of 1990 ("OPA") and allege, among other things, negligence and gross negligence by Weatherford and other defendants. They allege that Weatherford and the other defendants are responsible for property damage, trespass, nuisance and economic loss as a result of environmental pollution and generally seek awards of unspecified economic, compensatory, and punitive damages, as well as injunctive relief. Additional lawsuits may be filed in the future relating to the Macondo incident.

Weatherford was not designated as a "Responsible Party," as that term is defined by OPA. Therefore, Weatherford was not charged with responsibility for cleaning up the oil or handling any claims. The Responsible Party may make a claim for contribution against any other party it alleges contributed to the oil spill. Since Weatherford has not been named a Responsible Party, we intend to seek to be dismissed from any and all OPA-related claims and to seek indemnity from any and all liability under OPA.

In the master service contract between BP and Weatherford, under which Weatherford provided products and services to BP related to the Macondo well, BP agreed to "save, indemnify, release, defend and hold harmless [Weatherford, its subcontractors and their affiliates, directors, officers and employees] from and against any claim of whatsoever nature arising from pollution and/or contamination including without limitation such pollution or contamination from the reservoir". BP further agreed to "save, indemnify, release, defend and hold harmless [Weatherford, its subcontractors and their affiliates, directors, officers and employees] from and against any claims, losses, damages, costs (including legal costs) expenses and liabilities resulting from...blowout, fire, explosion, cratering or any uncontrolled well condition (including the costs to control a wild well and the removal of debris)". These indemnity provisions include direct claims asserted against Weatherford by third parties and any claim by BP for contribution under OPA. These indemnities apply regardless of the cause of the condition giving rise to the claim. The indemnities exclude claims for injury to Weatherford's employees and subcontractors. However, as injuries to our two employees were minor, we do not anticipate any significant liabilities with respect to our employees.

We believe that the indemnification obligations of BP are valid and enforceable. However, BP may seek to avoid its indemnification obligations. Should a court determine that the wrongful death and personal injury indemnity provisions are unenforceable, Weatherford might be liable for injuries to, or the death of, BP personnel

WEATHERFORD INTERNATIONAL LTD. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

and personnel of third party contractors if a case is adversely determined. The cause of the Macondo incident remains under investigation and has yet to be determined.

If BP were to avoid its indemnities regarding personal injury and a case is adversely determined against Weatherford with respect to the Macondo incident, Weatherford believes its exposure to personal injury/death claims is within the limits of its insurance coverage. Weatherford has a self-insured retention of \$2 million. Above that amount, Weatherford has aggregate liability insurance coverage with limits of \$303 million. All relevant insurers have been put on notice. No insurer has denied coverage nor issued a reservation of rights letter. Weatherford has met individually with its insurers to discuss this matter. Weatherford believes all claims for personal injury made against Weatherford, even if they are not covered by indemnity from BP, are covered under its various liability insurance policies, up to the \$303 million in limits.

Weatherford is cooperating fully with the investigations of the accident initiated by various agencies of the U.S. Government and, to the extent requested, has responded to several subpoenas, information and document requests, and requests for testimony of employees.

We do not expect that we will have liability for these claims, but the litigation surrounding these matters is complex and likely to continue for some time, and the damages claimed are significant. We cannot predict the ultimate outcome of these claims.

Shareholder Litigation

In June and July 2010, shareholders filed suit in Weatherford's name against those directors in place before June 2010 and certain current and former members of management relating to the U.S. government and internal investigations disclosed above and in our SEC filings since 2007. We will investigate these claims appropriately. We cannot predict the ultimate outcome of these claims.

Other Disputes

As a result of discussions with a customer, we are currently reviewing how the dual exchange rate might affect amounts we receive for our U.S. dollar-denominated receivables in Venezuela. We believe our contracts are legally enforceable and our customers continue to accept our invoices. However, if a negative outcome were to occur on this matter, the impact could be as high as a \$38 million charge to our consolidated statement of operations.

Our former Senior Vice President and General Counsel (the "Executive") left the Company in June 2009. The Executive had employment agreements with us that terminated on his departure. There is currently a dispute between the Executive and us as to the amount of compensation we are obligated to pay under these employment agreements based on the Executive's separation. This dispute has not resulted in a lawsuit being filed. It is our belief that an unfavorable outcome regarding this dispute is not probable, and as such, we have not accrued for \$9 million of the Executive's claimed severance and other benefits.

Additionally, we are aware of various disputes and potential claims and are a party in various litigation involving claims against us, some of which are covered by insurance. For claims, disputes and pending litigation in which we believe a negative outcome is probable and a loss can be reasonably estimated, we have recorded a liability for the expected loss. These liabilities are immaterial to our financial condition and results of operations. In addition we have certain claims, disputes and pending litigation in which we do not believe a negative outcome is probable. If one or more negative outcomes were to occur, the impact to our financial condition could be as high as \$180 million.

15. New Accounting Pronouncements

In October 2009, the FASB issued an update to existing guidance on revenue recognition for arrangements with multiple deliverables. This update will allow companies to allocate consideration received for qualified separate deliverables using estimated selling price for both delivered and undelivered items when vendor-specific objective evidence or third-party evidence is unavailable. Additional disclosures discussing the nature of multiple element

WEATHERFORD INTERNATIONAL LTD. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

arrangements, the types of deliverables under the arrangements, the general timing of their delivery, and significant factors and estimates used to determine estimated selling prices are required. We will adopt this update for new revenue arrangements entered into or materially modified beginning January 1, 2011. We do not expect the provisions of this update to have a material impact on our condensed consolidated financial statements.

16. Condensed Consolidating Financial Statements

A Swiss corporation named Weatherford International Ltd. is the ultimate parent of the Weatherford group ("Parent"). The Parent guarantees the obligations of Weatherford International Ltd. incorporated in Bermuda ("Weatherford Bermuda") and Weatherford International, Inc. incorporated in Delaware ("Weatherford Delaware") noted below.

The following obligations of Weatherford Delaware were guaranteed by Weatherford Bermuda at September 30, 2010 and December 31, 2009: (i) the 6.625% Senior Notes, (ii) the 5.95% Senior Notes, (iii) the 6.35% Senior Notes and (iv) the 6.80% Senior Notes.

The following obligations of Weatherford Bermuda were guaranteed by Weatherford Delaware at December 31, 2009: (i) the revolving credit facilities, (ii) the 4.95% Senior Notes, (iii) the 5.50% Senior Notes, (iv) the 6.50% Senior Notes, (v) the 5.15% Senior Notes, (vi) the 6.00% Senior Notes, (vii) the 7.00% Senior Notes, (viii) the 9.625% Senior Notes, (ix) the 9.875% Senior Notes and (x) issuances of notes under the commercial paper program.

In September 2010, Weatherford Bermuda issued \$800 million of 5.125% Senior Notes due 2020 and \$600 million of 6.75% Senior Notes due 2040, both of which are guaranteed by Weatherford Delaware. As a result of these transactions, the following obligations of Weatherford Bermuda were guaranteed by Weatherford Delaware at September 30, 2010: (i) the revolving credit facilities, (ii) the 4.95% Senior Notes, (iii) the 5.50% Senior Notes, (iv) the 6.50% Senior Notes, (v) the 5.15% Senior Notes, (vi) the 6.00% Senior Notes, (vii) the 7.00% Senior Notes, (viii) the 9.625% Senior Notes, (ix) the 9.875% Senior Notes, (x) the 5.125% Senior Notes, (xi) the 6.75% Senior Notes and (x) issuances of notes under the commercial paper program.

As a result of the guarantee arrangements, we are required to present the following condensed consolidating financial information. The accompanying guarantor financial information is presented on the equity method of accounting for all periods presented. Under this method, investments in subsidiaries are recorded at cost and adjusted for our share in the subsidiaries' cumulative results of operations, capital contributions and distributions and other changes in equity. Elimination entries relate primarily to the elimination of investments in subsidiaries and associated intercompany balances and transactions.

WEATHERFORD INTERNATIONAL LTD. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Condensed Consolidating Balance Sheet
September 30, 2010
(unaudited)
(In thousands)

	Parent	Bermuda	Delaware	Other Subsidiaries	Eliminations	Consolidation
ASSETS						
Current Assets:						
Cash and Cash Equivalents	\$ 4,966	\$ 343,053	\$ 281,677	\$ 321,686	\$ —	\$ 951,382
Other Current Assets	9,654	5,794	99,766	6,117,568	—	6,232,782
Total Current Assets	14,620	348,847	381,443	6,439,254	—	7,184,164
Equity Investments in Affiliates	9,293,417	15,479,291	7,111,564	11,438,346	(43,322,618)	—
Shares Held in Parent	—	—	96,663	468,801	(565,464)	—
Intercompany Receivables, Net	—	2,217,952	598,376	—	(2,816,328)	—
Other Assets	8,508	37,177	232,212	12,422,382	—	12,700,279
Total Assets	<u>\$ 9,316,545</u>	<u>\$ 18,083,267</u>	<u>\$ 8,420,258</u>	<u>\$ 30,768,783</u>	<u>\$ (46,704,410)</u>	<u>\$ 19,884,443</u>
LIABILITIES AND SHAREHOLDERS' EQUITY						
Current Liabilities:						
Short-term Borrowings and Current Portion of Long-term Debt	\$ —	\$ 221,435	\$ 342,605	\$ 18,588	\$ —	\$ 582,628
Accounts Payable and Other Current Liabilities	88,064	72,748	137,090	1,887,582	—	2,185,484
Total Current Liabilities	88,064	294,183	479,695	1,906,170	—	2,768,112
Long-term Debt	—	5,167,966	1,515,025	11,972	—	6,694,963
Intercompany Payables, Net	162,982	—	—	2,653,346	(2,816,328)	—
Other Long-term Liabilities	5,188	79,272	2,163	348,220	—	434,843
Total Liabilities	256,234	5,541,421	1,996,883	4,919,708	(2,816,328)	9,897,918
Weatherford Shareholders' Equity	9,060,311	12,541,846	6,423,375	25,779,487	(43,888,082)	9,916,937
Noncontrolling Interests	—	—	—	69,588	—	69,588
Total Liabilities and Shareholders' Equity	<u>\$ 9,316,545</u>	<u>\$ 18,083,267</u>	<u>\$ 8,420,258</u>	<u>\$ 30,768,783</u>	<u>\$ (46,704,410)</u>	<u>\$ 19,884,443</u>

WEATHERFORD INTERNATIONAL LTD. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Condensed Consolidating Balance Sheet
December 31, 2009
(In thousands)

	<u>Parent</u>	<u>Bermuda</u>	<u>Delaware</u>	<u>Other Subsidiaries</u>	<u>Eliminations</u>	<u>Consolidation</u>
ASSETS						
Current Assets:						
Cash and Cash Equivalents	\$ 102	\$ 47	\$ 421	\$ 251,949	\$ —	\$ 252,519
Other Current Assets	510	11,163	98,033	5,778,381	—	5,888,087
Total Current Assets	612	11,210	98,454	6,030,330	—	6,140,606
Equity Investments in Affiliates	8,615,365	15,160,748	6,754,566	12,092,950	(42,623,629)	—
Shares Held in Parent	—	—	108,268	507,780	(616,048)	—
Intercompany Receivables, Net	—	1,671,487	1,017,215	—	(2,688,702)	—
Other Assets	9,376	68,960	190,175	12,457,066	—	12,725,577
Total Assets	<u>\$ 8,625,353</u>	<u>\$ 16,912,405</u>	<u>\$ 8,168,678</u>	<u>\$ 31,088,126</u>	<u>\$ (45,928,379)</u>	<u>\$ 18,866,183</u>
LIABILITIES AND SHAREHOLDERS' EQUITY						
Current Liabilities:						
Short-term Borrowings and Current Portion of Long-Term Debt	\$ —	\$ 352,373	\$ 1,868	\$ 515,340	\$ —	\$ 869,581
Accounts Payable and Other Current Liabilities	46,160	107,984	116,404	1,656,759	—	1,927,307
Total Current Liabilities	46,160	460,357	118,272	2,172,099	—	2,796,888
Long-term Debt	—	3,988,162	1,848,191	10,905	—	5,847,258
Intercompany Payables, Net	36,606	—	—	2,652,096	(2,688,702)	—
Other Long-term Liabilities	8,132	132,155	2,309	280,737	—	423,333
Total Liabilities	90,898	4,580,674	1,968,772	5,115,837	(2,688,702)	9,067,479
Weatherford Shareholders' Equity	8,534,455	12,331,731	6,199,906	25,893,257	(43,239,677)	9,719,672
Noncontrolling Interests	—	—	—	79,032	—	79,032
Total Liabilities and Shareholders' Equity	<u>\$ 8,625,353</u>	<u>\$ 16,912,405</u>	<u>\$ 8,168,678</u>	<u>\$ 31,088,126</u>	<u>\$ (45,928,379)</u>	<u>\$ 18,866,183</u>

WEATHERFORD INTERNATIONAL LTD. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Condensed Consolidating Statements of Income
Three Months Ended September 30, 2010
(unaudited)
(In thousands)

	Parent	Bermuda	Delaware	Other Subsidiaries	Eliminations	Consolidation
Revenues	\$ —	\$ —	\$ —	\$ 2,534,157	\$ —	\$ 2,534,157
Costs and Expenses	52,508	(724)	(716)	(2,306,610)	—	(2,255,542)
Operating Income (Loss)	52,508	(724)	(716)	227,547	—	278,615
Other Income (Expense):						
Interest Income (Expense), Net	(35)	(68,429)	(30,430)	(424)	—	(99,318)
Bond Tender Premium	—	—	(10,731)	—	—	(10,731)
Devaluation of Venezuelan Bolivar	—	—	—	—	—	—
Intercompany Charges, Net	(10,603)	543	(44,386)	54,446	—	—
Equity in Subsidiary Income (Loss)	102,951	143,625	192,264	—	(438,840)	—
Other, Net	25	27,940	(237)	(40,005)	—	(12,277)
Income (Loss) Before Income Taxes	144,846	102,955	105,764	241,564	(438,840)	156,289
Provision for Income Taxes	—	(4)	37,861	(45,014)	—	(7,157)
Net Income (Loss)	144,846	102,951	143,625	196,550	(438,840)	149,132
Noncontrolling Interests	—	—	—	(4,286)	—	(4,286)
Net Income (Loss) Attributable to Weatherford	\$ 144,846	\$ 102,951	\$ 143,625	\$ 192,264	\$ (438,840)	\$ 144,846

Condensed Consolidating Statements of Income
Three Months Ended September 30, 2009
(unaudited)
(In thousands)

	Parent	Bermuda	Delaware	Other Subsidiaries	Eliminations	Consolidation
Revenues	\$ —	\$ —	\$ —	\$ 2,149,879	\$ —	\$ 2,149,879
Costs and Expenses	(1,356)	(5,176)	(448)	(1,992,977)	—	(1,999,957)
Operating Income (Loss)	(1,356)	(5,176)	(448)	156,902	—	149,922
Other Income (Expense):						
Interest Income (Expense), Net	—	(61,397)	(28,762)	(126)	—	(90,285)
Intercompany Charges, Net	(27,786)	1,291	(38,486)	64,981	—	—
Equity in Subsidiary Income	106,505	117,671	154,862	—	(379,038)	—
Other, Net	11	54,116	(23)	(65,150)	—	(11,046)
Income (Loss) Before Income Taxes	77,374	106,505	87,143	156,607	(379,038)	48,591
Provision for Income Taxes	—	—	30,528	3,841	—	34,369
Net Income (Loss)	77,374	106,505	117,671	160,448	(379,038)	82,960
Noncontrolling Interests	—	—	—	(5,586)	—	(5,586)
Net Income (Loss) Attributable to Weatherford	\$ 77,374	\$ 106,505	\$ 117,671	\$ 154,862	\$ (379,038)	\$ 77,374

WEATHERFORD INTERNATIONAL LTD. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Condensed Consolidating Statements of Income
Nine Months Ended September 30, 2010
(unaudited)
(In thousands)

	Parent	Bermuda	Delaware	Other Subsidiaries	Eliminations	Consolidation
Revenues	\$ —	\$ —	\$ —	\$ 7,310,676	\$ —	\$ 7,310,676
Costs and Expenses	(42,384)	(43,352)	(1,967)	(6,724,583)	—	(6,812,286)
Operating Income (Loss)	(42,384)	(43,352)	(1,967)	586,093	—	498,390
Other Income (Expense):						
Interest Income (Expense), Net	(982)	(198,470)	(88,456)	(2,468)	—	(290,376)
Bond Tender Premium	—	—	(10,731)	—	—	(10,731)
Devaluation of Venezuelan Bolivar	—	—	—	(63,859)	—	(63,859)
Intercompany Charges, Net	(21,971)	2,289	(130,257)	149,939	—	—
Equity in Subsidiary Income	143,641	197,987	357,361	—	(698,989)	—
Other, Net	(31)	185,191	(646)	(220,195)	—	(35,681)
Income (Loss) Before Income Taxes	78,273	143,645	125,304	449,510	(698,989)	97,743
Provision for Income Taxes	—	(4)	72,683	(80,512)	—	(7,833)
Net Income (Loss)	78,273	143,641	197,987	368,998	(698,989)	89,910
Noncontrolling Interests	—	—	—	(11,637)	—	(11,637)
Net Income (Loss) Attributable to Weatherford	\$ 78,273	\$ 143,641	\$ 197,987	\$ 357,361	\$ (698,989)	\$ 78,273

Condensed Consolidating Statements of Income
Nine Months Ended September 30, 2009
(unaudited)
(In thousands)

	Parent	Bermuda	Delaware	Other Subsidiaries	Eliminations	Consolidation
Revenues	\$ —	\$ —	\$ —	\$ 6,400,852	\$ —	\$ 6,400,852
Costs and Expenses	(2,094)	(15,767)	(1,324)	(5,767,655)	—	(5,786,840)
Operating Income (Loss)	(2,094)	(15,767)	(1,324)	633,197	—	614,012
Other Income (Expense):						
Interest Income (Expense), Net	—	(191,515)	(85,928)	2,597	—	(274,846)
Intercompany Charges, Net	(27,803)	5,095	(98,587)	121,295	—	—
Equity in Subsidiary Income	314,049	366,159	487,370	—	(1,167,578)	—
Other, Net	5	150,077	(356)	(178,182)	—	(28,456)
Income (Loss) from Continuing Operations Before Income Taxes	284,157	314,049	301,175	578,907	(1,167,578)	310,710
Provision for Income Taxes	—	—	64,984	(68,519)	—	(3,535)
Net Income (Loss)	284,157	314,049	366,159	510,388	(1,167,578)	307,175
Noncontrolling Interests	—	—	—	(23,018)	—	(23,018)
Net Income (Loss) Attributable to Weatherford	\$ 284,157	\$ 314,049	\$ 366,159	\$ 487,370	\$ (1,167,578)	\$ 284,157

WEATHERFORD INTERNATIONAL LTD. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Condensed Consolidating Statement of Cash Flows
Nine Months Ended September 30, 2010
(unaudited)
(In thousands)

	<u>Parent</u>	<u>Bermuda</u>	<u>Delaware</u>	<u>Other Subsidiaries</u>	<u>Eliminations</u>	<u>Consolidation</u>
Cash Flows from Operating Activities:						
Net Income (Loss)	\$ 78,273	\$ 143,641	\$ 197,987	\$ 368,998	\$ (698,989)	\$ 89,910
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Charges from Parent or Subsidiary	21,971	(2,289)	130,257	(149,939)	—	—
Equity in (Earnings) Loss of Affiliates	(143,641)	(197,987)	(357,361)	—	698,989	—
Deferred Income Tax Benefit	—	—	(72,687)	(39,366)	—	(112,053)
Other Adjustments	26,714	(145,518)	(5,158)	883,681	—	759,719
Net Cash Provided (Used) by Operating Activities	(16,683)	(202,153)	(106,962)	1,063,374	—	737,576
Cash Flows from Investing Activities:						
Acquisitions of Businesses, Net of Cash Acquired	(44,489)	—	—	(13,928)	—	(58,417)
Capital Expenditures for Property, Plant and Equipment	—	—	—	(717,556)	—	(717,556)
Acquisition of Intellectual Property	—	—	—	(22,509)	—	(22,509)
Acquisition of Equity Investments Unconsolidated Affiliates	—	—	—	(1,750)	—	(1,750)
Proceeds from Sale of Assets and Businesses, Net	—	—	—	191,115	—	191,115
Capital Contribution to Subsidiary	—	(873)	(25)	—	898	—
Other Investing Activities	—	41,840	—	—	—	41,840
Net Cash Provided (Used) by Investing Activities	(44,489)	40,967	(25)	(564,628)	898	(567,277)
Cash Flows from Financing Activities:						
Borrowings (Repayments) Short-term Debt, Net	—	(343,073)	(735)	(497,250)	—	(841,058)
Borrowings (Repayments) Long-term Debt, Net	—	1,386,010	(169,945)	180,488	—	1,396,553
Borrowings (Repayments) Between Subsidiaries, Net	66,036	(538,745)	566,326	(93,617)	—	—
Proceeds from Capital Contribution	—	—	—	898	(898)	—
Other, Net	—	—	(7,403)	—	—	(7,403)
Net Cash Provided (Used) by Financing Activities	66,036	504,192	388,243	(409,481)	(898)	548,092
Effect of Exchange Rate Changes on Cash and Cash Equivalents	—	—	—	(19,528)	—	(19,528)
Net Increase (Decrease) in Cash and Cash Equivalents	4,864	343,006	281,256	69,737	—	698,863
Cash and Cash Equivalents at Beginning of Year	102	47	421	251,949	—	252,519
Cash and Cash Equivalents at End of Year	<u>\$ 4,966</u>	<u>\$ 343,053</u>	<u>\$ 281,677</u>	<u>\$ 321,686</u>	<u>\$ —</u>	<u>\$ 951,382</u>

WEATHERFORD INTERNATIONAL LTD. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Condensed Consolidating Statement of Cash Flows
Nine Months Ended September 30, 2009
(unaudited)
(In thousands)

	<u>Parent</u>	<u>Bermuda</u>	<u>Delaware</u>	<u>Other Subsidiaries</u>	<u>Eliminations</u>	<u>Consolidation</u>
Cash Flows from Operating Activities:						
Net Income	\$ 284,157	\$ 314,049	\$ 366,159	\$ 510,388	\$(1,167,578)	\$ 307,175
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Charges from Parent or Subsidiary	27,803	(5,095)	98,587	(121,295)	—	—
Equity in (Earnings) Loss of Affiliates	(314,049)	(366,159)	(487,370)	—	1,167,578	—
Deferred Income Tax Benefit	—	—	(64,984)	(144,880)	—	(209,864)
Other Adjustments	814	(218,834)	131,532	264,223	—	177,735
Net Cash Provided (Used) by Operating Activities	(1,275)	(276,039)	43,924	508,436	—	275,046
Cash Flows from Investing Activities:						
Acquisitions of Businesses, Net of Cash Acquired	—	—	—	(4,749)	—	(4,749)
Capital Expenditures for Property, Plant and Equipment	—	—	—	(1,269,884)	—	(1,269,884)
Acquisition of Intellectual Property	—	—	—	(25,352)	—	(25,352)
Acquisition of Equity Investment in Unconsolidated Affiliate	—	—	—	(26,999)	—	(26,999)
Proceeds from Sale of Assets and Businesses, Net	—	—	—	113,720	—	113,720
Capital Contribution to Subsidiary	—	(338,970)	(39)	—	339,009	—
Net Cash Provided (Used) by Investing Activities	—	(338,970)	(39)	(1,213,264)	339,009	(1,213,264)
Cash Flows from Financing Activities:						
Borrowings(Repayments) Short-term Debt, Net	—	(460,356)	82	222,725	—	(237,549)
Borrowings (Repayments) Long-term Debt, Net	—	1,233,365	—	(3,103)	—	1,230,262
Borrowings (Repayments) Between Subsidiaries, Net	1,238	(157,970)	(51,178)	207,910	—	—
Proceeds from Capital Contribution	—	—	—	339,009	(339,009)	—
Other, Net	—	—	9,046	—	—	9,046
Net Cash Provided (Used) by Financing Activities	1,238	615,039	(42,050)	766,541	(339,009)	1,001,759
Effect of Exchange Rate Changes on Cash And Cash Equivalents	—	—	—	4,656	—	4,656
Net Increase (Decrease) in Cash and Cash Equivalents	(37)	30	1,835	66,369	—	68,197
Cash and Cash Equivalents at Beginning of Year	102	24	50	238,222	—	238,398
Cash and Cash Equivalents at End of Year	<u>\$ 65</u>	<u>\$ 54</u>	<u>\$ 1,885</u>	<u>\$ 304,591</u>	<u>\$ —</u>	<u>\$ 306,595</u>

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Our Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") begins with an executive level overview, which provides a general description of our company today, a synopsis of industry market trends, insight into management's perspective of the opportunities and challenges we face and our outlook for the remainder of 2010 and into 2011. Next, we analyze the results of our operations for the nine months ended September 30, 2010 and 2009, including the trends in our overall business. Then we review our liquidity and capital resources. We conclude with a discussion of our critical accounting policies and estimates and a summary of recently issued accounting pronouncements. When using phrases such as "Company," "we," "us" and "our" the intent is to refer to Weatherford International Ltd.

Overview

General

The following discussion should be read in conjunction with our financial statements included with this report and our financial statements and related MD&A for the year ended December 31, 2009 included in our Annual Report on Form 10-K. Our discussion includes various forward-looking statements about our markets, the demand for our products and services and our future results. These statements are based on certain assumptions we consider reasonable. For information about these assumptions, you should refer to the section entitled "Forward-Looking Statements."

Our principal business is to provide equipment and services to the oil and natural gas exploration and production industry both on land and offshore, including our ten product and service lines, as described in our Form 10-K. We may sell our products and services separately or may bundle them together to provide integrated solutions, up to and including integrated well construction where we are responsible for the entire process of drilling, constructing and completing a well. Our customers include both exploration and production companies and other oilfield service companies. Depending on the service line, customer and location, our contracts vary in their terms, provisions and indemnities. We earn revenues under our contracts when products and services are delivered. Typically, we provide products and services at a well site where our personnel and equipment may be located together with personnel and equipment of our customer and third parties, such as other service providers.

Industry Trends

Changes in the current price and expected future prices of oil and natural gas influence the level of energy industry spending. Changes in expenditures result in an increased or decreased demand for our products and services. Rig count is an indicator of the level of spending for the exploration for and production of oil and natural gas reserves.

The following chart sets forth certain statistics that reflect historical market conditions:

	WTI Oil (1)	Henry Hub Gas (2)	North American Rig Count (3)	International Rig Count (3)
September 30, 2010	\$ 79.97	\$ 3.87	1,995	1,120
December 31, 2009	79.36	5.57	1,485	1,113
September 30, 2009	70.61	4.84	1,217	1,071

- (1) Price per barrel as of September 30 and December 31 — *Source:* Thomson Reuters
- (2) Price per MM/BTU as of September 30 and December 31 — *Source:* Thomson Reuters
- (3) Average rig count for the applicable month — *Source:* Baker Hughes Rig Count and other third-party data

Oil prices increased during the first nine months of 2010, ranging from a low of \$68.01 per barrel in late May to a high of \$86.84 per barrel near the beginning of April. Natural gas prices decreased during the first nine months of 2010 and ranged from a high of \$6.01 MM/BTU in early January to a low of \$3.65 MM/BTU in late August. Factors influencing oil and natural gas prices during the period include hydrocarbon inventory levels, realized and

[Table of Contents](#)

expected economic growth, realized and expected levels of hydrocarbon demand, levels of spare production capacity within the Organization of Petroleum Exporting Countries ("OPEC"), weather and geopolitical uncertainty.

Outlook

We believe the long-term outlook for our businesses is favorable. As decline rates accelerate and reservoir productivity complexities increase, our clients will face growing challenges securing desired rates of production growth. The acceleration of decline rates and the increasing complexity of reservoirs increase our customers' requirements for technologies that improve productivity and efficiency and for our products and services. These phenomena provide us with a positive outlook over the longer term.

We have seen an increase in North America activity during 2010 as compared to 2009 and expect the fourth quarter of 2010 to continue this progression. For 2011, we expect land activity in the U.S. will flatten out and do not expect the market to provide significant volume gains, but do not expect any significant weakness either. There is likely to be a reduction in activity related to conventional gas segments and further strengthening in oil and shale based activity.

Our assessment of the international market for 2011 is constructive. The Eastern Hemisphere is just beginning its recovery process. Russia should have a positive outlook in 2011, both in volume and price. We also have contractual commitments in hand and have initiated start-ups in Algeria, Bangladesh, Iraq, Kuwait, Libya, Oman and Turkmenistan. Our prognosis for Latin America for 2011 is positive. Brazil, Colombia, Argentina and Peru should have robust growth in 2011, with Brazil and Colombia experiencing the strongest growth. In Mexico, we are proceeding with the early reassignment of equipment and people throughout the markets of Latin America, North America and to some extent Eastern Hemisphere. We expect to commence more offshore work during the fourth quarter of 2010 and then gradually restart operations in land-based projects.

Overall, the level of improvements for our businesses for the remainder of 2010 and into 2011 will continue to depend heavily on volume increases and our ability to further penetrate existing markets with our younger technologies as well as to successfully introduce these technologies to new markets. In addition, our ability to continue to grow our business aggressively will rely on our continued demonstration of a high level of operational efficacy for our clients. The recruitment, training and retention of personnel will also be a critical factor in growing our businesses. The continued strength of the industry will be highly dependent on many external factors, such as world economic and political conditions, member country quota compliance within OPEC and weather conditions, including the factors described below under "—Forward-Looking Statements".

[Table of Contents](#)

Results of Operations

The following charts contain selected financial data comparing our consolidated and segment results from operations for the three and nine months ended September 30, 2010 and 2009:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
	<i>(In thousands, except percentages and per share data)</i>			
Revenues:				
North America	\$ 1,098,757	\$ 620,496	\$ 2,910,744	\$ 2,029,264
Middle East/North Africa/Asia	603,249	600,110	1,769,005	1,774,964
Europe/West Africa/FSU	495,800	404,390	1,456,275	1,138,201
Latin America	336,351	524,883	1,174,652	1,458,423
	2,534,157	2,149,879	7,310,676	6,400,852
Operating Income:				
North America	201,516	33,259	443,204	155,586
Middle East/North Africa/Asia	68,197	101,943	229,002	359,522
Europe/West Africa/FSU	60,825	44,468	162,187	182,025
Latin America	(34,484)	54,343	34,579	232,319
Research and Development	(54,457)	(49,300)	(156,844)	(144,434)
Corporate	(41,969)	(44,272)	(131,821)	(124,705)
Revaluation of Contingent Consideration	90,011	27,368	448	27,368
Exit and Restructuring	(11,024)	(17,887)	(82,365)	(73,669)
	278,615	149,922	498,390	614,012
Interest Expense, Net	(99,318)	(90,285)	(290,376)	(274,846)
Bond Tender Premium	(10,731)	—	(10,731)	—
Devaluation of Venezuelan Bolivar	—	—	(63,859)	—
Other, Net	(12,277)	(11,046)	(35,681)	(28,456)
Effective Tax Rate	4.6%	(70.7)%	8.0%	1.1%
Net Income per Diluted Share	\$ 0.19	\$ 0.11	\$ 0.10	\$ 0.40
Depreciation and Amortization	269,096	237,909	776,745	652,996

[Table of Contents](#)

Revenues

The following chart contains consolidated revenues by product line for the three and nine months ended September 30, 2010 and 2009:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
Well Construction	15%	15%	16%	16%
Drilling Services	17	16	16	17
Artificial Lift Systems	17	16	16	16
Completion Systems	7	9	12	10
Integrated Drilling	9	15	11	13
Drilling Tools	8	9	8	8
Stimulation & Chemicals	13	5	7	6
Re-entry & Fishing	6	6	6	6
Wireline	6	7	6	6
Pipeline & Specialty Services	2	2	2	2
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

Consolidated revenues increased \$384 million, or 18%, in the third quarter of 2010 as compared to the third quarter of 2009. North America revenue increased \$478 million, or 77%, in the third quarter of 2010 compared to the same quarter of the prior year. International revenues decreased \$94 million, or 6%, in the third quarter of 2010 as compared to the third quarter of 2009. Our quarter-over-quarter decrease in international revenues was the result of a 36% decline in Latin America that was partially offset with a 9% increase in our Eastern Hemisphere revenues. Our stimulation and chemicals, artificial lift systems and drilling services product lines were the strongest contributors to the quarter-over-quarter increase.

For the first nine months of 2010, consolidated revenues increased \$910 million, or 14%, as compared to the first nine months of 2009. Similar to what was experienced in the third quarter of 2010, the increase in revenues during the first nine months of 2010 was driven by our North American business. International revenue increased \$28 million, or 1%, as compared to the first nine months of 2009 with an Eastern Hemisphere increase of 11% being offset with a 20% decline in Latin America due to reduced project activity in Mexico.

Operating Income

Consolidated operating income increased \$129 million, or 86%, in the third quarter of 2010 as compared to the third quarter of 2009. The quarter-over-quarter increase comes from (i) a \$63 million increase in the gain recorded for the revaluation of contingent consideration included as part of our acquisition of the Oilfield Services Division ("OFS") of TNK-BP and (ii) a contribution of \$62 million from our operating segments (inclusive of a \$76 million charge for revisions to our profitability estimates on our project management contracts in Mexico).

During the first nine months of 2010, consolidated operating income decreased \$116 million, or 19%, as compared to the first nine months of 2009. Our operating segments accounted for \$60 million of this decrease. In addition, the revaluation of OFS contingent consideration resulted in a year-over-year decrease to our operating income of \$27 million and corporate and research and development expenses increased \$20 million. The increase in corporate expenses was primarily attributable to higher costs associated with business process optimization initiatives and professional fees. We also augmented our compliance infrastructure with increased staff and more rigorous policies, procedures and training of our employees regarding compliance with applicable anti-corruption laws, trade sanction laws and import/export laws.

Exit and restructuring costs during the first nine months of 2010 include (i) a \$38 million charge related to our Supplemental Executive Retirement Plan ("SERP") which was frozen on March 31, 2010, (ii) \$44 million for severance and facility closure costs and (iii) \$5 million for legal and professional fees incurred in connection with

[Table of Contents](#)

our on-going investigations. These charges were offset by a \$5 million benefit related to the reversal of prior cost accruals for our exit from sanctioned countries.

Exit and restructuring charges during the first nine months of 2009 include (i) \$36 million for legal and professional fees incurred in connection with our on-going investigations, (ii) \$34 million for severance and facility closure costs and (iii) \$4 million for unusable assets and cost accruals in certain sanctioned countries.

Devaluation of Venezuelan Bolivar

In January 2010, the Venezuelan government announced its intention to devalue its currency and move to a two tier exchange structure. The official exchange moved from 2.15 to 2.60 for essential goods and 4.30 for non-essential goods and services. In connection with this devaluation, we incurred a charge of \$64 million in the first quarter of 2010 for the remeasurement of our net monetary assets denominated in Venezuelan bolivars at the date of the devaluation.

Income Taxes

For the three months ended September 30, 2010, we had a tax provision of \$7 million on income before taxes of \$156 million. Our income before taxes for the three months ended September 30, 2010 includes a \$90 million gain on the fair value adjustment to the put option issued in connection with the OFS acquisition for which no tax expense has been recorded. For the nine months ended September 30, 2010, we had a tax provision of \$8 million on income before taxes of \$98 million. Our income before taxes for the nine months ended September 30, 2010 includes a curtailment expense on our SERP for which no related tax benefit was recorded, partially offset by a tax benefit related to the devaluation of the Venezuelan bolivar. For the three months ended September 30, 2009, we had a tax benefit of \$34 million. This benefit primarily related to a true-up of our effective tax rate to 1.1% year-to-date at September 30, 2009.

Segment Results

North America

North American revenues increased \$478 million, or 77%, in the third quarter of 2010 as compared to the third quarter of 2009 on a 72% increase in average North American rig count over the comparable period. Revenues increased \$881 million, or 43%, during the first nine months of 2010 as compared to the same period of the prior year in line with a 42% increase in rig count. The increase in revenues is principally the result of a strong performance in the U.S. land market, an increase in drilling activity and price improvements.

Operating income increased \$168 million, or 506% in the third quarter of 2010 as compared to the third quarter of the prior year. For the first nine months of 2010, operating income increased \$288 million, or 185%, compared to same period of the prior year. Operating margins were 15% for the first nine months of 2010 compared to 8% for the first nine months of 2009. The increase in operating income and margins was due to increased onshore activity in the U.S., prior cost reduction efforts, more favorable sales mix and improved pricing.

Middle East/North Africa/Asia

Middle East/North Africa/Asia revenues increased \$3 million, or 1%, in the third quarter of 2010 as compared to the third quarter of 2009. Revenues decreased \$6 million, or less than 1%, during the first nine months of 2010 as compared to the first nine months of 2009.

Operating income decreased \$34 million, or 33%, during the third quarter of 2010 compared to the same quarter of the prior year and decreased \$131 million, or 36%, during the first nine months of 2010 compared to the first nine months of 2009. Operating margins were 11% in the third quarter of 2010 and 17% in the third quarter of 2009. On a year-to-date basis, operating margins were 13% for the first nine months of 2010 as compared to 20% for the first nine months of 2009. The decline in operating income and margins was primarily the result of lower pricing, the negative impact of higher mobilization and start-up costs and a less favorable sales mix.

Europe/West Africa/FSU

Revenues in our Europe/West Africa/FSU segment increased \$91 million, or 23%, in the third quarter of 2010 compared to the same quarter of the prior year against a 47% rig count increase over the comparable period. On a

[Table of Contents](#)

year-to-date basis, revenues increased \$318 million, or 28%, compared to the same period of 2009. Approximately half of this increase was attributable to our acquisition of OFS in July 2009.

Operating income increased \$16 million, or 37%, in the third quarter of the current year as compared to the same quarter of 2009 and decreased \$20 million, or 11%, during the first nine months of 2010 compared to the first nine months of 2009. Operating margins were 12% in the third quarter of 2010 and 11% in the third quarter of 2009. On a year-to-date basis, margins decreased from 16% during the first nine months of 2009 to 11% for the first nine months of 2010. The decline in year-to-date operating income and margins was partially due to \$7 million in charges related to write-offs at a less-than-majority owned subsidiary, a \$6 million depreciation catch-up related to the finalization of the valuation of our OFS acquisition, pricing declines and changes in sales mix over the comparable periods.

Latin America

Revenues in our Latin America segment decreased \$189 million, or 36%, in the third quarter of 2010 as compared to the same quarter of the prior year. Revenues decreased \$284 million, or 20%, during the first nine months of 2010 compared to the same period of the prior year. The decline in revenue was due to reduced project activity in Mexico, partially offset by significant growth in Brazil and Colombia.

Operating income decreased \$89 million, or 164%, and \$198 million, or 85%, for the three and nine months ended September 30, 2010, respectively, over the comparable periods of the prior year. On a year-to-date basis, margins decreased from 16% during the first nine months of 2009 to 3% for the first nine months of 2010. During the quarter ended September 30, 2010, we incurred a \$76 million charge for revisions to our profitability estimates on our project management contracts in Mexico, where the client's budget constraints triggered an activity decline to near zero and an expected modification to future drilling plans. The change in our profitability estimates this quarter was due to what we view as a change in public policy in Mexico with respect to expenditures.

Liquidity and Capital Resources

Sources of Liquidity

Our sources of liquidity include current cash and cash equivalent balances, cash generated from operations and committed availabilities under bank lines of credit. We also historically have accessed banks for short-term loans from uncommitted borrowing arrangements and the capital markets with debt, equity and convertible bond offerings.

Committed Borrowing Facilities

At September 30, 2010, we maintained two revolving credit facilities with syndicates of banks available for a combination of borrowings, support for our commercial paper program and issuances of letters of credit. These facilities allow for an aggregate availability of \$1.75 billion and mature in May 2011. There were no outstanding borrowings on these facilities at September 30, 2010. There were \$63 million in outstanding letters of credit under these facilities at September 30, 2010.

These borrowing facilities require us to maintain a debt-to-capitalization ratio of less than 60% and contain other covenants and representations customary for an investment-grade commercial credit. We are in compliance with these covenants at September 30, 2010.

[Table of Contents](#)

The following is a recap of our availability under our committed borrowing facilities at September 30, 2010 (in millions):

Facilities	\$	1,750
Less:		
Amount drawn		—
Commercial paper		—
Letters of credit		63
Availability	\$	<u>1,687</u>

On October 15, 2010, the Company entered into a \$1.75 billion unsecured revolving credit agreement (the "Credit Agreement") with JPMorgan Chase Bank, N.A., as administrative agent. The Credit Agreement replaced our existing revolving credit facilities that were scheduled to mature in May 2011. The Credit Agreement has a scheduled maturity date of October 15, 2013, subject to extension, and can be used for a combination of borrowings, support for our commercial paper program and issuances of letters of credit. Consistent with our prior facilities, the Credit Agreement requires us to maintain a debt-to-capitalization ratio of less than 60%.

Commercial Paper

We have a \$1.5 billion commercial paper program under which we may from time to time issue short-term unsecured notes. The commercial paper program is supported by our revolving credit facilities. There was no commercial paper outstanding at September 30, 2010.

Debt Offering and Bond Tender

In September 2010, we completed a \$1.4 billion long-term debt offering comprised of (i) \$800 million of 5.125% Senior Notes due in 2020 ("5.125% Senior Notes") and (ii) \$600 million of 6.75% Senior Notes due in 2040 ("6.75% Senior Notes"). Net proceeds of \$1.386 billion were used to fund our bond tender offer that commenced in September 2010 and repay short-term borrowings on our revolving credit facilities.

In September 2010, we commenced a cash tender offer for up to \$700 million aggregate principal amount of specified series of our outstanding debt. Pursuant to the tender-offer terms, we repurchased \$167 million of our 6.625% senior notes due 2011 in September 2010 and incurred an expense of \$11 million for the premium we paid on the repurchase.

In October 2010, we completed the tender offer by repurchasing \$327 million and \$206 million of our 5.95% senior notes due 2012 and 5.15% senior notes due 2013, respectively. We paid a \$44 million premium on these tenders and will incur a charge of approximately \$42 million in the fourth quarter of 2010. The \$533 million principal amounts repurchased in October 2010 are included in current portion of long-term debt in our Condensed Consolidated Balance Sheet at September 30, 2010.

Accounts Receivable Factoring

We have entered into an accounts receivable sales program to sell accounts receivable related to Latin America to third party financial institutions. One of our subsidiaries sold approximately \$350 million under this program during the second and third quarter of 2010. We received cash totaling \$320 million and recognized a loss of \$5 million on these sales. These transactions qualified for sale accounting under the accounting standards. The remainder of the amounts due to us was recorded as other receivables in the Condensed Consolidated Balance Sheet at September 30, 2010. The initial proceeds received on the sale are included in operating cash flows in our Condensed Consolidated Statement of Cash Flows.

[Table of Contents](#)

Secured Loan Agreement

In June 2010, we entered into a secured loan agreement with a third-party financial institution and received proceeds of \$180 million. The note bears interest at a rate of 4.8% and will be repaid in monthly installments over seven years. The loan is secured by assets located in the United States, and is included in long-term debt on our Condensed Consolidated Balance Sheet.

Cash Requirements

During 2010, we anticipate our cash requirements will include working capital needs and capital expenditures and may include opportunistic business acquisitions. We anticipate funding these requirements from cash generated from operations and availability under our committed borrowing facilities.

Capital expenditures for 2010 are projected to be approximately \$1.0 billion, net of proceeds from tools lost down hole. The expenditures are expected to be used primarily to support the growth of our businesses and operations. Capital expenditures during the nine months ended September 30, 2010 were \$646 million, net of proceeds from tools lost down hole.

Derivative Instruments

Interest Rate Swaps

We use interest rate swaps to help mitigate exposures related to interest rate movements. Amounts paid or received upon termination of interest rate swaps accounted for as fair value hedges represent the fair value of the agreements at the time of termination and are recorded as an adjustment to the carrying value of the related debt. These amounts are amortized as a reduction (in the case of gains) or as an increase (in the case of losses) to interest expense over the remaining term of the debt. As of September 30, 2010 we had net unamortized gains of \$61 million associated with interest rate swap terminations.

Cash Flow Hedges

In 2008, we entered into interest rate derivative instruments to hedge projected exposures to interest rates in anticipation of a debt offering. Those hedges were terminated at the time of the issuance of the debt, and the loss on these hedges is being amortized from Accumulated Other Comprehensive Income to interest expense over the remaining term of the debt. As of September 30, 2010, we had net unamortized losses of \$13 million associated with our cash flow hedge terminations.

Other Derivative Instruments

As of September 30, 2010, we had foreign currency forward contracts with notional amounts aggregating to \$1,039 million, which were entered into to hedge exposure to currency fluctuations in various foreign currencies, including, but not limited to, the British pound sterling, the Canadian dollar, the euro and the Norwegian krone. The total estimated fair value of these contracts at September 30, 2010 resulted in a net liability of approximately \$17 million. These derivative instruments were not designated as hedges and the changes in fair value of the contracts are recorded each period in Other, Net in the accompanying Condensed Consolidated Statements of Income.

We have cross-currency swaps between the U.S. dollar and Canadian dollar to hedge certain exposures to the Canadian dollar. At September 30, 2010, we had notional amounts outstanding of \$215 million. The total estimated fair value of these contracts at September 30, 2010, resulted in a liability of \$28 million. These derivative instruments were not designated as hedges and the changes in fair value of the contracts are recorded each period in Other, Net in the accompanying Condensed Consolidated Statements of Income.

Off Balance Sheet Arrangements

A Swiss corporation named Weatherford International Ltd. is the ultimate parent ("Weatherford Switzerland") of the Weatherford group and guarantees the obligations of Weatherford International Ltd. incorporated in Bermuda ("Weatherford Bermuda") and Weatherford International, Inc. incorporated in Delaware ("Weatherford Delaware") noted below.

[Table of Contents](#)

The following obligations of Weatherford Delaware were guaranteed by Weatherford Bermuda at September 30, 2010 and December 31, 2009: (i) the 6.625% Senior Notes, (ii) the 5.95% Senior Notes, (iii) the 6.35% Senior Notes and (iv) the 6.80% Senior Notes.

The following obligations of Weatherford Bermuda were guaranteed by Weatherford Delaware at December 31, 2009: (i) the revolving credit facilities, (ii) the 4.95% Senior Notes, (iii) the 5.50% Senior Notes, (iv) the 6.50% Senior Notes, (v) the 5.15% Senior Notes, (vi) the 6.00% Senior Notes, (vii) the 7.00% Senior Notes, (viii) the 9.625% Senior Notes, (ix) the 9.875% Senior Notes and (x) issuances of notes under the commercial paper program.

In September 2010, Weatherford Bermuda issued \$800 million of 5.125% Senior Notes due 2020 and \$600 million of 6.75% Senior Notes due 2040, both of which are guaranteed by Weatherford Delaware. As a result of these transactions, the following obligations of Weatherford Bermuda were guaranteed by Weatherford Delaware at September 30, 2010: (i) the revolving credit facilities, (ii) the 4.95% Senior Notes, (iii) the 5.50% Senior Notes, (iv) the 6.50% Senior Notes, (v) the 5.15% Senior Notes, (vi) the 6.00% Senior Notes, (vii) the 7.00% Senior Notes, (viii) the 9.625% Senior Notes, (ix) the 9.875% Senior Notes, (x) the 5.125% Senior Notes, (xi) the 6.75% Senior Notes and (xii) issuances of notes under the commercial paper program.

Letters of Credit

We execute letters of credit and bid and performance bonds in the normal course of business. While these obligations are not normally called, these obligations could be called by the beneficiaries at any time before the expiration date should we breach certain contractual or payment obligations. As of September 30, 2010, we had \$396 million of letters of credit and bid and performance bonds outstanding, consisting of \$333 million outstanding under various uncommitted credit facilities and \$63 million letters of credit outstanding under our committed facilities. If the beneficiaries called these letters of credit our available liquidity would be reduced by the amount called.

New Accounting Pronouncements

See Note 15 to our condensed consolidated financial statements included elsewhere in this report.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations is based upon our consolidated financial statements. We prepare these financial statements in conformity with U.S. generally accepted accounting principles. As such, we are required to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the periods presented. We base our estimates on historical experience, available information and various other assumptions we believe to be reasonable under the circumstances. On an on-going basis, we evaluate our estimates; however, actual results may differ from these estimates under different assumptions or conditions. There have been no material changes or developments in our evaluation of the accounting estimates and the underlying assumptions or methodologies that we believe to be Critical Accounting Policies and Estimates as disclosed in our Form 10-K, for the year ended December 31, 2009.

Goodwill Impairment Test

During the three months ended September 30, 2010, we incurred a \$76 million charge for revisions to our profitability estimates on our project management contracts in Mexico, where the client's budget constraints triggered an activity decline to near zero and an expected modification to future drilling plans. As a result of this downturn, we performed an impairment test on our Latin America reporting unit and concluded that our goodwill in Latin America was not impaired.

Exposures

An investment in our registered shares involves various risks. When considering an investment in our Company, you should consider carefully all of the risk factors described in our most recent Annual Report on Form 10-K under the heading "Item 1A. *Risk Factors*" as well as the information below and other information included and incorporated by reference in this report.

Forward-Looking Statements

Forward-Looking Statements

This report, as well as other filings made by us with the Securities and Exchange Commission ("SEC"), and our releases issued to the public contain various statements relating to future results, including certain projections and business trends. We believe these statements constitute "Forward-Looking Statements" as defined in the Private Securities Litigation Reform Act of 1995. These forward-looking statements generally are identified by the words "believe," "project," "expect," "anticipate," "estimate," "intend," "strategy," "plan," "may," "should," "will," "would," "will be," "will continue," "will likely result," and similar expressions, although not all forward-looking statements contain these identifying words.

[Table of Contents](#)

From time to time, we update the various factors we consider in making our forward-looking statements and the assumptions we use in those statements. However, we undertake no obligation to publicly update or revise any forward-looking events or circumstances that may arise after the date of this report. The following sets forth the various assumptions we use in our forward-looking statements, as well as risks and uncertainties relating to those statements. Certain of the risks and uncertainties may cause actual results to be materially different from projected results contained in forward-looking statements in this report and in our other disclosures. These risks and uncertainties include, but are not limited to, the following:

- *Global political, economic and market conditions could affect projected results.* Our operating results and the forward-looking information we provide are based on our current assumptions about oil and natural gas supply and demand, oil and natural gas prices, rig count and other market trends. Our assumptions on these matters are in turn based on currently available information, which is subject to change. The oil and natural gas industry is extremely volatile and subject to change based on political and economic factors outside our control. Worldwide drilling activity, as measured by average worldwide rig counts, increased in each year from 2002 to 2008. However, activity began declining in the fourth quarter of 2008, particularly in North America. The weakened global economic climate has resulted in lower demand and lower prices for oil and natural gas, which has reduced drilling and production activity, which in turn resulted in lower than expected revenues and income in 2009 and the first nine months of 2010 and may affect our future revenues and income. Our projections assume that the decline in North America rig activity reached its trough during 2009. Worldwide drilling activity and global demand for oil and natural gas may also be affected by changes in governmental policies and debt loads, laws and regulations related to environmental or energy security matters, including those addressing alternative energy sources and the risks of global climate change. We have assumed global demand will continue to be down in 2010 and thereafter compared to 2008 and only slightly up compared to 2009. For the remainder of 2010 and for 2011, worldwide demand may be significantly weaker than we have assumed.
- *We may be unable to recognize our expected revenues from current and future contracts.* Our customers, many of whom are national oil companies, often have significant bargaining leverage over us and may elect to cancel or revoke contracts, not renew contracts, modify the scope of contracts or delay contracts, in some cases preventing us from realizing expected revenues and/or profits. Our projections assume that our customers will honor the contracts we have been awarded and that those contracts and the business that we believe is otherwise substantially firm will result in anticipated revenues in the periods for which they are scheduled.
- *Currency fluctuations could have a material adverse financial impact on our business.* A material change in currency rates in our markets, such as the devaluation of the Venezuelan Bolivar experienced during the first quarter of 2010, could affect our future results as well as affect the carrying values of our assets. World currencies have been subject to much volatility. In addition, due to the volatility we may be unable to enter into foreign currency contracts at a reasonable cost. As we are not able to predict changes in currency valuations, our forward-looking statements assume no material impact from future changes in currency exchange rates.
- *Our ability to manage our workforce could affect our projected results.* In a climate of decreasing demand, we are faced with managing our workforce levels to control costs without impairing our ability to provide service to our customers. Conversely, in a climate of increasing demand, we are faced with the challenge of hiring and maintaining a skilled workforce. Our forward-looking statements assume we will be able to do so.
- *Increases in the prices and availability of our raw materials could affect our results of operations.* We use large amounts of raw materials for manufacturing our products and some of our fixed assets. The price of these raw materials has a significant impact on our cost of producing products for sale or producing fixed assets used in our business. We have assumed that the prices of our raw materials will remain within a manageable range and will be readily available. If we are unable to obtain necessary raw materials or if we are unable to minimize the impact of increased raw material costs or to realize the benefit of cost decreases in a timely fashion through our supply chain initiatives or pricing, our margins and results of operations could be adversely affected.

[Table of Contents](#)

- *Our ability to manage our supply chain and business processes could affect our projected results.* We have undertaken efforts to improve our supply chain, invoicing and collection processes and procedures. These undertakings include costs, which we expect will result in long-term benefits of our business processes. Our forward-looking statements assume we will realize the benefits of these efforts.
- *Our long-term growth depends upon technological innovation and commercialization.* Our ability to deliver our long-term growth strategy depends in part on the commercialization of new technology. A central aspect of our growth strategy is to improve our products and services through innovation, to obtain technologically advanced products through internal research and development and/or acquisitions, to protect proprietary technology from unauthorized use and to expand the markets for new technology by leveraging our worldwide infrastructure. The key to our success will be our ability to commercialize the technology that we have acquired and demonstrate the enhanced value our technology brings to our customers' operations. Our major technological advances include, but are not limited to, those related to controlled pressure drilling and testing systems, expandable solid tubulars, expandable sand screens and intelligent well completion. Our forward-looking statements have assumed successful commercialization of, and above-average growth from, these new products and services, as well as legal protection of our intellectual property rights.
- *Nonrealization of expected benefits from our redomestication could affect our projected results.* We operate through our various subsidiaries in numerous countries throughout the world including the United States. During the first quarter of 2009, we completed a transaction in which our former parent Bermuda company became a wholly-owned subsidiary of Weatherford International Ltd., a Swiss joint-stock corporation, and holders of common shares of the Bermuda company received one registered share of the Swiss company in exchange for each common share that they held. Consequently, we are or may become subject to changes in tax laws, treaties or regulations or the interpretation or enforcement thereof in the U.S., Bermuda, Switzerland or any other jurisdictions in which we or any of our subsidiaries operates or is resident. Our income tax expense is based upon our interpretation of the tax laws in effect in various countries at the time that the expense was incurred. If the U.S. Internal Revenue Service or other taxing authorities do not agree with our assessment of the effects of such laws, treaties and regulations, this could have a material adverse effect on us including the imposition of a higher effective tax rate on our worldwide earnings or a reclassification of the tax impact of our significant corporate restructuring transactions.
- *Nonrealization of expected benefits from our acquisitions could affect our projected results.* We expect to gain certain business, financial and strategic advantages as a result of business acquisitions we undertake, including synergies and operating efficiencies. Our forward-looking statements assume that we will successfully integrate our business acquisitions and realize the benefits of those acquisitions.
- *The downturn in our industry could affect the carrying value of our goodwill.* As of September 30, 2010, we had approximately \$4.1 billion of goodwill. Our estimates of the value of our goodwill could be reduced in the future as a result of various factors, including market factors, some of which are beyond our control. Our forward-looking statements do not assume any future goodwill impairment. Any reduction in the fair value of our businesses may result in an impairment charge and therefore adversely affect our results.
- *Adverse weather conditions in certain regions could adversely affect our operations.* In the summers of 2005 and 2008, the Gulf of Mexico suffered several significant hurricanes. These hurricanes and associated hurricane threats reduced the number of days on which we and our customers could operate, which resulted in lower revenues than we otherwise would have achieved. In parts of 2006, and particularly in the second quarters of 2007 and 2008, climatic conditions in Canada were not as favorable to drilling as we anticipated, which limited our potential results in that region. Similarly, unfavorable weather in Russia, China, Mexico and in the North Sea could reduce our operations and revenues from that area during the relevant period. Our forward-looking statements assume weather patterns in our primary areas of operations will be conducive to our operations.
- *U.S. Government and internal investigations could affect our results of operations.* We are currently involved in government and internal investigations involving various of our operations. We have begun negotiations with the government agencies to resolve these matters, but we cannot yet anticipate the timing, outcome or possible impact of the ultimate resolution of these investigations, financial or otherwise. The governmental agencies involved in these investigations have a broad range of civil and criminal penalties they may seek to impose against corporations and individuals for violations of trade sanction laws, the

Table of Contents

Foreign Corrupt Practices Act and other federal statutes including, but not limited to, injunctive relief, disgorgement, fines, penalties and modifications to business practices and compliance programs. In recent years, these agencies and authorities have entered into agreements with, and obtained a range of penalties against, several public corporations and individuals in similar investigations, under which civil and criminal penalties were imposed, including in some cases fines and other penalties and sanctions in the tens and hundreds of millions of dollars. These agencies likely will seek to impose penalties of some amount against us for past conduct, but the ultimate amount of any penalties we may pay currently cannot be reasonably estimated. Under trade sanction laws, the U.S. Department of Justice may also seek to impose modifications to business practices, including immediate cessation of all business activities in specific countries or other limitations that decrease our business, and modifications to compliance programs, which may increase compliance costs. Any injunctive relief, disgorgement, fines, penalties, sanctions or imposed modifications to business practices resulting from these investigations could adversely affect our results of operations. To date, we have incurred \$53 million for costs in connection with our exit from certain sanctioned countries and incurred \$111 million for legal and professional fees in connection with complying with and conducting these on-going investigations. This amount excludes the costs we have incurred to augment and improve our compliance function. We may have additional charges related to these matters in future periods, which costs may include labor claims, contractual claims, penalties assessed by customers, and costs, fines, taxes and penalties assessed by the local governments, but we cannot quantify those charges or be certain of the timing of them.

- *Failure in the future to ensure ongoing compliance with certain laws could affect our results of operations.* In 2009, we substantially augmented our compliance infrastructure with increased staff and more rigorous policies, procedures and training of our employees regarding compliance with applicable anti-corruption laws, trade sanctions laws and import/export laws. As part of this effort, we now undertake audits of our compliance performance in various countries. Our forward-looking statements assume that our compliance efforts will be successful and that we will comply with our internal policies and applicable laws regarding these issues. Our failure to do so could result in additional enforcement action in the future, the results of which could be material and adverse to us.
- *Political disturbances, war, or terrorist attacks and changes in global trade policies could adversely impact our operations.* We operate in over 100 countries, and as such are at risk of various types of political activities, including acts of insurrections, war, terrorism, nationalization of assets and changes in trade policies. We have assumed there will be no material political disturbances or terrorist attacks and there will be no material changes in global trade policies that affect our business. Any further military action undertaken by the U.S. or other countries or political disturbances in the countries in which we conduct business could adversely affect our results of operations.
- *Current turmoil in the credit markets may reduce our access to capital or reduce the availability of financial risk-mitigation tools.* The worldwide credit markets have experienced turmoil and uncertainty since mid-2008. Our forward-looking statements assume that the financial institutions that have committed to extend us credit will honor their commitments under our credit facilities. If one or more of those institutions becomes unwilling or unable to honor its commitments, our access to liquidity could be impaired and our cost of capital to fund growth could increase. We use interest-rate and foreign-exchange swap transactions with financial institutions to mitigate certain interest-rate and foreign-exchange risks associated with our capital structure and our business. Our forward-looking statements assume that those tools will continue to be available to us at prices we deem reasonable. However, the failure of any counter party to honor a swap agreement could reduce the availability of these financial risk-mitigation tools or could result in the loss of expected financial benefits. Our forward-looking statements assume that we will operate with lower capital expenditures in 2010 than in 2009. However, as the business climate changes and if attractive opportunities for organic or acquisitive growth become available, we may spend capital selectively above the amounts we have budgeted.

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 Securities Exchange Act of 1934, as amended, and the Securities Act of 1933, as amended. For additional information regarding risks and uncertainties, see our other filings with the SEC available, free of charge, at the SEC's website at www.sec.gov.

[Table of Contents](#)

Available Information

We make available, free of charge, on our website (www.weatherford.com) 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 pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, as soon as reasonably practicable after we electronically file or furnish them to the SEC.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

We are currently exposed to market risk from changes in foreign currency and changes in interest rates. From time to time, we may enter into derivative financial instrument transactions to manage or reduce our market risk. A discussion of our market risk exposure in these financial instruments follows.

Foreign Currency Exchange Rates

We operate in virtually every oil and natural gas exploration and production region in the world. In some parts of the world, such as the Middle East and Southeast Asia, the currency of our primary economic environment is the U.S. dollar. We use this as our functional currency. In other parts of the world, we conduct our business in currencies other than the U.S. dollar and the functional currency is the applicable local currency. In those countries in which we operate in the local currency, the effects of foreign currency fluctuations are largely mitigated because local expenses of such foreign operations are also generally denominated in the same currency.

In January 2010, the Venezuelan government announced its intention to devalue its currency and move to a two tier exchange structure. The official exchange rate moved from 2.15 to 2.60 for essential goods and from 2.15 to 4.30 for non-essential goods and services. Our Venezuelan entities maintain the U.S. dollar as their functional currency. In connection with this devaluation, we incurred a charge of \$64 million for the remeasurement of our net monetary assets denominated in Venezuelan bolivars at the date of the devaluation, which was not tax deductible in Venezuela. We also recorded a \$24 million tax benefit for local Venezuelan income tax purposes related to our net U.S. dollar-denominated monetary liability position in the country. As of September 30, 2010, we had a net monetary asset position denominated in Venezuelan bolivars of approximately \$72 million comprised primarily of cash and accounts receivable. We are continuing to explore opportunities to reduce this exposure but should another devaluation occur in the future, we may be required to take further charges related to the remeasurement of our net monetary asset position. For example, if the Venezuela bolivar devalued by an additional 10% in the future, we would record a devaluation charge of approximately \$7 million.

Assets and liabilities of entities for which the functional currency is the local currency are translated into U.S. dollars using the exchange rates in effect at the balance sheet date, resulting in translation adjustments that are reflected in Accumulated Other Comprehensive Income in the shareholders' equity section on our Condensed Consolidated Balance Sheets. A portion of our net assets are impacted by changes in foreign currencies in relation to the U.S. dollar. We recorded a \$9 million adjustment to reduce our equity account for the nine months ended September 30, 2010 to reflect the net impact of the strengthening of the U.S. dollar against various foreign currencies.

As of September 30, 2010, we had foreign currency forward contracts with notional amounts aggregating to \$1,039 million, which were entered into to hedge exposure to currency fluctuations in various foreign currencies, including, but not limited to, the British pound sterling, the Canadian dollar, the euro and the Norwegian krone. The total estimated fair value of these contracts at September 30, 2010 resulted in a net liability of approximately \$17 million. These derivative instruments were not designated as hedges, and the changes in fair value of the contracts are recorded each period in current earnings.

We have cross-currency swaps between the U.S. dollar and Canadian dollar to hedge certain exposures to the Canadian dollar. At September 30, 2010, we had notional amounts outstanding of \$215 million. The total estimated fair value of these contracts at September 30, 2010 resulted in a liability of \$28 million. These derivative instruments were not designated as hedges and the changes in fair value of the contracts are recorded each period in current earnings.

[Table of Contents](#)

Interest Rates

We are subject to interest rate risk on our long-term fixed-interest rate debt and variable-interest rate borrowings. Variable rate debt, where the interest rate fluctuates periodically, exposes us to short-term changes in market interest rates. Fixed rate debt, where the interest rate is fixed over the life of the instrument, exposes us to changes in market interest rates reflected in the fair value of the debt and to the risk that we may need to refinance maturing debt with new debt at a higher rate. All other things being equal, the fair value of our fixed rate debt will increase or decrease as interest rates change.

Our long-term borrowings that were outstanding at September 30, 2010 and December 31, 2009 subject to interest rate risk consist of the following:

	September 30, 2010		December 31, 2009	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
		(In millions)		
6.625% Senior Notes due 2011	\$ 184	\$ 194	\$ 353	\$ 380
5.95% Senior Notes due 2012	599	632	599	648
5.15% Senior Notes due 2013	509	533	511	526
4.95% Senior Notes due 2013	253	268	253	263
5.50% Senior Notes due 2016	359	383	360	351
6.35% Senior Notes due 2017	600	670	600	647
6.00% Senior Notes due 2018	498	546	498	514
9.625% Senior Notes due 2019	1,034	1,313	1,034	1,236
5.125% Senior Notes due 2020	799	819	—	—
6.50% Senior Notes due 2036	596	622	596	574
6.80% Senior Notes due 2037	298	311	298	303
7.00% Senior Notes due 2038	498	529	498	517
9.875% Senior Notes due 2039	247	341	247	326
6.75% Senior Notes due 2040	597	632	—	—

We have various other long-term debt instruments of \$20 million at September 30, 2010, but believe the impact of changes in interest rates in the near term will not be material to these instruments. The carrying value of our short-term borrowings of \$11 million at September 30, 2010 approximates their fair value.

As it relates to our variable rate debt, if market interest rates average 1% more for the remainder of 2010 than the rates as of September 30, 2010, interest expense for the remainder of 2010 would increase by less than \$1 million. This amount was determined by calculating the effect of the hypothetical interest rate on our variable rate debt. This sensitivity analysis assumes there are no changes in our financial structure.

Interest Rate Swaps and Derivatives

We manage our debt portfolio to achieve an overall desired position of fixed and floating rates and may employ interest rate swaps as a tool to achieve that goal. 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 and the creditworthiness of the counterparties in such transactions. The counterparties to our interest rate swaps are multinational commercial banks. In light of events in the global credit markets and the potential impact of these events on the liquidity of the banking industry, we continue to monitor the creditworthiness of our counterparties.

Amounts paid or received upon termination of interest rate swaps represent the fair value of the agreements at the time of termination and are recorded as an adjustment to the carrying value of the related debt. These amounts are amortized as a reduction (in the case of gains) or as an increase (in the case of losses) to interest expense over the remaining term of the debt.

As of September 30, 2010 we had net unamortized gains of \$61 million associated with interest rate swap terminations.

ITEM 4. CONTROLS AND PROCEDURES

At the end of the period covered by this Quarterly Report on Form 10-Q, we carried out an evaluation, under the supervision and with the participation of management, including the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15 (e) and 15d-15 (e) under the Exchange Act). Based upon that evaluation, our CEO and CFO have concluded our disclosure controls and procedures are effective as of the end of the period covered by this report to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and that information relating to us (including our consolidated subsidiaries) required to be disclosed is accumulated and communicated to management, including the CEO and CFO, to allow timely decisions regarding required disclosure. Our management, including the CEO and CFO, identified no change in our internal control over financial reporting that occurred during our fiscal quarter ended September 30, 2010 that has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

See Note 14 to our condensed consolidated financial statements included elsewhere in this report.

ITEM 1A. RISK FACTORS

Except for the additional risk factors added or modified below, there have been no material changes during the quarter ended September 30, 2010 to the risk factors set forth in Part I, Item 1A in our Annual Report on Form 10-K for the year ended December 31, 2009 filed with the SEC on March 1, 2010.

Physical dangers are inherent in our operations and may expose us to significant potential losses. Personnel and property may be harmed during the process of drilling for oil and natural gas.

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 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 industrial accidents, failed equipment, faulty products or services, failure of safety measures, uncontained formation pressures, or other dangers inherent in drilling for 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 and the environment. Such events may expose us to significant potential losses.

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 provide that our customers indemnify us for claims arising from the injury or death of their employees, the loss or damage of their equipment, damage to the reservoir and pollution emanating from the customer's equipment or from the reservoir (including uncontained oil flow from a reservoir). Conversely, we typically indemnify our customers for claims arising from the injury or death of our employees, the loss or damage of our equipment, or pollution emanating from our equipment. Our contracts typically provide that our customer will indemnify us for claims arising from catastrophic events, such as a well blowout, fire or explosion.

Our indemnification arrangements may not protect us in every case. For example, from time to time we may enter into contracts with less favorable indemnities or perform work without a contract that protects us; our indemnity arrangements may be held unenforceable in some courts and jurisdictions; or we may be subject to other claims brought by third parties or government agencies. Furthermore, the parties from which we seek indemnity

[Table of Contents](#)

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.

Our business may be exposed to uninsured claims, and litigation might result in significant potential losses.

In the ordinary course of business, we become the subject of various claims and litigation. For example, we have been named in a number of lawsuits because, along with other oilfield service companies, we provided products and services on the Deepwater Horizon in the Gulf of Mexico. We maintain liability insurance, which includes insurance against damage to people, equipment and the environment, up to maximum limits of \$600 million, and subject to self-insured retentions and deductibles of \$2 million, per occurrence.

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. Finally, insurance rates have in the past been subject to wide fluctuation. In response to the recent catastrophic accident in the Gulf of Mexico, insurance rates are volatile and increasing, and some forms of insurance may become entirely unavailable in the future or 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. Any of these events would have an adverse impact on our financial performance.

Our operations are subject to environmental and other laws and regulations that may expose us to significant liabilities and could reduce our business opportunities and revenues.

We are subject to various federal, state and local laws and regulations relating to the energy industry in general and the environment in particular. An environmental claim could arise with respect to one or more of our current businesses, 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. The scope of regulation of our industry and our products and services may increase further following recent events in the Gulf of Mexico, including possible increases in liabilities or funding requirements imposed by governmental agencies. In early 2010, a moratorium was issued on new deepwater projects in the Gulf of Mexico. Although that moratorium was recently lifted, we cannot anticipate when and to what extent drilling activity in the deepwater Gulf will resume. We also cannot ensure that our future business in the deepwater Gulf, if any, will be profitable in light of new regulations that may be promulgated and in light of the current risk environment and insurance markets. Further, additional regulations on deepwater drilling elsewhere in the world could be imposed as a result of the Deepwater Horizon incident, and those regulations could limit our business where they are imposed. In addition, members of the U.S. Congress and the U.S. Environmental Protection Agency are reviewing more stringent regulation of hydraulic fracturing, a technology which is used in one of our business segments, and regulators are investigating whether any chemicals used in the fracturing process might adversely affect groundwater. A significant portion of North American service activity today is directed at prospects that require hydraulic fracturing in order to produce hydrocarbons. Additional regulation could increase the costs of conducting our business and could materially reduce our business opportunities and revenues if our customers decrease their levels of activity in response to such regulation.

We have updated the following paragraph in our risk factor, "Our significant operations in foreign countries expose us to currency fluctuation risks or devaluation" included in our Annual Report on Form 10-K for the year ended December 31, 2009 to include our bolivar position as of September 30, 2010. That paragraph now reads as follows:

[Table of Contents](#)

In January 2010, the Venezuelan government announced its intention to devalue its currency and move to a two tier exchange structure. The official exchange moved from 2.15 to 2.60 for essential goods and 4.30 for non-essential goods and services. In connection with this devaluation, we incurred a charge of \$64 million for the remeasurement of our net monetary assets denominated in Venezuelan bolivars at the date of the devaluation, which was not tax deductible. We also recorded a \$24 million tax benefit for local Venezuelan income tax purposes related to our net U.S. dollar-denominated monetary liability position in the country. We currently utilize the 4.30 Venezuelan bolivar to U.S. dollar exchange rate. As of September 30, 2010, we had a net monetary asset position denominated in Venezuelan bolivars of approximately \$72 million comprised primarily of cash and accounts receivable. We are continuing to explore opportunities to reduce this exposure but should another devaluation occur in the future, we may be required to take further charges related to the remeasurement of our net monetary asset position. For example, if the Venezuela bolivar devalued by an additional 10% in the future, we would record a devaluation charge of approximately \$7 million.

As a result of discussions with a customer, we are currently reviewing how the dual exchange rate might affect amounts we receive for our U.S. dollar-denominated receivables in Venezuela. We believe our contracts are legally enforceable and our customers continue to accept our invoices. However, if a negative outcome were to occur on this matter, the impact could be as high as a \$38 million charge to our consolidated statement of operations.

ITEM 2. UNREGISTERED SALES OF EQUITY IN SECURITIES AND USE OF PROCEEDS

In December 2005, our Board of Directors approved a share repurchase program under which up to \$1 billion of our outstanding common shares (now registered shares) could be purchased. Future purchases of our shares can be made in the open market or privately negotiated transactions, at the discretion of management and as market conditions and our liquidity position warrant. During the quarter ended September 30, 2010, we did not purchase any of our registered shares.

Under our restricted share plan, employees may elect to have us withhold registered shares to satisfy minimum statutory federal, state and local tax withholding obligations arising on the vesting of restricted stock awards and exercise of options. When we withhold these shares, we are required to remit to the appropriate taxing authorities the market price of the shares withheld, which could be deemed a purchase of the registered shares by us on the date of withholding. During the quarter ended September 30, 2010, we withheld registered shares to satisfy these tax withholding obligations as follows:

Period	No. of Shares	Average Price
July 1 — July 31, 2010	22,241	\$ 13.66
August 1 — August 31, 2010	2,684	16.98
September 1 — September 30, 2010	21,457	15.36

ITEM 6. EXHIBITS

(a) Exhibits:

Exhibit Number	Description
*4.1	Fourth Supplemental Indenture, dated September 23, 2010, among Weatherford International Ltd., a Bermuda exempted company, Weatherford International Ltd., a Swiss joint-stock corporation, Weatherford International, Inc. a Delaware corporation, and Deutsche Bank Trust Company Americas.
4.3	Form of global note for 5.125% Senior Notes due 2020 (incorporated by reference to Exhibit 4.3 to the Registrant's Current Report on Form 8-K (File No. 1-34258) filed September 22, 2010).
4.4	Form of global note for 6.750% Senior Notes due 2040 (incorporated by reference to Exhibit 4.4 to the Registrant's Current Report on Form 8-K (File No. 1-34258) filed September 22, 2010).
4.5	Form of guarantee notation (incorporated by reference to Exhibit 4.5 to the Registrant's Current Report on Form 8-K (File No. 1-34258) filed September 22, 2010).
10.1	Employment Agreement, dated September 14, 2010, between Andrew P. Becnel and Weatherford International Ltd. (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (File No. 1-34258) filed September 15, 2010).
10.2	Credit Agreement, dated October 15, 2010 (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (File No. 1-34258) filed October 19, 2010).
*10.3	Guarantee Agreement dated October 15, 2010 among Weatherford International Ltd., a Swiss joint-stock corporation, Weatherford International, Inc., a Delaware corporation and JP Morgan Chase Bank, N.A. as administrative agent.
*31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
*31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
**32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
**32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
**101	The following materials from Weatherford International Ltd.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2010, formatted in XBRL (Extensible Business Reporting Language): (i) the unaudited Condensed Consolidated Balance Sheets, (ii) the unaudited Condensed Consolidated Statements of Income, (iii) the unaudited Condensed Consolidated Statements of Cash Flows, (iv) the unaudited Condensed Consolidated Statements of Comprehensive Income and (v) related notes to the unaudited Condensed Consolidated Financial Statements.

* Filed with this Form 10-Q

** Furnished with this Form 10-Q

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Weatherford International Ltd.

By:

/s/ Bernard J. Duroc-Danner

Bernard J. Duroc-Danner
Chief Executive Officer
(Principal Executive Officer)

/s/ Andrew P. Becnel

Andrew P. Becnel
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

/s/ Charles E. Geer, Jr.

Charles E. Geer, Jr.
Vice President — Financial Reporting
(Principal Accounting Officer)

Date: November 1, 2010

WEATHERFORD INTERNATIONAL LTD., a Bermuda exempted company
as Issuer

WEATHERFORD INTERNATIONAL LTD., a Swiss joint-stock corporation
as Guarantor

WEATHERFORD INTERNATIONAL, INC., a Delaware corporation
as Guarantor

and

DEUTSCHE BANK TRUST COMPANY AMERICAS,
as Trustee

FOURTH SUPPLEMENTAL INDENTURE

Dated as of September 23, 2010

To

INDENTURE

Dated as of October 1, 2003

5.125% SENIOR NOTES DUE 2020

6.750% SENIOR NOTES DUE 2040

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE 1 Relation to Indenture; Definitions	1
SECTION 1.01. Relation to Indenture	1
SECTION 1.02. Definitions	1
SECTION 1.03. General References	1
ARTICLE 2 The Series of Securities	2
SECTION 2.01. The Form and Title of the Securities	2
SECTION 2.02. Amount	2
SECTION 2.03. Stated Maturity and Denominations	2
SECTION 2.04. Interest and Interest Rates	2
SECTION 2.05. Place of Payment	2
SECTION 2.06. Optional Redemption	3
SECTION 2.07. Unconditional Guarantee	3
ARTICLE 3 Other Amendments to Indenture	3
SECTION 3.01. Amendments to Indenture	3
ARTICLE 4 Miscellaneous	9
SECTION 4.01. Certain Trustee Matters	9
SECTION 4.02. Continued Effect	9
SECTION 4.03. Governing Law	9
SECTION 4.04. Counterparts	9
<u>EXHIBIT</u>	
Exhibit A-1: Form of 2020 Note	
Exhibit A-2: Form of 2040 Note	
Exhibit B: Form of Guarantee Notation	

FOURTH SUPPLEMENTAL INDENTURE dated as of September 23, 2010 (this "*Fourth Supplemental Indenture*"), among Weatherford International Ltd., a Bermuda exempted company (the "*Company*"), Weatherford International Ltd., a Swiss joint-stock corporation ("*Weatherford Switzerland*"), Weatherford International, Inc., a Delaware corporation ("*Weatherford Delaware*"), and, together with Weatherford Switzerland, the "*Guarantors*"), and Deutsche Bank Trust Company Americas, a New York banking corporation, as trustee under the Indenture referred to below (in such capacity, the "*Trustee*").

RECITALS OF THE COMPANY

WHEREAS, the Company, Weatherford Delaware and the Trustee are parties to an Indenture dated as of October 1, 2003 (the "*Original Indenture*") (the Original Indenture, as supplemented from time to time, including without limitation pursuant to the Third Supplemental Indenture dated as of February 26, 2009 (the "*Third Supplemental Indenture*"), among the Company, the Guarantors and the Trustee, and this Fourth Supplemental Indenture being referred to herein as the "*Indenture*"); and

WHEREAS, under the Original Indenture as supplemented and amended by the Third Supplemental Indenture, a new series of Securities may at any time be established in accordance with the provisions of the Original Indenture as supplemented and amended by the Third Supplemental Indenture, and the terms of such series may be established by a supplemental indenture executed by the Company, the Guarantors and the Trustee; and

WHEREAS, the Company and the Guarantors propose to create under the Indenture two new series of Securities, which will be guaranteed by the Guarantors pursuant to their Guarantees as set forth in Article Fourteen of the Original Indenture as supplemented and amended by the Third Supplemental Indenture (as made applicable to the Notes, defined herein, pursuant to this Fourth Supplemental Indenture); and

WHEREAS, all acts and things necessary to make the Notes, when executed by the Company and authenticated and delivered by the Trustee as provided in the Indenture, the valid and binding obligations of the Company, to make the Guarantees of such Notes by the Guarantors the valid and binding obligation of the Guarantors, and to make this Fourth Supplemental Indenture a valid and binding agreement in accordance with the Original Indenture, have been done or performed;

NOW, THEREFORE, in consideration of the premises, agreements and obligations set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree, for the equal and proportionate benefit of all Holders of the Notes, as follows:

ARTICLE 1 Relation to Indenture; Definitions

SECTION 1.01. *Relation to Indenture.*

With respect to the Notes and the Guarantees thereof by the Guarantors, this Fourth Supplemental Indenture constitutes an integral part of the Indenture.

SECTION 1.02. *Definitions.*

For all purposes of this Fourth Supplemental Indenture, capitalized terms used herein and not otherwise defined herein shall have the meanings assigned thereto in the Original Indenture as supplemented and amended by the Third Supplemental Indenture.

SECTION 1.03. *General References.*

All references in this Fourth Supplemental Indenture to Articles and Sections, unless otherwise specified, refer to the corresponding Articles and Sections of this Fourth Supplemental Indenture; and the terms "*herein*", "*hereof*", "*hereunder*" and any other word of similar import refers to this Fourth Supplemental Indenture.

ARTICLE 2 The Series of Securities

SECTION 2.01. *The Form and Title of the Securities.*

There is hereby established two new series of Securities to be issued under the Indenture and to be designated as the Company's 5.125% Senior Notes due 2020 (the "2020 Notes") and the Company's 6.750% Senior Notes due 2040 (the "2040 Notes" and together with the 2020 Notes, the "Notes"). The Notes shall be substantially in the forms attached as Exhibits A-1 and A-2 hereto, in each case, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by the Indenture, and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as the Company may deem appropriate or as may be required or appropriate to comply with any applicable laws or with any rules made pursuant thereto or with the rules of any securities exchange or automated quotation system on which the Notes may be listed or traded, or to conform to general usage, or as may, consistently with the Indenture, be determined by the officers executing such Notes, as evidenced by their execution thereof.

The Notes shall be executed, authenticated and delivered in accordance with the provisions of, and shall in all respects be subject to, the terms, conditions and covenants of the Original Indenture as supplemented and amended by the Third Supplemental Indenture and this Fourth Supplemental Indenture (including the forms of Note set forth as Exhibits A-1 and A-2 hereto (the terms of which are incorporated in and made a part of this Fourth Supplemental Indenture for all intents and purposes)).

SECTION 2.02. *Amount.*

The aggregate principal amount of the Notes which may be authenticated and delivered pursuant hereto is unlimited. The Trustee shall initially authenticate and deliver Notes for original issue in initial aggregate principal amounts of up to \$800,000,000 of the 2020 Notes and up to \$600,000,000 of the 2040 Notes upon delivery to the Trustee of a Company Order for the authentication and delivery of such Notes. The Company may, from time to time, without notice to or the consent of the Holders of the Notes, increase the principal amount of the Notes under the Indenture and issue such increased principal amount (or any portion thereof), in which case any additional Notes so issued will have the same form and terms (other than the date of issuance and, under certain circumstances, the date from which interest thereon will begin to accrue), and will carry the same right to receive accrued and unpaid interest, as the Notes previously issued, and such additional Notes will form a single series with the Notes previously issued.

SECTION 2.03. *Stated Maturity and Denominations.*

The Stated Maturity of the 2020 Notes shall be September 15, 2020 and the Stated Maturity of the 2040 Notes shall be September 15, 2040. The Notes are issuable only in registered form without coupons in denominations of U.S. \$2,000 and any integral multiple of \$1,000 in excess thereof.

SECTION 2.04. *Interest and Interest Rates.*

The rate or rates at which the Notes shall bear interest, the date or dates from which such interest shall accrue, the Interest Payment Dates on which any such interest shall be payable and the Regular Record Date for any interest payable on any Interest Payment Date, in each case, shall be as set forth in the form of applicable Note set forth as Exhibit A-1 or Exhibit A-2 hereto.

SECTION 2.05. *Place of Payment.*

As long as any Notes are outstanding, the Company shall maintain an office or agency in the Borough of Manhattan, The City of New York, where Notes may be presented for payment.

SECTION 2.06. *Optional Redemption.*

At its option, the Company may redeem either series of the Notes, in whole or in part, in principal amounts of \$2,000 or an integral multiple of \$1,000 in excess thereof, at any time or from time to time, at the applicable redemption price determined as set forth in the form of applicable Note attached hereto as Exhibits A-1 and A-2, in accordance with the terms set forth in the Note and in accordance with Article Eleven of the Original Indenture.

SECTION 2.07. *Unconditional Guarantees.*

Article Fourteen of the Original Indenture (as amended and supplemented by the Third Supplemental Indenture and this Fourth Supplemental Indenture) shall be applicable to the Notes, and accordingly, as more fully set forth in such Article Fourteen, the Guarantors, jointly and severally, fully, irrevocably, unconditionally and absolutely guarantee to the Holders of Notes and to the Trustee the due and punctual payment of the principal of, and premium, if any, and interest on the Notes, and all other Indenture Obligations, when and as the same shall become due and payable, whether at the Stated Maturity, upon redemption or by declaration of acceleration or otherwise.

To further evidence the Guarantees of the Notes, the Guarantors hereby agree that a notation of such Guarantees in substantially in the form attached as Exhibit B hereto, in each case, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by the Indenture, shall be endorsed on each Note authenticated and delivered by the Trustee and executed by either manual or facsimile signature of an officer of each of the Guarantors. Each Guarantor hereby agrees that its Guarantee of the Notes shall remain in full force and effect notwithstanding any failure to endorse on any such Note a notation relating to the Guarantee thereof.

ARTICLE 3 Other Amendments to Indenture

SECTION 3.01. *Amendments to Indenture*

The amendments contained in this Section 3.01 shall apply to the Notes only and not to any other series of Securities issued under the Indenture. Such amendments shall be effective only for so long as there remain outstanding any Notes. The Indenture is hereby amended, subject to the preamble of this Section 3.01 and with respect to the Notes only, by amending and restating Sections 10.5 and 10.6 thereto as follows and by adding the following as new Sections 10.10 and 10.11 thereto:

Section 10.5. Limitation on Liens.

Weatherford Switzerland will not, nor will it permit any Subsidiary to, create, assume, incur or suffer to exist any Lien upon any property, whether owned or leased on the date of this Fourth Supplemental Indenture or thereafter acquired, to secure any Debt of Weatherford Switzerland or any other Person (other than the Securities issued hereunder), without in any such case making effective provision whereby all of the Securities Outstanding hereunder shall be secured equally and ratably with, or prior to, such Debt so long as such Debt shall be so secured. This restriction shall not apply to:

- (1) Liens (i) existing on the date any Securities are issued under this Indenture or (ii) provided for under the terms of agreements existing on such date securing indebtedness existing on such date;
- (2) Liens on current assets to secure current liabilities;
- (3) Liens on property acquired, constructed, altered or improved by Weatherford Switzerland or any Subsidiary of Weatherford Switzerland after the date of this Indenture which are created or assumed contemporaneously with, or within one year after, such acquisition (or in the case of property constructed, altered or improved, after the completion and commencement of commercial operation of such property, whichever is later) to secure or provide for the payment of any part of the purchase price of such property or the cost of such construction, alteration or improvement, it being understood that if a commitment for

such a financing is obtained prior to or within such one year period, the applicable Lien shall be deemed to be included in this clause (3) whether or not such Lien is created within such one year period; provided that in the case of any such construction, alteration or improvement the Lien shall not apply to any property theretofore owned by Weatherford Switzerland or any Subsidiary of Weatherford Switzerland, other than (i) the property so altered or improved and (ii) any theretofore unimproved real property on which the property so constructed or altered, or the improvement, is located;

(4) Liens on any property existing at the time of acquisition thereof (including Liens on any property acquired from or held by a Person which is consolidated or amalgamated with or merged with or into Weatherford Switzerland or a Subsidiary of Weatherford Switzerland) and Liens outstanding at the time any Person becomes a Subsidiary of Weatherford Switzerland that are not incurred in connection with such entity becoming a Subsidiary of Weatherford Switzerland;

(5) Liens in favor of Weatherford Switzerland or any Subsidiary of Weatherford Switzerland;

(6) Liens on any property (i) in favor of the United States, any State thereof, any foreign country or any department, agency, instrumentality or political subdivision of any such jurisdiction, to secure partial, progress, advance or other payments pursuant to any contract or statute, (ii) securing any indebtedness incurred for the purpose of financing all or any part of the purchase price or the cost of constructing, installing or improving the property subject to such Liens, including, without limitation, Liens to secure Debt of the pollution control or industrial revenue bond type, or (iii) securing indebtedness issued or guaranteed by the United States, any State thereof, any foreign country, or any department, agency, instrumentality or political subdivision of any such jurisdiction;

(7) Permitted Liens; and

(8) any extension, renewal, or replacement (or successive extensions, renewals or replacements), in whole or in part, of any Lien referred to in any of the foregoing clauses (1), (2), (3), (4), (5), and (6); provided, however, that the principal amount of Debt secured thereby shall not exceed the principal amount of Debt so secured at the time of such extension, renewal or replacement, together with the reasonable costs related to such extension, renewal or replacement, and that such extension, renewal or replacement shall be limited to all or a part of the property which secured the Lien so extended, renewed or replaced (plus improvements on such property).

Notwithstanding the foregoing provisions of this Section 10.5, Weatherford Switzerland and any Subsidiary of Weatherford Switzerland may issue, assume or guarantee secured Debt, which would otherwise be subject to the foregoing restrictions, in an aggregate amount which, together with all other such secured Debt and together with the aggregate amount of Attributable Indebtedness of Weatherford Switzerland and its Subsidiaries deemed to be outstanding in respect of all Sale-Leaseback Transactions (excluding any such Sale-Leaseback Transactions the proceeds of which have been applied in accordance with clauses (a), (b) or (c) of Section 10.6) does not exceed 15% of Consolidated Net Worth, as shown on a consolidated balance sheet, as of a date not more than 150 days prior to the proposed transaction, prepared by Weatherford Switzerland in accordance with generally accepted accounting principles.

For purposes of this Section 10.5 and for Section 10.6 only, "Subsidiary" means (i) a corporation more than 50% of the outstanding voting stock of which is owned, directly or indirectly, by Weatherford Switzerland or by one or more other Subsidiaries of Weatherford Switzerland, or by Weatherford Switzerland and one or more other Subsidiaries of Weatherford Switzerland or (ii) any partnership or similar business organization more than 50% of the ownership interests having ordinary voting power of which shall at the time be so owned. For the purposes of this definition, "voting stock" means capital stock or equity interests which ordinarily have voting power for the election of directors, whether at all times or only so long as no senior class of stock has such voting power by reason of any contingency.

Section 10.6. Restriction of Sale-Leaseback Transactions.

Weatherford Switzerland shall not, and shall not permit any Subsidiary of Weatherford Switzerland to, enter into any Sale-Leaseback Transaction with any Person (other than Weatherford Switzerland or a Subsidiary of Weatherford Switzerland) unless:

(a) at the time of entering into such Sale-Leaseback Transaction, Weatherford Switzerland or such Subsidiary of Weatherford Switzerland would be entitled to incur Debt, in a principal amount equal to the Attributable Indebtedness with respect to such Sale-Leaseback Transaction, secured by a Lien on the property subject to such Sale-Leaseback Transaction, pursuant to Section 10.5 without equally and ratably securing the Securities pursuant to such Section;

(b) after the Issue Date and within a period commencing six months prior to the consummation of such Sale-Leaseback Transaction and ending six months after the consummation thereof, Weatherford Switzerland or such Subsidiary of Weatherford Switzerland shall have expended for property used or to be used in the ordinary course of business of Weatherford Switzerland or such Subsidiary of Weatherford Switzerland (including amounts expended for additions, expansions, alterations, repairs and improvements thereto) an amount equal to all or a portion of the net proceeds of such Sale-Leaseback Transaction, and Weatherford Switzerland shall have elected to designate such amount as a credit against such Sale-Leaseback Transaction (with any such amount not being so designated to be applied as set forth in clause (c) below; or

(c) during the 12-month period after the effective date of such Sale-Leaseback Transaction, Weatherford Switzerland shall have applied to the voluntary defeasance or retirement of Securities or any pari passu indebtedness of Weatherford Switzerland an amount equal to the net proceeds of the sale or transfer of the real or personal property leased in such Sale-Leaseback Transaction, which amount shall not be less than the fair value of such property at the time of entering into such Sale-Leaseback Transaction (adjusted to reflect the remaining term of the lease and any amount expended by Weatherford Switzerland as set forth in clause (b) above), less an amount equal to the principal amount of Securities and pari passu indebtedness voluntarily defeased or retired by Weatherford Switzerland within such 12-month period and not designated as a credit against any other Sale-Leaseback Transaction entered into by Weatherford Switzerland or any Subsidiary of Weatherford Switzerland during such period.

Section 10.10 Change of Control Repurchase at the Option of Holders

(a) Upon the occurrence of a Change of Control Triggering Event, Holders of Securities will have the right to require the Company to make an offer (the "Change of Control Offer") to repurchase all or any part (equal to \$2,000 or an integral multiple of \$1,000 in excess thereof) of their Securities at a purchase price in cash equal to 101% of the aggregate principal amount of Securities repurchased plus accrued and unpaid interest, if any, on the Securities repurchased, to the date of purchase (the "Change of Control Payment"). Within 30 days following any Change of Control Triggering Event, the Company will mail a notice to each Holder of Securities describing the transaction or transactions that constitute the Change of Control Triggering Event and stating:

- (1) that the Change of Control Offer is being made pursuant to this Section 10.10 and that all Securities tendered will be accepted for payment;
- (2) the purchase price and the purchase date, which shall be no earlier than 30 days and no later than 60 days from the date such notice is mailed (the "Change of Control Payment Date");
- (3) that any Securities not tendered will continue to accrue interest;
- (4) that, unless the Company defaults in the payment of the Change of Control Payment, all Securities accepted for payment pursuant to the Change of Control Offer will cease to accrue interest after the Change of Control Payment Date;

(5) that Holders electing to have any Securities repurchased pursuant to a Change of Control Offer will be required to surrender the Securities, with the form entitled "Option of Holder to Elect Purchase" attached to the Securities completed, or transfer by book-entry transfer, to the Paying Agent at the address specified in the notice prior to the close of business on the third Business Day preceding the Change of Control Payment Date;

(6) that Holders will be entitled to withdraw their election if the Paying Agent receives, not later than the close of business on the second Business Day preceding the Change of Control Payment Date, a telegram, telex, facsimile, transmission or letter setting forth the name of the Holder, the principal amount of Securities delivered for purchase, and a statement that such Holder is withdrawing his election to have the Securities purchased; and

(7) that Holders whose Securities are being purchased only in part will be issued new Securities equal in principal amount to the unpurchased portion of the Securities surrendered, which unpurchased portion must be equal to \$2,000 in principal amount or in any integral multiple of \$1,000 in excess thereof.

The Company will comply with the requirements of Rule 14e-1 under the Exchange Act, and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the Securities as a result of a Change of Control Triggering Event. To the extent that the provisions of any securities laws or regulations conflict with the provisions of this Section 10.10 (or compliance with this Section 10.10 would constitute a violation of any such laws or regulations), the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this Section 10.10 by virtue of such conflicts.

(b) On or before the Change of Control Payment Date, the Company will be required, to the extent lawful, to:

(1) accept for payment all Securities or portions of Securities properly tendered pursuant to the Change of Control Offer;

(2) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all Securities or portions of Securities properly tendered; and

(3) deliver or cause to be delivered to the Trustee the Securities properly accepted.

The Paying Agent will promptly (but in any case not later than five days after the Change of Control Payment Date) mail to each Holder of Securities properly tendered the Change of Control Payment for such Securities, and the Trustee will promptly authenticate and mail (or cause to be transferred by book entry) to each Holder a new Security equal in principal amount to any unpurchased portion of the Securities surrendered, if any; provided that each new Security will be in a principal amount of \$2,000 or an integral multiple of \$1,000 in excess thereof. The Company will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

If Holders of not less than 95% in aggregate principal amount of a series of outstanding Securities validly tender and do not withdraw such Securities in a Change of Control Offer and the Company, or any third party making a Change of Control Offer in lieu of the Company as described below, purchases all of such Securities validly tendered and not withdrawn by such Holders, the Company will have the right, upon not less than 30 nor more than 60 days' prior notice, given not more than 30 days following such purchase pursuant to the Change of Control Offer described above, to redeem such Securities that remain outstanding following such purchase at a redemption price in cash equal to the applicable Change of Control Payment plus, to the extent not included in the Change of Control Payment, accrued and unpaid interest, if any, to the date of redemption.

(d) Notwithstanding anything to the contrary in this Section 10.10, the Company will not be required to make a Change of Control Offer with respect to a series of Securities upon a Change of Control Triggering Event if

(1) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in this Section 10.10 and purchases all Securities properly tendered and not withdrawn under the Change of Control Offer, or (2) notice of redemption has been given pursuant to Section 11.4 with respect to a redemption of all such Securities then outstanding pursuant to Article Eleven, unless and until there is a default in payment of the applicable redemption price.

(e) For purposes of this Section 10.10, the following definitions shall be applicable:

(1) "Below Investment Grade Rating Event" means, with respect to a series of Securities, the Securities are rated below an Investment Grade Rating by each of the Rating Agencies on any date from the date of the public notice of an arrangement that could result in a Change of Control until the end of the 60-day period following public notice of the occurrence of the Change of Control (which 60-day period shall be extended so long as the rating of the Securities is under publicly announced consideration for possible downgrade by either of the Rating Agencies).

(2) "Change of Control" means the occurrence of any of the following: (1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger, amalgamation, consolidation, plan or scheme of arrangement, exchange offer, business combination or similar transaction of the Weatherford Parent Company), in one or a series of related transactions, of all or substantially all of the properties or assets of the Weatherford Parent Company and its Subsidiaries taken as a whole to any person (as such term is used in Section 13(d) of the Exchange Act) other than the Weatherford Parent Company or one of its Subsidiaries or a Person controlled by the Weatherford Parent Company or one of its Subsidiaries; (2) the consummation of any transaction (including, without limitation, any merger, amalgamation, consolidation, plan or scheme of arrangement, exchange offer, business combination or similar transaction) the result of which is that any person (as such term is used in Section 13(d) of the Exchange Act) becomes the beneficial owner, directly or indirectly, of more than 50% of the then outstanding number of the Weatherford Parent Company's voting shares (excluding a Redomestication of the Weatherford Parent Company); or (3) the first day on which a majority of the members of the Weatherford Parent Company's Board of Directors are not Continuing Directors.

(3) "Change of Control Triggering Event" means the occurrence of both a Change of Control and a Below Investment Grade Rating Event.

(4) "Continuing Directors" means, as of any date of determination, any member of the Board of Directors of the Weatherford Parent Company who (1) was a member of such Board of Directors on the date of the issuance of the Securities; or (2) was nominated for election or appointed or elected to such Board of Directors with the approval of a majority of the Continuing Directors who were members of such Board of Directors at the time of such nomination, appointment or election (either by a specific vote or by approval of the Weatherford Parent Company's proxy statement in which such member was named as a nominee for election as a director, without objection to such nomination).

(5) "Investment Grade Rating" means a rating equal to or higher than Baa3 (or the equivalent under any successor ratings categories of Moody's) by Moody's and BBB- (or the equivalent under any successor ratings categories of S&P) by S&P.

(6) "Moody's" means Moody's Investors Service, Inc.

(7) "Rating Agencies" means (1) each of Moody's and S&P; and (2) if either of Moody's or S&P ceases to rate the Securities or fails to make a rating of the Securities publicly available for reasons outside of the Weatherford Parent Company's control, a "nationally recognized statistical rating organization" within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act, selected by the Weatherford Parent Company (as certified by a resolution of the Weatherford Parent Company's Board of Directors) as a replacement agency for Moody's or S&P, or both of them, as the case may be.

(8) "Redomestication" means:

(a) any amalgamation, merger, plan or scheme of arrangement, exchange offer, business combination, reincorporation, reorganization, consolidation or similar action of the Weatherford Parent Company with or into any other person (as such term is used in Section 13(d) of the Exchange Act), or of any other person (as such term is used in Section 13(d) of the Exchange Act) with or into the Weatherford Parent Company, or the sale, distribution or other disposition (other than by lease) of all or substantially all of the properties or assets of the Weatherford Parent Company and its Subsidiaries taken as a whole to any other person (as such term is used in Section 13(d) of the Exchange Act),

(b) any continuation, discontinuation, domestication, redomestication, amalgamation, merger, plan or scheme of arrangement, exchange offer, business combination, reincorporation, reorganization, conversion, consolidation or similar action with respect to the Weatherford Parent Company pursuant to the law of the jurisdiction of its organization and of any other jurisdiction, or

(c) the formation of a Person that becomes, as part of the transaction or series of related transactions, the direct or indirect owner of substantially all of the voting shares of the Weatherford Parent Company (the "New Parent"),

if as a result thereof

(x) in the case of any action specified in clause (a), the entity that is the surviving, resulting or continuing Person in such amalgamation, merger, plan or scheme of arrangement, exchange offer, business combination, reincorporation, reorganization, consolidation or similar action, or the transferee in such sale, distribution or other disposition,

(y) in the case of any action specified in clause (b), the entity that constituted the Weatherford Parent Company immediately prior thereto (but disregarding for this purpose any change in its jurisdiction of organization), or

(z) in the case of any action specified in clause (c), the New Parent

(in any such case, the "Surviving Person") is a corporation or other entity, validly incorporated or formed and existing in good standing (to the extent the concept of good standing is applicable) under the laws of Delaware or another State of the United States or under the laws of the United Kingdom, The Kingdom of the Netherlands or another member country of the European Union or under the laws of any other jurisdiction, whose voting shares of each class of capital stock issued and outstanding immediately following such action, and giving effect thereto, shall be beneficially owned by substantially the same Persons, in substantially the same percentages, as was such capital stock or shares of the entity constituting the Weatherford Parent Company immediately prior thereto and, if the Surviving Person is the New Parent, the Surviving Person continues to be owned, directly or indirectly, by substantially all of the Persons who were shareholders of the Weatherford Parent Company immediately prior to such transaction.

(9) "S&P" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc.

(10) "Weatherford Parent Company" means initially Weatherford Switzerland or, if a Redomestication has occurred subsequent to the date hereof and prior to the event in question or the date of determination, the Surviving Person resulting from such prior Redomestication.

Section 10.11 Use of Proceeds.

The Company will not use any of the net proceeds received by it from the issuance and sale of the Notes in a manner that would trigger the application of Circulars of the Swiss Bankers' Association NR 6746 of 29 June 1993 or otherwise result in tax withholding with respect to amounts payable to Holders under the Securities.

ARTICLE 4 Miscellaneous

SECTION 4.01. *Certain Trustee Matters.*

The recitals contained herein shall be taken as the statements of the Company and the Guarantors, and the Trustee assumes no responsibility for their correctness.

The Trustee makes no representations as to the validity or sufficiency of this Fourth Supplemental Indenture or the Notes or the proper authorization or the due execution hereof or thereof by the Company.

SECTION 4.02. *Continued Effect.*

Except as expressly supplemented and amended by the Third Supplemental Indenture and this Fourth Supplemental Indenture, the Original Indenture shall continue in full force and effect in accordance with the provisions thereof, and the Original Indenture, as supplemented and amended by the Third Supplemental Indenture, is in all respects hereby ratified and confirmed. This Fourth Supplemental Indenture and all of its provisions shall be deemed a part of the Original Indenture in the manner and to the extent herein and therein provided.

SECTION 4.03. *Governing Law.*

This Fourth Supplemental Indenture and the Notes shall be governed by and construed in accordance with the laws of the State of New York.

SECTION 4.04. *Counterparts.*

This instrument may be executed in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

(Signature Pages Follow)

IN WITNESS WHEREOF, the parties hereto have caused this Fourth Supplemental Indenture to be duly executed and delivered, all as of the day and year first above written.

WEATHERFORD INTERNATIONAL LTD.
a Bermuda exempted company
as Issuer

By: /s/ Joseph C. Henry
Name: Joseph C. Henry
Title: Vice President, Co-General Counsel and Assistant Secretary

WEATHERFORD INTERNATIONAL LTD.
a Swiss joint-stock corporation
as Guarantor

By: /s/ Joseph C. Henry
Name: Joseph C. Henry
Title: Vice President, Co-General Counsel and Secretary

WEATHERFORD INTERNATIONAL, INC.
a Delaware corporation
as Guarantor

By: /s/ Joseph C. Henry
Name: Joseph C. Henry
Title: Vice President — Legal and Secretary

DEUTSCHE BANK TRUST COMPANY AMERICAS
By: Deutsche Bank National Trust Company
as Trustee

By:	<u>/s/ Irina Golovashchuk</u>	
	Name:	Irina Golovashchuk
	Title:	Assistant Vice President

By:	<u>/s/ David Contino</u>	
	Name:	David Contino
	Title:	Vice President

11

[FORM OF FACE OF NOTE]

THIS SECURITY IS A GLOBAL SECURITY WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITARY OR A NOMINEE THEREOF. THIS SECURITY MAY NOT BE TRANSFERRED TO, OR REGISTERED OR EXCHANGED FOR SECURITIES REGISTERED IN THE NAME OF, ANY PERSON OTHER THAN THE DEPOSITARY OR A NOMINEE THEREOF AND NO SUCH TRANSFER MAY BE REGISTERED, EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE.

EVERY SECURITY AUTHENTICATED AND DELIVERED UPON REGISTRATION OF TRANSFER OF, OR IN EXCHANGE FOR OR IN LIEU OF, THIS SECURITY SHALL BE A GLOBAL SECURITY SUBJECT TO THE FOREGOING, EXCEPT IN SUCH LIMITED CIRCUMSTANCES.

UNLESS THIS SECURITY IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY ("DTC") (55 WATER STREET, NEW YORK, NEW YORK) TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT AND ANY SECURITY ISSUED IS REGISTERED IN THE NAME OF CEDE & CO., OR SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC, AND ANY PAYMENT IS MADE TO CEDE & CO., OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC, ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL, INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

WEATHERFORD INTERNATIONAL LTD. a Bermuda exempted company

5.125% Senior Notes due 2020

Rate of Interest
5.125%

Maturity Date
September 15, 2020

Original Issue Date
September 23, 2010

No. ____

U.S.\$_____

CUSIP No. 94707V AA8

Weatherford International Ltd., a Bermuda exempted company (herein called the "*Company*"), for value received, hereby promises to pay to Cede & Co. or registered assigns, the principal sum of _____ United States Dollars on the maturity date shown above, and to pay interest thereon, at the annual rate of interest shown above, from the original issue date shown above or from the most recent Interest Payment Date (as hereinafter defined) to which interest has been paid or duly provided for, payable semi-annually on March 15 and September 15 of each year (each, an "*Interest Payment Date*") and at such maturity date, commencing on the first such date after the original issue date hereof, except that if such original issue date is on or after a Regular Record Date (as defined below) but before the next Interest Payment Date, interest payments will commence on the second Interest Payment Date following the original issue date.

The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Indenture, be paid to the person in whose name this Security is registered at the close of business on the "*Regular Record Date*" for any such Interest Payment Date, which shall be the fourteenth calendar day (whether or not a Business Day) preceding the applicable Interest Payment Date. Any such interest not so punctually paid or duly provided for, and any interest payable on such defaulted interest (to the extent lawful), will forthwith cease to be payable to the Holder on such Regular Record Date and shall be paid to the person in whose name this Security is registered at the close of business on a special record date for the payment of such defaulted interest to be fixed by the Company, notice of which shall be given to Holders of Securities not less than 14 days prior to such special record date. Payment of the principal of and interest on this Security will be made at the agency of the Company maintained for that purpose in New York, New York and at any other office or agency maintained by the Company for such purpose, in United States dollars; *provided, however*, that, at the option of the Company, payment of interest, other than interest due on the maturity date shown above, may be made by check mailed to the address of the person entitled thereto as such address shall appear in the Security Register.

Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof by manual signature, this Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

(Signature Page Follows)

A-1-2

IN WITNESS WHEREOF, Weatherford International Ltd., a Bermuda exempted company, has caused this instrument to be executed in its corporate name by the signature of its duly authorized officer.

WEATHERFORD INTERNATIONAL LTD.
a Bermuda exempted company

By: _____
Name:
Title:

DATED: September 23, 2010

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the 5.125% Senior Notes due 2020 referred to in the within-mentioned Indenture.

DEUTSCHE BANK TRUST COMPANY AMERICAS,
by Deutsche Bank National Trust Company,
as Trustee

By: _____
Authorized Signatory

By: _____
Authorized Signatory
A-1-3

[REVERSE OF NOTE]

WEATHERFORD INTERNATIONAL LTD. a Bermuda exempted company

5.125% Senior Notes due 2020

This Security is one of a duly authorized issue of senior securities of Weatherford International Ltd., a Bermuda exempted company (the "*Company*") (herein called the "*Securities*"), issued and to be issued in one or more series under an Indenture, dated as of October 1, 2003 (the "*Original Indenture*") (the Original Indenture, as supplemented and amended by the Third Supplemental Indenture thereto, dated as of February 26, 2009, and the Fourth Supplemental Indenture thereto, dated September 23, 2010, among the Company, Weatherford International Ltd., a Swiss joint-stock corporation ("*Weatherford Switzerland*"), Weatherford International, Inc., a Delaware corporation (together with Weatherford Switzerland, the "*Guarantors*"), and Deutsche Bank Trust Company Americas, as Trustee (herein called the "*Trustee*", which term includes any successor trustee under the Original Indenture and any supplements and amendments thereto) being collectively referred to as the "*Indenture*"), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement, of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Guarantors, the Trustee and the Holders of the Securities and of the terms upon which the Securities are, and are to be, authenticated and delivered. As provided in the Indenture, the Securities may be issued in one or more series, which different series may be issued in various aggregate principal amounts, may mature at different times, may bear interest, if any, at different rates, may be subject to different redemption provisions, if any, may be subject to different sinking, purchase or analogous funds, if any, may be subject to different covenants and Events of Default and may otherwise vary as in the Indenture provided or permitted. This Security is one of the series designated on the face hereof.

This Security is the general, unsecured, senior obligation of the Company and is guaranteed pursuant to guarantees (the "*Guarantees*") by each of the Guarantors on a joint and several basis. The Guarantees are the general, unsecured, senior obligation of the Guarantors.

The Securities are subject to redemption upon not less than 30 nor more than 60 days' notice by mail, at any time, as a whole or in part, at the election of the Company at a Redemption Price equal to the greater of: (a) 100% of the principal amount of Securities then outstanding to be redeemed, plus accrued and unpaid interest thereon to the redemption date; or (b) the sum of the present values of the remaining scheduled payments of principal and interest on the Securities then outstanding to be redeemed (not including any portion of such payments of interest accrued as of the redemption date), discounted to the redemption date on a semi-annual basis (computed based on a 360-day year consisting of twelve 30-day months) at the Adjusted Treasury Rate, plus 35 basis points (0.35%), as calculated by an Independent Investment Banker, plus accrued and unpaid interest thereon to the redemption date; but interest installments whose Stated Maturity is on or prior to such Redemption Date will be payable to the Holders of such Securities, or one or more Predecessor Securities, of record at the close of business on the relevant Record Dates referred to on the face hereof, all as provided in the Indenture.

"*Adjusted Treasury Rate*" means, with respect to any redemption date: (a) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated "H.15(519)" or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption "Treasury Constant Maturities," for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three months before or after the remaining life, as defined below, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue will be determined and the Adjusted Treasury Rate will be interpolated or extrapolated from such yields on a straight-line basis, rounding to the nearest month); or (b) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per year equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date. The Adjusted Treasury Rate will be calculated on the third business day preceding the redemption date.

"*Comparable Treasury Issue*" means the United States Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term of the Securities to be redeemed that would be used, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such Securities.

"Comparable Treasury Price" means (1) the average of five Reference Treasury Dealer Quotations for the redemption date, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (2) if an Independent Investment Banker obtains fewer than five such Reference Treasury Dealer Quotations, the average of all such quotations.

"Independent Investment Banker" means Deutsche Bank Securities Inc., Morgan Stanley & Co. Incorporated, UBS Securities LLC or J.P. Morgan Securities LLC or any of their respective successors, as designated by the Company, or if all such firms are unwilling or unable to serve as such, an independent investment and banking institution of national standing appointed by the Company.

"Reference Treasury Dealer" means: (a) Deutsche Bank Securities Inc., Morgan Stanley & Co. Incorporated, UBS Securities LLC or J.P. Morgan Securities LLC and each of their respective successors; provided that, if any such Reference Treasury Dealer ceases to be a primary U.S. Government securities dealer in the United States ("Primary Treasury Dealer"), the Company will substitute another Primary Treasury Dealer; and (b) up to one other Primary Treasury Dealer selected by the Company.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by an Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to an Independent Investment Banker at 3:00 p.m., New York City time, on the third business day preceding such redemption date.

In the event of redemption of this Security in part only, a new Security or Securities of this series and of like tenor for the unredeemed portion hereof will be issued in the name of the Holder hereof upon the cancellation hereof.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the Guarantors and the rights of the Holders of the Securities of each series to be affected under the Indenture at any time by the Company and the Guarantors and the Trustee with the consent of the Holders of a majority in aggregate principal amount of the Securities at the time Outstanding of each series to be affected. The Indenture also contains provisions permitting the Holders of specified percentages in aggregate principal amount of the Securities of each series at the time Outstanding, on behalf of the Holders of all Securities of such series, to waive compliance by the Company and the Guarantors with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Security.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of (and premium, if any) and interest on this Security at the times, place(s) and rate, and in the coin or currency, herein prescribed.

This Global Security or portion hereof may not be exchanged for Definitive Securities of this series except in the limited circumstances provided in the Indenture. The holders of beneficial interests in this Global Security will not be entitled to receive physical delivery of Definitive Securities except as described in the Indenture and will not be considered the Holders thereof for any purpose under the Indenture.

The Securities are issuable only in registered form without coupons in denominations of U.S. \$2,000 and any integral multiple of \$1,000 in excess thereof. As provided in the Indenture and subject to certain limitations therein set forth, Securities of this series are exchangeable for a like aggregate principal amount of Securities of this series and of like tenor of a different authorized denomination, as requested by the Holder surrendering the same.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Security for registration of transfer, the Company, the Guarantors, the Trustee and any agent of the Company, the Guarantors or the Trustee may treat the Person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security be overdue, and none of the Company, the Guarantors, the Trustee nor any such agent shall be affected by notice to the contrary.

No recourse under or upon any obligation, covenant or agreement of or contained in the Indenture or of or contained in any Security, or the Guarantees endorsed thereon, or for any claim based thereon or otherwise in respect thereof, or in any Security or in the Guarantees, or because of the creation of any indebtedness represented thereby, shall be had against any incorporator, shareholder, member, officer, manager or director, as such, past, present or future, of the Company or the Guarantors or of any successor Person, either directly or through the Company or the Guarantors or any successor Person, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment, penalty or otherwise; it being expressly understood that all such liability is hereby expressly waived and released by the acceptance hereof and as a condition of, and as part of the consideration for, the Securities and the execution of the Indenture.

The Indenture provides that the Company and the Guarantors (a) will be discharged from any and all obligations in respect of the Securities (except for certain obligations described in the Indenture), or (b) need not comply with certain restrictive covenants of the Indenture, in each case if the Company or a Guarantor deposits, in trust, with the Trustee money or U.S. Government Obligations (or a combination thereof) which through the payment of interest thereon and principal thereof in accordance with their terms will provide money, in an amount sufficient to pay all the principal of and interest on the Securities, but such money need not be segregated from other funds except to the extent required by law.

As more fully provided in the Indenture, no Holder may pursue any remedy under the Indenture unless the Trustee shall have failed to act after notice of an Event of Default and written request by Holders of at least 25% in principal amount of a series of the Securities and the offer to the Trustee of indemnity satisfactory to it; however, such provision does not affect the right to sue for enforcement of any overdue payment on any Security.

Except as otherwise defined herein, all terms used in this Security which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

Customary abbreviations may be used in the name of a Holder or any assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian) and U/G/M/A (= Uniform Gifts to Minors Act).

The Company will furnish to any holder of record of this Security, upon written request, without charge, a copy of the Indenture. Requests may be made to: Weatherford International Ltd., 515 Post Oak Blvd., Suite 600, Houston, Texas 77027, Attention: Corporate Secretary.

This Security shall be governed by and construed in accordance with the laws of the State of New York without regard to any principles of conflicts of law thereof that would result in the application of the laws of any other jurisdiction.

ASSIGNMENT FORM

FOR VALUE RECEIVED, the undersigned hereby sell(s), assign(s) and transfer(s) unto

(Please Print or Typewrite Name and Address of Assignee)

the within instrument of WEATHERFORD INTERNATIONAL LTD., a Bermuda exempted company, and does hereby irrevocably constitute and appoint

Attorney to transfer said instrument on the books of the within-named Company, with full power of substitution in the premises.

Please Insert Social Security or Other Identifying Number of Assignee:

Dated:

(Signature)

Signature Guarantee:

(Participant in a Recognized Signature Guaranty Medallion Program)

NOTICE: The signature to this assignment must correspond with the name as written upon the face of the within instrument in every particular, without alteration or enlargement or any change whatever.

A-1-7

OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have this Security purchased by the Company pursuant to Section 10.10 or 11.6 of the Indenture, check the appropriate box below:

☐ Section 10.10

☐ Section 11.6

If you want to elect to have only part of the Security purchased by the Company pursuant to Section 10.10 or Section 11.6 of the Indenture, state the amount you elect to have purchased:

\$ _____

Date:

Your Signature: _____ (Sign exactly
as your name appears on the face of this Security)

Tax Identification No.:

Signature Guarantee*:

* Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor acceptable to the Trustee).
A-1-8

SCHEDULE OF INCREASES OR DECREASES IN GLOBAL SECURITY

The following increases or decreases in this Global Security have been made:

Date of Exchange	Amount of Decrease in Principal Amount of this Global Security	Amount of Increase in Principal Amount of this Global Security	Principal Amount of this Global Security following such decrease (or increase)	Signature of authorized signatory of Trustee or Depositary
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[FORM OF FACE OF NOTE]

THIS SECURITY IS A GLOBAL SECURITY WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITARY OR A NOMINEE THEREOF. THIS SECURITY MAY NOT BE TRANSFERRED TO, OR REGISTERED OR EXCHANGED FOR SECURITIES REGISTERED IN THE NAME OF, ANY PERSON OTHER THAN THE DEPOSITARY OR A NOMINEE THEREOF AND NO SUCH TRANSFER MAY BE REGISTERED, EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE.

EVERY SECURITY AUTHENTICATED AND DELIVERED UPON REGISTRATION OF TRANSFER OF, OR IN EXCHANGE FOR OR IN LIEU OF, THIS SECURITY SHALL BE A GLOBAL SECURITY SUBJECT TO THE FOREGOING, EXCEPT IN SUCH LIMITED CIRCUMSTANCES.

UNLESS THIS SECURITY IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY ("DTC") (55 WATER STREET, NEW YORK, NEW YORK) TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT AND ANY SECURITY ISSUED IS REGISTERED IN THE NAME OF CEDE & CO., OR SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC, AND ANY PAYMENT IS MADE TO CEDE & CO., OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC, ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL, INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

WEATHERFORD INTERNATIONAL LTD. a Bermuda exempted company

6.750% Senior Notes due 2040

Rate of Interest
6.750%

Maturity Date
September 15, 2040

Original Issue Date
September 23, 2010

No. ____

U.S.\$_____

CUSIP No. 94707V AB6

Weatherford International Ltd., a Bermuda exempted company (herein called the "*Company*"), for value received, hereby promises to pay to Cede & Co. or registered assigns, the principal sum of _____ United States Dollars on the maturity date shown above, and to pay interest thereon, at the annual rate of interest shown above, from the original issue date shown above or from the most recent Interest Payment Date (as hereinafter defined) to which interest has been paid or duly provided for, payable semi-annually on March 15 and September 15 of each year (each, an "*Interest Payment Date*") and at such maturity date, commencing on the first such date after the original issue date hereof, except that if such original issue date is on or after a Regular Record Date (as defined below) but before the next Interest Payment Date, interest payments will commence on the second Interest Payment Date following the original issue date.

The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Indenture, be paid to the person in whose name this Security is registered at the close of business on the "*Regular Record Date*" for any such Interest Payment Date, which shall be the fourteenth calendar day (whether or not a Business Day) preceding the applicable Interest Payment Date. Any such interest not so punctually paid or duly provided for, and any interest payable on such defaulted interest (to the extent lawful), will forthwith cease to be payable to the Holder on such Regular Record Date and shall be paid to the person in whose name this Security is registered at the close of business on a special record date for the payment of such defaulted interest to be fixed by the Company, notice of which shall be given to Holders of Securities not less than 14 days prior to such special record date. Payment of the principal of and interest on this Security will be made at the agency of the Company maintained for that purpose in New York, New York and at any other office or agency maintained by the Company for such purpose, in United States dollars; *provided, however*, that, at the option of the Company, payment of interest, other than interest due on the maturity date shown above, may be made by check mailed to the address of the person entitled thereto as such address shall appear in the Security Register.

Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof by manual signature, this Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

(Signature Page Follows)

A-2-2

IN WITNESS WHEREOF, Weatherford International Ltd., a Bermuda exempted company, has caused this instrument to be executed in its corporate name by the signature of its duly authorized officer.

WEATHERFORD INTERNATIONAL LTD.
a Bermuda exempted company

By:

Name:
Title:

DATED: September 23, 2010

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the 6.750% Senior Notes due 2040 referred to in the within-mentioned Indenture.

DEUTSCHE BANK TRUST COMPANY AMERICAS,
by Deutsche Bank National Trust Company,
as Trustee

By:

Authorized Signatory

By:

Authorized Signatory

A-2-3

[REVERSE OF NOTE]

WEATHERFORD INTERNATIONAL LTD. a Bermuda exempted company

6.750% Senior Notes due 2040

This Security is one of a duly authorized issue of senior securities of Weatherford International Ltd., a Bermuda exempted company (the "*Company*") (herein called the "*Securities*"), issued and to be issued in one or more series under an Indenture, dated as of October 1, 2003 (the "*Original Indenture*") (the Original Indenture, as supplemented and amended by the Third Supplemental Indenture thereto, dated as of February 26, 2009, and the Fourth Supplemental Indenture thereto, dated September 23, 2010, among the Company, Weatherford International Ltd., a Swiss joint-stock corporation ("*Weatherford Switzerland*"), Weatherford International, Inc., a Delaware corporation (together with Weatherford Switzerland, the "*Guarantors*"), and Deutsche Bank Trust Company Americas, as Trustee (herein called the "*Trustee*", which term includes any successor trustee under the Original Indenture and any supplements and amendments thereto) being collectively referred to as the "*Indenture*"), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement, of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Guarantors, the Trustee and the Holders of the Securities and of the terms upon which the Securities are, and are to be, authenticated and delivered. As provided in the Indenture, the Securities may be issued in one or more series, which different series may be issued in various aggregate principal amounts, may mature at different times, may bear interest, if any, at different rates, may be subject to different redemption provisions, if any, may be subject to different sinking, purchase or analogous funds, if any, may be subject to different covenants and Events of Default and may otherwise vary as in the Indenture provided or permitted. This Security is one of the series designated on the face hereof.

This Security is the general, unsecured, senior obligation of the Company and is guaranteed pursuant to guarantees (the "*Guarantees*") by each of the Guarantors on a joint and several basis. The Guarantees are the general, unsecured, senior obligation of the Guarantors.

The Securities are subject to redemption upon not less than 30 nor more than 60 days' notice by mail, at any time, as a whole or in part, at the election of the Company at a Redemption Price equal to the greater of: (a) 100% of the principal amount of Securities then outstanding to be redeemed, plus accrued and unpaid interest thereon to the redemption date; or (b) the sum of the present values of the remaining scheduled payments of principal and interest on the Securities then outstanding to be redeemed (not including any portion of such payments of interest accrued as of the redemption date), discounted to the redemption date on a semi-annual basis (computed based on a 360-day year consisting of twelve 30-day months) at the Adjusted Treasury Rate, plus 45 basis points (0.45%), as calculated by an Independent Investment Banker, plus accrued and unpaid interest thereon to the redemption date; but interest installments whose Stated Maturity is on or prior to such Redemption Date will be payable to the Holders of such Securities, or one or more Predecessor Securities, of record at the close of business on the relevant Record Dates referred to on the face hereof, all as provided in the Indenture.

"*Adjusted Treasury Rate*" means, with respect to any redemption date: (a) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated "H.15(519)" or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption "Treasury Constant Maturities," for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three months before or after the remaining life, as defined below, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue will be determined and the Adjusted Treasury Rate will be interpolated or extrapolated from such yields on a straight-line basis, rounding to the nearest month); or (b) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per year equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date. The Adjusted Treasury Rate will be calculated on the third business day preceding the redemption date.

"*Comparable Treasury Issue*" means the United States Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term of the Securities to be redeemed that would be used, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such Securities.

"Comparable Treasury Price" means (1) the average of five Reference Treasury Dealer Quotations for the redemption date, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (2) if an Independent Investment Banker obtains fewer than five such Reference Treasury Dealer Quotations, the average of all such quotations.

"Independent Investment Banker" means Deutsche Bank Securities Inc., Morgan Stanley & Co. Incorporated, UBS Securities LLC or J.P. Morgan Securities LLC or any of their respective successors, as designated by the Company, or if all such firms are unwilling or unable to serve as such, an independent investment and banking institution of national standing appointed by the Company.

"Reference Treasury Dealer" means: (a) Deutsche Bank Securities Inc., Morgan Stanley & Co. Incorporated, UBS Securities LLC or J.P. Morgan Securities LLC and each of their respective successors; provided that, if any such Reference Treasury Dealer ceases to be a primary U.S. Government securities dealer in the United States ("Primary Treasury Dealer"), the Company will substitute another Primary Treasury Dealer; and (b) up to one other Primary Treasury Dealer selected by the Company.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by an Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to an Independent Investment Banker at 3:00 p.m., New York City time, on the third business day preceding such redemption date.

In the event of redemption of this Security in part only, a new Security or Securities of this series and of like tenor for the unredeemed portion hereof will be issued in the name of the Holder hereof upon the cancellation hereof.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the Guarantors and the rights of the Holders of the Securities of each series to be affected under the Indenture at any time by the Company and the Guarantors and the Trustee with the consent of the Holders of a majority in aggregate principal amount of the Securities at the time Outstanding of each series to be affected. The Indenture also contains provisions permitting the Holders of specified percentages in aggregate principal amount of the Securities of each series at the time Outstanding, on behalf of the Holders of all Securities of such series, to waive compliance by the Company and the Guarantors with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Security.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of (and premium, if any) and interest on this Security at the times, place(s) and rate, and in the coin or currency, herein prescribed.

This Global Security or portion hereof may not be exchanged for Definitive Securities of this series except in the limited circumstances provided in the Indenture. The holders of beneficial interests in this Global Security will not be entitled to receive physical delivery of Definitive Securities except as described in the Indenture and will not be considered the Holders thereof for any purpose under the Indenture.

The Securities are issuable only in registered form without coupons in denominations of U.S. \$2,000 and any integral multiple of \$1,000 in excess thereof. As provided in the Indenture and subject to certain limitations therein set forth, Securities of this series are exchangeable for a like aggregate principal amount of Securities of this series and of like tenor of a different authorized denomination, as requested by the Holder surrendering the same.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Security for registration of transfer, the Company, the Guarantors, the Trustee and any agent of the Company, the Guarantors or the Trustee may treat the Person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security be overdue, and none of the Company, the Guarantors, the Trustee nor any such agent shall be affected by notice to the contrary.

No recourse under or upon any obligation, covenant or agreement of or contained in the Indenture or of or contained in any Security, or the Guarantees endorsed thereon, or for any claim based thereon or otherwise in respect thereof, or in any Security or in the Guarantees, or because of the creation of any indebtedness represented thereby, shall be had against any incorporator, shareholder, member, officer, manager or director, as such, past, present or future, of the Company or the Guarantors or of any successor Person, either directly or through the Company or the Guarantors or any successor Person, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment, penalty or otherwise; it being expressly understood that all such liability is hereby expressly waived and released by the acceptance hereof and as a condition of, and as part of the consideration for, the Securities and the execution of the Indenture.

The Indenture provides that the Company and the Guarantors (a) will be discharged from any and all obligations in respect of the Securities (except for certain obligations described in the Indenture), or (b) need not comply with certain restrictive covenants of the Indenture, in each case if the Company or a Guarantor deposits, in trust, with the Trustee money or U.S. Government Obligations (or a combination thereof) which through the payment of interest thereon and principal thereof in accordance with their terms will provide money, in an amount sufficient to pay all the principal of and interest on the Securities, but such money need not be segregated from other funds except to the extent required by law.

As more fully provided in the Indenture, no Holder may pursue any remedy under the Indenture unless the Trustee shall have failed to act after notice of an Event of Default and written request by Holders of at least 25% in principal amount of a series of the Securities and the offer to the Trustee of indemnity satisfactory to it; however, such provision does not affect the right to sue for enforcement of any overdue payment on any Security.

Except as otherwise defined herein, all terms used in this Security which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

Customary abbreviations may be used in the name of a Holder or any assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian) and U/G/M/A (= Uniform Gifts to Minors Act).

The Company will furnish to any holder of record of this Security, upon written request, without charge, a copy of the Indenture. Requests may be made to: Weatherford International Ltd., 515 Post Oak Blvd., Suite 600, Houston, Texas 77027, Attention: Corporate Secretary.

This Security shall be governed by and construed in accordance with the laws of the State of New York without regard to any principles of conflicts of law thereof that would result in the application of the laws of any other jurisdiction.

ASSIGNMENT FORM

FOR VALUE RECEIVED, the undersigned hereby sell(s), assign(s) and transfer(s) unto

(Please Print or Typewrite Name and Address of Assignee)

the within instrument of WEATHERFORD INTERNATIONAL LTD., a Bermuda exempted company, and does hereby irrevocably constitute and appoint

Attorney to transfer said instrument on the books of the within-named Company, with full power of substitution in the premises.

Please Insert Social Security or Other Identifying Number of Assignee:

Dated:

(Signature)

Signature Guarantee:

(Participant in a Recognized Signature Guaranty Medallion Program)

NOTICE: The signature to this assignment must correspond with the name as written upon the face of the within instrument in every particular, without alteration or enlargement or any change whatever.

A-2-7

OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have this Security purchased by the Company pursuant to Section 10.10 or 11.6 of the Indenture, check the appropriate box below:

☐ Section 10.10

☐ Section 11.6

If you want to elect to have only part of the Security purchased by the Company pursuant to Section 10.10 or Section 11.6 of the Indenture, state the amount you elect to have purchased:

\$ _____

Date:

Your Signature: _____ (Sign exactly
as your name appears on the face of this Security)

Tax Identification No.:

Signature Guarantee*:

* Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor acceptable to the Trustee).
A-2-8

SCHEDULE OF INCREASES OR DECREASES IN GLOBAL SECURITY

The following increases or decreases in this Global Security have been made:

Date of Exchange	Amount of Decrease in Principal Amount of this Global Security	Amount of Increase in Principal Amount of this Global Security	Principal Amount of this Global Security following such decrease (or increase)	Signature of authorized signatory of Trustee or Depositary
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[FORM OF GUARANTEE NOTATION]

Each Guarantor (which term includes any successor Person in such capacity under the Indenture), has fully, unconditionally and absolutely guaranteed, to the extent set forth in the Indenture and subject to the provisions in the Indenture, the due and punctual payment of the principal of, and premium, if any, and interest on the Securities of this series and all other amounts due and payable under the Indenture and such Securities by the Company.

The obligations of the Guarantors to the Holders of Securities and to the Trustee pursuant to the Guarantees and the Indenture are expressly set forth in Article Fourteen of the Indenture and reference is hereby made to the Indenture for the precise terms of the Guarantees.

Guarantors:
WEATHERFORD INTERNATIONAL LTD.
a Swiss joint-stock corporation

By:

Name: _____
Title: _____

WEATHERFORD INTERNATIONAL, INC.
a Delaware corporation

By:

Name: _____
Title: _____

Guaranty Agreement

THIS GUARANTY AGREEMENT (this "Guaranty"), dated as of October 15, 2010, is made by WEATHERFORD INTERNATIONAL LTD., a Swiss joint stock corporation ("WIL-Switzerland"), and Weatherford International, Inc., a Delaware corporation ("WII" and, together with WIL-Switzerland, the "Guarantors", and each, individually, a "Guarantor"), in favor of JPMorgan Chase Bank, N.A., as administrative agent for the Lenders (in such capacity, the "Administrative Agent"), each Lender, each Issuing Bank, each Swingline Lender and each other Person to which any Guaranteed Obligations are owed (collectively, the "Guaranteed Parties" and each, individually, a "Guaranteed Party").

RECITALS:

WHEREAS, Weatherford International Ltd., a Bermuda exempted company ("WIL"), Weatherford Liquidity Management Hungary Limited Liability Company, a Hungarian limited liability company ("HOC"), Weatherford Capital Management Services Limited Liability Company, a Hungarian limited liability company (together with WIL, HOC and any other Persons from time to time becoming Borrowers under the Credit Agreement, but excluding any Persons who from time to time cease to be Borrowers under the Credit Agreement, collectively, the "Borrowers"), WIL-Switzerland, the Lenders named therein, the Issuing Banks named therein, the Swingline Lenders named therein and the Administrative Agent have entered into that certain Credit Agreement dated as of the date hereof (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement");

WHEREAS, pursuant to the Credit Agreement, the Lenders, the Issuing Banks and the Swingline Lender have agreed to extend credit to the Borrowers;

WHEREAS, each of the Borrowers is a Wholly-Owned Subsidiary of WIL-Switzerland;

WHEREAS, the proceeds of the extensions of credit to the Borrowers under the Credit Agreement will be used in part to enable the Borrowers to make valuable transfers to one or more of the Guarantors in connection with the operation of their respective businesses;

WHEREAS, each Guarantor will derive substantial direct or indirect benefits from the making of Loans to the Borrowers and the issuance of Letters of Credit for the account of the Borrowers under the Credit Agreement; and

WHEREAS, it is a condition precedent to the obligation of the Lenders, the Issuing Banks and the Swingline Lender to extend such credit under the Credit Agreement that each Guarantor shall have executed and delivered this Guaranty for the benefit of the Guaranteed Parties.

NOW, THEREFORE, in consideration of the premises, the terms and conditions contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

SECTION 1. Definitions.

(a) As used herein, the following terms shall have the following meanings:

"Administrative Agent" has the meaning set forth in the introductory paragraph of this Guaranty.

"Bankruptcy Code" means the Title 11 of the United States Code.

"Borrowers" has the meaning set forth in the recitals of this Guaranty.

"Covered Taxes" has the meaning given to such term in Section 17(a).

"Credit Agreement" has the meaning set forth in the recitals of this Guaranty.

"Fraudulent Transfer Laws" has the meaning given to such term in Section 2(d).

"Guaranteed Obligations" has the meaning given to such term in Section 2(a).

"Guaranteed Party" and "Guaranteed Parties" have the meanings set forth in the introductory paragraph of this Guaranty.

"Guarantor" and "Guarantors" have the meanings set forth in the introductory paragraph of this Guaranty.

"Guaranty" has the meaning set forth in the introductory paragraph of this Guaranty.

"HOC" has the meaning set forth in the recitals of this Guaranty.

"Specified Debt" means any obligation created or assumed by any Person for the repayment of money borrowed and any purchase money obligation created or assumed by such Person and any guarantee of the foregoing.

"WII" has the meaning set forth in the introductory paragraph of this Guaranty.

"WIL" has the meaning set forth in the recitals of this Guaranty.

"WIL-Switzerland" has the meaning set forth in the introductory paragraph of this Guaranty.

(b) Reference is hereby made to the Credit Agreement for a statement of the terms thereof. All capitalized terms used in this Guaranty which are defined in the Credit Agreement and not otherwise defined herein shall have the same meanings herein as set forth therein.

(c) All Schedules or Exhibits which may be attached to this Guaranty are a part hereof for all purposes.

(d) Unless a clear contrary intention appears, the rules of interpretation set forth in Section 1.04 of the Credit Agreement shall apply to this Guaranty and are hereby incorporated herein.

SECTION 2. Guaranty.

(a) Each Guarantor hereby absolutely, unconditionally and irrevocably guarantees, jointly with the other Guarantors and severally, as primary obligor and not merely as surety, the full and punctual payment when due, whether at stated maturity or earlier, by reason of acceleration or otherwise, of all of the Obligations now or hereafter existing, whether for principal, interest (including interest accruing or becoming owing both prior to and subsequent to the commencement of any proceeding against or with respect to any Borrower or any Guarantor under any applicable bankruptcy or insolvency law (including the Bankruptcy Code)), fees, expenses, indemnities, reimbursement of LC Disbursements or otherwise (all such obligations being referred to herein as the "Guaranteed Obligations"). The Guarantors, jointly and severally, agree to pay any and all documented out-of-pocket expenses incurred by each Lender, the Administrative Agent and the Issuing Banks in enforcing this Guaranty against any Guarantor.

(b) This Guaranty is an absolute, unconditional, present and continuing guaranty of payment and not of collection and is in no way conditioned upon any attempt to collect from any Borrower or any Guarantor or any other action, occurrence or circumstance whatsoever.

(c) Each Guarantor guarantees that the Guaranteed Obligations shall be paid strictly in accordance with the terms of the Credit Agreement and the other Loan Documents, including in respect of amounts owed to any Defaulting Lender; *provided* that if payment in respect of any Guaranteed Obligations shall be due in a currency other than Dollars and if, by reason of any legal prohibition, disruption of currency or foreign exchange markets, war or civil disturbance or other event, payment of such Guaranteed Obligations in such currency shall be impossible, then, at the election of the applicable Guaranteed Party, each Guarantor shall make payment to such Guaranteed Party of the Dollar Equivalent of such Guaranteed Obligations owed to such Guaranteed Party and shall indemnify such Guaranteed Party against any losses or expenses (including losses or expenses resulting from fluctuations in exchange rates) that it shall sustain as a result of such alternative payment.

(d) Any term or provision of this Guaranty or any other Loan Document to the contrary notwithstanding, the maximum aggregate amount of the Guaranteed Obligations for which any Guarantor shall be liable shall not exceed the maximum amount for which such Guarantor can be liable without rendering this Guaranty or any other Loan Document, as it relates to such Guarantor, subject to avoidance under applicable law relating to fraudulent conveyance or fraudulent transfer (including Section 548 of the Bankruptcy Code or any analogous provisions of any other law of any Governmental Authority) (collectively, "Fraudulent Transfer Laws"), in each case after giving effect to (i) all other liabilities of such Guarantor, contingent or otherwise, that are relevant under such Fraudulent Transfer Laws and (ii) the value of assets of such Guarantor (as determined under the applicable provisions of such Fraudulent Transfer Laws) after giving effect to any rights to subrogation, contribution, reimbursement, indemnity or similar rights held by such Guarantor.

SECTION 3. Guaranty Unconditional.

(a) Each Guarantor agrees that, to the maximum extent permitted by applicable law, the Guaranteed Obligations and the Loan Documents to which any Borrower is a party may be extended or renewed, and indebtedness thereunder repaid and reborrowed in whole or in part, without notice to or assent by such Guarantor, and that such Guarantor shall remain bound upon this Guaranty notwithstanding any extension, renewal or other alteration of any of the Guaranteed Obligations or such Loan Documents or any repayment and reborrowing of Loans under the Credit Agreement. The obligations of the Guarantors under this Guaranty are absolute and unconditional and, without limiting the generality of the foregoing, to the maximum extent permitted by applicable law, the obligations of each Guarantor under this Guaranty shall not be released, discharged, diminished, impaired, reduced or otherwise affected by the occurrence of any or all of the following:

(i) any modification, amendment, supplement, renewal, extension for any period, increase, decrease, alteration or rearrangement of all or any part of the Guaranteed Obligations, or of the Credit Agreement or any other Loan Document or any other document or agreement executed in connection with the Guaranteed Obligations;

(ii) any adjustment, indulgence, forbearance or compromise that might be granted or given by any Guaranteed Party to any Guarantor, any Borrower or any other Person liable on the Guaranteed Obligations;

(iii) the insolvency, bankruptcy, arrangement, adjustment, composition, liquidation, disability, dissolution or lack of power of any Guarantor, any Borrower or any other Person at any time liable for the payment of all or part of the Guaranteed Obligations; or any dissolution or winding up of any Guarantor or any Borrower, or any sale, lease or transfer of any or all of the assets of any Guarantor or any Borrower, or any changes in the shareholders of any Guarantor or any Borrower, or any reorganization of any Guarantor or any Borrower;

(iv) the invalidity, illegality or unenforceability of all or any part of the Guaranteed Obligations, or of the Credit Agreement or any other Loan Document or any other document or agreement executed in connection with the Guaranteed Obligations, for any reason whatsoever, including the fact that (A) the Guaranteed Obligations, or any part thereof, exceed the amount permitted by law, (B) the act of creating the Guaranteed Obligations, or any part thereof, is *ultra vires*, (C) the officers or representatives executing the documents or otherwise creating the Guaranteed Obligations acted in excess of their authority, (D) the Guaranteed Obligations, or any part thereof, violate applicable usury laws, (E) any Guarantor or any Borrower has valid defenses, claims, and offsets (whether at law or in equity, by agreement or by statute) which render the Guaranteed Obligations wholly or partially uncollectible from any Guarantor or any Borrower, (F) the performance or repayment of the Guaranteed Obligations (or execution, delivery and performance of any document or instrument representing any part of the Guaranteed Obligations or executed in connection with any of the Guaranteed Obligations, or given to secure the repayment of the Guaranteed Obligations) is illegal, uncollectible, legally impossible or unenforceable, or (G) the Credit Agreement, any

other Loan Document, or any other document or instrument pertaining to any of the Guaranteed Obligations has been forged or otherwise is irregular or not genuine or authentic;

(v) any full or partial release of the liability of any Guarantor or any Borrower on the Guaranteed Obligations or any part thereof, or any other Person now or hereafter liable, whether directly or indirectly, jointly, severally, or jointly and severally, to pay, perform, guarantee, or assure the payment of the Guaranteed Obligations or any part thereof; it being recognized, acknowledged, and agreed by each Guarantor that such Guarantor may be required to pay the Guaranteed Obligations in full without assistance or support of any other Person, and that such Guarantor has not been induced to enter into this Guaranty on the basis of a contemplation, belief, understanding or agreement that any other Person (including, for the avoidance of doubt, any other Guarantor) shall be liable to perform the Guaranteed Obligations or that any Guaranteed Party shall look to any other Person to perform the Guaranteed Obligations;

(vi) the taking or accepting of any other security, collateral or guaranty, or other assurance of payment, for all or any part of the Guaranteed Obligations;

(vii) any release, surrender, exchange, subordination, deterioration, waste, loss or impairment of any collateral, property or security, at any time existing in connection with, or assuring or securing payment of, all or any part of the Guaranteed Obligations;

(viii) the failure of any Guaranteed Party or any other Person to exercise diligence or reasonable care in the preservation, protection, enforcement, sale or other handling or treatment of all or any part of such collateral, property or security;

(ix) the fact that any collateral, security or Lien contemplated or intended to be given, created or granted as security for the repayment of the Guaranteed Obligations shall not be properly perfected or created, or shall prove to be unenforceable or subordinate to any other Lien; it being recognized and agreed by each Guarantor that such Guarantor is not entering into this Guaranty in reliance on, or in contemplation of the benefits of, the validity, enforceability, collectibility or value of any collateral for the Guaranteed Obligations;

(x) any payment by any Borrower or any Guarantor to any Guaranteed Party being held to constitute a preference under bankruptcy or insolvency laws, or for any other reason any Guaranteed Party being required to refund such payment or pay over any amount to any Borrower, any Guarantor or any other Person; or

(xi) any other action taken or omitted to be taken with respect to the Credit Agreement, this Guaranty, any other Loan Document, the Guaranteed Obligations, or any collateral therefor, whether or not such action or omission prejudices any Guarantor or increases the likelihood that any Guarantor shall be required to pay the Guaranteed Obligations pursuant to the terms hereof;

it being the unambiguous and unequivocal intention of each Guarantor that such Guarantor shall be obligated to pay the Guaranteed Obligations when due, notwithstanding any occurrence,

circumstance, event, action, or omission whatsoever, whether contemplated or un contemplated, and whether or not otherwise or particularly described herein, except for the full and final payment and satisfaction of the Guaranteed Obligations after the termination of all of the Commitments.

(b) Each Guarantor further agrees that, to the fullest extent permitted by law, as between such Guarantor, on the one hand, and the Guaranteed Parties, on the other hand, (i) the maturity of the Obligations may be accelerated as provided in the Credit Agreement for the purposes of this Guaranty, notwithstanding any stay, injunction or other prohibition preventing the acceleration of the Obligations as against any Borrower, and (ii) in the event of any acceleration (whether by declaration or automatic) of the Obligations as provided in the Credit Agreement, the Obligations shall forthwith become due and payable by such Guarantor for the purpose of this Guaranty.

SECTION 4. Effect of Debtor Relief Laws. If after receipt of any payment of, or proceeds of any security are applied (or intended to be applied) to the payment of, all or any part of the Guaranteed Obligations, any Guaranteed Party is for any reason compelled to surrender or voluntarily surrenders such payment or proceeds to any Person (a) because such payment or application of proceeds is or may be avoided, invalidated, declared fraudulent, set aside, determined to be void or voidable as a preference, fraudulent conveyance, fraudulent transfer, impermissible set-off or a diversion of trust funds or (b) for any other reason, including (i) any judgment, decree or order of any court or administrative body having jurisdiction over such Guaranteed Party or any of its properties or (ii) any settlement or compromise of any such claim effected by such Guaranteed Party with any such claimant (including any Borrower or any other Guarantor), then the Guaranteed Obligations or any part thereof intended to be satisfied shall be reinstated and continue, and this Guaranty shall continue in full force as if such payment or proceeds had not been received, notwithstanding any revocation thereof or the cancellation of any instrument evidencing any of the Guaranteed Obligations or otherwise; and each Guarantor shall be jointly and severally liable to pay the Guaranteed Parties, and hereby does indemnify the Guaranteed Parties and hold them harmless for the amount of such payment or proceeds so surrendered and all reasonable expenses (including reasonable attorneys' fees, court costs and documented out-of-pocket expenses attributable thereto) incurred by the Guaranteed Parties in the defense of any claim made against any of them that any payment or proceeds received by any of the Guaranteed Parties in respect of all or part of the Guaranteed Obligations must be surrendered. The provisions of this paragraph shall survive the termination of this Guaranty and any satisfaction and discharge of any Borrower or any Guarantor by virtue of any payment, court order or any law.

SECTION 5. Waiver. Each Guarantor hereby waives promptness, diligence, notice of acceptance and any other notice with respect to any of the Guaranteed Obligations and this Guaranty and waives presentment, demand for payment, notice of intent to accelerate, notice of dishonor or nonpayment and any requirement that any of the Guaranteed Parties institute suit, collection proceedings or take any other action to collect any of the Guaranteed Obligations, including any requirement that any Guaranteed Party exhaust any right or take any action against any Borrower, any other Guarantor or any other Person or any collateral (it being the intention of the Guaranteed Parties and the Guarantors that this Guaranty is to be a guaranty of payment and not of collection). It shall not be necessary for any Guaranteed Party, in order to enforce any

payment by any Guarantor hereunder, to institute suit or exhaust its rights and remedies against such Guarantor, any other Guarantor, any Borrower or any other Person, including others liable to pay the Guaranteed Obligations, or to enforce its rights against any security ever given to secure payment thereof. Each Guarantor hereby expressly waives, to the maximum extent permitted by applicable law, each and every right to which it may be entitled by virtue of the suretyship laws of the State of Texas or any other state in which it may be located, including any and all rights it may have pursuant to Rule 31 of the Texas Rules of Civil Procedure and Section 17.001, Section 43.002 and Section 43.003 of the Texas Civil Practice and Remedies Code. Each Guarantor hereby waives marshaling of assets and liabilities, notice by any Guaranteed Party of any indebtedness or liability to which such Guaranteed Party applies or may apply any amounts received by it, and of the creation, advancement, increase, existence, extension, renewal, rearrangement or modification of the Guaranteed Obligations. Each Guarantor expressly waives, to the extent permitted by applicable law, the benefit of any and all laws providing for exemption of property from execution or for valuation and appraisal upon foreclosure.

SECTION 6. Agreement to Defer Exercise of Subrogation. Notwithstanding any payment or payments made by any Guarantor hereunder, or any setoff or application by any Guaranteed Party of any security or of any credits or claims, such Guarantor will not assert or exercise any rights of any Guaranteed Party or of itself against any other Guarantor or any Borrower to recover the amount of any payment made hereunder by such Guarantor to any Guaranteed Party by way of any claim, remedy or subrogation, reimbursement, exoneration, contribution, indemnity, participation or otherwise arising by contract, by statute, under common law or otherwise, and such Guarantor shall not have any right to exercise any right of recourse to or any claim against assets or property of any Borrower or of any other Guarantor for such amounts, in each case unless and until the Obligations have been fully and finally satisfied. If any amount shall be paid to any Guarantor by any Borrower or any other Guarantor after payment in full of the Guaranteed Obligations, and the Obligations shall thereafter be reinstated in whole or in part and any Guaranteed Party is forced to repay any sums received by it in payment of the Obligations, this Guaranty shall be automatically reinstated and such amount shall be held in trust for the benefit of the Guaranteed Parties and shall forthwith be paid to the Administrative Agent to be credited and applied to the Guaranteed Obligations, whether matured or unmatured. The provisions of this paragraph shall survive the termination of this Guaranty, and any satisfaction and discharge of any Borrower or any Guarantor by virtue of any payment, court order or any law.

SECTION 7. Full Force and Effect. This Guaranty is a continuing guaranty and shall remain in full force and effect until all of the Guaranteed Obligations have been paid in full (after the termination of the Commitments). All rights, remedies and powers provided in this Guaranty may be exercised, and all waivers contained in this Guaranty may be enforced, only to the extent that the exercise or enforcement thereof does not violate any provisions of applicable law which may not be waived.

SECTION 8. Termination of Obligations of WII. Notwithstanding anything contained herein to the contrary, if at any time WII has no outstanding Specified Debt, exclusive of (a) its obligations under this Guaranty, (b) any guarantee that, by its terms, will be automatically released and discharged simultaneously with the release and discharge of WII's obligations

under this Guaranty and (iii) Specified Debt owed to WIL or any of WIL's other Subsidiaries, WII will be released and discharged from its obligations under this Guaranty; *provided* that WII's obligations under this Guaranty will be automatically reinstated if WII incurs or guarantees any Specified Debt other than Specified Debt owed to WIL or any of WIL's other Subsidiaries. The Administrative Agent shall notify the Lenders of any release and discharge of WII's obligations under this Guaranty or any automatic reinstatement of such obligations pursuant to this Section. In the event that WII is released and discharged from its obligations under this Guaranty, upon receipt of written request therefor from the Borrowers, the Administrative Agent will execute and deliver all documents as may reasonably be requested to evidence such release and discharge; *provided* that WIL-Switzerland shall pay all reasonable and documented out-of-pocket expenses incurred by the Administrative Agent, including the reasonable fees, charges and disbursements of counsel to the Administrative Agent, in connection with the preparation, review, execution and delivery of any such documents.

SECTION 9. Severability. Any provision of this Guaranty held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof, and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 10. Amendments, Etc. No amendment or waiver of any provision of this Guaranty nor consent to any departure by any party hereto therefrom shall in any event be effective unless the same shall be in writing executed by the Guarantors and the Administrative Agent.

SECTION 11. Notices. All notices and other communications to any party hereto provided for hereunder shall be given in the manner and at the applicable address specified therefor in the Credit Agreement.

SECTION 12. No Waiver; Remedies. No failure or delay by any Guaranteed Party in exercising any right or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Guaranteed Parties hereunder are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Guaranty or consent to any departure by the Guarantors therefrom shall in any event be effective unless the same shall be permitted by Section 10 hereof, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given.

SECTION 13. Right of Set Off. Upon the occurrence and during the continuance of any Event of Default, each Guaranteed Party is hereby authorized at any time and from time to time, without notice to any Guarantor (any such notice being expressly waived by each Guarantor), to set off and apply any and all deposits (general or special, time or demand, provisional or final but excluding the funds held in accounts clearly designated as escrow or trust accounts held by any Guarantor for the benefit of Persons which are not Affiliates of such Guarantor), whether or not such setoff results in any loss of interest or other penalty, and including all certificates of deposit,

at any time held and other obligations at any time owing by such Guaranteed Party to or for the credit or the account of any Guarantor against any and all of the Guaranteed Obligations irrespective of whether or not such Guaranteed Party shall have made any demand under the Credit Agreement, this Guaranty, the Notes or any other Loan Document. The rights of the Guaranteed Parties under this Section are in addition to other rights and remedies (including other rights of setoff) which the Administrative Agent, the Issuing Banks or the Lenders may have. This Section is subject to (i) the terms and provisions of Section 4.01(a) of the Credit Agreement and (ii) with respect to the exercise by any Defaulting Lender of any set-off right pursuant hereto, the terms and provisions of Section 9.02 of the Credit Agreement.

SECTION 14. Successors and Assigns. The provisions of this Guaranty shall (a) be binding upon the parties hereto and their respective successors and assigns permitted by the Credit Agreement and (b) inure to the benefit of and be enforceable by the Guarantors and the Administrative Agent, for the benefit of itself, the Lenders, the Issuing Banks, the Swingline Lenders and the other Guaranteed Parties; *provided* that no Guarantor may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (other than Defaulting Lenders) (and any attempted assignment of transfer by such Guarantor without such consent shall be null and void).

SECTION 15. Governing Law. This Guaranty and the rights and obligations of the parties hereto shall be construed in accordance with and governed by the law of the State of New York.

SECTION 16. Submission to Jurisdiction; Consent to Service Of Process; Waiver of Jury Trial.

(a) Each Guarantor hereby irrevocably and unconditionally submits, for itself and its property, to the non-exclusive jurisdiction of the United States District Court for the Southern District of New York (or the state courts sitting in the Borough of Manhattan in the event the Southern District of New York lacks subject matter jurisdiction), and any appellate court from any thereof, in any suit, action or proceeding arising out of or relating to this Guaranty or any other Loan Document, or for recognition or enforcement of any judgment, and each Guarantor hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State court or, to the extent permitted by law, in such Federal court. Each Guarantor agrees that a final, non-appealable judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Guaranty or any other Loan Document shall affect any right that any Guaranteed Party may otherwise have to bring any suit, action or proceeding relating to this Guaranty or any other Loan Document against any Guarantor or its properties in the courts of any jurisdiction.

(b) Each Guarantor hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Guaranty or any other Loan Document in any court referred to in paragraph (a) of this Section. Each Guarantor hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(c) Each Guarantor irrevocably consents to service of process in the manner provided for notices in Section 11. Nothing in this Guaranty or any other Loan Document will affect the right of any Guaranteed Party to serve process in any other manner permitted by law. Notwithstanding any other provision of this Guaranty, WIL-Switzerland hereby irrevocably designates CT Corporation System, 111 8th Avenue, New York, New York 10011, as the designee, appointee and agent of WIL-Switzerland to receive, for and on its behalf, service of process in the State of New York in any suit, action or proceeding arising out of or relating to this Guaranty or any other Loan Document.

(d) Each Guarantor agrees that any suit, action or proceeding brought by any Guarantor or any of their respective Subsidiaries relating to this Guaranty or any other Loan Document against any Guaranteed Party or any Affiliate of a Guaranteed Party shall be brought exclusively in the United States District Court for the Southern District of New York (or the state courts sitting in the Borough of Manhattan in the event the Southern District of New York lacks subject matter jurisdiction), and any appellate court from any thereof, unless no such court shall accept jurisdiction.

(e) To the extent that any Guarantor has or hereafter may acquire any immunity from jurisdiction of any court or from set-off or any legal process (whether through service or notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) with respect to itself or its property, such Guarantor hereby irrevocably waives such immunity in respect of its obligations under the Loan Documents.

(f) EACH GUARANTOR HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS GUARANTY, THE OTHER LOAN DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY).

SECTION 17. Payments by WIL-Switzerland.

(a) Any and all payments by or on account of any obligation of WIL-Switzerland hereunder shall be understood to be minimum payment obligations. When entering into this Guaranty, WIL-Switzerland has assumed that any and all payments by or on account of any obligation of WIL-Switzerland hereunder will not be subject to any deduction for Indemnified Taxes or Other Taxes (collectively, the "Covered Taxes"). WIL-Switzerland agrees that if it shall be required to deduct any Covered Taxes from any such payment to any Guaranteed Party, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section), such Guaranteed Party receives an amount equal to the sum it would have received had no such deductions been made, (ii) WIL-Switzerland shall make such deductions and (iii) WIL-Switzerland shall pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law. If requested by the Administrative Agent, WIL-Switzerland shall provide to the Administrative Agent those documents which are required by law and applicable double taxation treaties to be provided by the payer of such tax, for each relevant Guaranteed Party to prepare a claim for refund of Swiss withholding tax. WIL-Switzerland shall

indemnify each Guaranteed Party, within 20 days after written demand therefor, for the full amount of any Covered Taxes directly assessed against and paid by such Guaranteed Party on or with respect to any payment by or on account of the Guaranteed Obligations (including Covered Taxes imposed or asserted on or attributable to amounts payable under this Section) and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Covered Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to WIL-Switzerland by any Guaranteed Party, or by the Administrative Agent on behalf of any Guaranteed Party, shall be presumed correct absent manifest error.

(b) To the extent that Covered Taxes are not deducted and paid as described in Section 17(a), WIL-Switzerland will remit to the appropriate Governmental Authority, prior to delinquency (assuming WIL-Switzerland has received notification of a claim for Covered Taxes within 10 Business Days prior to the date the delinquency commences), all Covered Taxes payable in respect of any payment by or on account of any obligations of WIL-Switzerland hereunder. Within 30 days after the date of any payment of Covered Taxes, WIL-Switzerland will furnish to the Administrative Agent the original or a certified copy of a receipt evidencing payment of such Covered Taxes or such other evidence thereof as may be reasonably satisfactory to the Administrative Agent. At the reasonable request of WIL-Switzerland, the Administrative Agent will request that the Guaranteed Parties provide any reasonable tax forms, certifications or other documents that would result in a reduction in the amount of Covered Taxes hereunder; *provided, however*, the obligation of WIL-Switzerland to make payments for Covered Taxes hereunder shall not be conditioned upon any Guaranteed Party providing any such tax forms, certifications or other documents.

(c) Notwithstanding anything in this Guaranty or any other Loan Document, a Guaranteed Party shall not be entitled to indemnification for Covered Taxes, penalties, interests and reasonable expenses from WIL-Switzerland to the extent it has recovered such Covered Taxes, penalties, interests and reasonable expenses from WII (or any Borrower); *provided, however*, nothing in this Section 17(c) shall prohibit a Guaranteed Party from receiving indemnification for a portion of Covered Taxes, penalties, interest and reasonable expenses from WIL-Switzerland and WII (or any Borrower) so long as a Guaranteed Party does not receive in the aggregate indemnification payments that exceed the amount of Covered Taxes, penalties, interest and reasonable expenses to which the Guaranteed Party incurred and for which indemnification is available under this Guaranty or any other Loan Document.

(d) If the Administrative Agent or a Guaranteed Party determines, in its sole discretion, that it has received a refund of any Covered Taxes paid by WIL-Switzerland, it shall pay over such refund to WIL-Switzerland (but only to the extent of indemnity payments made, or additional amounts paid, by WIL-Switzerland with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses of the Administrative Agent or such Guaranteed Party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); *provided* that WIL-Switzerland, upon the request of the Administrative Agent or such Guaranteed Party, agrees to repay promptly the amount paid over to WIL-Switzerland (plus any penalties, interest or other charges imposed by the relevant Governmental Authority with respect to such amount) to the Administrative Agent or such Guaranteed Party in the event the Administrative Agent or such Guaranteed Party is required to repay such refund to

such Governmental Authority. This Section shall not be construed to require the Administrative Agent or any Guaranteed Party to make available its Tax returns (or any other information relating to its Taxes which it deems confidential) to WIL-Switzerland or any other Person.

SECTION 18. Payments by WII.

(a) Any and all payments by or on account of any obligation of WII hereunder shall be made free and clear of and without deduction for any Indemnified Taxes or Other Taxes; *provided* that if WII shall be required to deduct any Indemnified Taxes or Other Taxes from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) the Guaranteed Parties receive an amount equal to the sum they would have received had no such deductions been made, (ii) WII shall make such deductions and (iii) WII shall pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law. WII shall indemnify each Guaranteed Party, within 20 days after written demand therefor, for the full amount of any Covered Taxes directly assessed against and paid by such Guaranteed Party on or with respect to any payment by or on account of any obligation of WII hereunder (including Covered Taxes imposed or asserted on or attributable to amounts payable under this Section) and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Covered Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. At the reasonable request of WII, the Administrative Agent will request the Guaranteed Parties to provide any reasonable tax forms, certifications or other documents that would result in a reduction in the amount of Covered Taxes hereunder; *provided, however*, the obligation of WII to make payments for Covered Taxes hereunder shall not be conditioned upon any Guaranteed Party providing any such tax forms, certifications or other documents.

(b) Notwithstanding anything in this Guaranty or any other Loan Document, a Guaranteed Party shall not be entitled to indemnification for Covered Taxes, penalties, interests and reasonable expenses from WII to the extent it has recovered such Covered Taxes, penalties, interests and reasonable expenses from WIL-Switzerland (or any Borrower); *provided, however*, nothing in this Section 18(b) shall prohibit a Guaranteed Party from receiving indemnification for a portion of Covered Taxes, penalties, interest and reasonable expenses from WII and WIL-Switzerland (or any Borrower) so long as a Guaranteed Party does not receive in the aggregate indemnification payments that exceed the amount of Covered Taxes, penalties, interest and reasonable expenses to which the Guaranteed Party incurred and for which indemnification is available under this Guaranty or any other Loan Document.

(c) If the Administrative Agent or a Guaranteed Party determines, in its sole discretion, that it has received a refund of any Covered Taxes paid by WII, it shall pay over such refund to WII (but only to the extent of indemnity payments made, or additional amounts paid, by WII with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses of the Administrative Agent or such Guaranteed Party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); *provided* that WII, upon the request of the Administrative Agent or such Guaranteed Party, agrees to repay promptly the amount paid over to WII (plus any penalties, interest or other charges imposed by the relevant Governmental Authority with respect to such amount) to the Administrative Agent or

such Guaranteed Party in the event the Administrative Agent or such Guaranteed Party is required to repay such refund to such Governmental Authority. This Section shall not be construed to require the Administrative Agent or any Guaranteed Party to make available its Tax returns (or any other information relating to its Taxes which it deems confidential) to WII or any other Person.

SECTION 19. Judgment Currency. The obligation of each Guarantor to make payments on any Guaranteed Obligation to any Guaranteed Party hereunder in any currency (the "first currency") shall not be discharged or satisfied by any tender or recovery pursuant to any judgment expressed in or converted into any other currency (the "second currency") except to the extent to which such tender or recovery shall result in the effective receipt by such Guaranteed Party of the full amount of the first currency payable, and accordingly the primary obligation of such Guarantor shall be enforceable as an alternative or additional cause of action for the purpose of recovery in the second currency of the amount (if any) by which such effective receipt shall fall short of the full amount of the full currency payable and shall not be affected by a judgment being obtained for any other sum due hereunder.

SECTION 20. Automatic Acceleration in Certain Events. Upon the occurrence of an Event of Default specified in Section 9.01(g) or 9.01(h) of the Credit Agreement, all Guaranteed Obligations shall automatically become immediately due and payable by the Guarantors, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by each Guarantor, and regardless of whether payment of the Guaranteed Obligations by the Borrowers has then been accelerated.

SECTION 21. Information. Each Guarantor assumes all responsibility for being and keeping itself informed of the Borrowers' financial condition and assets, and of all other circumstances bearing upon the risk of nonpayment of the Guaranteed Obligations and the nature, scope and extent of the risks that such Guarantor assumes and incurs hereunder, and agrees that no Guaranteed Party will have any duty to advise such Guarantor of information known to any of them regarding such circumstances or risks.

SECTION 22. Survival of Agreement. All covenants, agreements, representations and warranties made by the Guarantors herein shall be considered to have been relied upon by the Guaranteed Parties and shall survive the execution and delivery of this Guaranty and the other Loan Documents and the making of any Loans and issuance of any Letters of Credit, regardless of any investigation made by any party or on its behalf and notwithstanding that any Guaranteed Party may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended under the Credit Agreement, and shall continue in full force and effect as long as any amount payable under this Guaranty is outstanding and unpaid.

SECTION 23. Counterparts. This Guaranty may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page to this Guaranty by facsimile transmission or electronic transmission (in .pdf form) shall be effective as delivery of a manually executed counterpart of this Guaranty.

IN WITNESS WHEREOF, WIL-Switzerland, WII and the Administrative Agent have caused this Guaranty to be duly executed and delivered by their respective duly authorized officers as of the date first above written.

WEATHERFORD INTERNATIONAL LTD.,
a Swiss joint stock corporation

By: /s/ Andrew P. Becnel
Name: Andrew P. Becnel
Title: Senior Vice President and Chief Financial Officer

WEATHERFORD INTERNATIONAL, INC.,
a Delaware corporation

By: /s/ Andrew P. Becnel
Name: Andrew P. Becnel
Title: Senior Vice President and Chief Financial Officer

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent

By: /s/ Helen A. Carr
Name: Helen A. Carr
Title: Managing Director

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Bernard J. Duroc-Danner, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Weatherford International Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a — 15(f) and 15d - 15 (f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 1, 2010

/s/ Bernard J. Duroc-Danner
Bernard J. Duroc-Danner
Chief Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Andrew P. Becnel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Weatherford International Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a — 15(f) and 15d - 15 (f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 1, 2010

/s/ Andrew P. Becnel

Andrew P. Becnel

Senior Vice President and Chief Financial Officer

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Weatherford International Ltd. (the "Company") for the period ended September 30, 2010 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Bernard J. Duroc-Danner, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13 (a) or 15 (d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Bernard J. Duroc-Danner

Name:	Bernard J. Duroc-Danner
Title:	Chief Executive Officer
Date:	November 1, 2010

A signed original of this written statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

The certification the registrant furnishes in this exhibit is not deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section. Registration Statements or other documents filed with the Securities and Exchange Commission shall not incorporate this exhibit by reference, except as otherwise expressly stated in such filing.

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Weatherford International Ltd. (the "Company") for the period ended September 30, 2010 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Andrew P. Becnel, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13 (a) or 15 (d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Andrew P. Becnel

Name: Andrew P. Becnel
Title: Senior Vice President and Chief Financial Officer
Date: November 1, 2010

A signed original of this written statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

The certification the registrant furnishes in this exhibit is not deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section. Registration Statements or other documents filed with the Securities and Exchange Commission shall not incorporate this exhibit by reference, except as otherwise expressly stated in such filing.