

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 June 30, 2013

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 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 July 26, 2013, there were 767,710,942 shares of Weatherford shares, 1.16 Swiss francs par value per share, outstanding.

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PART I. FINANCIAL INFORMATION**ITEM 1. FINANCIAL STATEMENTS****WEATHERFORD INTERNATIONAL LTD. AND SUBSIDIARIES**
CONDENSED CONSOLIDATED BALANCE SHEETS
(In millions, except par value)

	June 30, 2013	December 31,
	(Unaudited)	2012
Current Assets:		
Cash and Cash Equivalents	\$ 295	\$ 300
Accounts Receivable, Net of Allowance for Uncollectible Accounts of \$87 and \$84	3,837	3,885
Inventories, Net	3,637	3,675
Current Deferred Tax Assets	360	376
Other Current Assets	819	793
Total Current Assets	8,948	9,029
Property, Plant and Equipment, Net of Accumulated Depreciation of \$6,405 and \$6,030	8,333	8,299
Goodwill	3,714	3,871
Other Intangible Assets, Net of Accumulated Amortization of \$699 and \$658	688	766
Equity Investments	671	646
Other Non-current Assets	278	184
Total Assets	\$ 22,632	\$ 22,795
Current Liabilities:		
Short-term Borrowings and Current Portion of Long-term Debt	\$ 2,148	\$ 1,585
Accounts Payable	2,144	2,108
Other Current Liabilities	1,658	2,017
Total Current Liabilities	5,950	5,710
Long-term Debt	7,087	7,049
Other Non-current Liabilities	1,156	1,218
Total Liabilities	14,193	13,977
Shareholders' Equity:		
Shares, CHF 1.16 Par Value: Authorized 840, Conditionally Authorized 372, Issued 840 at June 30, 2013 and December 31, 2012	775	775
Capital in Excess of Par Value	4,608	4,674
Treasury Shares, at Cost	(83)	(182)
Retained Earnings	3,260	3,356
Accumulated Other Comprehensive Income	(159)	163
Weatherford Shareholders' Equity	8,401	8,786
Noncontrolling Interests	38	32
Total Shareholders' Equity	8,439	8,818
Total Liabilities and Shareholders' Equity	\$ 22,632	\$ 22,795

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

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

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Revenues:				
Products	\$ 1,509	\$ 1,510	\$ 2,977	\$ 2,922
Services	2,359	2,237	4,728	4,416
	<u>3,868</u>	<u>3,747</u>	<u>7,705</u>	<u>7,338</u>
Costs and Expenses:				
Cost of Products	1,069	1,153	2,214	2,206
Cost of Services	2,057	1,818	3,918	3,465
Research and Development	71	64	138	126
Selling, General and Administrative Attributable to Segments	392	408	807	780
Corporate, General and Administrative	73	71	149	158
Goodwill and Equity Investment Impairment	—	793	—	793
US Government Investigation Loss Contingency	153	100	153	100
Gain on Sale of Business	(2)	(28)	(8)	(28)
	<u>3,813</u>	<u>4,379</u>	<u>7,371</u>	<u>7,600</u>
Operating Income (Loss)	55	(632)	334	(262)
Interest Expense, Net	(128)	(121)	(259)	(233)
Devaluation of Venezuelan Bolivar	—	—	(100)	—
Other, Net	(18)	(27)	(31)	(45)
Loss Before Income Taxes	(91)	(780)	(56)	(540)
Provision for Income Taxes	(20)	(63)	(25)	(173)
Net Loss	(111)	(843)	(81)	(713)
Net Income Attributable to Noncontrolling Interests	(7)	(6)	(15)	(13)
Net Loss Attributable to Weatherford	<u>\$ (118)</u>	<u>\$ (849)</u>	<u>\$ (96)</u>	<u>\$ (726)</u>
Loss Per Share Attributable to Weatherford:				
Basic	\$ (0.15)	\$ (1.11)	\$ (0.12)	\$ (0.95)
Diluted	\$ (0.15)	\$ (1.11)	\$ (0.12)	\$ (0.95)
Weighted Average Shares Outstanding:				
Basic	770	765	770	763
Diluted	770	765	770	763

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

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

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Net Loss	\$ (111)	\$ (843)	\$ (81)	\$ (713)
Other Comprehensive Loss:				
Foreign Currency Translation	(173)	(316)	(323)	(133)
Defined Benefit Pension Activity	—	—	1	1
Other Comprehensive Loss	(173)	(316)	(322)	(132)
Comprehensive Loss	(284)	(1,159)	(403)	(845)
Comprehensive Income Attributable to Noncontrolling Interests	(7)	(6)	(15)	(13)
Comprehensive Loss Attributable to Weatherford	<u>\$ (291)</u>	<u>\$ (1,165)</u>	<u>\$ (418)</u>	<u>\$ (858)</u>

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 millions)

	Six Months Ended June 30,	
	2013	2012
Cash Flows from Operating Activities:		
Net Loss	\$ (81)	\$ (713)
Adjustments to Reconcile Net Loss to Net Cash Provided by Operating Activities:		
Goodwill and Equity Investment Impairment	—	793
Depreciation and Amortization	687	610
Employee Share-Based Compensation Expense	27	37
Deferred Income Tax Provision (Benefit)	(93)	40
Devaluation of Venezuelan Bolivar	100	—
Loss (Gain) on Sale of Assets and Businesses	1	(19)
Other, Net	(27)	44
Change in Operating Assets and Liabilities, Net of Effect of Businesses Acquired:		
Accounts Receivable	(50)	(380)
Inventories	48	(374)
Billings in Excess of Costs and Estimated Earnings	(159)	63
Other Current Assets	7	(206)
Accounts Payable	122	63
Other Current Liabilities	(205)	264
Other	(136)	63
Net Cash Provided by Operating Activities	241	285
Cash Flows from Investing Activities:		
Capital Expenditures for Property, Plant and Equipment	(846)	(1,098)
Acquisitions of Businesses, Net of Cash Acquired	(7)	(156)
Acquisition of Intellectual Property	(3)	(6)
Acquisition of Equity Investments in Unconsolidated Affiliates	—	(8)
Proceeds from Sale of Assets and Businesses, Net	66	16
Net Cash Used by Investing Activities	(790)	(1,252)
Cash Flows from Financing Activities:		
Borrowings (Repayments) Long-term Debt, Net	(310)	1,013
Borrowings (Repayments) of Short-term Debt, Net	854	(86)
Proceeds from Exercise of Warrants	—	65
Other Financing Activities	4	(12)
Net Cash Provided by Financing Activities	548	980
Effect of Exchange Rate Changes on Cash and Cash Equivalents, Excluding Devaluation of Venezuelan Bolivar	(4)	(3)
Net (Decrease) Increase in Cash and Cash Equivalents	(5)	10
Cash and Cash Equivalents at Beginning of Period	300	371
Cash and Cash Equivalents at End of Period	\$ 295	\$ 381
Supplemental Cash Flow Information:		
Interest Paid	264	224
Income Taxes Paid, Net of Refunds	257	244

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. (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 June 30, 2013, Condensed Consolidated Statements of Operations, Condensed Consolidated Statements of Comprehensive Income and Condensed Consolidated Statements of Cash Flows for the three and six months ended June 30, 2013 and 2012. When referring to "Weatherford" and using phrases such as "we", "us", and "our", the intent is to refer to Weatherford International Ltd., a Swiss joint-stock company, and its subsidiaries as a whole or on a regional basis, depending on the context in which the statements are made.

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, 2012 included in our Annual Report on Form 10-K. The results of operations for the three and six months ended June 30, 2013 are not necessarily indicative of the results expected for the year ending December 31, 2013.

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 assets and liabilities. On an ongoing basis, we evaluate our estimates and assumptions, 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, contingencies and share-based compensation. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates.

Principles of Consolidation

We consolidate all wholly-owned subsidiaries, controlled joint ventures and variable interest entities where the Company has determined it is the primary beneficiary. 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 and Dispositions

We have acquired businesses we feel are important to our long-term strategy. Results of operations for acquisitions are included in the accompanying Condensed Consolidated Statements of Operations 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 potential liabilities have been evaluated. The purchase price is allocated to the net assets acquired based upon their estimated fair values at the date of acquisition. During the six months ended June 30, 2013, we acquired businesses and equity investments for cash consideration of \$7 million, net of cash acquired.

During the six months ended June 30, 2013, we completed the sale of our industrial screen business for proceeds totaling \$135 million. Proceeds consisted of \$100 million in cash and a \$35 million receivable. Through our industrial screen operations, we delivered screen technologies used in numerous industries and, as a result, the screen business was not closely aligned with our goals as a leading provider of equipment and services used in the drilling, evaluation, completion, production and intervention of oil and natural gas wells. In the three and six months ended June 30, 2013 we recognized gains of \$2 million and \$8 million resulting from the industrial screen transactions. The major classes of assets sold in these transactions included \$54 million in Cash, \$36 million of Accounts Receivable, \$37 million of Inventory, \$92 million of other assets primarily comprised of Property, Plant and Equipment, Other Intangible Assets and Goodwill. Liabilities of \$69 million were also transferred in the sale, of which \$60 million were Current Liabilities.

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

In 2012, we acquired a company that designs and produces well completion tools. As part of the purchase consideration, we entered into a contingent consideration arrangement valued at approximately \$10 million at June 30, 2013 that will be settled in early 2015. This contingent consideration arrangement is dependent on the acquired company's 2014 results of operations. This obligation will be marked to market through current earnings in each reporting period prior to settlement and the liability is valued using a Monte Carlo simulation and Level 3 inputs.

3. Accounts Receivable Factoring

In 2010, we entered into a factoring program to sell certain accounts receivable in Mexico to third party financial institutions. In the six months ended June 30, 2013, we sold approximately \$83 million under the program, received cash totaling \$80 million and recognized a loss of approximately \$1 million on these sales. In the six months ended June 30, 2012, we sold approximately \$51 million under the program, initially received cash totaling \$47 million and ultimately collected amounts that resulted in a loss of less than \$1 million on these sales. These sales occurred in the first quarter of 2013 and 2012 and no factoring occurred in the second quarter periods. In each of the years since 2010, our factoring transactions qualified for sale accounting under the accounting standards and proceeds are included in operating cash flows in our Condensed Consolidated Statements of Cash Flows.

4. Inventories

The components of inventory were as follows:

	June 30, 2013	December 31, 2012
	<i>(In millions)</i>	
Raw materials, components and supplies	\$ 452	\$ 461
Work in process	147	166
Finished goods	<u>3,038</u>	<u>3,048</u>
	<u>\$ 3,637</u>	<u>\$ 3,675</u>

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

5. Goodwill

We perform an impairment test for goodwill and indefinite-lived intangible assets annually as of October 1, or more frequently if indicators of potential impairment exist. Our goodwill impairment test involves a comparison of the fair value of each of our reporting units with its carrying amount. Fair value is estimated using discounted cash flows and a discount rate based on the weighted average cost of capital of the reporting unit. Our reporting units are based on our regional structure and consist of the United States, Canada, Latin America, Europe, Sub-Saharan Africa ("SSA"), Russia, Middle East/North Africa ("MENA") and Asia Pacific ("AP").

WEATHERFORD INTERNATIONAL LTD. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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The fair value of all our reporting units was in excess of their carrying value as of our October 1, 2012 annual impairment test. The fair value of our Latin America reporting unit was closest to its carrying value and was 16% in excess of its carrying value at October 1, 2012.

The changes in the carrying amount of goodwill by segment for the six months ended June 30, 2013, were as follows:

	<u>North America</u>	<u>MENA/ Asia Pacific</u>	<u>Europe/ SSA/ Russia</u>	<u>Latin America</u>	<u>Total</u>
	<i>(In millions)</i>				
Balance at December 31, 2012	\$ 2,336	\$ 226	\$ 955	\$ 354	\$ 3,871
Acquisitions	—	—	2	—	2
Disposals	(23)	(4)	(13)	(1)	(41)
Purchase price and other adjustments	—	—	—	2	2
Foreign currency translation	(59)	(7)	(49)	(5)	(120)
Balance at June 30, 2013	<u>\$ 2,254</u>	<u>\$ 215</u>	<u>\$ 895</u>	<u>\$ 350</u>	<u>\$ 3,714</u>

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

The components of short-term borrowings were as follows:

	<u>June 30, 2013</u>	<u>December 31, 2012</u>
	<i>(In millions)</i>	
Commercial paper	\$ 840	\$ 888
Revolving credit facility	525	—
364-day term loan facility	300	—
Other short-term bank loans	167	109
Total short-term borrowings	<u>1,832</u>	<u>997</u>
Current portion of long-term debt	316	588
Short-term borrowings and current portion of long-term debt	<u>\$ 2,148</u>	<u>\$ 1,585</u>

We maintain a \$2.25 billion unsecured, revolving credit agreement (the "Credit Agreement") with JPMorgan Chase Bank, N.A., as administrative agent. The Credit Agreement has a scheduled maturity date of July 13, 2016, and can be used for a combination of borrowings, support for our commercial paper program and issuances of letters of credit. This agreement requires us to maintain a debt-to-capitalization ratio of less than 60%. We are in compliance with this covenant at June 30, 2013. At June 30, 2013, our borrowings under our commercial paper program had a weighted average interest rate of 1.04% and there were \$121 million in outstanding letters of credit under the Credit Agreement.

On May 1, 2013, we entered into a \$300 million, 364-day, term loan facility with a syndicate of banks. The facility was fully drawn on May 1, 2013 and will mature on April 30, 2014. The terms and conditions of the facility are substantially similar to our \$2.25 billion revolving credit agreement. The facility is used for general corporate purposes, including the repayment of other credit facility borrowings and the reduction of outstanding commercial paper.

WEATHERFORD INTERNATIONAL LTD. AND SUBSIDIARIES
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(UNAUDITED)

We also have short-term borrowings with various domestic and international institutions pursuant to uncommitted facilities. At June 30, 2013, we had \$167 million in short-term borrowings under these arrangements with a weighted average interest rate of 5.05%. In addition, we had \$524 million of letters of credit under various uncommitted facilities and \$265 million of performance bonds issued by financial sureties against an indemnification from us at June 30, 2013.

The carrying value of our short-term borrowings approximates their fair value as of June 30, 2013. The current portion of long-term debt at June 30, 2013 includes \$250 million of 4.95% Senior Notes due October 2013 and other debt maturing in 2013 totaling \$66 million.

7. Fair Value of Financial Instruments

Financial Instruments Measured and Recognized at Fair Value

We estimate fair value at a price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal market for the asset or liability. Our valuation techniques require inputs that we categorize using a three level hierarchy, from highest to lowest level of observable inputs. Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities. Level 2 inputs are quoted prices or other market data for similar assets and liabilities in active markets, or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument. Level 3 inputs are unobservable inputs based upon our own judgment and assumptions used to measure assets and liabilities at fair value. Classification of a financial asset or liability within the hierarchy is determined based on the lowest level of input that is significant to the fair value measurement. Other than the contingent consideration discussed in Note 2 and our derivative instruments discussed in Note 8, we had no assets or liabilities measured and recognized at fair value on a recurring basis at June 30, 2013 and December 31, 2012.

Fair Value of Other Financial Instruments

Our other financial instruments include short-term borrowings and long-term debt. The carrying value of our commercial paper and other short-term borrowings approximates their fair value due to the short-term duration of the associated interest rate periods. These short-term borrowings are classified as Level 2 in the fair value hierarchy.

The fair value of our long-term debt fluctuates with changes in applicable interest rates. 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 our long-term debt is a measure of its current value under present market conditions and is established based on observable inputs in non-active markets. Our long-term debt is classified as Level 2 in the fair value hierarchy.

The fair value and carrying value of our Senior Notes were as follows:

	June 30, 2013	December 31, 2012
	<i>(In millions)</i>	
Fair value	\$ 7,619	\$ 8,368
Carrying value	7,058	7,355

8. 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)

Fair Value Hedges

We may use interest rate swaps to help mitigate exposures related to changes in the fair values of our debt. 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, of interest expense over the remaining term of the debt. As of June 30, 2013, we had net unamortized gains of \$47 million associated with interest rate swap terminations. These gains are being amortized over the remaining term of the originally hedged debt as a reduction in interest expense.

Cash Flow Hedges

We entered into interest rate derivative instruments to hedge projected exposures to interest rates in anticipation of a debt offering in 2008. 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 (Loss) into interest expense over the remaining term of the debt. As of June 30, 2013, we had net unamortized losses of \$11 million associated with our cash flow hedge terminations.

Other Derivative Instruments

As of June 30, 2013, we had foreign currency forward contracts with notional amounts aggregating to \$934 million. These contracts were entered into to hedge exposure to currency fluctuations in various foreign currencies. The total estimated fair value of these contracts, and amounts receivable or owed associated with closed contracts, resulted in a net asset of approximately \$26 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 Operations.

We have cross-currency swaps between the U.S. dollar and Canadian dollar to hedge certain exposures to the Canadian dollar. At June 30, 2013, we had notional amounts outstanding of \$168 million. The total estimated fair value of these contracts at June 30, 2013, resulted in a liability of \$23 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 Operations.

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

	June 30, 2013	December 31, 2012	Classifications
<i>(In millions)</i>			
Derivative assets not designated as hedges:			
Foreign currency forward contracts	\$ 37	\$ 5	Other Current Assets
Derivative liabilities not designated as hedges:			
Foreign currency forward contracts	(11)	(20)	Other Current Liabilities
Cross-currency swap contracts	(23)	(34)	Other Liabilities

9. Income Tax

For the three and six months ended June 30, 2013, we had a tax provision of \$20 million and \$25 million on pre-tax losses of \$91 million and \$56 million. Our effective tax rate for the three and six months ended June 30, 2013 is (22)% and (44)% respectively. Our loss before taxes for the three and six months ended June 30, 2013 includes \$153 million charge for the potential settlement of the oil-for-food and Foreign Corrupt Practices Act matters with no tax benefit. Our tax provision for the three months ended June 30, 2013 includes one-time tax benefits mostly due to tax restructuring benefits, decreases in reserves for uncertain tax positions due to statute of limitation expiration and audit settlements, and return to accrual adjustments, which decreased our effective tax rate for the period. Our provision for the six months ended June 30, 2013, in addition to items above, also includes one-time tax benefits due to the devaluation of the Venezuelan bolivar, and enactment of the American Taxpayer Relief Act, which decreased our effective tax rate for the period.

For the three and six months ended June 30, 2012, we had a tax provision of \$63 million and \$173 million on pre-tax losses of \$780 million and \$540 million. Our effective tax rate for the three and six months ended June 30, 2012 was (8)% and (32)% respectively. Our loss before taxes for the three and six months ended June 30, 2012, includes a \$589 million charge for the impairment of goodwill, substantially all of which was non-deductible.

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

We anticipate a possible reduction in the balance of uncertain tax positions between \$25 million to \$50 million in the next twelve months due to expiration of statutes of limitations, settlements and/or conclusions of tax examinations.

10. Shareholders' Equity

The following summarizes our shareholders' equity activity for the six months ended June 30, 2013 and 2012:

	<u>Issued Shares</u>	<u>Capital In Excess of Par Value</u>	<u>Retained Earnings</u>	<u>Accumulated Other Comprehensive Income (Loss)</u>	<u>Treasury Shares</u>	<u>Noncontrolling Interests</u>	<u>Total Shareholders' Equity</u>
	<i>(In millions)</i>						
Balance at December 31, 2011	\$ 769	\$ 4,675	\$ 4,134	\$ 80	\$ (334)	\$ 21	\$ 9,345
Net Income (Loss)	—	—	(726)	—	—	13	(713)
Other Comprehensive Loss	—	—	—	(132)	—	—	(132)
Dividends Paid to Noncontrolling Interests	—	—	—	—	—	(11)	(11)
Shares Issued for Acquisitions	—	(27)	—	—	66	—	39
Equity Awards Granted, Vested and Exercised	—	(20)	—	—	39	—	19
Other	6	58	—	—	—	—	64
Balance at June 30, 2012	<u>\$ 775</u>	<u>\$ 4,686</u>	<u>\$ 3,408</u>	<u>\$ (52)</u>	<u>\$ (229)</u>	<u>\$ 23</u>	<u>\$ 8,611</u>
Balance at December 31, 2012	\$ 775	\$ 4,674	\$ 3,356	\$ 163	\$ (182)	\$ 32	\$ 8,818
Net Income (Loss)	—	—	(96)	—	—	15	(81)
Other Comprehensive Loss	—	—	—	(322)	—	—	(322)
Dividends Paid to Noncontrolling Interests	—	—	—	—	—	(13)	(13)
Equity Awards Granted, Vested and Exercised	—	(63)	—	—	99	—	36
Other	—	(3)	—	—	—	4	1
Balance at June 30, 2013	<u>\$ 775</u>	<u>\$ 4,608</u>	<u>\$ 3,260</u>	<u>\$ (159)</u>	<u>\$ (83)</u>	<u>\$ 38</u>	<u>\$ 8,439</u>

At December 31, 2011, warrants were outstanding to purchase up to 8.6 million of our shares at a price of \$15.00 per share. On February 28, 2012, 4.3 million of these warrants were exercised through physical delivery of shares in exchange for \$65 million and the remaining 4.3 million of these warrants were exercised through net share settlement resulting in the issuance of 494,000 shares.

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The following table presents the changes in our accumulated other comprehensive income by component for the six months ended June 30, 2013 and 2012:

	<u>Currency Translation Adjustment</u>	<u>Defined Benefit Pension</u>	<u>Deferred Loss on Derivatives</u>	<u>Total</u>
	<i>(In millions)</i>			
Balance at December 31, 2011	\$ 127	\$ (36)	\$ (11)	\$ 80
Other comprehensive income before reclassifications	(133)	—	—	(133)
Reclassifications	—	1	—	1
Net activity	<u>(133)</u>	<u>1</u>	<u>—</u>	<u>(132)</u>
Balance at June 30, 2012	<u>\$ (6)</u>	<u>\$ (35)</u>	<u>\$ (11)</u>	<u>\$ (52)</u>
Balance at December 31, 2012	213	(40)	(10)	163
Other comprehensive loss before reclassifications	(286)	—	—	(286)
Reclassifications	(37)	1	—	(36)
Net activity	<u>(323)</u>	<u>1</u>	<u>—</u>	<u>(322)</u>
Balance at June 30, 2013	<u>\$ (110)</u>	<u>\$ (39)</u>	<u>\$ (10)</u>	<u>\$ (159)</u>

The reclassification from the Currency Translation Adjustment component of Other Comprehensive Income includes \$30 million from the sale of our industrial screen business. This amount was recognized in the Gain on Sale of Business line in our Condensed Consolidated Statement of Operations in the six months ended June 30, 2013.

11. 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 warrants.

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

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
	<i>(In millions)</i>			
Basic weighted average shares outstanding	770	765	770	763
Dilutive effect of:				
Stock options, restricted shares and performance units	—	—	—	—
Diluted weighted average shares outstanding	<u>770</u>	<u>765</u>	<u>770</u>	<u>763</u>

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Our diluted weighted average shares outstanding for the three and six months ended June 30, 2013 and 2012, exclude potential shares that are anti-dilutive, such as options where the exercise price exceeds the current market price of our stock. In addition, diluted weighted average shares outstanding for the three and six months ended June 30, 2013 and 2012, exclude potential shares for stock options, restricted shares and performance units outstanding as we have net losses for those periods and their inclusion would be anti-dilutive.

The following table discloses the number of anti-dilutive shares excluded:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
	<i>(In millions)</i>			
Anti-dilutive potential shares	2	3	3	3
Anti-dilutive potential shares due to net loss	6	4	4	4

12. Share-Based Compensation

We recognized the following employee share-based compensation expense during the three and six months ended June 30, 2013 and 2012:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
	<i>(In millions)</i>			
Share-based compensation	\$ 16	\$ 15	\$ 27	\$ 37
Related tax benefit	6	5	10	13

During the six months ended June 30, 2013, we issued 1.9 million performance units, which will vest with continued employment and if the Company meets certain market-based performance goals. The performance units have a weighted average grant date fair value of \$10.81 per share based on the Monte Carlo simulation method. As of June 30, 2013, there was \$28 million of unrecognized compensation expense related to our performance units. This cost is expected to be recognized over a weighted average period of two years.

During the six months ended June 30, 2013, we also granted 3.8 million restricted share awards at a weighted average grant date fair value of \$12.99 per share. As of June 30, 2013, there was \$82 million of unrecognized compensation related to our unvested restricted share grants. This cost is expected to be recognized over a weighted average period of two years.

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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 June 30, 2013		
	Net Operating Revenues	Income from Operations	Depreciation and Amortization
	<i>(In millions)</i>		
North America	\$ 1,529	\$ 167	\$ 102
MENA/Asia Pacific	919	45	98
Europe/SSA/Russia	681	83	68
Latin America	739	90	68
	<u>3,868</u>	<u>385</u>	<u>336</u>
Corporate and Research and Development	—	(120)	5
US Government Investigation Loss Contingency	—	(153)	—
Other (a)	—	(57)	—
Total	\$ 3,868	\$ 55	\$ 341

	Three Months Ended June 30, 2012		
	Net Operating Revenues	Income from Operations (c)	Depreciation and Amortization
	<i>(In millions)</i>		
North America	\$ 1,663	\$ 226	\$ 101
MENA/Asia Pacific	649	(38)	85
Europe/SSA/Russia	653	102	60
Latin America	782	90	59
	<u>3,747</u>	<u>380</u>	<u>305</u>
Corporate and Research and Development	—	(113)	6
Goodwill and Equity Investment Impairment	—	(793)	—
US Government Investigation Loss Contingency	—	(100)	—
Other (b)	—	(6)	—
Total	\$ 3,747	\$ (632)	\$ 311

- a) The three months ended June 30, 2013 includes a \$2 million gain related to the sale of our industrial screen business, income tax restatement and material weakness remediation expenses of \$6 million and severance, exit and other charges of \$53 million, including \$36 million in severance and \$12 million in legal and professional fees incurred in conjunction with our on-going investigations.
- b) The three months ended June 30, 2012 includes \$23 million for severance and exit costs, income tax restatement and remediation expenses of \$11 million and an offsetting gain of \$28 million related to the sale of our subsea controls business.
- c) During the three months ended June 30, 2012, we recognized a charge for excess and obsolete inventory of \$64 million attributable to each reporting segment as follows: \$22 million for North America, \$14 million for MENA/Asia Pacific, \$20 million for Europe/SSA/Russia and \$8 million for Latin America.

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	Six Months Ended June 30, 2013		
	Net Operating Revenues	Income From Operations	Depreciation and Amortization
	<i>(In millions)</i>		
North America	\$ 3,221	\$ 391	\$ 210
MENA/Asia Pacific	1,704	87	191
Europe/SSA/Russia	1,314	148	139
Latin America	1,466	188	136
	7,705	814	676
Corporate and Research and Development	—	(235)	11
US Government Investigation Loss Contingency	—	(153)	—
Other (a)	—	(92)	—
Total	\$ 7,705	\$ 334	\$ 687

	Six Months Ended June 30, 2012		
	Net Operating Revenues	Income From Operations (c)	Depreciation and Amortization
	<i>(In millions)</i>		
North America	\$ 3,417	\$ 584	\$ 196
MENA/Asia Pacific	1,244	(16)	168
Europe/SSA/Russia	1,224	168	121
Latin America	1,453	173	114
	7,338	909	599
Corporate and Research and Development	—	(225)	11
Goodwill and Equity Investment Impairment	—	(793)	—
US Government Investigation Loss Contingency	—	(100)	—
Other (b)	—	(53)	—
Total	\$ 7,338	\$ (262)	\$ 610

- a) The six months ended June 30, 2013 includes a \$8 million gain related to the sale of our industrial screen business, income tax restatement and material weakness remediation expenses of \$27 million and severance, exit and other charges of \$73 million, including \$44 million of severance and \$16 million in legal and professional fees incurred in conjunction with our on-going investigations.
- b) The six months ended June 30, 2012 includes \$53 million for severance, exit and other costs, \$3 million in legal and professional fees incurred in connection with our on-going investigations, income tax restatement and material weakness remediation expenses of \$25 million and an offsetting gain of \$28 million related to the sale of our subsea controls business.
- c) During the six months ended June 30, 2012, we recognized a charge for excess and obsolete inventory of \$64 million attributable to each reporting segment as follows: \$22 million for North America, \$14 million for MENA/Asia Pacific, \$20 million for Europe/SSA/Russia and \$8 million for Latin America.

During the second quarter of 2013, we included \$40 million in claim revenue in our total revenue estimate on a percentage-of-completion contract. Of this claim revenue, \$19 million was recognized during the current quarter based on the estimated percentage completed. This claim was recognized by our MENA/Asia Pacific segment upon identifying certain costs that we are legally entitled to recover from a customer under the terms of the contract.

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14. Disputes, Litigation and Contingencies

U.S. Government and Internal Investigations

We are currently involved in government and internal investigations.

The U.S. Department of Commerce, Bureau of Industry & Security, Office of Foreign Assets Control ("OFAC"), Department of Justice ("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 these investigations and we have retained legal counsel, reporting directly to our Audit Committee, to investigate these matters.

In light of these investigations, the 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 and conducted further withdrawal activities, pursuant to the licenses issued by OFAC, which have now ceased. Certain of our subsidiaries continue to conduct business in countries such as Myanmar which was subject to more limited U.S. trading sanctions until 2012.

We have been in negotiations with the government agencies to resolve the investigation into alleged violations of the trade sanctions laws for more than two years, and these negotiations have advanced significantly. During the quarter ended June 30, 2012, the negotiations progressed to a point where we recognized a liability for a loss contingency that we believe is probable and for which a reasonable estimate can be made. The Company estimates that the most likely amount of this loss is \$100 million and recognized a loss contingency equal to such amount in the quarter ended June 30, 2012, although the actual amount could be greater or less, and the timing of the payment cannot yet be determined. However, uncertainties remain and therefore an exposure to loss could be greater or less than the amount accrued, pending the ultimate resolution of the investigation, and we may not ultimately reach a final settlement with the government. As with any potential resolution, the government may seek to impose modifications to business practices, that decrease our business and modifications to the Company's compliance programs, which may increase compliance costs. 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.

Until 2003, we participated in the United Nations oil-for-food program governing sales of goods and services into Iraq. The DOJ and 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.

The DOJ and SEC are also 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 we are cooperating fully with the DOJ and SEC. As part of our internal investigations, we have uncovered potential violations of U.S. law in connection with activities in several jurisdictions. We have been in frequent negotiations with the government agencies to resolve these matters and these negotiations have advanced significantly.

During the quarter ended June 30, 2013, negotiations related to the oil-for-food and FCPA matters progressed to a point where we recognized a liability for a loss contingency that we believe is probable and for which a reasonable estimate can be made. Certain significant issues remain unresolved in the negotiations and, if these issues are not resolved to the Company's satisfaction, negotiations may be discontinued and such unresolved issues may ultimately impact our ability to reach a negotiated resolution of the matters. At this time, the Company estimates that the most likely amount of this loss is \$153 million. However, uncertainties remain, and therefore an exposure to loss may exist in excess of the amount accrued pending the ultimate resolution of the investigations, and/or we may not ultimately reach final settlement of these matters with the government agencies, and/or we may not obtain court approval of any potential settlement agreement reached with the government, which would be required for final resolution. Any final settlement may contain other features, including: (1) an agreement under which criminal prosecution for the Company would be deferred for three years, but which would be accompanied by a plea agreement imposing a potential criminal conviction on one of the Company's subsidiaries; (2) a requirement to retain, for a period expected to be 18 months, an independent monitor responsible to assess the Company's compliance with the terms of any agreement that may be reached, to be followed by a period of the Company evaluating its own compliance

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program and making periodic reports to the DOJ and SEC thereon; and (3) a requirement to maintain compliance monitoring and reporting systems meeting certain criteria to be established in the agreement. The above sentence is not meant to be an exhaustive listing of the non-monetary terms that may be imposed by any potential settlement, and such additional terms may be more or less onerous than those listed above. The Company recognized a \$153 million loss contingency in the quarter ended June 30, 2013 for the potential settlement of the oil-for-food and FCPA matters.

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 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. Any injunctive relief, disgorgement, fines, penalties, sanctions or imposed modifications to business practices resulting from these investigations could adversely affect our results of operations, and the cost of our investigations have been significant.

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 is some uncertainty as to the ultimate amount of any penalties we may pay. 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.

The SEC and DOJ are investigating the circumstances surrounding the material weakness in the Company's internal controls over financial reporting for income taxes that was disclosed on Forms 8-K and 12b-25 on March 1, 2011, February 21, 2012 and July 24, 2012, respectively, and the subsequent restatements of our historical financial statements. In addition, the SIX Sanction Commission has received an application from the SIX (Swiss) Exchange Regulation regarding sanctions for similar internal controls and restatement matters. We are cooperating fully with these investigations.

Shareholder Litigation

In 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. Separately, in 2011 and 2012, shareholders filed suit relating to the material weakness in the Company's internal controls over financial reporting for income taxes that was disclosed on the Forms 8-K and 12b-25 filed on March 1, 2011, February 21, 2012 and July 24, 2012, and the related restatement of historical financial statements. These suits name the Company as well as current and former members of management and our directors. We cannot predict the ultimate outcome of these claims.

Other Disputes

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 or for which we can only estimate a range of liability. If one or more negative outcomes were to occur relative to these matters, we do not believe that the impact to our financial condition would be material.

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15. New Accounting Pronouncements

In July 2012, the FASB issued new guidance allowing entities to use a qualitative approach to test indefinite-lived intangible assets for impairment. The guidance permits an entity to first perform a qualitative assessment to determine whether it is more likely than not that the fair value of an indefinite-lived intangible asset is less than its carrying value. If it is concluded that this is the case, it is necessary to perform the currently prescribed quantitative impairment test by comparing the fair value of the indefinite-lived intangible asset with its carrying value. Otherwise, the quantitative impairment test is not required. This new guidance is effective for fiscal years and interim periods beginning after September 15, 2012. We did not utilize this option in 2012 or in the first six months of 2013.

In February 2013, the FASB issued new guidance intended to improve the reporting of reclassifications out of accumulated other comprehensive income. The guidance requires an entity to report the effect of significant reclassifications out of accumulated other comprehensive income on the respective line items in net income if the amount being reclassified is required under U.S. GAAP to be reclassified in its entirety to net income. For other amounts that are not required under U.S. GAAP to be reclassified in their entirety from accumulated other comprehensive income to net income in the same reporting period, an entity is required to cross-reference other disclosures required under U.S. GAAP that provide additional detail about those amounts. This guidance is effective for us in our second quarter of 2013. Please see Note 10 — Shareholders' Equity, which presents the reclassifications out of Accumulated Other Comprehensive Income.

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16. Condensed Consolidating Financial Statements

Weatherford International Ltd., a Swiss joint-stock company, is the ultimate parent of the Weatherford group ("Weatherford Switzerland or Parent"). The Parent guarantees certain obligations of Weatherford International Ltd., a Bermuda company ("Weatherford Bermuda") and Weatherford International, LLC., a Delaware limited liability company ("Weatherford Delaware"), noted below.

The following obligations of Weatherford Delaware were guaranteed by Weatherford Bermuda at June 30, 2013 and December 31, 2012: (1) the 6.35% Senior Notes and (2) the 6.80% Senior Notes.

The following obligations of Weatherford Bermuda were guaranteed by Weatherford Delaware at June 30, 2013: (1) the revolving credit facility, (2) the 4.95% Senior Notes, (3) the 5.50% Senior Notes, (4) the 6.50% Senior Notes, (5) the 6.00% Senior Notes, (6) the 7.00% Senior Notes, (7) the 9.625% Senior Notes, (8) the 9.875% Senior Notes, (9) the 5.125% Senior Notes, (10) the 6.75% Senior Notes, (11) the 4.50% Senior Notes and (12) the 5.95% Senior Notes.

The following obligations of Weatherford Bermuda were guaranteed by Weatherford Delaware at December 31, 2012: (1) the revolving credit facility, (2) the 4.95% Senior Notes, (3) the 5.50% Senior Notes, (4) the 6.50% Senior Notes, (5) the 5.15% Senior Notes, (6) the 6.00% Senior Notes, (7) the 7.00% Senior Notes, (8) the 9.625% Senior Notes, (9) the 9.875% Senior Notes, (10) the 5.125% Senior Notes, (11) the 6.75% Senior Notes, (12) the 4.50% Senior Notes and (13) the 5.95% Senior Notes.

As a result of these 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.

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Condensed Consolidating Balance Sheet
June 30, 2013
(Unaudited)
(In millions)

	<u>Weatherford Switzerland</u>	<u>Weatherford Bermuda</u>	<u>Weatherford Delaware</u>	<u>Other Subsidiaries</u>	<u>Eliminations</u>	<u>Consolidation</u>
Current Assets:						
Cash and Cash Equivalents	\$ 1	\$ —	\$ 1	\$ 293	\$ —	\$ 295
Other Current Assets	5	75	275	8,566	(268)	8,653
Total Current Assets	6	75	276	8,859	(268)	8,948
Equity Investments in Affiliates	8,842	9,401	7,909	14,022	(40,174)	—
Shares Held in Parent	—	—	10	73	(83)	—
Intercompany Receivables, Net	—	2,103	—	—	(2,103)	—
Other Non-current Assets	16	43	14	13,611	—	13,684
Total Assets	\$ 8,864	\$ 11,622	\$ 8,209	\$ 36,565	\$ (42,628)	\$ 22,632
Current Liabilities:						
Short-term Borrowings and Current Portion of						
Long-term Debt	\$ —	\$ 1,980	\$ 23	\$ 145	\$ —	\$ 2,148
Accounts Payable and Other Current Liabilities	4	389	—	3,677	(268)	3,802
Total Current Liabilities	4	2,369	23	3,822	(268)	5,950
Long-term Debt	—	5,893	1,006	188	—	7,087
Intercompany Payables, Net	446	—	595	1,063	(2,104)	—
Other Non-current Liabilities	13	77	1	1,065	—	1,156
Total Liabilities	463	8,339	1,625	6,138	(2,372)	14,193
Weatherford Shareholders' Equity	8,401	3,283	6,584	30,389	(40,256)	8,401
Noncontrolling Interests	—	—	—	38	—	38
Total Liabilities and Shareholders' Equity	\$ 8,864	\$ 11,622	\$ 8,209	\$ 36,565	\$ (42,628)	\$ 22,632

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Condensed Consolidating Balance Sheet
December 31, 2012
(In millions)

	<u>Weatherford Switzerland</u>	<u>Weatherford Bermuda</u>	<u>Weatherford Delaware</u>	<u>Other Subsidiaries</u>	<u>Eliminations</u>	<u>Consolidation</u>
Current Assets:						
Cash and Cash Equivalents	\$ —	\$ —	\$ —	\$ 300	\$ —	\$ 300
Other Current Assets	5	5	256	8,682	(219)	8,729
Total Current Assets	<u>5</u>	<u>5</u>	<u>256</u>	<u>8,982</u>	<u>(219)</u>	<u>9,029</u>
Equity Investments in Affiliates	9,184	14,790	7,675	8,458	(40,107)	—
Shares Held in Parent	—	—	10	172	(182)	—
Intercompany Receivables, Net	—	1,872	—	—	(1,872)	—
Other Non-current Assets	17	45	14	13,690	—	13,766
Total Assets	<u>\$ 9,206</u>	<u>\$ 16,712</u>	<u>\$ 7,955</u>	<u>\$ 31,302</u>	<u>\$ (42,380)</u>	<u>\$ 22,795</u>
Current Liabilities:						
Short-term Borrowings and Current Portion of						
Long-term Debt	\$ —	\$ 1,439	\$ 26	\$ 120	\$ —	\$ 1,585
Accounts Payable and Other Current						
Liabilities	8	246	—	4,089	(218)	4,125
Total Current Liabilities	<u>8</u>	<u>1,685</u>	<u>26</u>	<u>4,209</u>	<u>(218)</u>	<u>5,710</u>
Long-term Debt	—	5,895	1,019	135	—	7,049
Intercompany Payables, Net	400	—	477	995	(1,872)	—
Other Non-current Liabilities	12	76	3	1,127	—	1,218
Total Liabilities	<u>420</u>	<u>7,656</u>	<u>1,525</u>	<u>6,466</u>	<u>(2,090)</u>	<u>13,977</u>
Weatherford Shareholders' Equity	8,786	9,056	6,430	24,804	(40,290)	8,786
Noncontrolling Interests	—	—	—	32	—	32
Total Liabilities and Shareholders' Equity	<u>\$ 9,206</u>	<u>\$ 16,712</u>	<u>\$ 7,955</u>	<u>\$ 31,302</u>	<u>\$ (42,380)</u>	<u>\$ 22,795</u>

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Condensed Consolidating Statements of Comprehensive Income (Loss)
Three Months Ended June 30, 2013
(Unaudited)
(In millions)

	<u>Weatherford Switzerland</u>	<u>Weatherford Bermuda</u>	<u>Weatherford Delaware</u>	<u>Other Subsidiaries</u>	<u>Eliminations</u>	<u>Consolidation</u>
Revenues	\$ —	\$ —	\$ —	\$ 3,868	\$ —	\$ 3,868
Costs and Expenses	(9)	(132)	(1)	(3,671)	—	(3,813)
Operating Income (Loss)	(9)	(132)	(1)	197	—	55
Other Income (Expense):						
Interest Expense, Net	—	(107)	(15)	(6)	—	(128)
Intercompany Charges, Net	(25)	13	(109)	121	—	—
Equity in Subsidiary Income (Loss)	(85)	(17)	114	—	(12)	—
Other, Net	1	24	(1)	(42)	—	(18)
Income (Loss) Before Income Taxes	(118)	(219)	(12)	270	(12)	(91)
Benefit (Provision) for Income Taxes	—	—	45	(65)	—	(20)
Net Income (Loss)	(118)	(219)	33	205	(12)	(111)
Noncontrolling Interests	—	—	—	(7)	—	(7)
Net Income (Loss) Attributable to Weatherford	\$ (118)	\$ (219)	\$ 33	\$ 198	\$ (12)	\$ (118)
Comprehensive Income (Loss) Attributable to Weatherford	\$ (291)	\$ (325)	\$ (21)	\$ 25	\$ 321	\$ (291)

Condensed Consolidating Statements of Comprehensive Income
Three Months Ended June 30, 2012
(Unaudited)
(In millions)

	<u>Weatherford Switzerland</u>	<u>Weatherford Bermuda</u>	<u>Weatherford Delaware</u>	<u>Other Subsidiaries</u>	<u>Eliminations</u>	<u>Consolidation</u>
Revenues	\$ —	\$ —	\$ —	\$ 3,747	\$ —	\$ 3,747
Costs and Expenses	(110)	—	—	(4,269)	—	(4,379)
Operating Income (Loss)	(110)	—	—	(522)	—	(632)
Other Income (Expense):						
Interest Expense, Net	—	(101)	(17)	(3)	—	(121)
Intercompany Charges, Net	(27)	7	(52)	72	—	—
Equity in Subsidiary Income (Loss)	(711)	(785)	(447)	—	1,943	—
Other, Net	(1)	55	(1)	(80)	—	(27)
Income (Loss) Before Income Taxes	(849)	(824)	(517)	(533)	1,943	(780)
Benefit (Provision) for Income Taxes	—	—	25	(88)	—	(63)
Net Income (Loss)	(849)	(824)	(492)	(621)	1,943	(843)
Noncontrolling Interests	—	—	—	(6)	—	(6)
Net Income (Loss) Attributable to Weatherford	\$ (849)	\$ (824)	\$ (492)	\$ (627)	\$ 1,943	\$ (849)
Comprehensive Income (Loss) Attributable to Weatherford	\$ (849)	\$ (824)	\$ (492)	\$ (943)	\$ 1,943	\$ (1,165)

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

Condensed Consolidating Statements of Income
Six Months Ended June 30, 2013
(Unaudited)
(In millions)

	<u>Weatherford Switzerland</u>	<u>Weatherford Bermuda</u>	<u>Weatherford Delaware</u>	<u>Other Subsidiaries</u>	<u>Eliminations</u>	<u>Consolidation</u>
Revenues	\$ —	\$ —	\$ —	\$ 7,705	\$ —	\$ 7,705
Costs and Expenses	(18)	(122)	(1)	(7,230)	—	(7,371)
Operating Income (Loss)	(18)	(122)	(1)	475	—	334
Other Income (Expense):						
Interest Expense, Net	—	(218)	(31)	(10)	—	(259)
Intercompany Charges, Net	(25)	13	(79)	91	—	—
Equity in Subsidiary Income (Loss)	(54)	178	231	—	(355)	—
Other, Net	1	10	(1)	(141)	—	(131)
Income (Loss) Before Income Taxes	(96)	(139)	119	415	(355)	(56)
Benefit (Provision) for Income Taxes	—	—	39	(64)	—	(25)
Net Income (Loss)	(96)	(139)	158	351	(355)	(81)
Noncontrolling Interests	—	—	—	(15)	—	(15)
Net Income (Loss) Attributable to Weatherford	\$ (96)	\$ (139)	\$ 158	\$ 336	\$ (355)	\$ (96)
Comprehensive Income (Loss) Attributable to Weatherford	\$ (418)	\$ (396)	\$ (35)	\$ 14	\$ 417	\$ (418)

Condensed Consolidating Statements of Income
Six Months Ended June 30, 2012
(Unaudited)
(In millions)

	<u>Weatherford Switzerland</u>	<u>Weatherford Bermuda</u>	<u>Weatherford Delaware</u>	<u>Other Subsidiaries</u>	<u>Eliminations</u>	<u>Consolidation</u>
Revenues	\$ —	\$ —	\$ —	\$ 7,338	\$ —	\$ 7,338
Costs and Expenses	(126)	(1)	(1)	(7,472)	—	(7,600)
Operating Income (Loss)	(126)	(1)	(1)	(134)	—	(262)
Other Income (Expense):						
Interest Expense, Net	—	(190)	(36)	(7)	—	(233)
Intercompany Charges, Net	(27)	15	(27)	39	—	—
Equity in Subsidiary Income (Loss)	(572)	(524)	(193)	—	1,289	—
Other, Net	(1)	20	(1)	(63)	—	(45)
Income (Loss) Before Income Taxes	(726)	(680)	(258)	(165)	1,289	(540)
Benefit (Provision) for Income Taxes	—	—	23	(196)	—	(173)
Net Income (Loss)	(726)	(680)	(235)	(361)	1,289	(713)
Noncontrolling Interests	—	—	—	(13)	—	(13)
Net Income (Loss) Attributable to Weatherford	\$ (726)	\$ (680)	\$ (235)	\$ (374)	\$ 1,289	\$ (726)
Comprehensive Income (Loss) Attributable to Weatherford	\$ (726)	\$ (680)	\$ (235)	\$ (506)	\$ 1,289	\$ (858)

Condensed Consolidating Statement of Cash Flows
Six Months Ended June 30, 2013
(Unaudited)
(In millions)

	<u>Weatherford Switzerland</u>	<u>Weatherford Bermuda</u>	<u>Weatherford Delaware</u>	<u>Other Subsidiaries</u>	<u>Eliminations</u>	<u>Consolidation</u>
Cash Flows from Operating Activities:						
Net Income (Loss)	\$ (96)	\$ (139)	\$ 158	\$ 351	\$ (355)	\$ (81)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Charges from Parent or Subsidiary	25	(13)	79	(91)	—	—
Equity in (Earnings) Loss of Affiliates	54	(178)	(231)	—	355	—
Deferred Income Tax Provision (Benefit)	—	—	(39)	(54)	—	(93)
Other Adjustments	217	696	(223)	(275)	—	415
Net Cash Provided (Used) by Operating Activities	<u>200</u>	<u>366</u>	<u>(256)</u>	<u>(69)</u>	<u>—</u>	<u>241</u>
Cash Flows from Investing Activities:						
Capital Expenditures for Property, Plant and Equipment	—	—	—	(846)	—	(846)
Acquisitions of Businesses, Net of Cash Acquired	—	—	—	(7)	—	(7)
Acquisition of Intellectual Property	—	—	—	(3)	—	(3)
Proceeds from Sale of Assets and Businesses, Net	—	—	—	66	—	66
Capital Contribution to Subsidiary	(129)	—	—	—	129	—
Net Cash Provided (Used) by Investing Activities	<u>(129)</u>	<u>—</u>	<u>—</u>	<u>(790)</u>	<u>129</u>	<u>(790)</u>
Cash Flows from Financing Activities:						
Borrowings (Repayments) Short-term Debt, Net	—	836	—	18	—	854
Borrowings (Repayments) Long-term Debt, Net	—	(294)	(15)	(1)	—	(310)
Borrowings (Repayments) Between Subsidiaries, Net	(70)	(908)	272	706	—	—
Proceeds from Capital Contribution	—	—	—	129	(129)	—
Other, Net	—	—	—	4	—	4
Net Cash Provided (Used) by Financing Activities	<u>(70)</u>	<u>(366)</u>	<u>257</u>	<u>856</u>	<u>(129)</u>	<u>548</u>
Effect of Exchange Rate Changes on Cash and Cash Equivalents	—	—	—	(4)	—	(4)
Net Increase (Decrease) in Cash and Cash Equivalents	1	—	1	(7)	—	(5)
Cash and Cash Equivalents at Beginning of Period	—	—	—	300	—	300
Cash and Cash Equivalents at End of Period	<u>\$ 1</u>	<u>\$ —</u>	<u>\$ 1</u>	<u>\$ 293</u>	<u>\$ —</u>	<u>\$ 295</u>

Condensed Consolidating Statement of Cash Flows
Six Months Ended June 30, 2012
(Unaudited)
(In millions)

	<u>Weatherford Switzerland</u>	<u>Weatherford Bermuda</u>	<u>Weatherford Delaware</u>	<u>Other Subsidiaries</u>	<u>Eliminations</u>	<u>Consolidation</u>
Cash Flows from Operating Activities:						
Net Income (Loss)	\$ (726)	\$ (680)	\$ (235)	\$ (361)	\$ 1,289	\$ (713)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Charges from Parent or Subsidiary	27	(15)	27	(39)	—	—
Equity in (Earnings) Loss of Affiliates	572	524	193	—	(1,289)	—
Deferred Income Tax Provision (Benefit)	—	—	(31)	71	—	40
Other Adjustments	80	(67)	268	677	—	958
Net Cash Provided (Used) by Operating Activities	<u>(47)</u>	<u>(238)</u>	<u>222</u>	<u>348</u>	<u>—</u>	<u>285</u>
Cash Flows from Investing Activities:						
Capital Expenditures for Property, Plant and Equipment	—	—	—	(1,098)	—	(1,098)
Acquisitions of Businesses, Net of Cash Acquired	(29)	—	—	(127)	—	(156)
Acquisition of Intellectual Property	—	—	—	(6)	—	(6)
Acquisition of Equity Investments in Unconsolidated Affiliates	—	—	—	(8)	—	(8)
Proceeds from Sale of Assets and Businesses, Net	—	—	—	16	—	16
Capital Contribution to Subsidiary	29	—	(118)	118	(29)	—
Net Cash Provided (Used) by Investing Activities	<u>—</u>	<u>—</u>	<u>(118)</u>	<u>(1,105)</u>	<u>(29)</u>	<u>(1,252)</u>
Cash Flows from Financing Activities:						
Borrowings (Repayments) Short-term Debt, Net	—	(85)	—	(1)	—	(86)
Borrowings (Repayments) Long-term Debt, Net	—	1,295	(10)	(272)	—	1,013
Borrowings (Repayments) Between Subsidiaries, Net	47	(972)	(91)	1,016	—	—
Proceeds from Capital Contribution Other, Net	—	—	—	(29)	29	—
Other, Net	—	—	—	53	—	53
Net Cash Provided (Used) by Financing Activities	<u>47</u>	<u>238</u>	<u>(101)</u>	<u>767</u>	<u>29</u>	<u>980</u>
Effect of Exchange Rate Changes on Cash and Cash Equivalents						
	—	—	—	(3)	—	(3)
Net Increase (Decrease) in Cash and Cash Equivalents	—	—	3	7	—	10
Cash and Cash Equivalents at Beginning of Period	—	—	—	371	—	371
Cash and Cash Equivalents at End of Period	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 3</u>	<u>\$ 378</u>	<u>\$ —</u>	<u>\$ 381</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 2013. Next, we analyze the results of our operations for the three and six months ended June 30, 2013 and 2012, including the trends in our business and 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. The "Company," "we," "us" and "our" refer to Weatherford International Ltd., a Swiss joint-stock corporation and its subsidiaries on a consolidated basis.

The following discussion should be read in conjunction with the financial statements included with this report and our financial statements and related MD&A for the year ended December 31, 2012 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."

Overview

General

Our principal business is to provide equipment and services to the oil and natural gas exploration and production industry both on land and offshore, through our product and service line groups, Formation Evaluation and Well Construction and Completion and Production.

- Formation Evaluation and Well Construction includes Drilling Services, Well Construction, Integrated Drilling, Wireline and Evaluation Services, Drilling Tools and Re-entry and Fishing.
- Completion and Production includes Artificial Lift Systems, Stimulation and Chemicals, Completion Systems and Pipeline and Specialty Services.

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.

We conduct operations in over 100 countries and have service and sales locations in nearly all of the oil and natural gas producing regions in the world. Our operational performance is reviewed on a geographic basis and we report the following regions as separate, distinct reporting segments: (1) North America; (2) Latin America; (3) Europe/Sub-Saharan Africa ("SSA")/Russia; and (4) Middle East/North Africa ("MENA")/Asia Pacific.

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:

	<u>WTI Oil (a)</u>	<u>Henry Hub Gas (b)</u>	<u>North American Rig Count (c)</u>	<u>International Rig Count (c)</u>
June 30, 2013	\$ 96.56	\$ 3.57	1,918	1,306
December 31, 2012	91.82	3.35	2,178	1,260
June 30, 2012	84.96	2.82	2,148	1,230

(a) Price per barrel of West Texas Intermediate ("WTI") crude oil of the date indicated at Cushing Oklahoma – *Source*: Thomson Reuters

(b) Price per MM/BTU as of the date indicated at Henry Hub Louisiana – *Source*: Thomson Reuters

(c) Average rig count for the period indicated – *Source*: Baker Hughes Rig Count

Oil prices increased during the first six months of 2013, ranging from a low of \$86.68 per barrel in mid April to a high of \$98.44 per barrel in mid June. Natural gas prices increased during the first six months of 2013 and ranged from a high of \$4.41 MM/BTU in mid April to a low of \$3.11 MM/BTU in early January. Factors influencing oil and natural gas prices during the period include hydrocarbon inventory levels, realized and 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 well production decline rates accelerate and reservoir productivity complexities increase, our clients will continue to face growing challenges securing desired rates of production growth. These challenges increase our customers' requirements for technologies that improve productivity and efficiency and increase demand for our products and services. These phenomena provide us with a positive outlook over the longer term.

The level of improvement in our businesses for the remainder of 2013 will continue to depend heavily on pricing and volume increases, our control of costs and our ability to further penetrate existing markets with our younger technologies, as well as to successfully introduce these technologies to new markets.

We believe that 2013 has been and will continue to be a positive year for both our North American and international operations. We expect steady improvements in North America with some gains, both top-line and margin. Internationally, forecasts for Latin America show a very strong year and Europe/SSA/Russia and Asia Pacific are all expected to have solid growth and positive margin improvements. MENA should regain its status as a positive contributor. We expect our artificial lift systems product line to have steady volume growth into 2013. Pricing increases for artificial lift systems are expected to flatten in North America, but increase in the international markets.

Results of Operations

The following charts contain selected financial data comparing our consolidated and segment results from operations for the three and six months ended June 30, 2013 and 2012:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
	<i>(In millions, except per share amounts)</i>			
Revenues:				
North America	\$ 1,529	\$ 1,663	\$ 3,221	\$ 3,417
MENA/Asia Pacific	919	649	1,704	1,244
Europe/SSA/Russia	681	653	1,314	1,224
Latin America	739	782	1,466	1,453
	<u>3,868</u>	<u>3,747</u>	<u>7,705</u>	<u>7,338</u>
Operating Income:				
North America	167	226	391	584
MENA/Asia Pacific	45	(38)	87	(16)
Europe/SSA/Russia	83	102	148	168
Latin America	90	90	188	173
Research and Development	(71)	(64)	(138)	(126)
Corporate Expenses	(49)	(49)	(97)	(99)
Goodwill and Equity Investment Impairment	—	(793)	—	(793)
US Government Investigation Loss Contingency	(153)	(100)	(153)	(100)
Other Items	(57)	(6)	(92)	(53)
	<u>55</u>	<u>(632)</u>	<u>334</u>	<u>(262)</u>
Interest Expense, Net	(128)	(121)	(259)	(233)
Devaluation of Venezuelan Bolivar	—	—	(100)	—
Other, Net	(18)	(27)	(31)	(45)
Net Loss per Diluted Share	\$ (0.15)	\$ (1.11)	\$ (0.12)	\$ (0.95)
Depreciation and Amortization	341	311	687	610

Revenues

The following chart contains consolidated revenue percentages by product line for the three and six months ended June 30, 2013 and 2012:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Formation Evaluation and Well Construction	61%	55%	60%	56%
Completion and Production	39%	45%	40%	44%
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

Consolidated revenues increased \$121 million, or 3%, in the second quarter of 2013 as compared to the second quarter of 2012. This increase outpaced the 5% decrease in average total rig count over the comparable period due to a 11% decrease in the North American rig count. International revenues increased \$255 million, or 12%, in the second quarter of 2013, as compared to the second quarter of 2012. Our international drilling services, well construction, drilling tools and fishing and re-entry product line activities were the strongest contributors to the increase over the year-ago period. Revenue in our North American segment decreased \$134 million, or 8%, in the second quarter of 2013 compared to the same quarter of the prior year largely due to a decline in our stimulation and chemicals product line in the US, as well as a decline driven by the phased sale of our industrial screen business in the first and second quarter of 2013.

Consolidated revenues increased \$367 million, or 5%, in the first six months of 2013 as compared to the first six months of 2012, mostly driven by an increase in international revenues of \$563 million, or 14%, in the first six months of 2013, as compared to the first six months of 2012. Consistent with the quarterly periods, our international drilling services, well construction, drilling tools and fishing and re-entry product line activities were the strongest contributors to the increase over the year-ago period. Revenue in our North American segment decreased \$196 million, or 6%, in the second quarter of 2013 compared to the same quarter of the prior year, largely due to a decline in our stimulation and chemicals product line in the US as well as a decline in our industrial screens product due to the sale of our industrial screen business units in the first and second quarter of 2013.

Operating Income

Consolidated operating income increased \$687 million or 109%, in the second quarter of 2013 as compared to the second quarter of 2012. During the second quarter of 2013, we recorded a \$153 million accrual for a loss contingency related to US government investigations related to Foreign Corrupt Practices Act and oil-for-food matters. During the second quarter of 2012, we recorded impairment charges of \$793 million related to goodwill and equity investments and recorded a \$100 million accrual for a loss contingency related to US government investigations related to sanctioned country matters. Our operating segments' contribution declined \$1 million compared to the second quarter of 2012. Corporate, Research and Development and Other Expenses increased \$1 million as compared to the second quarter of 2012.

Other items for the six months ended June 30, 2013 includes an \$8 million gain related to the sale of our industrial screen business, income tax restatement and material weakness remediation expenses of \$27 million and severance, exit and other charges of \$73 million, including \$44 million of severance and \$16 million in legal and professional fees incurred in conjunction with our on-going government investigations.

Other items for the six months ended June 30, 2012 include \$53 million for severance, exit and other costs, income tax restatement and material weakness remediation expenses of \$25 million and an offsetting gain of \$28 million related to the sale of our subsea controls business.

Devaluation of Venezuelan Bolivar

In February 2013, the Venezuelan government announced its intention to devalue its currency and move to a two tier exchange structure. The official exchange moved from 4.30 per dollar to 6.30 per dollar for all goods and services. In connection with this devaluation, we incurred a charge of \$100 million in the first quarter of 2013 for the remeasurement of our net monetary assets denominated in Venezuelan bolivars at the date of the devaluation.

Interest Expense, Net

Interest Expense, Net increased \$7 million, or 6% in the second quarter of 2013, as compared to the same period of the prior year, due to increases in overall indebtedness.

Income Taxes

For the three and six months ended June 30, 2013, we had a tax provision of \$20 million and \$25 million on pre-tax losses of \$91 million and \$56 million. Our effective tax rate for the three and six months ended June 30, 2013 is (22)% and (44)% respectively. Our loss before taxes for the three and six months ended June 30, 2013 includes \$153 million charge for the potential settlement of the oil-for-food and Foreign Corrupt Practices Act matters with no tax benefit. Our tax provision for the three months ended June 30, 2013 includes one-time tax benefits mostly due to tax restructuring benefits, decreases in reserves for uncertain tax positions due to statute of limitation expiration and audit settlements, and return to accrual adjustments, which decreased our effective tax rate for the period. Our provision for the six months ended June 30, 2013, in addition to items above, also includes one-time tax benefits due to the devaluation of the Venezuelan bolivar, and enactment of the American Taxpayer Relief Act, which decreased our effective tax rate for the period.

For the three and six months ended June 30, 2012, we had a tax provision of \$63 million and \$173 million on pre-tax losses of \$780 million and \$540 million. Our effective tax rate for the three and six months ended June 30, 2012 was (8) % and (32)% respectively. Our loss before taxes for the three and six months ended June 30, 2012, includes a \$589 million charge for the impairment of goodwill, substantially all of which was non-deductible.

We anticipate a possible reduction in the balance of uncertain tax positions between \$25 million to \$50 million in the next twelve months due to expiration of statutes of limitations, settlements and/or conclusions of tax examinations.

Segment Results

North America

North American revenues decreased \$134 million, or 8%, in the second quarter of 2013, as compared to the second quarter of 2012 and \$196 million, or 6%, during the six month period ended June 30, 2013. This decrease was outpaced by the 11% decrease in average North American rig count over the three and six month periods. The decline was primarily in our drilling service and stimulation and chemical product line, as well as a decline in our industrial screens product due to the sale of our industrial screen business units in the first and second quarter of 2013. These declines were partially offset by an increase in revenues from our well construction product line in the U.S.

Operating income decreased \$59 million, or 26%, in the second quarter of 2013, as compared to the second quarter of the prior year. Operating margins were 10.9% in the second quarter of 2013 and 13.6% in the second quarter of 2012. Declines in operating margin are primarily attributable to stimulation and chemicals margin declines due to price reductions and higher fixed costs, as well as lower gross profit in drilling services mostly driven by a decline in activity. Operating margins were 12.1% in the six months ended June 30, 2013, compared to 17.1% for the first six months of 2012. These margin declines were partially offset by increases in artificial lift operating margins.

In 2012, the carrying value our guar inventory, a component of certain drilling fluids, was adjusted to the lower of cost or market. In the first six months of 2013, we sold \$24 million of our guar inventory, which was our entire guar inventory adjusted to market value in 2012, at a zero margin.

MENA/Asia Pacific

MENA/Asia Pacific revenues increased \$270 million, or 42%, in the second quarter of 2013, as compared to the second quarter of 2012 and \$460 million or 37% during the first six months of 2013, as compared to the same period of the prior year. Increased activity for our drilling services, well construction, and artificial lift product lines contributed to the increase in revenue. Operating income increased \$83 million, or 218%, during the second quarter of 2013, compared to the same quarter of the prior year and \$103 million during the six months ended June 30, 2013, compared to the same period of the prior year. The 2013 increase in operating income is primarily due to improved margins in drilling services due to the prior year losses on percentage of completion contracts in Iraq. These losses totaled \$62 million and \$93 million in the three and six month period ended June 30, 2012.

During the second quarter of 2013, we included \$40 million in claim revenue in our total revenue estimate on a percentage-of-completion contract. Of this claim revenue, \$19 million was recognized during the current quarter based on the estimated percentage completed. This claim was recognized by our MENA/Asia Pacific segment upon identifying certain costs that we are legally entitled to recover from a customer under the terms of the contract.

Europe/SSA/Russia

Revenues in our Europe/SSA/Russia segment increased \$28 million, or 4%, in the second quarter of 2013, compared to the same quarter of the prior year and \$90 million, or 7%, in the six months ended June 30, 2013, compared to the same period in the prior year. The region realized strong performances primarily in Russia from our drilling services and integrated drilling product lines in the current quarter as compared to the same period of the prior year.

Operating income decreased \$19 million, or 19%, in the second quarter of 2013, as compared to the same quarter of 2012 and \$20 million or 12% during the six months ended June 30, 2013, compared to the same period in the prior year. Operating margins were 12.2% in the second quarter of 2013 and 15.6% in the second quarter of 2012. Operating margins were 11.3% in the six months ended June 30, 2013, compared to 13.7% for the first six months of 2012. The decrease in operating income and margins was due to increased costs in Russia, relative to the prior year quarter related to integrated drilling, and completion.

Latin America

Revenues in our Latin America segment decreased \$43 million, or 6%, in the second quarter of 2013, as compared to the same quarter of the prior year largely due to declining activity for our drilling and artificial lift product lines in Mexico and Colombia. Revenues increased \$13 million, or 1%, in the six months ended June 30, 2013, compared to the same period in the prior year, due to increases in our well construction and completions product lines.

Operating income was flat in the second quarter of 2013, over the comparable period of the prior year and increased \$15 million, or 9%, in the six months ended June 30, 2013, compared to the same period in the prior year. Operating margins increased from 11.5% for the second quarter of 2012 to 12.2% for the second quarter of 2013 due to continued improving contributions from our well construction, completions and integrated drilling product lines. Operating margins were 12.8% in the six months ended June 30, 2013, compared to 11.9% for the first six months of 2012.

Liquidity and Capital Resources

Sources of Liquidity

Our sources of available liquidity include cash and cash equivalent balances, cash generated from operations, commercial paper and committed bank lines of credit. We also historically have accessed banks for short-term loans from uncommitted borrowing arrangements and the capital markets with debt and equity offerings. From time to time we may enter into transactions to factor accounts receivable or dispose of businesses or capital assets that are no longer core to our long-term growth strategy.

Committed Borrowing Facilities

We maintain a \$2.25 billion unsecured, revolving credit agreement (the "Credit Agreement") with JPMorgan Chase Bank, N.A., as administrative agent, scheduled to mature July 13, 2016. The Credit Agreement can be used for a combination of borrowings, support for our \$2.25 billion commercial paper program and issuances of letters of credit. This agreement requires that we maintain a debt-to-total capitalization ratio of less than 60%. We were in compliance with this covenant at June 30, 2013.

The following is a recap of our availability under our committed borrowing facility at June 30, 2013 (in millions):

Facilities	\$	2,250
Less:		
Amount drawn		525
Commercial paper		840
Letters of credit		121
Availability	\$	<u>764</u>

On May 1, 2013, we entered into a \$300 million, 364-day, term loan facility with a syndicate of banks. The facility was fully drawn on May 1, 2013 and will mature on April 30, 2014. The terms and conditions of the facility are substantially similar to our \$2.25 billion revolving credit agreement. The facility is used for general corporate purposes, including the repayment of other credit facility borrowings and the reduction of outstanding commercial paper.

Cash Requirements

During 2013, we anticipate our cash requirements will include interest payments on our outstanding debt, the repayment of \$250 million of senior notes due in the fourth quarter of 2013, working capital needs and capital expenditures. Our cash requirements may also include opportunistic business acquisitions and an amount to settle the governmental investigations described in our forward-looking statements below. Consistent with 2012, we anticipate funding these requirements from cash generated from operations, availability under our existing credit facilities, the issuance of commercial paper and potential proceeds from disposals of businesses or capital assets that are no longer closely aligned with our core long-term growth strategy. Capital expenditures for 2013 are projected to be between 8% and 12% of our revenues. The amounts we ultimately spend will depend on a number of factors including the type of contracts we enter into, asset availability and our expectations with respect to industry activity levels in 2013. Expenditures are expected to be used primarily to support anticipated near-term growth and our sources of liquidity are anticipated to be sufficient to meet our needs. Capital expenditures during the six months ended June 30, 2013 were \$846 million.

Cash and equivalents of \$294 million at June 30, 2013 are held by subsidiaries domiciled outside of Switzerland. Based on the nature of our structure, we are generally able to redeploy cash with no significant incremental tax expense.

Accounts Receivable Factoring

In 2010, we entered into a factoring program to sell certain accounts receivable in Mexico to third party financial institutions. In the six months ended June 30, 2013, we sold approximately \$83 million under the program, received cash totaling \$80 million and recognized a loss of approximately \$1 million on these sales. In the six months ended June 30, 2012, we sold approximately \$51 million under the program, initially received cash totaling \$47 million and ultimately collected amounts that resulted in a loss of less than \$1 million on these sales. These sales occurred in the first quarter of 2013 and 2012 and no factoring occurred in the second quarter periods. In each of the years since 2010, our factoring transactions qualified for sale accounting under the accounting standards and proceeds are included in operating cash flows in our Condensed Consolidated Statements of Cash Flows.

Derivative Instruments

Fair Value Hedges

We may use interest rate swaps to help mitigate exposures related to changes in the fair values of our debt. 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, of interest expense over the remaining term of the debt. As of June 30, 2013, we had net unamortized gains of \$47 million associated with interest rate swap terminations. These gains are being amortized over the remaining term of the originally hedged debt as a reduction in interest expense.

Cash Flow Hedges

We entered into interest rate derivative instruments to hedge projected exposures to interest rates in anticipation of a debt offering in 2008. 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 (Loss) into interest expense over the remaining term of the debt. As of June 30, 2013, we had net unamortized losses of \$11 million associated with our cash flow hedge terminations.

Other Derivative Instruments

As of June 30, 2013, we had foreign currency forward contracts with notional amounts aggregating to \$934 million. These contracts were entered into to hedge exposure to currency fluctuations in various foreign currencies. The total estimated fair value of these contracts, and amounts receivable or owed associated with closed contracts resulted, in a net asset of approximately \$26 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 Operations.

We have cross-currency swaps between the U.S. dollar and Canadian dollar to hedge certain exposures to the Canadian dollar. At June 30, 2013, we had notional amounts outstanding of \$168 million. The total estimated fair value of these contracts at June 30, 2013, resulted in a liability of \$23 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 Operations.

Off Balance Sheet Arrangements

Weatherford International Ltd., a Swiss joint-stock company, is the ultimate parent ("Weatherford Switzerland") of the Weatherford group and guarantees certain obligations of Weatherford International Ltd., a Bermuda company ("Weatherford Bermuda") and Weatherford International, LLC., a Delaware limited liability company ("Weatherford Delaware") noted below.

The following obligations of Weatherford Delaware were guaranteed by Weatherford Bermuda at June 30, 2013 and December 31, 2012: (1) the 6.35% Senior Notes and (2) the 6.80% Senior Notes.

The following obligations of Weatherford Bermuda were guaranteed by Weatherford Delaware at June 30, 2013: (1) the revolving credit facility, (2) the 4.95% Senior Notes, (3) the 5.50% Senior Notes, (4) the 6.50% Senior Notes, (5) the 6.00% Senior Notes, (6) the 7.00% Senior Notes, (7) the 9.625% Senior Notes, (8) the 9.875% Senior Notes, (9) the 5.125% Senior Notes, (10) the 6.75% Senior Notes, (11) the 4.50% Senior Notes and (12) the 5.95% Senior Notes.

The following obligations of Weatherford Bermuda were guaranteed by Weatherford Delaware at December 31, 2012: (1) the revolving credit facility, (2) the 4.95% Senior Notes, (3) the 5.50% Senior Notes, (4) the 6.50% Senior Notes, (5) the 5.15% Senior Notes, (6) the 6.00% Senior Notes, (7) the 7.00% Senior Notes, (8) the 9.625% Senior Notes, (9) the 9.875% Senior Notes, (10) the 5.125% Senior Notes, (11) the 6.75% Senior Notes, (12) the 4.50% Senior Notes and (13) the 5.95% Senior Notes.

Letters of Credit

We execute letters of credit and bid and performance bonds in the normal course of business. As of June 30, 2013, we had \$910 million of letters of credit and bid and performance bonds outstanding, consisting of \$524 million of letters of credit outstanding under various uncommitted credit facilities, \$121 million letters of credit outstanding under our committed facilities and \$265 million of performance bonds issued by financial sureties against an indemnification from us. These obligations could be called by the beneficiaries should we breach certain contractual or performance obligations. If the beneficiaries were to call the letters of credit under our committed facilities, our available liquidity would be reduced by the amount called.

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, 2012.

New Accounting Pronouncements

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

Risk Factors

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

This report, as well as other filings made by us with SEC, and our releases issued to the public contain various statements relating to future financial performance and results, including certain projections, business trends and other statements that are not historical facts. 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," "could," "will," "would," "will be," "will continue," "will likely result," and similar expressions, although not all forward-looking statements contain these identifying words.

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 correct, update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise, except to the extent required under federal securities laws. The following sets forth 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, those described below under Item 1A – Risk Factors and 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. A weakened global economic climate generally results in lower demand and lower prices for oil and natural gas, which reduces drilling and production activity, which in turn results in lower revenues and income for us. Worldwide drilling activity and global demand for oil and natural gas may also be affected by changes in governmental policies and sovereign debt, laws and regulations related to environmental or energy security matters, including those addressing alternative energy sources and the risks of global climate change. Worldwide economic conditions, and the related demand for oil and natural gas, may in future periods be significantly weaker than we have assumed.

We may be unable to realize 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 could affect our future results as well as affect the carrying values of our assets. Any hedging activity in which we engage may not adequately protect us from these fluctuations. The terms and size of our hedges are based on the information available to us at the time we enter into them. As a result, our hedging activity may not entirely off set our exposures. World currencies have been subject to significant volatility. Due to 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. We employ tens of thousands of people on six continents in a multitude of legal jurisdictions with differing labor laws. Our need for human resources varies from time to time and place to place corresponding largely to global drilling and production activity. In a climate of decreasing demand, we are faced with managing our workforce levels to control costs without impairing our ability to provide services to our customers and in compliance with various local laws. Conversely, in a climate of increasing demand, we are faced with the challenge of recruiting and retaining a skilled workforce at a reasonable cost. Our forward-looking statements assume we will be able to manage, cost effectively, our workforce in all jurisdictions in which we operate in both up cycles and down cycles.

Increases in the prices and availability of our raw materials could affect our results of operations. We use large amounts of raw materials (including steel and other metals, chemicals, plastics, polymers and energy inputs) 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 constructing fixed assets used in our business. We have assumed 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.

Our ability to manage our supply chain and business processes could affect our projected results. We have undertaken efforts to improve our supply chain inventory, invoicing and collection processes and procedures. These undertakings include costs which we expect will result in long-term benefits for our business processes. Our forward-looking statements assume we will realize the benefits of these efforts.

Rapid increases in demand for our products may challenge our supply chain. Many of our products have months-long manufacturing lead times, and we must maintain appropriate levels of manufacturing facilities and trained personnel to ensure the quality and safety of our supply chain. During periods of rapidly increasing or unexpected demand, we may not be able to manufacture sufficient quantities of certain products to meet our customers' demands, which could result in lost opportunities and reputational damage. Conversely, during periods of rapidly decreasing or unexpected declines in demand, we may have committed resources to manufacturing resulting in excess inventories, or we may have underutilized manufacturing capacity, which could adversely affect our financial condition. Our forward-looking statements assume we will be able to forecast and manage our supply chain needs and inventory levels efficiently.

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. Our success will depend on 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, our 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 U.S. During the first quarter of 2009, we completed a transaction in which our former Bermuda incorporated parent company became a wholly-owned subsidiary of Weatherford Switzerland, a Swiss joint-stock company and holders of shares of the Bermuda company received one registered share of Weatherford Switzerland in exchange for each common share 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 operate or are 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. In addition, our realization of expected tax benefits is based upon the assumption that we take successful planning steps and that we maintain and execute adequate processes to support our planning activities. If we fail to do so, we may not achieve the expected benefits.

Nonrealization of expected reductions in our effective tax rate could affect our projected results. We operate in over 100 countries and our income in these jurisdictions is taxed on differing bases including net income actually earned, net income deemed earned and revenue based tax withholding. We expect to achieve significant reductions in our effective tax rate through the implementation of certain tax strategies, changes to our operational structures and realization of certain tax benefits. Our ability to achieve reductions in our effective tax rate can be impacted by changes in or interpretation of tax laws, changes in estimates and assumptions regarding the scope of future operations and results achieved and the timing and nature of and expenditures incurred. Our forward looking statements assume we will achieve reductions in our effective tax rate.

Nonrealization of expected benefits from our acquisitions or business dispositions 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. Further, we may from time to time undertake to dispose of businesses or capital assets that are no longer core to our long-term growth strategy or to achieve corporate strategic goals and the disposition of which may improve our capital structure. Our forward-looking statements assume that if we decide to dispose of a business or asset we will find a buyer willing to pay a price we deem favorable to us and that we will successfully dispose of the business or asset. Our inability to complete dispositions timely and at attractive prices may impair our ability to improve our capital structure as rapidly as our forward-looking statements may indicate.

A downturn in our industry could affect the carrying value of our goodwill. As of June 30, 2013, we had approximately \$3.7 billion of goodwill. During the second quarter of 2012, we recorded a goodwill impairment charge of \$589 million, precipitated by a sustained decline in the market price of the company's registered shares. We could recognize additional impairments of our goodwill in the future as a result of various factors, including the impact to our projections from the dispositions of businesses and 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 affect our operations. From time to time, hurricanes, typhoons and severe weather impact our operations in the Gulf of Mexico and Southeast Asia. These storms and associated threats reduce the number of days on which we and our customers operate which results in lower revenues than we otherwise would have achieved. Our Canadian operations, particularly in the second quarter of each year, may vary greatly depending on the timing of "break-up", or the spring thaw, which annually results in a period in which conditions are not conducive to operations. Similarly, unfavorable weather in Russia, Caspian, China, Mexico, and Australia and in the North Sea, as well as exceedingly cold winters in other areas of the world, could reduce our operations and revenues from these areas during the relevant period. Our forward-looking statements assume weather patterns in our primary areas of operations will be conducive to our operations.

US Government and internal investigations could affect our results of operations. We are currently involved in government and internal investigations involving our operations and we are in negotiations with the government agencies to resolve these matters. 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 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, the governmental agencies and authorities involved in these investigations have entered into agreements with, and obtained a range of penalties against, several 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. Considering the progress in the respective negotiations we recognized a \$100 million loss contingency in the quarter ended June 30, 2012 for the potential settlement of the sanctioned countries matter and we recognized a \$153 million loss contingency in the quarter ended June 30, 2013 for the potential settlement of the FCPA and oil-for-food matters. However, uncertainties remain, and therefore an exposure to loss may exist in excess of the amount accrued pending the ultimate resolution of the investigations, and/or we may not ultimately reach final settlement of these matters with the government agencies, and/or we may not obtain court approval of any potential settlement agreement reached with the government, which would be required for final resolution. Any final settlement may contain other features, including: (1) an agreement under which criminal prosecution for the Company would be deferred for three years, but which would be accompanied by a plea agreement imposing a potential criminal conviction on one of the Company's subsidiaries; (2) a requirement to retain, for a period expected to be 18 months, an independent monitor responsible to assess the Company's compliance with the terms of any agreement that may be reached, to be followed by a period of the Company evaluating its own compliance program and making periodic reports to the DOJ and SEC thereon; and (3) a requirement to maintain compliance monitoring and reporting systems meeting certain criteria to be established in the agreement. The above sentence is not meant to be an exhaustive listing of the non-monetary terms that may be imposed by any potential settlement, and such additional terms may be more or less onerous than those listed above. Any injunctive relief, disgorgement, fines, penalties, sanctions, scope and term of a monitor and the on-going costs resulting from these investigations could adversely affect our results of operations. We may have additional charges which may include labor claims, contractual claims, penalties assessed by customers, and costs, fines, taxes and penalties assessed by local governments, but we cannot quantify those charges or be certain of their timing. In addition, the SEC and DOJ are investigating the circumstances surrounding the material weakness in the Company's internal controls over financial reporting for income taxes that was disclosed on Forms 8-K on March 1, 2011, February 21, 2012 and July 24, 2012 and the related restatements of our historical financial statements. We are cooperating fully with the government investigations.

Failure in the future to ensure on-going compliance with certain laws could affect our results of operations. Beginning in 2009 and since then, 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, import/export laws and other applicable 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 insurrection, 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. In early 2011, our operations in Libya, Algeria, Tunisia, Egypt, and to a lesser extent Yemen and Bahrain were disrupted by political revolutions and uprisings in these countries. Conflict in Libya and lesser political disturbances elsewhere in the Middle East and North Africa regions are on-going, and our operations in Libya have not completely resumed. We risk loss of assets in any location where hostilities arise and persist. In these areas we also may not be able to perform the work we are contracted to perform, which could lead to forfeiture of performance bonds. We have assumed that cessation of business activities in other parts of the Middle East and North Africa regions due to political turmoil will be short-lived, that the negative impact on our business will not be material, and that the region will not experience further disruptive political revolution in the near term. However, if political violence were to curtail our activities in other countries in the region from which we derive greater business, such as Saudi Arabia, Iraq and Algeria, and particularly if political activities were to result in prolonged violence or conflict, we may fail to achieve the results reflected in our forward-looking statements.

The material weakness in accounting for income taxes could have an adverse effect on our share price or our debt ratings and our ability to report our financial information timely and accurately. If we are unable to effectively remediate this material weakness, we could lose investor confidence in the accuracy and completeness of our financial reports, which could have an adverse effect on our share price and could subject us to additional potentially costly shareholder litigation or government inquiries. Further, if we are unable to effectively remediate this material weakness, our failure to do so could limit our ability to obtain financing, harm our reputation or result in debt rating agencies adjusting the ratings on our debt downward. Our forward-looking statements assume we will be able to remediate the material weakness and will maintain an effective internal control environment in the future.

Recent turmoil in the credit markets may reduce our access to capital or reduce the availability of financial risk-mitigation tools. The worldwide credit markets experienced turmoil and uncertainty from mid-2008 through most of 2009, and certain markets remained challenging in parts of 2010. In 2011, several important financial and banking institutions were perceived to be overexposed to credit risks with respect to certain sovereign debt. We do not have access to complete information about the exposures of any particular institution, and we cannot predict what systemic risks may exist in the event of failure of any sovereign debtor, major financial institution or bank. Our forward-looking statements assume that the financial institutions that have committed to extend us credit will honor their commitments under our credit facilities and that capital markets will remain orderly. 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 counterparty 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.

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. 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 Exchange Act of 1934 are made available free of charge on our website www.weatherford.com as soon as reasonably practicable after we have electronically filed the material with, or furnished it 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, and we use the U.S. dollar 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 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. Effective January 1, 2011, the Venezuelan government again modified the fixed rate of exchange, eliminating the two-tier structure and establishing 4.30 as the official exchange rate for all goods and services. This modification did not have a material impact to our financial position or results of operations. On February 8, 2013, the Venezuelan government announced its intention to further devalue its currency effective February 13, 2013 at which time the official exchange moved from 4.30 per dollar to 6.30 per dollar for all goods and services. In connection with this devaluation, we recognized a charge of \$100 million in the first quarter of 2013 for the remeasurement of our net monetary assets denominated in the Venezuelan bolivar at the date of the devaluation, which was not tax deductible in Venezuela. We also recorded a \$39 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 June 30, 2013, we had a net monetary asset position denominated in Venezuelan bolivars of approximately \$235 million, comprised primarily of accounts receivable and inventory. We are continuing to explore opportunities to reduce our exposure, but should devaluation occur in the future, we may be required to take further charges related to the remeasurement of our net monetary asset position.

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 (Loss) 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 \$286 million adjustment to decrease our equity account for 2013 to reflect the change in the U.S. dollar against various foreign currencies.

As of June 30, 2013, we had foreign currency forward contracts with notional amounts aggregating to \$934 million. These contracts were entered into to hedge exposure to currency fluctuations in various foreign currencies. The total estimated fair value of these contracts and amounts receivable or owed associated with closed contracts resulted in a net asset of approximately \$26 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 Operations.

We have cross-currency swaps between the U.S. dollar and Canadian dollar to hedge certain exposures to the Canadian dollar. At June 30, 2013, we had notional amounts outstanding of \$168 million. The total estimated fair value of these contracts at June 30, 2013, resulted in a liability of \$23 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 Operations.

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 June 30, 2013 and December 31, 2012, subject to interest rate risk consist of the following:

	June 30, 2013		December 31, 2012	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	<i>(In millions)</i>			
5.15% Senior Notes due 2013	\$ —	\$ —	\$ 294	\$ 296
4.95% Senior Notes due 2013	250	253	250	258
5.50% Senior Notes due 2016	354	379	354	380
6.35% Senior Notes due 2017	611	670	613	690
6.00% Senior Notes due 2018	498	561	497	570
9.625% Senior Notes due 2019	1,023	1,261	1,025	1,307
5.125% Senior Notes due 2020	797	834	797	875
4.50% Senior Notes due 2022	747	734	747	794
6.50% Senior Notes due 2036	595	609	595	645
6.80% Senior Notes due 2037	298	311	298	339
7.00% Senior Notes due 2038	497	525	497	564
9.875% Senior Notes due 2039	247	336	247	370
6.75% Senior Notes due 2040	596	618	596	680
5.95% Senior Notes due 2042	545	528	545	600

We have various other long-term debt instruments of \$344 million at June 30, 2013, 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 \$1.8 billion at June 30, 2013 approximates their fair value.

As it relates to our variable rate debt, if market interest rates average 1% more for the remainder of 2013 than the rates as of June 30, 2013, interest expense for the remainder of 2013 would increase approximately \$9 million. This amount was determined by calculating the effect of the hypothetical interest rate on our variable rate debt. For purposes of this sensitivity analysis, we assumed no changes in our capital 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 the 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 an increase, in the case of losses, to interest expense over the remaining term of the debt.

ITEM 4. CONTROLS AND PROCEDURES

Management's Evaluation of Disclosure Controls and Procedures; Changes in Internal Controls over Financial Reporting

Disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) are designed to ensure that information required to be disclosed in our reports filed under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. This information is collected and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Our management, under the supervision of and with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures at June 30, 2013. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective at June 30, 2013 because of the material weakness discussed below.

Our management, including the Chief Executive Officer and Chief Financial Officer, identified no change in our internal control over financial reporting that occurred during our fiscal quarter ended June 30, 2013, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting, other than the positive changes resulting from the income tax remediation activities described below.

Income Tax Material Weakness Update

As disclosed in our Annual Report on Form 10-K for the year ended December 31, 2012 and Form 10-K/A for the years ended December 31, 2011 and 2010, we previously identified a material weakness in our internal controls over the accounting for income taxes relating to current taxes payable, deferred tax assets and liabilities, reserves for uncertain tax positions and current and deferred tax expense. This material weakness resulted in the restatement of our consolidated financial statements included in our Annual Reports on Form 10-K for both 2011 and 2010. As further disclosed, we took steps during 2011 and early 2012 to remediate this material weakness, including:

- Engaged third-party tax advisors and consultants to assist with enhancing internal controls over financial reporting for income taxes and developing and implementing a remediation plan;
- Revised the process for the quarterly and annual tax provisions including additional resources focused on the review and oversight of the tax accounts, reserves for unrecognized tax benefits and preparation of the income tax provision;
- Began recruitment of various positions within the tax and financial reporting departments and completed the hiring of several newly created positions;
- Completed the review and validation of the current and deferred tax balance sheet accounts at significant locations; and
- Provided income tax accounting training to tax and financial personnel within each region.

Although we had designed and implemented certain new internal controls in an effort to remediate the material weakness, we continued to conclude that the material weakness was not remediated as of December 31, 2011 because our processes, procedures, controls and oversight over the income tax process were not yet operating effectively to ensure that amounts related to current taxes payable, deferred tax assets and liabilities, reserves for uncertain tax positions the current and deferred income tax expense and related footnote disclosures were accurate.

In connection with the preparation of our 2012 first and second quarter financial statements and our on-going income tax remediation activities, we identified additional income tax errors related to prior years. Due to the continued accumulation of these errors, the Audit Committee of our Board of Directors concluded, on July 24, 2012, that investors should no longer rely upon our previously issued financial statements. Management determined that we would delay filing restated financial statements until significant procedures and reviews of our accounting for income taxes were performed.

During the third and fourth quarters of 2012, we performed additional procedures to restate our previously issued consolidated financial statements and to ensure they were prepared in accordance with generally accepted accounting principles. These procedures included the validation of all our income tax accounts in all jurisdictions. It focused on reconciliations of current taxes payable and deferred tax balances, assets and liabilities, expanded review of uncertain tax positions, an additional focus on transfer pricing activities and a further review of our accounting for withholding taxes.

To ensure the propriety and completeness of our accounting for uncertain tax positions, we performed (1) a validation of all previously identified uncertain tax positions and related measurement amounts and (2) a completeness assessment that included surveys completed by in-country and regional tax and accounting personnel, review of the status and pending issues of open tax audits, and consideration of findings from all other validation and completeness procedures performed in connection with the restatement. As a result of these additional procedures, we identified additional errors across multiple jurisdictions that resulted in further restatement in amended reports filed with the SEC on December 17, 2012, of our previously reported financial statements for the years ended December 31, 2011, 2010 and 2009 our condensed consolidated financial statements for the first quarter of 2012 and each quarter within 2011 and 2010.

Throughout 2012, we continued to strengthen our tax department personnel and internal control structure, including the hiring of a new Vice President, Tax in July 2012, and the addition of more than 25 highly qualified tax professionals in both our corporate and regional structures. Our efforts to remediate the material weakness included enhanced reviews and validation of potential uncertain tax positions, additional training and communication of potential tax exposures, enhanced procedures related to tax returns filed during 2012, enhancements to the quarterly tax provision process and implementation of technology solutions to eliminate manual processes. We believe that significant improvements to our system of internal controls were achieved during 2012 but these processes were not yet sufficiently mature to remediate the material weakness at the end of 2012.

Continued remediation efforts which include the following, will be performed throughout 2013:

- On-going evaluation of the tax organizational structure, including the continued use of third-party tax advisors and consultants. We have hired approximately 50 qualified tax professionals to date and we have significantly reduced our reliance on consultants as many responsibilities have transitioned to our staff.
- On-going evaluation of our tax accounting processes and controls to ensure that they are appropriate for our organization and make enhancements when appropriate to improve effectiveness including testing and assessments of our quarterly execution;
- Prepare tax basis balance sheets and reconciliations of the tax accounts to validate the balances reported as of December 31, 2012;
- On-going analysis and assessment of uncertain tax positions in all jurisdictions as part of our normal process, leveraging the extensive work performed by the Company in connection with the December 17, 2012 restatement,
- Confirm that the information technology infrastructure supporting our income tax processes are appropriate.
- Continued delivery of income tax accounting training for tax and financial accounting personnel.

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

There have been no material changes during the quarter ended June 30, 2013 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, 2012, filed with the SEC on March 4, 2013.

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

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 shares by us on the date of withholding. During the quarter ended June 30, 2013, we withheld shares to satisfy these tax withholding obligations as follows:

Period	No. of Shares	Average Price
April 1 – April 30, 2013	37,046	\$ 12.11
May 1 – May 31, 2013	29,387	14.65
June 1 – June 30, 2013	11,266	13.68

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

<u>Exhibit Number</u>	<u>Description</u>
3.1	Articles of Association of Weatherford International Ltd. dated June 20, 2013 (incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K (File No. 1-34258) filed June 20, 2013).
*10.1	Employment Agreement, dated June 20, 2013, between Weatherford International Ltd. and Douglas M. Mills.
10.2	364-Day Term Loan Agreement dated as of May 1, 2013 among Weatherford International Ltd. (Bermuda), as borrower, Weatherford International Ltd. (Switzerland), the lenders party thereto and JPMorgan Chase Bank, N. A. as administrative agent (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K (File No. 1-34258) filed May 2, 2013).
*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 June 30, 2013, formatted in XBRL (Extensible Business Reporting Language): (1) the unaudited Condensed Consolidated Balance Sheets, (2) the unaudited Condensed Consolidated Statements of Operations, (3) the unaudited Condensed Consolidated Statements of Cash Flows, (4) the unaudited Condensed Consolidated Statements of Comprehensive Income and (5) 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/ John H. Briscoe
John H. Briscoe
Senior Vice President and
Chief Financial Officer
(Principal Financial Officer)

Date: July 31, 2013

EXECUTIVE EMPLOYMENT AGREEMENT

This Executive Employment Agreement (this "Agreement") is entered into as of the date set forth on the signature page hereto (the "Effective Date") by and between Weatherford International Ltd., a Swiss joint-stock corporation registered in Switzerland, Canton of Zug (the "Company"), and the individual signing as "Executive" on the signature page hereto (the "Executive").

WITNESSETH:

WHEREAS, the Board of Directors of the Company has previously determined that it is in the best interests of the Company and its shareholders to retain the Executive and to induce the employment of the Executive for the long-term benefit of the Company; and

WHEREAS, the Company desires to continue to employ the Executive on the terms set forth below to provide services to the Company and its Affiliated companies, and the Executive is willing to accept such continued employment and provide such services on the terms set forth in this Agreement.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the parties hereto do hereby agree that:

1. Certain Definitions.

- (a) "Affiliate" shall have the meaning set forth in Rule 12b-2 promulgated under Section 12 of the Exchange Act.
 - (b) "Annual Bonus" shall mean the Executive's annual bonus under the then-current annual incentive plan of the Company and any of its Affiliated companies.
 - (c) "Annual Bonus Amount" shall mean the amount of the Annual Bonus, if any, paid or provided in any form (whether in cash, securities or any combination thereof) by the Company or any of its Affiliated companies to or for the benefit of the Executive for services rendered or labor performed during a fiscal year of the Company (it being understood that if an Annual Bonus is paid in multiple installments for a year, all such installments shall be aggregated as a single payment for that year in determining the Annual Bonus Amount). The Executive's Annual Bonus Amount shall be determined by including any portion thereof that the Executive could have received in cash or securities in lieu of (i) any elective deferrals made by the Executive pursuant to all nonqualified deferred compensation plans or (ii) elective contributions made on the Executive's behalf by the Company pursuant to a qualified cash or deferred arrangement (as defined in section 401(k) of the Code) or pursuant to a plan maintained under section 125 of the Code.
 - (d) "Applicable Multiple" shall mean the number identified as such on the signature page hereto.
 - (e) "Beneficial Owner" shall have the meaning set forth in Rule 13d-3 under the Exchange Act.
 - (f) "Board" shall mean the Board of Directors of the Company.
-

(g) "Cause" shall mean:

(i) the willful and continued failure of the Executive to substantially perform the Executive's duties with the Company (other than any such failure resulting from incapacity due to physical or mental illness or anticipated failure after the issuance of a Notice of Termination for Good Reason by the Executive pursuant to Section 4(d)), after a written demand for substantial performance is delivered to the Executive by the Board which specifically identifies the manner in which the Executive has not substantially performed the Executive's duties; or

(ii) the Executive willfully engaging in illegal conduct or gross misconduct which is materially and demonstrably injurious to the Company.

No act, or failure to act, on the part of the Executive shall be considered "willful" unless it is done, or omitted to be done, by the Executive in bad faith or without reasonable belief that the Executive's action or omission was in the best interests of the Company. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or upon the instructions of the Chief Executive Officer or based upon the duly informed advice of outside or inside counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by the Executive in good faith and in the best interests of the Company. The cessation of employment of the Executive shall not be deemed to be for Cause unless and until there shall have been delivered to the Executive a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters (3/4) of the entire membership of the Board at a meeting of the Board called and held for such purpose (after reasonable notice is provided to the Executive, and the Executive is given an opportunity, together with counsel, to be heard before the Board), finding that, in the good faith opinion of the Board, the Executive is guilty of the conduct described in subparagraph (i) or (ii) above, and specifying the particulars thereof in detail.

(h) "Change of Control" shall be deemed to have occurred if any event set forth in any one of the following paragraphs shall have occurred:

(i) any Person is or becomes the Beneficial Owner, directly or indirectly, of twenty percent (20%) or more of either (A) the then outstanding registered shares of the Company (the "Outstanding Company Registered Shares") or (B) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"), excluding any Person who becomes such a Beneficial Owner in connection with a transaction that complies with clauses (A), (B) and (C) of paragraph (iii) below;

(ii) individuals, who, as of the Effective Date, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least two-thirds (2/3) of the Board; provided, however, that any individual becoming a director subsequent to the Effective Date whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least two-thirds (2/3) of the Incumbent Board shall be considered as though such individual was a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or any other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board;

(iii) the consummation of an acquisition, reorganization, reincorporation, redomestication, merger, amalgamation, consolidation, plan or scheme of arrangement, exchange offer, business combination or similar transaction of the Company or any of its Subsidiaries or the sale, transfer or other disposition of all or substantially all of the Company's Assets (any of which a "Corporate Transaction"), unless, following such Corporate Transaction or series of related Corporate Transactions, as the case may be, (A) all of the individuals and Entities who were the Beneficial Owners, respectively, of the Outstanding Company Registered Shares and

Outstanding Company Voting Securities immediately prior to such Corporate Transaction own or beneficially own, directly or indirectly, more than sixty-six and two-thirds percent (66-2/3%) of, respectively, the Outstanding Company Registered Shares and the combined voting power of the Outstanding Company Voting Securities entitled to vote generally in the election of directors (or other governing body), as the case may be, of the Entity resulting from such Corporate Transaction (including, without limitation, an Entity (including any new parent Entity) which as a result of such transaction owns the Company or all or substantially all of the Company's Assets either directly or through one (1) or more Subsidiaries or Entities) in substantially the same proportions as their ownership, immediately prior to such Corporate Transaction, of the Outstanding Company Registered Shares and the Outstanding Company Voting Securities, as the case may be, (B) no Person (excluding any Entity resulting from such Corporate Transaction or any employee benefit plan (or related trust) of the Company or such Entity resulting from such Corporate Transaction) beneficially owns, directly or indirectly, twenty percent (20%) or more of, respectively, the then outstanding shares of common stock of the Entity resulting from such Corporate Transaction or the combined voting power of the then outstanding voting securities of such Entity except to the extent that such ownership existed prior to the Corporate Transaction and (C) at least two-thirds (2/3) of the members of the board of directors (or other governing body) of the Entity resulting from such Corporate Transaction were members of the Incumbent Board at the time of the approval of such Corporate Transaction; or

(iv) approval or adoption by the Board or the shareholders of the Company of a plan or proposal which could result directly or indirectly in the liquidation, transfer, sale or other disposal of all or substantially all of the Company's Assets or the dissolution of the Company, excluding any transaction that complies with clauses (A), (B) and (C) of paragraph (iii) above.

(i) "Code" shall mean the Internal Revenue Code of 1986, as amended.

(j) "Company" shall mean Weatherford International Ltd., a Swiss joint-stock corporation registered in Switzerland, Canton of Zug, or any successor to Weatherford International Ltd., including but not limited to any Entity into which Weatherford International Ltd. is merged, consolidated or amalgamated, or any Entity otherwise resulting from a Corporate Transaction.

(k) "Company's Assets" shall mean the assets (of any kind) owned by the Company, including, without limitation, the securities of the Company's Subsidiaries and any of the assets owned by the Company's Subsidiaries.

(l) "Disability" shall mean the absence of the Executive from performance of the Executive's duties with the Company on a substantial basis for one hundred twenty (120) calendar days as a result of incapacity due to mental or physical illness.

(m) "Employment Period" shall mean the period commencing on the Effective Date and ending on the third anniversary of the Effective Date; provided, however, that commencing on the third anniversary of the Effective Date, and on each subsequent annual anniversary of such date (such date and each annual anniversary thereof shall be hereinafter referred to as the "Renewal Date"), unless previously terminated, the Employment Period shall be automatically extended so as to terminate one (1) year after such Renewal Date, unless at least 120 days prior to the Renewal Date the Company shall give notice to the Executive that the Employment Period shall not be so extended.

(n) "Entity" shall mean any corporation, partnership, association, joint-stock company, limited liability company, trust, unincorporated organization or other business entity.

(o) "ERP" shall mean the Weatherford International Ltd. Nonqualified Executive Retirement Plan, as amended and restated effective December 31, 2008, as it may be amended from time to time.

(p) "Exchange Act" shall mean the U.S. Securities Exchange Act of 1934, as amended from time to time.

(q) "Good Reason" shall mean the occurrence of any of the following:

(i) the assignment to the Executive of any position, authority, duties or responsibilities materially inconsistent with the Executive's position (including offices, titles and reporting requirements), authority, duties or responsibilities as contemplated by Section 3(a), or any other action by the Company or any Subsidiary which results in a material diminution in such position, authority, duties or responsibilities (including, in connection with a Change of Control or other Corporate Transaction in which the Company's registered shares may cease to be publicly traded, Executive being assigned to any position (including offices, titles and reporting requirements), authority, duties or responsibilities that are not at or with the ultimate parent company engaged in the business of the successor to the Company or the corporation or other Entity surviving or resulting from such Corporate Transaction), excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Executive; *provided* that any alteration by the Company of Executive's position, authority, duties or responsibilities shall not constitute Good Reason if Executive continues to report directly to a Senior Vice President or Vice President);

(ii) any material failure by the Company or any Subsidiary to comply with any of the provisions of this Agreement (including, without limitation, its obligations under Section 3(a)), other than an isolated, insubstantial and inadvertent failure not occurring in bad faith and which is remedied by the Company, or a Subsidiary, as appropriate, promptly after receipt of notice thereof given by the Executive;

(iii) the Company's requiring the Executive to be based at any office or location that is more than 30 miles from the location provided in Section 3(a)(i);

(iv) any failure by the Company to comply with and satisfy Section 13(c) (regarding assumption of this Agreement by a successor); or

(v) the Company's giving of notice to the Executive that the Employment Period shall not be extended.

provided, that no such event described in (i) through (iv) above shall constitute "Good Reason" if the Company cures such event within thirty (30) days following the Company's receipt of a Notice of Termination asserting that such event constitutes Good Reason; and provided, further, that no event described in (i) through (iv) above shall constitute "Good Reason" unless the Company receives a Notice of Termination within ninety (90) days after Executive obtains knowledge of such event (or such longer period as Executive and the Company may agree to allow for reasonable investigation and remedy of such event).

(r) "IRS" shall mean the U.S. Internal Revenue Service.

(s) "Person" shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (i) the Company or any of its Subsidiaries, (ii) a trustee or other fiduciary holding securities under a Benefit Plan of the Company or any of its

Affiliated companies, (iii) an underwriter temporarily holding securities pursuant to an offering by the Company of such securities, or (iv) a corporation or other Entity owned, directly or indirectly, by the shareholders of the Company in the same proportions as their ownership of registered shares of the Company.

- (t) "Section 409A" means Section 409A of the Code and the final Department of Treasury regulations issued thereunder.
- (u) "Section 409A Amounts" means those amounts that are deferred compensation subject to Section 409A.
- (v) "Separation From Service" shall have the meaning ascribed to such term in Section 409A.
- (w) "Specified Employee" shall have the meaning ascribed to such term in Section 409A.
- (x) "SERP" shall mean the Weatherford International, Inc. Supplemental Executive Retirement Plan effective January 1, 2010, as it may be amended from time to time.
- (y) "Subsidiary" shall mean any majority-owned subsidiary of the Company or any majority-owned subsidiary thereof, or any other Entity in which the Company owns, directly or indirectly, a significant financial interest provided that the Chief Executive Officer of the Company designates such Entity to be a Subsidiary for the purposes of this Agreement.

2. Employment Period. The Company hereby agrees that the Company will continue the Executive in its employ, and the Executive hereby agrees to remain in the employ of the Company subject to the terms and conditions of this Agreement during the Employment Period. During the Employment Period, the Executive, with his prior express agreement, may be seconded to the employment of Weatherford U.S., L.P. (or such other Affiliated company as specifically agreed by the Executive) (the "Seconded Affiliate Company"), but without prejudice to the Company's obligations or the Executive's rights under this Agreement. The Executive shall carry out his duties as if they were duties to be performed on behalf of the Company. Each Seconded Affiliate Company shall be subject to all of the obligations and agreements of the Company under this Agreement and the Company shall be responsible for actions and inactions of the Seconded Affiliate Company. Any breach or failure to abide by the terms and conditions of this Agreement by a Seconded Affiliate Company shall be deemed to constitute a breach or failure to abide by the Company. The Executive has the right, in his sole discretion, to revoke his agreement to be seconded to the employment of any Seconded Affiliate Company at any time.

3. Terms of Employment.

- (a) Position and Duties.
 - (i) During the Employment Period, (A) the Executive's position with the Company (including offices, titles, reporting requirements, authority, duties and responsibilities) shall be as identified on the signature page hereto or as shall be revised by the Company.
 - (ii) During the Employment Period, and excluding any periods of vacation and sick leave to which the Executive is entitled, the Executive agrees to devote reasonable attention and time during normal business hours to the business and affairs of the Company and, to the extent necessary to discharge the responsibilities

assigned to the Executive hereunder, to use the Executive's reasonable best efforts to perform faithfully and efficiently such responsibilities. During the Employment Period it shall not be a violation of this Agreement for the Executive to (A) serve on corporate, civic or charitable boards or committees, (B) deliver lectures, fulfill speaking engagements or teach at educational institutions and (C) manage personal investments, so long as such activities in clause (A), (B), and (C) together do not significantly interfere with the performance of the Executive's responsibilities as an employee of the Company in accordance with this Agreement. It is expressly understood and agreed that to the extent that such activities have been conducted by the Executive prior to the date hereof, the continued conduct of such activities (or the conduct of activities similar in nature and scope thereto) subsequent to the date hereof shall not thereafter be deemed to interfere with the performance of the Executive's responsibilities to the Company.

(b) Compensation.

(i) Base Salary. During the Employment Period, the Executive shall receive an annual base salary equal to the current base salary being received by the Executive ("Annual Base Salary"), which shall be paid at a monthly rate. During the Employment Period, the Annual Base Salary shall be reviewed no more than twelve (12) months after the last salary increase awarded to the Executive prior to the date hereof and thereafter at least annually; provided, however, that a salary increase shall not necessarily be awarded as a result of such review. Any increase in Annual Base Salary may not serve to limit or reduce any other obligation to the Executive under this Agreement. Annual Base Salary shall not be reduced. The term "Annual Base Salary" as utilized in this Agreement shall refer to Annual Base Salary as so increased.

(ii) Annual Bonus. The Executive shall be eligible for an Annual Bonus for each fiscal year ending during the Employment Period on the same basis as other executive officers under the Company's then-current executive officer annual incentive program. Each such Annual Bonus shall be paid no later than two and a half (2½) months after the end of the fiscal year for which the Annual Bonus is awarded.

(iii) Incentive, Savings and Retirement Plans. During the Employment Period, the Executive shall be entitled to participate in all incentive, savings and retirement plans, practices, policies and programs in which similarly situated executive officers of the Company and its Affiliated companies participate.

(iv) Welfare Benefit Plans. During the Employment Period, the Executive and/or the Executive's family, as the case may be, shall be eligible to participate in and shall receive all benefits under and participate in all welfare benefit and retirement plans, practices, policies and programs provided by the Company and its Affiliated companies (including, without limitation, medical, prescription, dental, disability, salary continuance, employee life, group life, accidental death and travel accident insurance plans and programs) in which similarly situated executive officers of the Company and its Affiliated companies participate or which they receive.

(v) Fringe Benefits. During the Employment Period, the Executive shall be entitled to receive such fringe benefits as similarly situated executive officers of the Company and its Affiliated companies receive.

(vi) Expenses. During the Employment Period, the Executive shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by the Executive in accordance with the most favorable policies, practices and procedures of the Company and its Affiliated companies in effect for the Executive on the date hereof.

(vii) Vacation. During the Employment Period, the Executive shall be entitled to at least four (4) weeks paid vacation or such greater amount of paid vacation as may be applicable to the executive officers of the Company and its Affiliated companies.

(viii) Deferred Compensation Plan. During the Employment Period, the Executive shall be entitled to continue to participate in any deferred compensation or similar plans in which executive officers of the Company and its Affiliated companies participate.

(c) Termination of Prior Agreements. The Executive acknowledges and agrees that this Agreement is being executed in replacement of any and all employment agreements existing between the Executive and the Company (including, without limitation, any agreement entered into with Weatherford International Ltd., an exempted company incorporated with limited liability under the laws of Bermuda, that was assumed by the Company), Weatherford International, Inc., a Delaware corporation, or their Affiliated companies (the "Prior Agreements"). As a result, the Executive and the Company agree that the Prior Agreements are hereby terminated and of no further force and effect.

4. Termination of Employment.

(a) Death or Disability. The Executive's employment shall terminate automatically upon the Executive's death during the Employment Period. If the Company determines in good faith that the Disability of the Executive has occurred during the Employment Period, it may provide the Executive with written notice in accordance with Section 14(b) of its intention to terminate the Executive's employment. In such event, the Executive's employment with the Company shall terminate effective thirty (30) days after receipt of such notice by the Executive (the "Disability Effective Date"), provided that within the thirty (30)-day period after such receipt, the Executive shall not have returned to full-time performance of the Executive's duties. In addition, if a physician selected by the Executive determines that the Disability of the Executive has occurred, the Executive (or his representative) may provide the Company with written notice in accordance with Section 14(b) of the Executive's intention to terminate his employment. In such event, the Disability Effective Date shall be thirty (30) days after receipt of such notice by the Company.

(b) Cause. The Company may terminate the Executive's employment during the Employment Period for Cause or without Cause.

(c) Good Reason. The Executive's employment may be terminated by the Executive at any time during the Employment Period for Good Reason or without Good Reason.

(d) Notice of Termination. Any termination during the Employment Period by the Company or by the Executive shall be communicated by Notice of Termination to the other party hereto given in accordance with Section 14(b). For purposes of this Agreement, a "Notice of Termination" means a written notice which (i) indicates the specific termination provision in this Agreement relied upon, (ii) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated and (iii) if the Date of Termination (as defined below) is other than the date of receipt of such notice, specifies the termination date (which date, in the case of a notice by the Company, shall be not more than thirty (30) days after the giving of such notice). The failure by the Executive or the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Good Reason or Cause shall not waive any right of the Executive or the Company, respectively, from asserting such fact or circumstance in enforcing the Executive's or the Company's rights hereunder.

(e) Date of Termination. "Date of Termination" shall mean:

(i) if the Executive's employment is terminated other than by reason of death or Disability, the date of receipt of the Notice of Termination or any later date specified therein (or, in the event the Executive has a Separation From Service without the delivery of a Notice of Termination, then the date of such Separation From Service), as the case may be; provided that in the case of a termination by the Executive for Good Reason, such Termination Notice shall be deemed void if the Company cures the matter giving rise to Good Reason pursuant to the proviso in Section 1(q); and

(ii) if the Executive's employment is terminated by reason of death or Disability, the Date of Termination shall be the date of death of the Executive or the Disability Effective Date, as the case may be.

5. Obligations of the Company Upon Termination.

(a) Benefit Obligation and Accrued Obligation Defined. For purposes of this Agreement, "Benefit Obligation" shall mean all benefits to which the Executive (or his designated beneficiary or legal representative, as applicable) is entitled or vested (or becomes entitled or vested as a result of termination) under the terms of all employee benefit and compensation plans, agreements, arrangements, programs, policies, practices, contracts or agreement of the Company and its Affiliated companies (collectively, "Benefit Plans") in which the Executive is a participant as of the Date of Termination and to the extent not theretofore paid or provided. "Accrued Obligation" means the sum of (i) the Executive's Annual Base Salary through the Date of Termination for periods through but not following his Separation From Service and (ii) any accrued vacation pay earned by the Executive, in each case, to the extent not theretofore paid.

(b) Death, Disability, Good Reason or Other than For Cause. If, during the Employment Period, the Executive's employment is terminated by reason of the Executive's death or Disability, by the Company for any reason other than for Cause or by the Executive for Good Reason:

(i) The Company shall pay (or cause to be paid) to the Executive (or Executive's heirs, beneficiaries or representatives as applicable), (A) in a lump sum in cash (I) the Accrued Obligation within thirty (30) days after the Date of Termination and (II) the Benefit Obligation at the times specified in and in accordance with the terms of the applicable Benefit Plans, and (B) at the times specified in clause (iv), the following amounts:

(I) an amount equal to the Executive's Annual Base Salary through the Date of Termination for periods following his Separation From Service to the extent not theretofore paid;

(II) an amount equal to the product of (i) the Annual Bonus Amount that would be payable in respect of the fiscal year during which the termination occurs (and annualized for any fiscal year consisting of less than twelve (12) months) based on actual performance for the full fiscal year and (ii) a fraction, the numerator of which is the number of days in the current fiscal year through the Date of Termination, and the denominator of which is three hundred sixty-five (365); and

(III) an amount equal to the Applicable Multiple (or, in the event of a termination due to death or Disability or pursuant to clause (iv) of the definition of "Good Reason"—the Company's failure to extend the Employment Period—then the number "one" shall be substituted for the Applicable Multiple) times the sum of (i) the Annual Base Salary received by the Executive as of the Date of Termination and (ii) the Executive's target Annual Bonus for the fiscal year during which the termination occurs.

(ii) For a period of equal to one year multiplied by the Applicable Multiple from the Executive's Date of Termination, or such longer period as may be provided by the terms of the appropriate plan, program, practice or policy, the Company shall continue dental and health benefits to the Executive and the Executive's family equal to those which would have been provided to them in accordance with the dental and health insurance plans, programs, practices and policies described in Section 3(b)(iv) if the Executive's employment had not been terminated; provided, however, that with respect to any of such dental and health insurance plans, programs, practices or policies requiring an employee contribution, the Executive (or Executive's heirs or beneficiaries as applicable) shall continue to pay the monthly employee contribution for same, and provided further, that if the Executive becomes re-employed by another employer and is eligible to receive dental and health insurance benefits under another employer provided plan, the dental and health insurance benefits described herein shall be secondary to those provided under such other plan during such applicable period of eligibility. If any of the dental and health insurance benefits specified in this Section 5(b)(ii) are taxable to the Executive and are not exempt from Section 409A, the following provisions shall apply to the reimbursement or provision of such benefits. The Executive shall be eligible for reimbursement on an in-kind basis, during the period described in the first sentence of this Section 5(b)(ii). The amount of such benefit expenses eligible for reimbursement or the in-kind benefits provided under this Section 5(b)(ii), during the Executive's taxable year will not affect the expenses eligible for reimbursement, or the benefits to be provided, in any other taxable year (with the exception of applicable lifetime maximums applicable to medical expenses or medical benefits described in Section 105(b) of the Code). The Executive's right to reimbursement or direct provision of benefits under this Section 5(b)(ii) is not subject to liquidation or exchange for another benefit. To the extent that the benefits provided to the Executive pursuant to this Section 5(b)(ii) are taxable to the Executive and are not otherwise exempt from Section 409A, any reimbursement amounts to which the Executive would otherwise be entitled under this Section 5(b)(ii) during the first six (6) months following the date of the Executive's Separation From Service shall be accumulated and paid to the Executive on the date that is six (6) months following the date of his Separation From Service. All reimbursements by the Company under this Section 5(b)(ii) shall be paid no later than the earlier of (i) the time periods described above and (ii) the last day of the Executive's taxable year following the taxable year in which the expense was incurred by the Executive.

(iii) The Company shall, at its sole expense as incurred, provide the Executive with reasonable outplacement services (up to a maximum of \$35,000) from a provider selected by the Company. The Company shall directly pay the provider the fees for such outplacement services. The period during which such outplacement services shall be provided to the Executive at the expense of the Company shall not extend beyond the last day of the second taxable year of the Executive following the taxable year of the Executive during which he incurs a Separation From Service.

(iv) The Company shall pay or provide to the Executive the amounts or benefits specified in Section 5(b)(i) thirty (30) days following the date of the Executive's Separation From Service if he is not a Specified Employee on the date of his Separation From Service or on the date that is six (6) months following the date of his Separation From Service if he is a Specified Employee; provided, however, that the pro-rata bonus payment described under Section 5(b)(i)(II) shall be paid at the time when the Annual Bonus for such year would normally be paid pursuant to Section 3(b)(ii).

(v) If the Executive is a Specified Employee, on the date that is six (6) months following the Executive's Separation From Service, the Company shall pay to the Executive, in addition to the amounts reflected in clause (iv), an amount equal to the interest that would be earned on the amounts specified in Section 5(b)(i) and, to the extent subject to a mandatory six-month delay in payment, all amounts payable under the ERP and the SERP, if any, for the period commencing on the date of

the Executive's Separation From Service until the date of payment of such amounts, calculated using an interest rate equal to the prime rate per annum as of the Date of Termination (the "Interest Amount").

(c) Cause. If the Executive's employment is terminated for Cause during and prior to the expiration of the Employment Period, this Agreement shall terminate without further obligations to the Executive, other than the obligation to pay to the Executive (i) (A) the Accrued Obligation and (B) the Benefit Obligation in accordance with the terms of the applicable Benefit Plans, and (ii) his Annual Base Salary through the Date of Termination for periods following his Separation From Service on the date that is thirty (30) days following the date of the Executive's Separation From Service if he is not a Specified Employee or on the date that is six (6) months following the date of his Separation From Service if he is a Specified Employee.

(d) Termination by Executive Other Than for Good Reason. If the Executive voluntarily terminates his employment during and prior to the expiration of the Employment Period for any reason other than for Good Reason, the Executive's employment shall terminate without further obligations to the Executive, other than the obligation to pay to the Executive (i) the Accrued Obligation, (ii) the Benefit Obligation, (iii) his Annual Base Salary through the Date of Termination for periods following his Separation From Service, and (iv) the rights provided in Section 6. The Accrued Obligation shall be paid to the Executive in a lump sum in cash within thirty (30) days after the Date of Termination and the Benefit Obligation shall be paid in accordance with the terms of the applicable Benefit Plans. The Company shall pay to the Executive the amount specified in clause (iii) on the date that is thirty (30) days following the date of the Executive's Separation From Service if he is not a Specified Employee or on the date that is six (6) months following the date of his Separation From Service if he is a Specified Employee.

6. Other Rights. Except as provided herein, nothing in this Agreement shall prevent or limit the Executive's continuing or future participation in any plan, program, policy or practice provided by the Company or any of its Affiliated companies and for which the Executive may qualify, nor shall anything herein limit or otherwise affect such rights as the Executive may have under any plan, contract or agreement with the Company or any of its Affiliated companies. Except as otherwise expressly provided herein, amounts which are vested benefits, which vest according to the terms of this Agreement or which the Executive is otherwise entitled to receive under any Benefit Plans or any other plan, policy, practice or program of or any contract or agreement with the Company or any of its Affiliated companies prior to, at or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice, program, contract or agreement. If any severance payments are required to be paid to the Executive in conjunction with severance of employment under federal, state or local law, the severance payments paid to the Executive under this Agreement will be deemed to be in satisfaction of any such statutorily required benefit obligations to the extent that doing so would not result in an acceleration of payment of nonqualified deferred compensation that is prohibited under Section 409A.

7. Full Settlement.

(a) No Rights of Offset. The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Executive or others.

(b) No Mitigation Required. The Company agrees that, if the Executive's employment with the Company terminates, the Executive is not required to seek other employment or to attempt in any way to reduce any amounts payable to the Executive by the Company pursuant to this Agreement. Further, except as specified in

Section 5(b)(ii), the amount of any payment or benefit provided for in this Agreement shall not be reduced by any compensation earned by the Executive as the result of employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by the Executive to the Company, or otherwise.

(c) **Legal Fees.** The Company agrees to pay promptly as incurred, to the full extent permitted by law, all legal fees and expenses which the Executive may reasonably incur as a result of any contest by the Company or the Executive of the validity or enforceability of, or liability under, any provision of this Agreement or any guarantee of performance thereto (including as a result of any contest by the Executive about the amount of any payment pursuant to this Agreement), provided that the Executive shall agree and undertake to reimburse the Company for such amounts paid if, but only if, the Executive is determined to have acted in bad faith in connection with the legal dispute, as determined in a final, non-appealable decision by a court of competent jurisdiction. The legal fees or expenses that are subject to reimbursement pursuant to this Section 7(c) shall not be limited as a result of when the fees or expenses are incurred. The amount of legal fees or expenses that is eligible for reimbursement pursuant to this Section 7(c) during a given taxable year of the Executive shall not affect the amount of expenses eligible for reimbursement in any other taxable year of the Executive. The right to reimbursement pursuant to this Section 7(c) is not subject to liquidation or exchange for another benefit. Any amount to which the Executive is entitled to reimbursement under this Section 7(c) during the first six (6) months following the date of the Executive's Separation From Service shall be accumulated and paid to the Executive on the date that is six (6) months following the date of his Separation From Service. All reimbursements by the Company under this Section 7(c) shall be paid no later than the earlier of (i) the time periods described above and (ii) the last day of the Executive's taxable year next following the taxable year in which the expense was incurred by the Executive.

8. Certain Additional Payments by the Company.

(a) In the event that part or all of the consideration, compensation or benefits to be paid to the Executive under this Agreement together with the aggregate present value of payments, consideration, compensation and benefits under all other plans, arrangements and agreements applicable to the Executive, constitute "excess parachute payments" under Section 280G(b) of the Code subject to an excise tax under Section 4999 of the Code (collectively, the "Parachute Amount") the amount of excess parachute payments which would otherwise be payable to the Executive or for the Executive's benefit under this Agreement shall be reduced to the extent necessary so that no amount of the Parachute Amount is subject to an excise tax under Section 4999 (the "Reduced Amount"); provided that such amounts shall not be so reduced if, without such reduction, the Executive would be entitled to receive and retain, on a net after tax basis (including, without limitation, after any excise taxes payable under Section 4999), an amount of the Parachute Amount which is greater than the amount, on a net after tax basis, that the Executive would be entitled to retain upon receipt of the Reduced Amount.

(b) If the determination made pursuant to Section 8(a) results in a reduction of the payments that would otherwise be paid to the Executive except for the application of Section 8(a), such reduction in payments due under this Agreement shall be first applied to reduce any cash severance payments that the Executive would otherwise be entitled to receive hereunder and shall thereafter be applied to reduce other payments and benefits in a manner that would not result in subjecting Executive to additional taxation under Section 409A of the Code. Within ten days following such determination, but not later than thirty days following the date of the event under Section 280G(b)(2)(A)(i), the Company shall pay or distribute to the Executive or for the Executive's benefit such amounts as are then due to the Executive under this Agreement and shall promptly pay or distribute to the Executive or for his benefit in the future such amounts as become due to Executive under this Agreement.

(c) To the extent the Executive is a covered participant under the Company's SERP or ERP, the Executive acknowledges and agrees that notwithstanding the provisions of Exhibit C of the SERP (and any similar provisions previously contained in the ERP or the Weatherford International, Inc. Supplemental Retirement Plan), the Executive's right to receive any "Gross-Up Payment" as defined in such Exhibit C shall be limited solely to payments of penalties, excise or other taxes incurred by the Executive pursuant to Section 457A of the Code with respect to the Executive's accrued benefits under the SERP or ERP. This Section 8(c) shall have no impact on the Executive if the Executive is not a covered participant under the SERP or ERP.

9. Confidential Information. The Company agrees to provide Executive secret or confidential information, knowledge or data relating to the Company or any of its Affiliated companies during Executive's employment. The Executive shall hold in a fiduciary capacity for the benefit of the Company all secret or confidential information, knowledge or data relating to the Company or any of its Affiliated companies, and their respective businesses, which shall have been obtained by the Executive during the Executive's employment by the Company or any of its Affiliated companies, provided that it shall not apply to information which is or shall become public knowledge (other than by acts by the Executive or representatives of the Executive in violation of this Agreement), information that is developed by the Executive independently of such information, or knowledge or data or information that is disclosed to the Executive by a third party under no obligation of confidentiality to the Company. After termination of the Executive's employment with the Company, the Executive shall not, without the prior written consent of the Company or as may otherwise be required by law or legal process, communicate or divulge any such information, knowledge or data to anyone other than the Company and those designated by it. In no event shall an asserted violation of the provision of this Section 9 constitute a basis for deferring or withholding any amounts otherwise payable to the Executive under this Agreement.

10. Work Product.

(a) Executive acknowledges that all inventions, innovations, improvements, developments, methods, designs, analyses, drawings, reports and all similar or related information (whether or not patentable) which relate to the Company's or any of its Affiliated companies' actual or anticipated business, research and development or existing or future products or services and which are conceived, developed or made by the Executive while employed by the Company and its Affiliated companies ("Work Product") belong to the Company and/or such Affiliated company. Executive shall promptly disclose such Work Product to the Company and perform all actions reasonably requested by the Company (whether during or after employment) to establish and confirm such ownership (including, without limitation, the execution of assignments, consents, powers of attorney and other instruments).

(b) Notwithstanding the obligations set forth in Section 9 and this Section 10, after termination of the Executive's employment with the Company, the Executive shall be free to use Residuals of the Company's confidential information and Work Product for any purpose, subject only to its obligations with respect to disclosure set forth herein and any copyrights and patents of the Company. The term "Residuals" means information in non-tangible form that may be retained in the unaided memory of the Executive derived from the Company's confidential information and Work Product to which the Executive has had access during the Executive's employment with the Company. The Executive may not retain or use the documents and other tangible materials containing the Company's confidential information or Work Product after the termination of the Executive's employment with the Company.

11. Non-Competition; Non-Solicitation. The Executive acknowledges and recognizes the highly competitive nature of the businesses of the Company and its Affiliated companies, and agrees that to protect the Company's confidential information it is necessary to enter into restrictive covenants as follows:

(a) During the Employment Period and for a period of one year following the date Executive ceases to be employed by the Company (the "Restricted Period"), Executive shall not accept employment with or render services to any Unauthorized Competitor as a director, officer, agent, employee, independent contractor or consultant. In order to protect the Company's good will and other legitimate business interests, provide greater flexibility to Executive in obtaining other employment and to provide both parties with greater certainty as to their obligations hereunder, the parties agree that Executive shall not be prohibited from accepting employment anywhere in the world with any company or other enterprise except an Unauthorized Competitor. For purposes of this Agreement, an "Unauthorized Competitor" means Schlumberger Limited, Halliburton Company and Baker Hughes Inc., including any and all of their parents, subsidiaries, affiliates, joint ventures, divisions, successors, or assigns. Notwithstanding the foregoing, the non-competition restrictions set forth in this Section 11(a) shall not apply if the Executive terminates employment for any reason within one year following a Change of Control. Additionally, if Executive voluntarily terminates employment other than for Good Reason, the non-competition restrictions set forth in this Section 11(a) shall apply only if (i) the Company notifies the Executive of its intent to enforce the provisions of this Section 11(a) within 15 days following the Executive's Separation From Service and (ii) the Company pays the Executive a lump sum amount on the date that is 30 days following the date of the Executive's Separation From Service (if the Executive is not a Specified Employee on the date of such Separation From Service), or on the date that is six months following the Executive's Separation From Service (if the Executive is a Specified Employee on the date of such Separation From Service) with the Interest Amount credited thereon, equal to the sum of (x) the Annual Base Salary received by the Executive as of the Date of Termination and (y) the Executive's target Annual Bonus for the fiscal year during which the termination occurs.

(b) Executive further agrees that during the Restricted Period, he shall not at any time, directly or indirectly, induce, entice, solicit or hire (or attempt to induce, entice, solicit or hire) (i) any employee of the Company or any of its Affiliated companies to leave the employment of the Company or any of its Affiliated companies or (ii) any former employee of the Company or any of its Affiliated companies who terminated employment coincident with or within three months prior to the date of the Executive's Separation From Service.

(c) Executive and the Company agree and stipulate that the agreements contained in this Section 11 are fair and reasonable in light of all the facts and circumstances of the relationship between Executive and the Company and agree that the consideration provided by the Company is not illusory. Executive further agrees that the restrictive covenants in this Section 11 do not prevent Executive from using and offering the skills Executive possessed before receiving the Company's confidential information. Executive and the Company also acknowledge that any amount paid under Section 5(b) (if applicable) shall be deemed paid in part as consideration for the agreements contained in this Section 11. It is expressly understood and agreed that although the Executive and the Company consider the restrictions contained in this Section 11 to be reasonable, if a final judicial determination is made by a court of competent jurisdiction that the time or territory or any other restriction contained in this Agreement is an unenforceable restriction against Executive, the provisions of this Agreement shall not be rendered void but shall be deemed amended to apply as to such maximum time and territory and to such maximum extent as such court may judicially determine or indicate to be enforceable. Alternatively, if any court of competent jurisdiction finds that any restriction contained in this Agreement is unenforceable, and such restriction cannot be amended so as to make it enforceable, such finding shall not affect the enforceability of any of the other restrictions contained herein or the other provisions of this Agreement.

12. Disputed Payments And Failures To Pay. If the Company fails to make a payment under this Agreement in whole or in part as of the payment date specified in this Agreement, either intentionally or unintentionally, other than with the consent of the Executive, then following the fifth day after the Executive notifies the Company in writing of its failure to pay, the Company shall owe the Executive interest on the delayed payment at the applicable Federal rate provided for in section 7872(f)(2)(A) of the Code if the Executive (i) accepts the portion (if any) of the payment that the Company is willing to make (unless such acceptance will result in a relinquishment of the claim to all or part of the remaining amount) and (ii) makes prompt and reasonable good faith efforts to collect the remaining portion of the payment. Any such interest payments shall become due and payable effective as of the applicable payment date(s) specified in Section 5 with respect to the delinquent payment(s) due under Section 5.

13. Successors.

(a) This Agreement is personal to the Executive and shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

(c) In addition to any obligations imposed by law upon any successor to the Company, the Company will require any successor (whether direct or indirect, by purchase, merger, consolidation, amalgamation, scheme of arrangement, exchange offer, operation of law or otherwise (including any purchase, merger, amalgamation, Corporate Transaction or other transaction involving the Company or any Subsidiary or Affiliate of the Company)), to all or substantially all of the Company's business and/or Company's Assets to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. Failure of the Company to obtain such assumption and agreement at or prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle the Executive to compensation from the Company in the same amount and on the same terms as the Executive would be entitled to hereunder if the Executive were to terminate the Executive's employment for Good Reason after a Change of Control, except that, (i) for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Date of Termination and (ii) the Company shall be given the opportunity to cure such breach as described under the proviso to Section 1(q). As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as provided above.

14. Miscellaneous.

(a) THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE DOMICILE OF THE EXECUTIVE, WITHOUT REFERENCE TO PRINCIPLES OF CONFLICT OF LAWS. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. All words used in this Agreement will be construed to be of such gender or number as the circumstances require. This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives.

(b) All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed: if to the Executive, to the address set forth on the signature page hereto; and, if to the Company, to: Weatherford

International Ltd., Rue Jean-François Bartholoni 4, 1204 Geneva, Switzerland, Attention: Vice President – Legal; or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notices and communications shall be effective when actually received by the addressee.

(c) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(d) The Company may withhold from any amounts payable under this Agreement such Federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(e) The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement or the failure to assert any right the Executive or the Company may have hereunder, including without limitation, the right of the Executive to terminate employment for Good Reason shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(f) This Agreement constitutes the entire agreement and understanding between the parties relating to the subject matter hereof and supersedes all prior agreements between the Company, any of its Affiliates and the Executive relating to the subject matter hereof, including, without limitation, the Prior Agreements. In the event of any conflict between this Agreement and any other contract, plan, arrangement or understanding between the Executive and the Company (or any Affiliate of the Company), this Agreement shall control.

(g) If the Executive accepts in writing an international assignment to Geneva, Switzerland, then (i) the office referenced in Section 3(a)(i)(B) of this Agreement shall be the Company's executive office in Geneva, Switzerland, and (ii) the provisions of this Agreement will be applied, to the fullest extent possible, in accordance with the employment laws of Switzerland, and nothing herein is intended to reduce or diminish the protections afforded by such laws.

15. Section 409A. Notwithstanding anything herein to the contrary, (i) if at the time of the Executive's termination of employment with the Company the Executive is a "specified employee" as defined in Section 409A of the Code and the deferral of the commencement of any payments or benefits otherwise payable hereunder as a result of such termination of employment is necessary in order to prevent any accelerated or additional tax under Section 409A of the Code, then the Company will defer the commencement of the payment of any such payments or benefits hereunder (without any reduction in such payments or benefits ultimately paid or provided to Executive) until the date that is six months following the Executive's termination of employment with the Company (or the earliest date as is permitted under Section 409A of the Code) and (ii) if any other payments of money or other benefits due to the Executive hereunder could cause the application of an accelerated or additional tax under Section 409A of the Code, such payments or other benefits shall be deferred if deferral will make such payment or other benefits compliant under Section 409A of the Code, or otherwise such payment or other benefits shall be restructured, to the extent possible, in a manner, determined by the Board, that does not cause such an accelerated or additional tax. The Company shall consult with the Executive in good faith regarding the implementation of the provisions of this Section 15; provided that neither the Company nor any of its employees or representatives shall have any liability to Executive with respect to thereto.

IN WITNESS WHEREOF, the Executive has hereunto set the Executive's hand and, pursuant to the authorization from the Board or relevant committee thereof, the Company has caused these presents to be executed in its name and on its behalf, all as of the day and year set forth below.

Date: June 20, 2013

Applicable Multiple: **two (2)**

Position: /s/ Douglas M. Mills
Douglas M. Mills

Vice President & Chief Accounting Officer

Reporting to: **Weatherford International Ltd.**,
a Swiss joint-stock corporation

Chief Financial Officer

Address for notices to Executive: By: /s/ Bernard J. Duroc-Danner
Name: Bernard J. Duroc-Danner
Title: Chairman, President & CEO

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: July 31, 2013

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

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, John H. Briscoe, 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: July 31, 2013

/s/ John H. Briscoe

John H. Briscoe

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 June 30, 2013 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: July 31, 2013

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 June 30, 2013 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John H. Briscoe, 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.

Name: /s/ John H. Briscoe
John H. Briscoe
Title: Senior Vice President and
Chief Financial Officer
Date: July 31, 2013

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.