2011 Rice Energy Finance Summit
Exploring the Unconventional
Houston, TX

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Chairman, President and Chief Executive Officer
Weatherford International Ltd.

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Biography

Bernard J. Duroc-Danner joined EVI, Inc., Weatherford’s predecessor company, at its inception in May 1987 and was directly responsible for the start up of EVI, Inc.’s oilfield service and equipment business. He has directed the growth of the Company since that time. He was elected EVI’s President and Chief Executive Officer in 1990. Subsequent to the merger of EVI, Inc. with Weatherford Enterra, Inc. on May 27, 1998, Dr. Duroc-Danner was elected as Chairman of the Board. He holds a Ph.D. in Economics from Wharton (University of Pennsylvania). Prior to the start-up of EVI, Dr. Duroc-Danner held positions at Arthur D. Little Inc. and Mobil Oil Inc. Dr. Duroc-Danner is a director of LMS Capital (an investment company). Dr. Duroc-Danner also serves on the National Petroleum Council and the Society of Petroleum Engineers. Dr. Duroc-Danner was the recipient of Ernst & Young’s 2008 Entrepreneur of the Year in Energy, Chemicals and Mining category.
Our Birth: An Empty Shell

May 1987

Symbol

<table>
<thead>
<tr>
<th>Year</th>
<th>Energy Ventures (Envy)</th>
<th>Energy Ventures (EVI)</th>
<th>Weatherford (WFT)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1987</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1990</td>
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<td></td>
</tr>
<tr>
<td>1998</td>
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Operations

<table>
<thead>
<tr>
<th>Area</th>
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<th>1990</th>
<th>1998</th>
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<tbody>
<tr>
<td>Employees</td>
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<td></td>
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</tr>
<tr>
<td>Market Capitalization</td>
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<tr>
<td>Product Lines</td>
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<tr>
<td>Infrastructure</td>
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</table>
Weatherford Today
## Vital Statistics

### Financial

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount ($)</th>
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<tbody>
<tr>
<td>Revenue</td>
<td>12,374</td>
</tr>
<tr>
<td>EBITDA</td>
<td>2,427</td>
</tr>
<tr>
<td>Operating Income</td>
<td>1,297</td>
</tr>
<tr>
<td>Income from Continuing Operations</td>
<td>534</td>
</tr>
<tr>
<td>Capital Expenditures</td>
<td>1,500</td>
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### Operational

<table>
<thead>
<tr>
<th>Description</th>
<th>Number of Countries</th>
<th>Employees</th>
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<tbody>
<tr>
<td>Product Offering</td>
<td>100+</td>
<td>59,000+</td>
</tr>
<tr>
<td>Comprehensive</td>
<td>910</td>
<td>98</td>
</tr>
<tr>
<td>Service Bases</td>
<td></td>
<td></td>
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<tr>
<td>Manufacturing Facilities</td>
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</table>
Growth Company: Over a Decade of Continued Growth

2000
$1.7B
11 Countries
~12,000 Employees

2005
$4.3B
50+ Countries
~28,000 Employees

2011E
$12.8B*
100+ Countries
~59,000 Employees

Artificial Lift & Production Optimization
Well Construction
Drilling Tools
Completion
Re-Entry & Fishing
Stimulation & Chemicals
Pipeline & Specialty Services
Drilling Services
Wireline
Integrated Drilling

*First Call estimate
Product & Service Portfolio: Breadth & Depth
Shareholder Value Creation

Primary Mission: Land, Tired, Unconventionals

Example: Liquid Shales, broad interaction of technologies
Secular Forces in Motion:
The Time for Unconventionals is Now
Inelasticity of Production

Source: Deutsche Bank, Company data, EIA, IEA
Oil Production Spare Capacity

OPEC spare capacity has not increased over the last 20 years in spite of increased spending

Source: Deutsche Bank
### Situation Synthesis

| Non-OECD Growth Derivative | Elasticity to demography  
|                           | GNP per capita effect  
|---------------------------|------------------------
| Aging of Conventional Hydrocarbon Reservoir Base | Limited spare capacity  
|                           | Accelerating decline rates  
|                           | Few conventional Green Field Plays  
| Implications for Production Base | Push mature reservoirs ✓  
|                           | Chase unconventional ✓  
|                           | Manage extreme environments  

Perspectives on Unconventionals
What are Unconventionals?

Global Perspective

- Scarcity of conventional resources will lead to unconventional resources playing an increasing role in supply growth
- Unconventional projects will rival offshore projects in total investment, due to large number of wells and extensive surface facilities
Unconventional Resources Vary Significantly in Character

- **Heavy Oil**: Reservoirs with < 22 API, 100 centipoise oil
  - Composed of Heavy, Extra Heavy and Bitumen classifications
  - Multiple production methods depending on type and depth – cold to thermal
  - Typically sands, often shallow

- **Shale Liquids**: Same reservoir characteristics as Shale Gas (low porosity, ultra-low permeability)
  - Either high associated condensate content (wet gas) or containing oil as the primary hydrocarbon

- **Shale Oil**: Same reservoir characteristics as Shale Gas (low porosity, ultra-low permeability)
  - Thick organic rich formations, source rock is the reservoir
  - Require extensive stimulation and predominantly horizontal wells to produce

- **Tight Oil**: Same reservoir characteristics as Tight Gas
  - Conventional reservoirs containing saturated oil
  - Benefit from hydraulic fracturing and associated completion techniques to recover reserves
  - Often multi-zone (stacked reservoir) type environments

- **Tired Oil**: Conventional reservoirs with conventional characteristics
  - Late in production life where oil has been bypassed by conventional recovery techniques
  - Novel formation evaluation and fit for purpose drilling/sidetrack/intervention techniques are required and applied to access and produce these reserves

- **Tight Gas Reservoirs**: Low porosity and low permeability reservoirs
  - Typically require stimulation to produce
  - Multiple stacked reservoirs, Majority sand, though increasing tight carbonates

- **Coalbed Methane / Coal Seam Gas**: Gas is produced from coal seams
  - Must reduce pressure by pumping water before gas produced
  - Typically < 1,000 m depth

- **Shale Gas**: Low porosity, extremely low permeability reservoirs
  - Thick organic rich formations, source rock is the reservoir
  - Require extensive stimulation and predominantly horizontal wells to produce

Dictates specificity, breadth and integration of distinct technologies.
What Do Unconventionals Need?

The Obvious

- Improved production
- Improved efficiency – cost and resources

The Fundamentals:

- What controls well performance?

Reservoir Understanding

- What and Where are the sweet spots?
- Where will produce, where won’t?
- How do we optimize stimulation?

OFS Implications

- Integrated Formation Evaluation Technologies
  - Cost effective, Horizontal Capability
- Efficient Drilling, Completion and Production Techniques and Technologies
  - Directional, Stimulation, Monitoring, Lift
- Footprint - infrastructure, environment
What Do Unconventionals Need? (continued)

**Resource Quality**
- Holistic Basin & Formation Evaluation

**Drilling Quality**
- Well placement (within the best rock type)
- Orientation (for improved stimulation)
- Lateral length (economics – production versus cost)

**Completion Quality**
- Type of completion – open hole or cased hole
- Frac initiation locations – sleeves or perforations
- Number of stages
- Type / volume / rate fluids
- Size / strength / rate proppant selection
- Overall frac design
- Comparison of results versus model for both frac design and production

**Case for Integration**
A Shale Operation: The Need for Integration

HEL™ RSS

Spectral Azimuthal GR LWD

Surface Gas Chromatography

Advanced Analysis at Well Site

Memory Cross Dipole Sonic and Micro-imaging

Open Hole Zonal Isolation

Smart Sleeves

Stimulation

Artificial Lift

Production Optimization

Planning

Optimize Well Design

Optimize Completion

Executing

Identify Productive Zones

Maintain Well Bore Trajectory

Target Zones for Completion

Sustaining

Lower Execution Cost Curve

Higher Productivity Well
Oilfield Services Priorities

**Pursue Technology Imperative**
- Comprehensive
- Accelerate Adoption
  - Incremental?
  - Revolutionary?
  - Distributed?
  - Redundant?
  - Role of Client?

**Drive for Efficiency**
- Within Ourselves
- Within life cycle
- Methods of Delivery
  - How far - cost structure?
  - QHSE Compatibility?
  - Private vs. Public priorities?
  - Value of Integration?
  - Compatible with Division of Labor?

**Invest in People**
- Attract
- Train
- Develop
  - Much of what is above
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