Weatherford International Ltd./Switzerland
Form 10-Q
May 10, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

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

For the quarterly period ended March 31, 2011

OR

o **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	**98-0606750**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
4-6 Rue Jean-Francois Bartholoni, 1204 Geneva, Switzerland	**Not Applicable**
(Address of principal executive offices)	(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 þ No o

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 þ No o

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 þ	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes o No þ

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

As of May 2, 2011 there were 745,173,406 shares of Weatherford registered shares, 1.16 Swiss francs par value per share, outstanding.

PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

WEATHERFORD INTERNATIONAL LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except par value)

	March 31, 2011 (unaudited)	December 31, 2010
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 249,317	$ 415,772
Accounts Receivable, Net of Allowance for Uncollectible Accounts of $57,880 and $58,756, Respectively	2,923,062	2,629,403
Inventories	2,759,569	2,590,008
Current Deferred Tax Assets	268,814	255,476
Other Current Assets	695,105	601,408
Total Current Assets	6,895,867	6,492,067
Property, Plant and Equipment, Net of Accumulated Depreciation of $4,466,414 and $4,221,880, Respectively	7,117,261	6,939,754
Goodwill	4,260,025	4,185,477
Other Intangible Assets, Net of Accumulated Amortization of $484,596 and $452,923, Respectively	735,494	730,429
Equity Investments	551,686	539,580
Other Assets	261,588	244,347
Total Assets	$ 19,821,921	$ 19,131,654
LIABILITIES AND SHAREHOLDERS EQUITY		
Current Liabilities:		
Short-term Borrowings and Current Portion of Long-term Debt	$ 619,490	$ 235,392
Accounts Payable	1,433,259	1,335,020
Other Current Liabilities	939,560	1,012,567
Total Current Liabilities	2,992,309	2,582,979
Long-term Debt	6,526,464	6,529,998
Other Liabilities	590,765	553,830
Total Liabilities	10,109,538	9,666,807
Shareholders Equity:		
Shares, CHF 1.16 Par Value: Authorized 1,137,670 Shares, Conditionally Authorized 377,550 Shares, Issued 760,120 Shares at March 31, 2011;	763,163	761,077

Authorized 1,137,670 Shares, Conditionally Authorized 379,223 Shares, Issued 758,447 Shares at December 31, 2010		
Capital in Excess of Par Value	4,710,429	4,701,797
Treasury Shares, Net	(561,292)	(562,906)
Retained Earnings	4,408,046	4,348,845
Accumulated Other Comprehensive Income	330,638	152,118
Weatherford Shareholders Equity	9,650,984	9,400,931
Noncontrolling Interests	61,399	63,916
Total Shareholders Equity	9,712,383	9,464,847
Total Liabilities and Shareholders Equity	$ 19,821,921	$ 19,131,654

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

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

	Three Months Ended March 31, 2011	2010
Revenues:		
Products	$ 1,063,798	$ 781,056
Services	1,792,388	1,550,011
	2,856,186	2,331,067
Costs and Expenses:		
Cost of Products	786,179	573,797
Cost of Services	1,339,490	1,178,663
Research and Development	64,547	48,857
Selling, General and Administrative Attributable to Segments	388,791	337,936
Corporate, General and Administrative	65,291	84,253
	2,644,298	2,223,506
Operating Income	211,888	107,561
Other Expense:		
Interest Expense, Net	(112,506)	(95,339)
Devaluation of Venezuelan Bolivar		(63,859)
Other, Net	(18,566)	(9,218)
Income (Loss) Before Income Taxes	80,816	(60,855)
Provision for Income Taxes	(19,277)	(3,467)
Net Income (Loss)	61,539	(64,322)
Net Income Attributable to Noncontrolling Interests	(2,338)	(4,035)
Net Income (Loss) Attributable to Weatherford	$ 59,201	$ (68,357)
Earnings (Loss) Per Share Attributable to Weatherford:		
Basic	$ 0.08	$ (0.09)
Diluted	$ 0.08	$ (0.09)
Weighted Average Shares Outstanding:		

Basic	747,468	737,865
Diluted	757,617	737,865

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

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

	Three Months Ended March 31, 2011	2010
Cash Flows from Operating Activities:		
Net Income (Loss)	$ 61,539	$ (64,322)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	277,055	249,705
Employee Share-Based Compensation Expense	22,456	22,974
Deferred Income Tax Benefit	(3,961)	(91,651)
Devaluation of Venezuelan Bolivar		63,859
Supplemental Executive Retirement Plan		38,021
Revaluation of Contingent Consideration		11,010
Other, Net	10,894	7,646
Change in Operating Assets and Liabilities, Net of Effect of Businesses Acquired		
Accounts Receivable	(235,669)	(211,917)
Inventories	(143,327)	(99,094)
Other Current Assets	(107,066)	32,465
Accounts Payable	79,273	128,522
Other Current Liabilities	(95,447)	(59,611)
Other	(38,734)	(22,651)
Net Cash Provided by Operating Activities	(172,987)	4,956
Cash Flows from Investing Activities:		
Capital Expenditures for Property, Plant and Equipment	(355,650)	(231,087)
Acquisitions of Businesses, Net of Cash Acquired	(15,143)	(46,579)
Acquisition of Intellectual Property	(3,462)	(6,072)
Acquisition of Equity Investments in Unconsolidated Affiliates	(6,752)	
Proceeds from Sale of Assets and Businesses, Net	2,506	87,790
Other Investing Activities		41,840
Net Cash Used by Investing Activities	(378,501)	(154,108)
Cash Flows from Financing Activities:		
Borrowings of Short-term Debt, Net	384,532	122,746
Repayments of Long-term Debt, Net	(4,736)	(2,113)
Other Financing Activities, Net	343	3,227
Net Cash Provided by Financing Activities	380,139	123,860

Effect of Exchange Rate Changes on Cash and Cash Equivalents	4,894	(20,128)
Net Decrease in Cash and Cash Equivalents	(166,455)	(45,420)
Cash and Cash Equivalents at Beginning of Period	415,772	252,519
Cash and Cash Equivalents at End of Period	$ 249,317	$ 207,099
Supplemental Cash Flow Information:		
Interest Paid	$ 175,925	$ 139,597
Income Taxes Paid, Net of Refunds	65,532	90,735

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

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

	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010
Net Income (Loss)	$ 61,539	$ (64,322)
Other Comprehensive Income:		
Curtailment and Remeasurement of Supplemental Executive Retirement Plan		45,237
Amortization of Pension Components	989	1,513
Foreign Currency Translation Adjustment	177,371	(67,387)
Other	160	155
Comprehensive Income (Loss)	240,059	(84,804)
Comprehensive Income Attributable to Noncontrolling Interests	(2,338)	(4,035)
Comprehensive Income (Loss) Attributable to Weatherford	$ 237,721	$ (88,839)

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

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

1. General

The accompanying unaudited condensed consolidated financial statements of Weatherford International Ltd. and all majority-owned subsidiaries (the Company) are prepared in accordance with U.S. generally accepted accounting principles and include all adjustments of a normal recurring nature which, in the opinion of management, are necessary to present fairly our Condensed Consolidated Balance Sheet at March 31, 2011, Condensed Consolidated Statements of Income, Condensed Consolidated Statements of Comprehensive Income and Condensed Consolidated Statements of Cash Flows for the three months ended March 31, 2011 and 2010. 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, 2010 and the related notes included in our Annual Report on Form 10-K, as amended. The results of operations for the three months ended March 31, 2011 are not necessarily indicative of the results expected for the full year.

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period and disclosure of contingent liabilities. On an ongoing basis, we evaluate our estimates, including those related to uncollectible accounts receivable, lower of cost or market of inventories, equity investments, intangible assets and goodwill, property, plant and equipment, income taxes, percentage-of-completion accounting for long-term contracts, self-insurance, pension and post retirement benefit plans and contingent liabilities. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates.

Principles of Consolidation

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

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

2. Business Combinations

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

During the three months ended March 31, 2011, we paid cash consideration of $16 million for acquisitions.

Our results for the three months ended March 31, 2010 include a loss of $11 million related to the revaluation of contingent consideration issued in connection with the acquisition of the Oilfield Services Division of TNK-BP. This loss was recorded in the Selling, General and Administrative Attributable to Segments line in the Condensed Consolidated Statements of Income.

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

3. Inventories

The components of inventory were as follows:

	March 31, 2011	December 31, 2010
	(In thousands)	
Raw materials, components and supplies	$ 410,810	$ 383,639
Work in process	141,828	114,266
Finished goods	2,206,931	2,092,103
	$ 2,759,569	$ 2,590,008

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

4. Goodwill

Goodwill is evaluated for impairment on at least an annual basis. Our goodwill impairment test involves a comparison of the fair value of each of our reporting units with its carrying amount. We perform our annual goodwill impairment test as of October 1. Our 2010 impairment test indicated goodwill was not impaired. We will continue to test our goodwill annually as of October 1 unless events occur or circumstances change between annual tests that would more likely than not reduce the fair value of a reporting unit below its carrying amount.

The changes in the carrying amount of goodwill for the three months ended March 31, 2011, were as follows:

	North America	Middle East/ North Africa/ Asia	Europe/ West Africa/ FSU	Latin America	Total
			(In thousands)		
As of December 31, 2010	$ 2,133,020	$ 731,828	$ 1,007,605	$ 313,024	$ 4,185,477
Acquisitions			1,363	5,442	6,805
Disposals					
Purchase price and other adjustments	(740)	(4,697)	30	(375)	(5,782)
Foreign currency translation	24,536	1,992	46,701	296	73,525
As of March 31, 2011	$ 2,156,816	$ 729,123	$ 1,055,699	$ 318,387	$ 4,260,025

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

The components of short-term borrowings were as follows:

	March 31, 2011	December 31, 2010
	(In thousands)	
Revolving credit facilities	$	$
Commercial paper	385,321	

Other short-term bank loans	17,421	18,001
Total short-term borrowings	402,742	18,001
Current portion of long-term debt	216,748	217,391
Short-term borrowings and current portion of long-term debt	$ 619,490	$ 235,392

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

We maintain a $1.75 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 October 15, 2013, subject to extension, and can be used for a combination of borrowings, support for our commercial paper program and issuances of letters of credit. The Credit Agreement requires us to maintain a debt-to-capitalization ratio of less than 60%. We are in compliance with these covenants at March 31, 2011. There were $48 million in outstanding letters of credit under this facility at March 31, 2011.

We have a $1.5 billion commercial paper program under which we may from time to time issue short-term unsecured notes. The commercial paper program is supported by our revolving credit facilities. The weighted average interest rate related to outstanding commercial paper issuances at March 31, 2011 was 1% per annum.

We have short-term borrowings with various domestic and international institutions pursuant to uncommitted facilities. At March 31, 2011, we had $17 million in short-term borrowings under these arrangements with a weighted average interest rate of 9% per annum. In addition, we had $384 million of letters of credit and bid and performance bonds under these uncommitted facilities. The carrying value of our short-term borrowings approximates their fair value as of March 31, 2011.

6. Financial Instruments

Financial Instruments Measured and Recognized at Fair Value

There is a hierarchy that classifies valuation inputs into three broad levels. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument. Level 3 inputs are unobservable inputs based upon our own assumptions used to measure assets and liabilities at fair value. Classification of a financial asset or liability within the hierarchy is determined based on the lowest level of input that is significant to the fair value measurement. Other than disclosed below under derivative instruments, we had no assets or liabilities measured and recognized at fair value on a recurring basis at March 31, 2011 and December 31, 2010.

Fair Value of Other Financial Instruments

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

The fair value of outstanding debt fluctuates with changes in applicable interest rates. Fair value will exceed carrying value when the current market interest rate is lower than the interest rate at which the debt was originally issued. The fair value of a company s debt is a measure of its current value under present market conditions. It does not impact the financial statements under current accounting rules. The fair value of our long-term debt was established based on quoted market prices.

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

	March 31, 2011	**December 31, 2010**
	(In thousands)	
Fair value	$ 7,317,780	$ 7,329,299
Carrying value	6,743,212	6,747,389

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

7. Derivative Instruments

We are exposed to market risk from changes in foreign currency and changes in interest rates. From time to time, we may enter into derivative financial instrument transactions to manage or reduce our market risk. We manage our debt portfolio to achieve an overall desired position of fixed and floating rates and we may employ interest rate swaps as a tool to achieve that goal. The major risks from interest rate derivatives include changes in the interest rates affecting the fair value of such instruments, potential increases in interest expense due to market increases in floating interest rates and the creditworthiness of the counterparties in such transactions. In light of events in the global credit markets and the potential impact of these events on the liquidity of the banking industry, we continue to monitor the creditworthiness of our counterparties, which are multinational commercial banks.

The fair values of all our outstanding derivative instruments are determined using a model with Level 2 inputs including quoted market prices for contracts with similar terms and maturity dates.

Interest Rate Swaps

We use interest rate swaps to help mitigate exposures related to interest rate movements. Amounts paid or received upon termination of interest rate swaps accounted for as fair value hedges represent the fair value of the agreements at the time of termination and are recorded as an adjustment to the carrying value of the related debt. These amounts are amortized as a reduction (in the case of gains) or as an increase (in the case of losses) to interest expense over the remaining term of the debt. As of March 31, 2011, we had net unamortized gains of $53 million associated with interest rate swap terminations.

Cash Flow Hedges

In 2008, we entered into interest rate derivative instruments to hedge projected exposures to interest rates in anticipation of a debt offering. Those hedges were terminated at the time of the issuance of the debt, and the loss on these hedges is being amortized from Accumulated Other Comprehensive Income to interest expense over the remaining term of the debt. As of March 31, 2011, we had net unamortized losses of $13 million associated with our cash flow hedge terminations.

Other Derivative Instruments

As of March 31, 2011, we had foreign currency forward contracts with notional amounts aggregating to $837 million, which were entered into to hedge exposure to currency fluctuations in various foreign currencies. The total estimated fair value of these contracts at March 31, 2011, resulted in a net liability of approximately $9 million. These derivative instruments were not designated as hedges and the changes in fair value of the contracts are recorded each period in Other, Net in the accompanying Condensed Consolidated Statements of Income.

We have cross-currency swaps between the U.S. dollar and Canadian dollar to hedge certain exposures to the Canadian dollar. At March 31, 2011, we had notional amounts outstanding of $215 million. The total estimated fair value of these contracts at March 31, 2011, resulted in a liability of $42 million. These derivative instruments were not designated as hedges and the changes in fair value of the contracts are recorded each period in Other, Net in the accompanying Condensed Consolidated Statements of Income.

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

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

	March 31, 2011	December 31, 2010	Classifications
	(In thousands)		
Derivative assets not designated as hedges:			
Foreign exchange contracts	$ 953	$ 8,155	Other Current Assets
Derivative liabilities not designated as hedges:			
Foreign exchange contracts	9,742	21,664	Other Current Liabilities
Cross-currency swap contracts	41,566	34,783	Other Liabilities

During the three months ended March 31, 2011 and 2010, we recognized foreign currency losses of $17 million and $7 million, respectively.

8. Income Taxes

For the three months ended March 31, 2011, we had a tax provision of $19 million on income before taxes of $81 million. Our tax provision for the three months ended March 31, 2011 includes tax benefits of $8 million related to certain prior period expenses for which a benefit could not be recorded in the prior periods as well as other discrete items in the period primarily related to the settlement of uncertain tax positions which lowered our provision by an additional $6 million. For the three months ended March 31, 2010, we had a tax provision of $3 million on a pretax loss of $61 million that includes curtailment expense for our SERP for which no related tax benefit was recorded. Our tax provision for the three months ended March 31, 2010 includes minimum tax in Mexico, and the tax impact of changes in our geographic earnings mix, both of which are partially offset by a tax benefit related to the devaluation of the Venezuelan bolivar.

9. Shareholders Equity

The following summarizes our shareholders equity activity for the three months ended March 31, 2011 and 2010:

	Total Shareholders Equity	Company Shareholders Equity	Noncontrolling Interests in Consolidated Subsidiaries
		(In thousands)	
Balance at December 31, 2010	$ 9,464,847	$ 9,400,931	$ 63,916
Comprehensive Income:			
Net Income	61,539	59,201	2,338
Amortization of Pension Components	989	989	
Foreign Currency Translation Adjustments	177,371	177,371	
Other	160	160	
Comprehensive Income	240,059	237,721	2,338

Transactions with Shareholders		12,332		12,332		
Dividends Paid to Noncontrolling Interests		(5,495)				(5,495)
Other		640				640
Balance at March 31, 2011	$	9,712,383	$	9,650,984	$	61,399

10

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

	Total Shareholders Equity	Company Shareholders Equity	Noncontrolling Interests in Consolidated Subsidiaries
		(In thousands)	
Balance at December 31, 2009	$ 9,438,373	$ 9,359,341	$ 79,032
Comprehensive Income:			
Net Income (Loss)	(64,322)	(68,357)	4,035
Curtailment of Executive Supplemental Executive Retirement Plan	45,237	45,237	
Amortization of Pension Components	1,513	1,513	
Foreign Currency Translation Adjustments	(67,387)	(67,387)	
Other	155	155	
Comprehensive Income (Loss)	(84,804)	(88,839)	4,035
Transactions with Shareholders	39,980	39,980	
Dividends Paid to Noncontrolling Interests	(6,442)		(6,442)
Other	338		338
Balance at March 31, 2010	$ 9,387,445	$ 9,310,482	$ 76,963

At December 31, 2010, we had outstanding warrants to purchase up to 12.9 million of our shares at a price of $15.00 per share. On March 4, 2011, 4.3 million of these warrants were exercised through net share settlement and the issuance of 1.7 million shares of our stock. At March 31, 2011, 8.6 million of our warrants remain outstanding and are exercisable until February 28, 2012. These warrants are subject to adjustment for changes in our capital structure or the issuance of dividends. Future settlements may occur through physical delivery, net share settlement, net cash settlement or a combination of those methods. The net cash settlement option is available at our sole discretion.

10. Earnings Per Share

Basic earnings per share for all periods presented equals net income divided by the weighted average number of our shares outstanding during the period. Diluted earnings per share is computed by dividing net income by the weighted average number of our shares outstanding during the period, adjusted for the dilutive effect of our stock options, restricted shares, performance units and our outstanding warrants. Our diluted earnings per share calculation excludes one million potential shares for the three months ended March 31, 2011 and three million potential shares for the three months ended March 31, 2010, due to their anti-dilutive effect. Our diluted earnings per share calculation for the three months ended March 31, 2010 also excludes ten million potential shares that would have been included if we had net income for that period, but are excluded as we had a net loss and their inclusion would have been anti-dilutive.

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

	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010
	(In thousands)	
Basic weighted average shares outstanding	747,468	737,865

Dilutive effect of:		
Warrants	3,934	
Stock options and restricted shares	6,215	
Diluted weighted average shares outstanding	757,617	737,865

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

11. Share-Based Compensation

We recognized the following employee share-based compensation expense during the three months ended March 31, 2011 and 2010:

	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010
	(In thousands)	
Share-based compensation	$22,456	$22,974
Related tax benefit	7,860	8,041

During the three months ended March 31, 2011, we issued approximately one million performance units, which will vest assuming continued employment and assuming the Company meets certain market-based performance goals. The performance units have a weighted-average grant date fair value of $30.49 per share based on the Monte Carlo simulation method. As of March 31, 2011, there was $25 million of unrecognized compensation related to our performance units. This cost is expected to be recognized over a weighted average period of two years.

During the three months ended March 31, 2011, we also granted three million restricted share awards at a weighted average grant date fair value of $24.24 per share. As of March 31, 2011, there was $177 million of unrecognized compensation cost related to all of our unvested restricted share grants. This cost is expected to be recognized over a weighted average period of two years.

12. Retirement and Employee Benefit Plans

We have defined benefit pension and other postretirement benefit plans covering certain employees. The components of net periodic benefit cost for the three months ended March 31, 2011 and 2010 were as follows:

	Three Months Ended March 31, 2011		2010	
	United States	International	United States	International
	(In thousands)			
Service cost	$ 8	$ 1,652	$ 951	$ 1,528
Interest cost	755	2,096	1,937	1,830
Expected return on plan assets	(147)	(1,244)	(149)	(1,201)
Amortization of prior service cost (credit)	22	(15)	1,512	(13)
Amortization of loss	184	228	772	42
Curtailment/settlement loss			34,958	
Net periodic benefit cost	$ 822	$ 2,717	$ 39,981	$ 2,186

Our Supplemental Executive Retirement Plan (SERP) was amended effective March 31, 2010 to freeze the benefits under the plan. This resulted in the net curtailment loss shown above.

We previously disclosed in our financial statements for the year ended December 31, 2010, that we expected to contribute less than $1 million in the U.S. and approximately $8 million internationally to our pension and other postretirement benefit plans during 2011. As of March 31, 2011, we have contributed approximately $2 million to these plans and currently anticipate total annual contributions to approximate $10 million.

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

13. Segment Information

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

	Three Months Ended March 31, 2011		
	Net Operating Revenues	Income from Operations	Depreciation and Amortization
		(In thousands)	
North America	$ 1,360,472	$ 283,697	$ 87,793
Middle East/North Africa/Asia	575,526	10,804	81,380
Europe/West Africa/FSU	510,423	37,504	56,594
Latin America (a)	409,765	21,091	46,388
	2,856,186	353,096	272,155
Corporate and Research and Development		(120,376)	4,900
Other (b)		(20,832)	
Total	$ 2,856,186	$ 211,888	$ 277,055

	Three Months Ended March 31, 2010		
	Net Operating Revenues	Income from Operations	Depreciation and Amortization
		(In thousands)	
North America	$ 888,579	$ 108,432	$ 80,660
Middle East/North Africa/Asia	562,056	75,714	72,290
Europe/West Africa/FSU	453,759	46,298	49,271
Latin America	426,673	26,074	42,479
	2,331,067	256,518	244,700
Corporate and Research and Development		(93,915)	5,005
Revaluation of Contingent Consideration		(11,010)	
Other (c)		(44,032)	
Total	$ 2,331,067	$ 107,561	$ 249,705

(a) The three months ended March 31, 2011 was negatively impacted by a $16 million charge due to an equity tax enacted in Colombia.

(b) The three months ended March 31, 2011 includes $11 million for severance, $9 million in connection with the termination of a corporate consulting contract and $1 million for legal and professional fees incurred in connection with our on-going investigations.

(c) The three months ended March 31, 2010 includes $2 million for costs incurred in connection with on-going investigations by the U.S. government, $9 million for severance and facility closure costs associated with reorganization activities and a $38 million charge related to our SERP, which was frozen on March 31, 2010. These charges were offset by a $5 million benefit related to the reversal of prior cost accruals for our exit from certain sanctioned countries.

In early 2011, our operations in Tunisia, Egypt, and Libya were disrupted by political revolutions and uprisings in these countries. Political disturbances in Libya and elsewhere in the Middle East and North Africa,

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

including to a lesser extent Yemen and Bahrain, are ongoing, and our operations in Libya have not resumed. At March 31, 2011, we had in Libya inventory, property, plant and equipment (net) with a carrying value of approximately $144 million, as well as cash, accounts receivable, prepaid expenses and other assets totaling approximately $83 million, including approximately $52 million of accounts receivable that currently are subject to sanctions recently imposed by western governments. In cases where we must evacuate personnel, it may be difficult, if not impossible, for us to safeguard and recover our operating assets, and our ability to do so will depend on the local turn of events. 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 currently have outstanding approximately $19 million of performance bonds related to contracts in Libya. Based on information available to us and our current assessment of the situation in Libya, we believe that we will recover our assets there, and we have not impaired these assets.

14. Disputes, Litigation and Contingencies

U.S. Government and Internal Investigations

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

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

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

In light of this investigation, 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. We can complete the withdrawal process only pursuant to licenses issued by OFAC. Our remaining activities in Iran, Sudan and Syria include ongoing withdrawal activities such as attempts to collect accounts receivable, attempts to settle tax liabilities or legal claims and attempts to recover or liquidate assets, including equipment and funds. Certain of our subsidiaries continue to conduct business in countries such as Myanmar that are subject to more limited U.S. trading sanctions.

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

The DOJ, SEC and other agencies and authorities have a broad range of civil and criminal penalties they may seek to impose against corporations and individuals for violations of trade sanctions laws, the FCPA and other federal statutes including, but not limited to, injunctive relief, disgorgement, fines, penalties and modifications to

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

business practices and compliance programs. In recent years, these agencies and authorities have entered into agreements with, and obtained a range of penalties against, several public corporations and individuals in similar investigations, under which civil and criminal penalties were imposed, including in some cases fines and other penalties and sanctions in the tens and hundreds of millions of dollars. These agencies are seeking to impose penalties against us for past conduct, but the ultimate amount of any penalties we may pay currently cannot be reasonably estimated. Under trade sanctions laws, the DOJ may also seek to impose modifications to business practices, including immediate cessation of all business activities in specific countries or other limitations that decrease our business, and modifications to compliance programs, which may increase compliance costs. Any injunctive relief, disgorgement, fines, penalties, sanctions or imposed modifications to business practices resulting from these investigations could adversely affect our results of operations. In addition, our historical activities in sanctioned countries, such as Sudan and Iran, could result in certain investors, such as government sponsored pension funds, divesting or not investing in our registered shares. Based on available information, we cannot predict what, if any, actions the DOJ, SEC or other authorities will take in our situation or the effect any such actions will have on our consolidated financial position or results of operations. To the extent we violated trade sanctions laws, the FCPA, or other laws or regulations, fines and other penalties may be imposed. Because these matters are now pending before the indicated agencies, there can be no assurance that actual fines or penalties, if any, will not have a material adverse effect on our business, financial condition, liquidity or results of operations.

Through March 31, 2011, we have incurred $49 million for costs in connection with our exit from sanctioned countries and incurred $114 million for legal and professional fees in connection with complying with and conducting these on-going investigations.

In addition, the SEC is investigating the circumstances surrounding the material weakness in the Company s internal controls over financial reporting for income taxes that was disclosed on Forms 12b-25 and 8-K on March 1, 2011 and the related restatement of historical financial statements. We are cooperating with the investigation.

Macondo Litigation

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

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

As a result of the explosion, approximately 400 lawsuits were filed, mainly for personal injuries, wrongful death and pollution damage. Weatherford is currently named, along with BP and other defendants, in several dozen of these lawsuits. The United States Judicial Panel on Multidistrict Litigation issued an order centralizing most of these cases in the Federal District Court for the Eastern District of Louisiana. The pollution damage complaints generally refer to the Oil Pollution Act of 1990 (OPA) and allege, among other things, negligence and gross negligence by Weatherford and other defendants. They allege that Weatherford and the other defendants are responsible for property damage, trespass, nuisance and economic loss as a result of environmental pollution and generally seek awards of unspecified economic, compensatory, and punitive damages, as well as injunctive relief. Additional lawsuits may be filed in the future relating to the Macondo incident.

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

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

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

We believe that the indemnification obligations of BP are valid and enforceable. However, BP may seek to avoid its indemnification obligations. Should a court determine that indemnity provisions are unenforceable, Weatherford might be held liable in one or more of the civil actions brought as a result of the aforementioned deaths, personal injuries, property and/or environmental damage. The cause of the Macondo incident remains under investigation and has yet to be determined.

If BP were to avoid its indemnities regarding personal injury and a case is adversely determined against Weatherford with respect to the Macondo incident, Weatherford believes its exposure is within the limits of its insurance coverage. Weatherford has a self-insured retention of $2 million. Above that amount, Weatherford has aggregate liability insurance coverage with limits of $303 million. Weatherford believes all claims made against Weatherford, even if they are not covered by indemnity from BP, are covered under its various liability insurance policies, up to the $303 million in limits, however given the complexity of the litigation surrounding these matters, it is possible that Weatherford could be adjudged to be liable in an amount in excess of its policy limits. Weatherford has met individually with its insurers to discuss this matter. While some of our insurers have sent notices stating that they lack sufficient information to adequately assess coverage issues at this time, we do not currently anticipate there will be a substantive coverage dispute amongst Weatherford and its insurers.

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

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

Shareholder Litigation

In June and July 2010, shareholders filed suit in Weatherford s name against those directors in place before June 2010 and certain current and former members of management relating to the U.S. government and internal investigations disclosed above and in our SEC filings since 2007. Separately, shareholders have also filed suit relating to the material weakness in the Company s internal controls over financial reporting for income taxes that was disclosed on Forms 12b-25 and 8-K on March 1, 2011 and the related restatement of historical financial statements. These suits name the Company as well as current and former members of management as well as our directors. We will investigate these claims appropriately. We cannot predict the ultimate outcome of these claims.

Other Disputes

As a result of discussions with a customer, we reviewed how the dual exchange rate might affect amounts we receive for our U.S. dollar-denominated receivables in Venezuela. We believe our contracts are legally enforceable

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

and our customers continue to accept our invoices. However, based on the current political and economic environment in Venezuela, we believe a loss is probable. Accordingly, we recorded a reserve of $32 million against this exposure in the fourth quarter of 2010.

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

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

15. New Accounting Pronouncements

On January 1, 2011, we adopted an update to existing guidance on revenue recognition for arrangements with multiple deliverables. This update allows companies to allocate consideration for qualified separate deliverables using estimated selling price for both delivered and undelivered items when vendor-specific objective evidence or third-party evidence is unavailable. It also requires additional disclosures on the nature of multiple element arrangements, the types of deliverables under the arrangements, the general timing of their delivery, and significant factors and estimates used to determine estimated selling prices. The adoption of this update did not have a material impact on our condensed consolidated financial statements or existing revenue recognition policies.

16. Condensed Consolidating Financial Statements

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

The following obligations of Weatherford Delaware were guaranteed by Weatherford Bermuda at March 31, 2011 and December 31, 2010: (i) the 6.625% Senior Notes, (ii) the 5.95% Senior Notes, (iii) the 6.35% Senior Notes and (iv) the 6.80% Senior Notes.

The following obligations of Weatherford Bermuda were guaranteed by Weatherford Delaware at March 31, 2011 and December 31, 2010: (i) the revolving credit facility, (ii) the 4.95% Senior Notes, (iii) the 5.50% Senior Notes, (iv) the 6.50% Senior Notes, (v) the 5.15% Senior Notes, (vi) the 6.00% Senior Notes, (vii) the 7.00% Senior Notes, (viii) the 9.625% Senior Notes, (ix) the 9.875% Senior Notes, (x) the 5.125% Senior Notes, (xi) the 6.75% Senior Notes and (xii) issuances of notes under the commercial paper program.

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

WEATHERFORD INTERNATIONAL LTD. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
Condensed Consolidating Balance Sheet
March 31, 2011
(unaudited)
(In thousands)

	Parent	Bermuda	Delaware	Other Subsidiaries	Eliminations	Consolidatio
ASSETS						
urrent Assets:						
ash and Cash Equivalents	$ 419	$ 112	$ 4,636	$ 244,150	$	$ 249,317
ther Current Assets	931	1,854	72,628	6,571,137		6,646,550
otal Current Assets	1,350	1,966	77,264	6,815,287		6,895,867
quity Investments in Affiliates	9,224,138	15,515,349	7,600,723	11,308,885	(43,649,095)	
hares Held in Parent			92,492	468,800	(561,292)	
ntercompany Receivables, Net		2,492,223	457,873		(2,950,096)	
ther Assets	23,648	38,547	309,699	12,554,160		12,926,054
otal Assets	$ 9,249,136	$ 18,048,085	$ 8,538,051	$ 31,147,132	$ (47,160,483)	$ 19,821,921
IABILITIES AND SHAREHOLDERS EQUITY						
urrent Liabilities:						
hort-term Borrowings and Current Portion of ong-term Debt	$	$ 393,311	$ 201,640	$ 24,539	$	$ 619,490
ccounts Payable and Other Current Liabilities	24,796	41,416	128,670	2,177,937		2,372,819
otal Current Liabilities	24,796	434,727	330,310	2,202,476		2,992,309
ong-term Debt		5,168,584	1,320,206	37,674		6,526,464
ntercompany Payables, Net	235,833			2,714,263	(2,950,096)	
ther Long-term Liabilities	2,355	78,683	2,066	507,661		590,765
otal Liabilities	262,984	5,681,994	1,652,582	5,462,074	(2,950,096)	10,109,538
eatherford Shareholders Equity	8,986,152	12,366,091	6,885,469	25,623,659	(44,210,387)	9,650,984
oncontrolling Interests				61,399		61,399
otal Liabilities and Shareholders Equity	$ 9,249,136	$ 18,048,085	$ 8,538,051	$ 31,147,132	$ (47,160,483)	$ 19,821,921

WEATHERFORD INTERNATIONAL LTD. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
Condensed Consolidating Balance Sheet
December 31, 2010
(In thousands)

	Parent	Bermuda	Delaware	Other Subsidiaries	Eliminations	Consolidation
ASSETS						
Current Assets:						
Cash and Cash Equivalents	$ 124	$ 113,443	$ 11,433	$ 290,772	$	$ 415,772
Other Current Assets	10,018	9,107	85,342	5,971,828		6,076,295
Total Current Assets	10,142	122,550	96,775	6,262,600		6,492,067
Equity Investments in Affiliates	9,143,623	15,304,005	7,401,552	11,308,896	(43,158,076)	
Shares Held in Parent			94,105	468,801	(562,906)	
Intercompany Receivables, Net		2,233,910	420,066		(2,653,976)	
Other Assets	8,124	39,318	294,821	12,297,324		12,639,587
Total Assets	$ 9,161,889	$ 17,699,783	$ 8,307,319	$ 30,337,621	$ (46,374,958)	$ 19,131,654
LIABILITIES AND SHAREHOLDERS EQUITY						
Current Liabilities:						
Short-term Borrowings and Current Portion of Long-Term Debt	$	$ 7,887	$ 201,676	$ 25,829	$	$ 235,392
Accounts Payable and Other Current Liabilities	21,657	133,850	114,023	2,078,057		2,347,587
Total Current Liabilities	21,657	141,737	315,699	2,103,886		2,582,979
Long-term Debt		5,170,323	1,324,743	34,932		6,529,998
Intercompany Payables, Net	226,167			2,427,809	(2,653,976)	
Other Long-term Liabilities	5,924	77,049	2,115	468,742		553,830
Total Liabilities	253,748	5,389,109	1,642,557	5,035,369	(2,653,976)	9,666,807
Weatherford Shareholders Equity	8,908,141	12,310,674	6,664,762	25,238,336	(43,720,982)	9,400,931
Noncontrolling Interests				63,916		63,916
Total Liabilities and Shareholders Equity	$ 9,161,889	$ 17,699,783	$ 8,307,319	$ 30,337,621	$ (46,374,958)	$ 19,131,654

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WEATHERFORD INTERNATIONAL LTD. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
Condensed Consolidating Statements of Income
Three Months Ended March 31, 2011
(unaudited)
(In thousands)

	Parent	Bermuda	Delaware	Other Subsidiaries	Eliminations	Consolidation
Revenues	$	$	$	$ 2,856,186	$	$ 2,856,186
Costs and Expenses	(21,068)	(738)	(928)	(2,621,564)		(2,644,298)
Operating Income (Loss)	(21,068)	(738)	(928)	234,622		211,888
Other Income (Expense):						
Interest Income (Expense), Net		(86,660)	(23,688)	(2,158)		(112,506)
Intercompany Charges, Net		(388)	33,153	(32,765)		
Equity in Subsidiary Income (Loss)	80,515	211,344	199,160		(491,019)	
Other, Net	13	(49,436)	(79)	30,936		(18,566)
Income (Loss) Before Income Taxes	59,460	74,122	207,618	230,635	(491,019)	80,816
Provision for Income Taxes	(259)		2,909	(21,927)		(19,277)
Net Income (Loss)	59,201	74,122	210,527	208,708	(491,019)	61,539
Noncontrolling Interests				(2,338)		(2,338)
Net Income (Loss) Attributable to Weatherford	$ 59,201	$ 74,122	$ 210,527	$ 206,370	$ (491,019)	$ 59,201

Condensed Consolidating Statements of Income
Three Months Ended March 31, 2010
(unaudited)
(In thousands)

Parent	Bermuda	Delaware	Other Subsidiaries	Eliminations	Consolidation

Revenues	$	$	$	$ 2,331,067	$	$ 2,331,067
Costs and Expenses	(15,249)	(39,358)	(607)	(2,168,292)		(2,223,506)
Operating Income (Loss)	(15,249)	(39,358)	(607)	162,775		107,561
Other Income (Expense):						
Interest Income (Expense), Net	(947)	(64,200)	(28,848)	(1,344)		(95,339)
Devaluation of Venezuelan Bolivar				(63,859)		(63,859)
Intercompany Charges, Net	(300)	717	(43,553)	43,136		
Equity in Subsidiary Income (Loss)	(51,818)	(10,391)	133,258		(71,049)	
Other, Net	(43)	61,412	(191)	(70,396)		(9,218)
Income (Loss) from Before Income Taxes	(68,357)	(51,820)	60,059	70,312	(71,049)	(60,855)
Provision for Income Taxes			25,147	(28,614)		(3,467)
Net Income (Loss)	(68,357)	(51,820)	85,206	41,698	(71,049)	(64,322)
Noncontrolling Interests				(4,035)		(4,035)
Net Income Attributable to Weatherford	$ (68,357)	$ (51,820)	$ 85,206	$ 37,663	$ (71,049)	$ (68,357)

WEATHERFORD INTERNATIONAL LTD. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
Condensed Consolidating Statement of Cash Flows
Three Months Ended March 31, 2011
(unaudited)
(In thousands)

	Parent	Bermuda	Delaware	Other Subsidiaries	Eliminations	Consolidation
Cash Flows from Operating Activities:						
Net Income (Loss)	$ 59,201	$ 74,122	$ 210,527	$ 208,708	$ (491,019)	$ 61,539
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Charges from Parent or Subsidiary		388	(33,153)	32,765		
Equity in (Earnings) Loss of Affiliates	(80,515)	(211,344)	(199,160)		491,019	
Deferred Income Tax Benefit			(2,929)	(1,032)		(3,961)
Other Adjustments	8,271	(99,424)	26,062	(165,474)		(230,565)
Net Cash Provided (Used) by Operating Activities	(13,043)	(236,258)	1,347	74,967		(172,987)
Cash Flows from Investing Activities:						
Capital Expenditures for Property, Plant and Equipment				(355,650)		(355,650)
Acquisitions of Businesses, Net of Cash Acquired				(15,143)		(15,143)
Acquisition of Intellectual Property				(3,462)		(3,462)
Acquisition of Equity Investments in Unconsolidated Affiliates				(6,752)		(6,752)
Proceeds from Sale of Assets and Businesses, Net				2,506		2,506

Capital Contribution to Subsidiary						
Other Investing Activities						
Net Cash Provided (Used) by Investing Activities				(378,501)		(378,501)
Cash Flows from Financing Activities:						
Borrowings (Repayments) Short-term Debt, Net		385,320	(204)	(584)		384,532
Borrowings (Repayments) Long-term Debt, Net			(4,445)	(291)		(4,736)
Borrowings (Repayments) Between Subsidiaries, Net	13,338	(262,393)	(3,838)	252,893		
Proceeds from Capital Contribution						
Other, Net			343			343
Net Cash Provided (Used) by Financing Activities	13,338	122,927	(8,144)	252,018		380,139
Effect of Exchange Rate Changes on Cash and Cash Equivalents				4,894		4,894
Net Increase (Decrease) in Cash and Cash Equivalents	295	(113,331)	(6,797)	(46,622)		(166,455)
Cash and Cash Equivalents at Beginning of Year	124	113,443	11,433	290,772		415,772
Cash and Cash Equivalents at End of Year	$ 419	$ 112	$ 4,636	$ 244,150	$	$ 249,317

WEATHERFORD INTERNATIONAL LTD. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
Condensed Consolidating Statement of Cash Flows
Three Months Ended March 31, 2010
(unaudited)
(In thousands)

	Parent	Bermuda	Delaware	Other Subsidiaries	Eliminations	Consolidation
Cash Flows from Operating Activities:						
Net Income (Loss)	$ (68,357)	$ (51,820)	$ 85,206	$ 41,698	$ (71,049)	$ (64,322)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Charges from Parent or Subsidiary	300	(717)	43,553	(43,136)		
Equity in (Earnings) Loss of Affiliates	51,818	10,391	(133,258)		71,049	
Deferred Income Tax Benefit			(25,147)	(66,504)		(91,651)
Other Adjustments	12,927	(97,022)	52,692	192,332		160,929
Net Cash Provided (Used) by Operating Activities	(3,312)	(139,168)	23,046	124,390		4,956
Cash Flows from Investing Activities:						
Capital Expenditures for Property, Plant and Equipment				(231,087)		(231,087)
Acquisitions of Businesses, Net of Cash Acquired	(44,489)			(2,090)		(46,579)
Acquisition of Intellectual Property				(6,072)		(6,072)
Proceeds from Sale of Assets and Businesses, Net				87,790		87,790
Capital Contribution to Subsidiary		(873)	(10)		883	
Other Investing Activities		41,840				41,840

Net Cash Provided (Used) by Investing Activities	(44,489)	40,967	(10)	(151,459)	883	(154,108)
Cash Flows from Financing Activities:						
Borrowings (Repayments) Short-term Debt, Net		223,730	29	(101,013)		122,746
Borrowings (Repayments) Long-term Debt, Net				(2,113)		(2,113)
Borrowings (Repayments) Between Subsidiaries, Net	49,161	(125,552)	(26,662)	103,053		
Proceeds from Capital Contribution				883	(883)	
Other, Net			3,227			3,227
Net Cash Provided (Used) by Financing Activities	49,161	98,178	(23,406)	810	(883)	123,860
Effect of Exchange Rate on Cash and Cash Equivalents				(20,128)		(20,128)
Net Increase (Decrease) in Cash and Cash Equivalents	1,360	(23)	(370)	(46,387)		(45,420)
Cash and Cash Equivalents at Beginning of Year	102	47	421	251,949		252,519
Cash and Cash Equivalents at End of Year	$ 1,462	$ 24	$ 51	$ 205,562	$	$ 207,099

22

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 2011. Next, we analyze the results of our operations for the three months ended March 31, 2011 and 2010, including the trends in our overall business. Then we review our liquidity and capital resources. We conclude with a discussion of our critical accounting policies and estimates and a summary of recently issued accounting pronouncements. When using phrases such as Company, we, us and our the intent is to refer to Weatherford International Ltd.

Overview

General

The following discussion should be read in conjunction with our financial statements included with this report and our financial statements and related MD&A for the year ended December 31, 2010 included in our Annual Report on Form 10-K, as amended. Our discussion includes various forward-looking statements about our markets, the demand for our products and services and our future results. These statements are based on certain assumptions we consider reasonable. For information about these assumptions, you should refer to the section entitled Forward-Looking Statements.

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

Industry Trends

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

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

	WTI Oil (1)	Henry Hub Gas (2)	North American Rig Count (3)	International Rig Count (3)
March 31, 2011	$ 106.72	$ 4.39	2,242	1,147
December 31, 2010	91.38	4.41	2,108	1,118
March 31, 2010	83.76	3.87	1,767	1,164

(1) Price per barrel as of March 31 and December 31 *Source:* Thomson Reuters

(2) Price per MM/BTU as of March 31 and December 31 *Source:* Thomson Reuters

(3) Average rig count for the applicable month *Source:* Baker Hughes Rig Count

Oil prices increased during the first three months of 2011, ranging from a low of $84.32 per barrel in mid February to a high of $106.72 per barrel at the end of March. Natural gas prices decreased during the first three months of 2011 and ranged from a high of $4.74 MM/BTU in late January to a low of $3.78 MM/BTU in the

23

beginning of March. 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 decline rates accelerate and reservoir productivity complexities increase, our clients will 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.

We anticipate our 2011 revenues will increase approximately 20% from 2010. The year-on-year growth should be stronger in North America than in the international markets.

Our 2011 increase in North America is expected to be primarily driven by continued strengthening in shale activity in the U.S., an increase in Canadian activity after years of lagging the U.S. and improved volume and pricing of a number of product lines. We are anticipating gradually higher margins in North America for the remainder of the year, excluding the impact of Canadian seasonality.

For our international segments we expect low double-digit growth in 2011. We expect that Latin America growth will be primarily driven by Colombia, Brazil and Argentina. Mexico should be down year-on-year, but we anticipate the second half of 2011will be stronger than the second half of 2010. In the Eastern Hemisphere, despite political and weather related disruptions, Middle East/North Africa/Asia Pacific should still experience low double-digit growth in 2011, secured by strength in our Asia-Pacific operation and progression in Iraq, Kuwait, Oman, Turkmenistan and India and the beginning of a strong recovery in Saudi Arabia. We do not expect the return of our business in Libya this year. Finally, we expect our operations in the North Sea and Russia to show growth in the second half of 2011. Overall, we anticipate international margins to improve in the second half of 2011.

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

Results of Operations

The following charts contain selected financial data comparing our consolidated and segment results from operations for the three months ended March 31, 2011 and 2010:

	Three Months Ended March 31, 2011	2010
	(In thousands, except percentages and per share data)	
Revenues:		
North America	$ 1,360,472	$ 888,579
Middle East/North Africa/Asia	575,526	562,056
Europe/West Africa/FSU	510,423	453,759
Latin America	409,765	426,673
	2,856,186	2,331,067
Operating Income:		
North America	283,697	108,432
Middle East/North Africa/Asia	10,804	75,714
Europe/West Africa/FSU	37,504	46,298
Latin America	21,091	26,074
Research and Development	(64,547)	(48,857)
Corporate	(55,829)	(45,058)
Revaluation of Contingent Consideration		(11,010)
Severance, Exit and Other Adjustments	(20,832)	(44,032)
	211,888	107,561
Interest Expense, Net	(112,506)	(95,339)
Devaluation of Venezuelan Bolivar		(63,859)
Other, Net	(18,566)	(9,218)
Effective Tax Rate	23.9%	(5.7)%
Net Income per Diluted Share	$ 0.08	$ (0.09)
Depreciation and Amortization	277,055	249,705

Revenues

The following chart contains consolidated revenues by product line for the three months ended March 31, 2011 and 2010:

	Three Months Ended March 31, 2011	2010
Drilling Services	17%	16%
Stimulation & Chemicals	16	9
Artificial Lift Systems	15	15
Well Construction	12	17
Integrated Drilling	11	13
Drilling Tools	8	8
Completion Systems	7	7
Wireline	7	7
Re-entry & Fishing	6	6
Pipeline & Specialty Services	1	2
	100%	100%

Consolidated revenues increased $525 million, or 23%, in the first quarter of 2011 as compared to the first quarter of 2010. This increase outpaced the 21% increase in average rig count over the comparable period. North America revenue increased $472 million, or 53%, in the first quarter of 2011 compared to the same quarter of the prior year. International revenues increased $53 million, or 4%, in the first quarter of 2011 as compared to the first quarter of 2010. Our stimulation and chemicals, artificial lift systems, and drilling services product lines were the strongest contributors to the increase over the year-ago period.

Operating Income

Consolidated operating income increased $104 million, or 97%, in the first quarter of 2011 as compared to the first quarter of 2010. Our operating segments contributed $97 million of incremental operating income during the current quarter as compared to the same quarter of the prior year. Severance, exit and other adjustments during the first quarter of 2011 decreased $23 million as compared to the first quarter of 2010. In addition, the first quarter of 2010 included an $11 million loss related to the revaluation of contingent consideration associated with our acquisition of the Oilfield Services Division of TNK-BP. The contingent consideration terms were settled in the fourth quarter of 2010. These incremental gains were partially offset by an increase in corporate and research and development expenditures of $27 million. The increase in corporate expenses was primarily attributable to higher employee compensation costs and professional fees.

Severance, exit and other adjustments during the three months ended March 31, 2011 include (i) $11 million for severance, (ii) a $9 million charge incurred in connection with the termination of corporate consulting contract and (iii) $1 million in legal and professional fees incurred in connection with our on-going investigations.

Severance, exit and other adjustments during the three months ended March 31, 2010 include (i) a $38 million charge related to our Supplemental Executive Retirement Plan (SERP) which was frozen on March 31, 2010, (ii) $9 million for severance and facility closure costs and (iii) $2 million for legal and professional fees incurred in connection with our on-going investigations. These charges were offset by a $5 million benefit related to the reversal of prior cost accruals for our exit from sanctioned countries.

Devaluation of Venezuelan Bolivar

In January 2010, the Venezuelan government announced its intention to devalue its currency and move to a two tier exchange structure. The official exchange moved from 2.15 to 2.60 for essential goods and 4.30 for non-essential goods and services. In connection with this devaluation, we incurred a charge of $64 million in the first quarter of 2010 for the remeasurement of our net monetary assets denominated in Venezuelan bolivars at the date of the devaluation. 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 will not have a material impact to our financial position or results of operations.

Interest Expense, Net

Interest expense net increased $17 million, or 18% in the first quarter of 2011 as compared to the same period of the prior year. The increase in interest expense was primarily the result of replacing our short term debt with higher-rate senior notes through the debt offering and bond tender completed in the second half of 2010.

Income Taxes

For the three months ended March 31, 2011, we had a tax provision of $19 million on income before taxes of $81 million. Our tax provision for the three months ended March 31, 2011 includes tax benefits of $8 million related to certain prior period expenses for which a benefit could not be recorded in the prior periods, as well as other discrete items in the period primarily related to the settlement of uncertain tax positions which lowered our provision by an additional $6 million. For the three months ended March 31, 2010, we had a tax provision of $3 million on a pretax loss of $61 million that includes curtailment expense for our SERP for which no related tax benefit was recorded. Our tax provision for the three months ended March 31, 2010 includes minimum tax in Mexico, and the tax impact of changes in our geographic earnings mix, both of which are partially offset by a tax benefit related to the devaluation of the Venezuelan bolivar.

Segment Results

North America

North American revenues increased $472 million, or 53%, in the first quarter of 2011, as compared to the first quarter of 2010. This increase outpaced the 27% increase in average North American rig count over the comparable period. The increase in revenues was principally the result of strong Canadian activity. Revenues from our stimulations & chemicals, artificial lift and drilling services product lines were the strongest contributors to the year-over-year increase.

Operating income increased $175 million, or 162%, in the first quarter of 2011, as compared to the first quarter of the prior year. Operating margins improved 870 basis points to 20.9% for the first three months of 2011, compared to 12.2% for the first three months of 2010.

Middle East/North Africa/Asia

Middle East/North Africa/Asia revenues increased $13 million, or 2%, in the first quarter of 2011, as compared to the first quarter of 2010. Our integrated drilling and artificial lift product lines were the strongest contributors to the increase in revenue.

Operating income decreased $65 million, or 86%, during the first quarter of 2011, compared to the same quarter of the prior year. Operating margins were 2% in the first quarter of 2011 and 14% in the first quarter of 2010. Political disruptions in the Middle East and North Africa and challenging weather events in Australia and China were large drivers of the year-over-year decrease.

Europe/West Africa/FSU

Revenues in our Europe/West Africa/FSU segment increased $57 million, or 13%, in the first quarter of 2011, compared to the same quarter of the prior year. The region realized strong performances from our stimulation and chemicals, drilling services and artificial lift service lines in the current quarter as compared to the same period of the prior year.

Operating income decreased $9 million, or 19%, in the first quarter of 2011, as compared to the same quarter of 2010. Operating margins were 7% in the first quarter of 2011 and 10% in the first quarter of 2010. The decline in operating income and margins was primarily due to an increase in employee related costs as well as fuel and transportation costs in Russia.

Latin America

Revenues in our Latin America segment decreased $17 million, or 4%, in the first quarter of 2011, as compared to the same quarter of the prior year. The decline in revenue was mostly due to reduced project activity in Mexico.

Operating income decreased $5 million, or 19%, for the three months ended March 31, 2011, over the comparable period of the prior year. Operating margins decreased from 6% for the first quarter of 2010 to 5% for the first quarter of 2011. The current quarter s operating income was negatively impacted by a $16 million charge due to an equity tax enacted in Columbia. This operating tax was fully accrued during the current quarter, but is payable over the next four years.

Liquidity and Capital Resources

Sources of Liquidity

Our sources of liquidity include current cash and cash equivalent balances, cash generated from operations and committed availabilities under bank lines of credit. We also historically have accessed banks for short-term loans from uncommitted borrowing arrangements and the capital markets with debt, equity and convertible bond offerings and may from time to time dispose of businesses or capital assets that are no longer core to our long-term growth strategy.

Committed Borrowing Facilities

We maintain a $1.75 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 October 15, 2013, subject to extension, and can be used for a combination of borrowings, support for our commercial paper program and issuances of letters of credit. The Credit Agreement requires us to maintain a debt-to-capitalization ratio of less than 60%. We are in compliance with these covenants at March 31, 2011. There were $48 million in outstanding letters of credit under this facility at March 31, 2011.

The following is a recap of our availability under our committed borrowing facility at March 31, 2011 (in millions):

Facilities	$ 1,750
Less:	
Amount drawn	
Commercial paper	385
Letters of credit	48
Availability	$ 1,317

Commercial Paper

We have a $1.5 billion commercial paper program under which we may from time to time issue short-term unsecured notes. The commercial paper program is supported by our revolving credit facility.

Cash Requirements

During 2011, we anticipate our cash requirements will include interest payments on our outstanding debt, the payment of $183 million of senior notes due in the fourth quarter of 2011, working capital needs, capital expenditures and may include opportunistic business acquisitions. We anticipate funding these requirements from cash generated from operations, availability under our committed borrowing facility, the issuance of commercial paper and, if appropriate, the proceeds of disposals of non-core businesses.

Capital expenditures for 2011 are projected to be approximately $1.6 billion. The expenditures are expected to be used primarily to support anticipated near-term growth. Capital expenditures during the three months ended March 31, 2011 were $356 million.

Derivative Instruments

Interest Rate Swaps

We use interest rate swaps to help mitigate exposures related to interest rate movements. Amounts paid or received upon termination of interest rate swaps accounted for as fair value hedges represent the fair value of the agreements at the time of termination and are recorded as an adjustment to the carrying value of the related debt. These amounts are amortized as a reduction (in the case of gains) or as an increase (in the case of losses) to interest expense over the remaining term of the debt. As of March 31, 2011, we had net unamortized gains of $53 million associated with interest rate swap terminations.

Cash Flow Hedges

In 2008, we entered into interest rate derivative instruments to hedge projected exposures to interest rates in anticipation of a debt offering. Those hedges were terminated at the time of the issuance of the debt, and the loss on these hedges is being amortized from Accumulated Other Comprehensive Income to interest expense over the remaining term of the debt. As of March 31, 2011, we had net unamortized losses of $13 million associated with our cash flow hedge terminations.

Other Derivative Instruments

As of March 31, 2011, we had foreign currency forward contracts with notional amounts aggregating to $837 million, which were entered into to hedge exposure to currency fluctuations in various foreign currencies. The total estimated fair value of these contracts at March 31, 2011, resulted in a net liability of approximately $9 million. These derivative instruments were not designated as hedges and the changes in fair value of the contracts are recorded each period in Other, Net in the accompanying Condensed Consolidated Statements of Income.

We have cross-currency swaps between the U.S. dollar and Canadian dollar to hedge certain exposures to the Canadian dollar. At March 31, 2011, we had notional amounts outstanding of $215 million. The total estimated fair value of these contracts at March 31, 2011, resulted in a liability of $42 million. These derivative instruments were not designated as hedges and the changes in fair value of the contracts are recorded each period in Other, Net in the accompanying Condensed Consolidated Statements of Income.

Off Balance Sheet Arrangements

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

The following obligations of Weatherford Delaware were guaranteed by Weatherford Bermuda at March 31, 2011: (i) the 6.625% Senior Notes, (ii) the 5.95% Senior Notes, (iii) the 6.35% Senior Notes and (iv) the 6.80% Senior Notes.

The following obligations of Weatherford Bermuda were guaranteed by Weatherford Delaware at March 31, 2011: (i) the revolving credit facility, (ii) the 4.95% Senior Notes, (iii) the 5.50% Senior Notes, (iv) the 6.50% Senior Notes, (v) the 5.15% Senior Notes, (vi) the 6.00% Senior Notes, (vii) the 7.00% Senior Notes, (viii) the 9.625% Senior Notes, (ix) the 9.875% Senior Notes, (x) the 5.125% Senior Notes, (xi) the 6.75% Senior Notes and (xii) issuances of notes under the commercial paper program.

Letters of Credit

We execute letters of credit and bid and performance bonds in the normal course of business. While these obligations are not normally called, these obligations could be called by the beneficiaries at any time before the expiration date should we breach certain contractual or payment obligations. As of March 31, 2011, we had $432 million of letters of credit and bid and performance bonds outstanding, consisting of $384 million outstanding under various uncommitted credit facilities and $48 million letters of credit outstanding under our committed facilities. If the beneficiaries called these letters of credit, our available liquidity would be reduced by the amount called.

New Accounting Pronouncements

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

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations is based upon our consolidated financial statements. We prepare these financial statements in conformity with U.S. generally accepted accounting principles. As such, we are required to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the periods presented. We base our estimates on historical experience, available information and various other assumptions we believe to be reasonable under the circumstances. On an on-going basis, we evaluate our estimates; however, actual results may differ from these estimates under different assumptions or conditions. There have been no material changes or developments in our evaluation of the accounting estimates and the underlying assumptions or methodologies that we believe to be Critical Accounting Policies and Estimates as disclosed in our Form 10-K, as amended, for the year ended December 31, 2010.

Exposures

An investment in our registered shares involves various risks. When considering an investment in our Company, you should consider carefully all of the risk factors described in our most recent Annual Report on Form 10-K, as amended, 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 the Securities and Exchange Commission (SEC), and our releases issued to the public contain various statements relating to future results, including certain projections and business trends. We believe these statements constitute Forward-Looking Statements as defined in the Private Securities Litigation Reform Act of 1995. These forward-looking statements generally are identified by the words believe, project, expect, anticipate, estimate, intend, strategy, plan, may, should, will, would, will 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 publicly update or revise any forward-looking events or circumstances that may arise after the date of this report. The following sets forth the various assumptions we use in our forward-looking statements, as well as risks and uncertainties relating to those statements. Certain of the risks and uncertainties may cause actual results to be materially different from projected results contained in forward-looking statements in this report and in our other disclosures. These risks and uncertainties include, but are not limited to, the following:

Global political, economic and market conditions could affect projected results. Our operating results and the forward-looking information we provide are based on our current assumptions about oil and natural gas supply and demand, oil and natural gas prices, rig count and other market trends. Our assumptions on these matters are in turn based on currently available information, which is subject to change. The oil and natural gas industry is extremely volatile and subject to change based on political and economic factors outside our control. Worldwide drilling activity, as measured by average worldwide rig counts, increased in each year from 2002 to 2008. However, activity began declining in the fourth quarter of 2008, particularly in North America. The weakened global economic climate resulted in lower demand and lower prices for oil and natural gas, which reduced drilling and production activity, which in turn resulted in lower than expected revenues and income in 2009 and 2010 and may affect our future revenues and income. Worldwide drilling activity and global demand for oil and natural gas may also be affected by changes in governmental policies and debt loads, laws and regulations related to environmental or energy security matters, including those addressing alternative energy sources and the risks of global climate change. For 2011, worldwide demand may be significantly weaker than we have assumed.

We may be unable to recognize our expected revenues from current and future contracts. Our customers, many of whom are national oil companies, often have significant bargaining leverage over us and may elect to cancel or revoke contracts, not renew contracts, modify the scope of contracts or delay contracts, in some cases preventing us from realizing expected revenues and/or profits. Western governments recently have imposed trading sanctions on Libya that require approvals to collect outstanding accounts receivable from government-affiliated customers. This may slow, and could ultimately prevent, collection of certain accounts receivable generated in Libya before the sanctions were imposed. Our projections assume that our customers will honor the contracts we have been awarded and that those contracts and the business that we believe is otherwise substantially firm will result in anticipated revenues in the periods for which they are scheduled.

Currency fluctuations could have a material adverse financial impact on our business. A material change in currency rates in our markets, such as the devaluation of the Venezuelan bolivar experienced during the first quarter of 2010, could affect our future results as well as affect the carrying values of our assets. World currencies have been subject to much volatility. In addition, due to the volatility we may be unable to enter into foreign currency contracts at a reasonable cost. As we are not able to predict changes in currency valuations, our forward-looking statements assume no material impact from future changes in currency exchange rates.

Our ability to manage our workforce could affect our projected results. In a climate of decreasing demand, we are faced with managing our workforce levels to control costs without impairing our ability to provide service to our customers. Conversely, in a climate of increasing demand, we are faced with the challenge of hiring and maintaining a skilled workforce at a reasonable cost. Our forward-looking statements assume we will be able to do so.

Increases in the prices and availability of our raw materials could affect our results of operations. We use large amounts of raw materials for manufacturing our products and some of our fixed assets. The price of these raw materials has a significant impact on our cost of producing products for sale or producing fixed assets used in our business. We have assumed that the prices of our raw materials will remain within a manageable range and will be readily available. If we are unable to obtain necessary raw materials or if we are unable to minimize the impact of increased raw material costs or to realize the benefit of cost decreases in a timely fashion through our supply chain initiatives or pricing, our margins and results of operations could be adversely affected.

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

Our long-term growth depends upon technological innovation and commercialization. Our ability to deliver our long-term growth strategy depends in part on the commercialization of new technology. A central aspect of our growth strategy is to improve our products and services through innovation, to obtain technologically advanced products through internal research and development and/or acquisitions, to protect proprietary technology from unauthorized use and to expand the markets for new technology by leveraging our worldwide infrastructure. The key to our success will be our ability to commercialize the technology that we have acquired and demonstrate the enhanced value our technology brings to our customers operations. Our major technological advances include, but are not limited to, those related to controlled pressure drilling and testing systems, expandable solid tubulars, expandable sand screens and intelligent well completion. Our forward-looking statements have assumed successful commercialization of, and above-average growth from, these new products and services, as well as legal protection of our intellectual property rights.

Nonrealization of expected benefits from our redomestication could affect our projected results. We operate through our various subsidiaries in numerous countries throughout the world including the United States. During the first quarter of 2009, we completed a transaction in which our former parent Bermuda company became a wholly-owned subsidiary of Weatherford International Ltd., a Swiss joint-stock corporation, and holders of common shares of the Bermuda company received one registered share of the Swiss company in exchange for each common share that they held. Consequently, we are or may become subject to changes in tax laws, treaties or regulations or the interpretation or enforcement thereof in the U.S., Bermuda, Switzerland or any other jurisdictions in which we or any of our subsidiaries operates or is resident. Our income tax expense is based upon our interpretation of the tax laws in effect in various countries at the time that the expense was incurred. If the U.S. Internal Revenue Service or other taxing authorities do not agree with our assessment of the effects of such laws, treaties and regulations, this could have a material adverse effect on us, including the imposition of a higher effective tax rate on our worldwide earnings or a reclassification of the tax impact of our significant corporate restructuring transactions. 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 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 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 Weatherford 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.

The downturn in our industry could affect the carrying value of our goodwill. As of March 31, 2011, we had approximately $4.3 billion of goodwill. Our estimates of the value of our goodwill could be reduced in the future as a result of various factors, including market factors, some of which are beyond our control. Our forward-looking statements do not assume any future goodwill impairment. Any reduction in the fair value of our businesses may result in an impairment charge and therefore adversely affect our results.

Adverse weather conditions in certain regions could adversely affect our operations. From time to time, hurricanes and severe weather impact our operations in the Gulf of Mexico. These hurricanes and associated hurricane 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, China, Mexico, 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.

U.S. Government and internal investigations could affect our results of operations. We are currently involved in government and internal investigations involving various of our operations. We have begun negotiations with the government agencies to resolve these matters, but we cannot yet anticipate the timing, outcome or possible impact of the ultimate resolution of these investigations, financial or otherwise. The governmental agencies involved in these investigations have a broad range of civil and criminal penalties they may seek to impose against corporations and individuals for violations of trade sanction laws, the Foreign Corrupt Practices Act and other federal statutes including, but not limited to, injunctive relief, disgorgement, fines, penalties and modifications to business practices and compliance programs. In recent years, these agencies and authorities have entered into agreements with, and obtained a range of penalties against, several public corporations and individuals in similar investigations, under which civil and criminal penalties were imposed, including in some cases fines and other penalties and sanctions in the tens and hundreds of millions of dollars. These agencies likely will seek to impose penalties of some amount against us for past conduct, but the ultimate amount of any penalties we may pay currently cannot be reasonably estimated. Under trade sanction laws, the U.S. Department of Justice may also seek to impose modifications to business practices, including immediate cessation of all business activities in specific countries or other limitations that decrease our business, and modifications to compliance programs, which may increase compliance costs. Any injunctive relief, disgorgement, fines, penalties, sanctions or imposed modifications to business practices resulting from these investigations could adversely affect our results of operations. Through March 31, 2011, we have incurred $49 million for costs in connection with our exit from certain sanctioned countries and incurred $114 million for legal and professional fees in connection with complying with and conducting these on-going investigations. This amount excludes the costs we have incurred to augment and improve our compliance function. We may have additional charges related to these matters in future periods, which costs may include labor claims, contractual claims, penalties assessed by customers, and costs, fines, taxes and penalties assessed by the local governments, but we cannot quantify those charges or be certain of the timing of them. In addition, the SEC is investigating the circumstances surrounding the material weakness in the Company s internal controls over financial reporting for income taxes that was disclosed on Forms 12b-25 and 8-K on March 1, 2011 and the related restatement of historical financial statements. We are cooperating with the investigation.

Failure in the future to ensure ongoing compliance with certain laws could affect our results of operations. In 2009, we substantially augmented our compliance infrastructure with increased staff and more rigorous policies, procedures and training of our employees regarding compliance with applicable anti-corruption laws, trade sanctions laws and import/export laws. As part of this effort, we now undertake audits of our compliance performance in various countries. Our forward-looking statements assume that our compliance efforts will be successful and that we will comply with our internal policies and applicable laws regarding these issues. Our failure to do so could result in additional enforcement action in the future, the results of which could be material and adverse to us.

Political disturbances, war, or terrorist attacks and changes in global trade policies could adversely impact our operations. We operate in over 100 countries, and as such are at risk of various types of political activities, including acts of insurrections, war, terrorism, nationalization of assets and changes in trade policies. We have assumed there will be no material political disturbances or terrorist attacks and there will be no material changes in global trade policies that affect our business. In early 2011, our operations in Tunisia, Egypt, and Libya were disrupted by political revolutions and uprisings in these countries. Political disturbances in Libya and elsewhere in the Middle East and North Africa regions, including to a lesser extent Yemen and Bahrain, are ongoing, and our operations in Libya have not resumed. During 2010, these five countries accounted for approximately 3% of our global revenue. We have taken steps to secure our personnel and assets in affected areas and to resume or continue operations where it is safe for us to do so, and our forward-looking statements assume we will do so successfully. In Libya, we have evacuated all of our non-Libyan employees and their families. At March 31, 2011, we had in Libya inventory, property, plant and equipment (net) with a carrying value of approximately $144 million, $52 million of accounts receivable that currently are subject to sanctions recently imposed by western governments as well as cash and other current assets of approximately $31 million. In cases where we must evacuate personnel, it may be difficult, if not impossible, for us to safeguard and recover our operating assets, and our ability to do so will depend on the local turn of events. 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 currently have outstanding approximately $19 million of performance bonds related to contracts in Libya. Based on information available to us and our current assessment of the situation in Libya, we believe that we will recover our assets there, and we have not impaired these assets. Our forward-looking statements assume that we will not incur a substantial loss with respect to our assets or under performance bonds located in or related to affected areas. We have assumed our operations in Libya will not resume in 2011. 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 civil war, 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. If we are unable to effectively remediate this material weakness in a timely manner, 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. Our forward-looking statements assume we will be able to remediate the material weakness in a timely manner 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. Our forward-looking statements assume that the financial institutions that have committed to extend us credit will honor their commitments under our credit facilities. If one or more of those institutions becomes unwilling or unable to honor its commitments, our access to liquidity could be impaired and our cost of capital to fund growth could increase. We use interest-rate and foreign-exchange swap transactions with financial institutions to mitigate certain interest-rate and foreign-exchange risks associated with our capital structure and our business. Our forward-looking statements assume that those tools will continue to be available to us at prices we deem reasonable. However, the failure of any counter party to honor a swap agreement could reduce the availability of these financial risk-mitigation tools or could result in the loss of expected financial benefits.

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 internet web site 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. We use this as our functional currency. In other parts of the world, we conduct our business in currencies other than the U.S. dollar and the functional currency is the applicable local currency. In those countries in which we operate in the local currency, the effects of foreign currency fluctuations are largely mitigated because local expenses of such foreign operations are also generally denominated in the same currency.

In January 2010, the Venezuelan government announced its intention to devalue its currency and move to a two tier exchange structure. The official exchange rate moved from 2.15 to 2.60 for essential goods and from 2.15 to 4.30 for non-essential goods and services. Our Venezuelan entities maintain the U.S. dollar as their functional currency. In connection with this devaluation, we incurred a charge of $64 million for the remeasurement of our net monetary assets denominated in Venezuelan bolivars at the date of the devaluation, which was not tax deductible in Venezuela. We also recorded a $24 million tax benefit for local Venezuelan income tax purposes related to our net U.S. dollar-denominated monetary liability position in the country. 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. As of March 31, 2011, we had a net monetary asset position denominated in Venezuelan bolivars of approximately $55 million comprised primarily of cash and accounts receivable. We are continuing to explore opportunities to reduce our exposure but should another devaluation occur in the future, we may be required to take further charges related to the remeasurement of our net monetary asset position. For example, if the Venezuela bolivar devalued by an additional 10% in the future, we would record a devaluation charge of approximately $5 million.

Assets and liabilities of entities for which the functional currency is the local currency are translated into U.S. dollars using the exchange rates in effect at the balance sheet date, resulting in translation adjustments that are reflected in Accumulated Other Comprehensive Income in the shareholders equity section on our Condensed Consolidated Balance Sheets. A portion of our net assets are impacted by changes in foreign currencies in relation to the U.S. dollar. We recorded a $177 million adjustment to increase our equity account for the three months ended March 31, 2011, to reflect the net impact of the weakening of the U.S. dollar against various foreign currencies.

As of March 31, 2011, we had foreign currency forward contracts with notional amounts aggregating to $837 million, which were entered into to hedge exposure to currency fluctuations in various foreign currencies. The total estimated fair value of these contracts at March 31, 2011, resulted in a net liability of approximately $9 million. These derivative instruments were not designated as hedges, and the changes in fair value of the contracts are recorded each period in current earnings.

We have cross-currency swaps between the U.S. dollar and Canadian dollar to hedge certain exposures to the Canadian dollar. At March 31, 2011, we had notional amounts outstanding of $215 million. The total estimated fair value of these contracts at March 31, 2011, resulted in a liability of $42 million. These derivative instruments were not designated as hedges and the changes in fair value of the contracts are recorded each period in current earnings.

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 March 31, 2011, and December 31, 2010, subject to interest rate risk consist of the following:

	March 31, 2011		**December 31, 2010**	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
	(In millions)			
6.625% Senior Notes due 2011	$ 184	$ 190	$ 184	$ 191
5.95% Senior Notes due 2012	273	285	273	290
5.15% Senior Notes due 2013	298	308	299	310
4.95% Senior Notes due 2013	252	265	252	266
5.50% Senior Notes due 2016	358	375	358	374
6.35% Senior Notes due 2017	600	665	600	651
6.00% Senior Notes due 2018	498	543	498	551
9.625% Senior Notes due 2019	1,032	1,275	1,033	1,287
5.125% Senior Notes due 2020	799	797	799	794
6.50% Senior Notes due 2036	596	599	596	595
6.80% Senior Notes due 2037	298	313	298	312
7.00% Senior Notes due 2038	498	528	498	535
9.875% Senior Notes due 2039	247	341	247	335
6.75% Senior Notes due 2040	598	621	598	624

We have various other long-term debt instruments of $212 million at March 31, 2011, 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 $403 million at March 31, 2011 approximates their fair value.

As it relates to our variable rate debt, if market interest rates average 1% more for the remainder of 2011 than the rates as of March 31, 2011, interest expense for the remainder of 2011 would increase by less than $1 million. This amount was determined by calculating the effect of the hypothetical interest rate on our variable rate debt. This sensitivity analysis assumes there are no changes in our financial structure.

Interest Rate Swaps and Derivatives

We manage our debt portfolio to achieve an overall desired position of fixed and floating rates and may employ interest rate swaps as a tool to achieve that goal. The major risks from interest rate derivatives include changes in the interest rates affecting the fair value of such instruments, potential increases in interest expense due to market increases in floating interest rates and the creditworthiness of the counterparties in such transactions. The counterparties to our interest rate swaps are multinational commercial banks. In light of events in the global credit markets and the potential impact of these events on the liquidity of the banking industry, we continue to monitor the creditworthiness of our counterparties.

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

As of March 31, 2011, we had net unamortized gains of $53 million associated with interest rate swap terminations.

ITEM 4. CONTROLS AND PROCEDURES

Material Weakness Previously Disclosed

We disclosed on Item 9A of our 2010 Annual Report on Form 10-K that we identified a material weakness in our internal controls over financial reporting for income taxes. Our processes, procedures and controls related to financial reporting were not effective to ensure that amounts related to current taxes payable, certain deferred tax assets and liabilities, reserves for uncertain tax positions, the current and deferred income tax expense and related footnote disclosures were accurate. Specifically, our processes and procedures were not designed to provide for adequate and timely identification and review of various income tax calculations, reconciliations and related supporting documentation required to apply our accounting policies for income taxes in accordance with U.S. GAAP. This material weakness resulted in the restatement for material errors in the income tax accounts in 2008 and 2009 consolidated financial statements and our condensed consolidated financial statements for each of the quarters within 2009 and 2010.

The principal factors contributing to the material weakness were: 1) inadequate staffing and technical expertise within the company related to taxes, 2) ineffective review and approval practices relating to taxes, 3) inadequate processes to effectively reconcile income tax accounts and 4) inadequate controls over the preparation of the quarterly tax provision.

In response to the identified material weakness, management, with oversight from our Audit Committee, has dedicated resources, including retaining third party consultants, to improve our internal controls over accounting for income taxes and to remediate the identified material weakness.

During the first quarter of 2011, we undertook the following steps:

- 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 tax provision including additional resources focused on the review and oversight of the tax accounts and preparation of the income tax provision; and
- Began recruitment of various positions within the tax and financial reporting departments.

We also expect the remediation plan to include the following areas of focus:

- Enhancement of the processes and procedures surrounding the review of the income tax provision;
- Review and validation of both the current and deferred balance sheet accounts at significant locations;
- Evaluation of existing roles and responsibilities within the tax function to ensure they are adequately staffed with appropriate personnel; and

Development of a comprehensive income tax accounting training program for tax and certain financial personnel.

We anticipate the actions to be taken, and resulting process improvements, to generally strengthen our internal control over financial reporting, as well as our disclosure controls and procedure and over time, will address the material weakness noted in 2010. However, because many of the remedial actions have only recently been undertaken and because some of our remediation plans will be put in place over the next several months, management will not be able to conclude that the material weakness has been eliminated until, at the earliest, the completion of the 2011 year-end income tax provision.

Evaluation of Disclosure Controls and Procedures

At the end of the period covered by this Quarterly Report on Form 10-Q, we carried out an evaluation under the supervision and with the participation of management, including the Chief Executive Officer (CEO) and Chief Financial Officer (CFO), of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act of 1934, as amended (Exchange Act)). Based upon that evaluation and the evaluation of the previously identified material weakness in our internal controls over financial reporting for income taxes disclosed in our 2010 Form 10-K, our CEO and CFO have concluded our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) were not effective to provide reasonable assurance that the information required to be disclosed in the reports we file and submit under the Exchange Act is recorded, processed, summarized and reported within the time period specified in the Securities and Exchange Commission s rules and forms and that information relating to us (including our consolidated subsidiaries) required to be disclosed is accumulated and communicated to management, including the CEO and CFO, to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

Our management, including the CEO and CFO, identified no change in our internal control over financial reporting that occurred during the quarter ended March 31, 2011, that has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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

ITEM 1A. RISK FACTORS

There have been no material changes during the quarter ended March 31, 2011, to the risk factors set forth in Part I, Item 1A in our Amended Annual Report on Form 10-K/A for the year ended December 31, 2010, filed with the SEC on April 14, 2011.

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 March 31, 2011, we withheld registered shares to satisfy these tax withholding obligations as follows:

Period	**No. of Shares**		**Average Price**
January 1 January 31, 2011	244,008	$	22.66
February 1 February 28, 2011	71,953		24.07
March 1 March 31, 2011	160,918		20.76

ITEM 6. EXHIBITS

(a) Exhibits:

Exhibit Number	Description
*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 March 31, 2011, formatted in XBRL (Extensible Business Reporting Language): (i) the unaudited Condensed Consolidated Balance Sheets, (ii) the unaudited Condensed Consolidated Statements of Income, (iii) the unaudited Condensed Consolidated Statements of Cash Flows, (iv) the unaudited Condensed Consolidated Statements of Comprehensive Income and (v) related notes to the unaudited Condensed Consolidated Financial Statements.

* Filed with this Form 10-Q

** Furnished with this Form 10-Q

SIGNATURES

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

Weatherford International Ltd.

By: /s/ Bernard J. Duroc-Danner
Bernard J. Duroc-Danner
Chief Executive Officer
(Principal Executive Officer)

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

/s/ Douglas M. Mills
Douglas M. Mills
(Principal Accounting Officer)

Date: May 10, 2011