

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

ADMINISTRATIVE PROCEEDING
File No. 3-17582

In the Matter of

Weatherford International PLC, f/k/a
Weatherford International LTD.,
James Hudgins, CPA, and Darryl
Kitay, CPA

Respondents.

PROPOSED PLAN OF
DISTRIBUTION

ADMINISTRATIVE PROCEEDING
File No. 3-17628

In the Matter of

Ernst & Young LLP, Craig R.
Fronckiewicz, CPA, and Sarah E.
Adams, CPA

Respondents.

I. OVERVIEW

1. The Division of Enforcement submits this proposed plan of distribution (the “Plan”) pursuant to Rule 1101 of the Commission’s Rules on Fair Fund and Disgorgement Plans (the “Commission’s Rules”), 17 C.F.R. § 201.1101. As described more specifically below, the Plan provides for the distribution of funds collected in the above-captioned matters to compensate investors harmed by securities violations of Weatherford International PLC, f/k/a Weatherford International LTD. (“Weatherford”), James Hudgins, CPA, and Darryl Kitay, CPA (collectively, the “Weatherford Respondents”),¹ as well as Ernst & Young LLP (“E&Y”), Craig

¹ See Order Instituting Public Administrative and Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933, Sections 4C and 21C of the Securities Exchange Act of 1934, and Rule 102(e) of the Commission’s Rules of Practice, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order, Securities Act Rel. No. 10221 (Sept. 27, 2016) (the “Weatherford Order”).

R. Fronckiewicz, CPA, and Sarah E. Adams, CPA (collectively, the “E&Y Respondents” and together with the Weatherford Respondents, the “Respondents”)² as described in the Orders.

2. As described more specifically below, the Plan seeks to compensate investors who were harmed by the Respondents’ conduct described in the Orders. The Commission’s Orders arose out of substantially similar facts and occurred during substantially the same time period as the violations alleged in two related Class Actions (the “Class Actions”).³ As calculated using the methodology detailed in the Plan of Allocation (attached as Exhibit A), investors will be compensated for their losses on shares of Weatherford common stock (“Security”) purchased between February 25, 2009 and November 12, 2012 (the “Relevant Period”). The allocation methodology is substantially similar to the court-approved methodology developed for the Class Actions. In the view of the Commission staff and the Fund Administrator, this methodology constitutes a fair and reasonable allocation of the Fair Fund.

3. The Commission has custody of the Fair Fund and shall retain control of the assets of the Fair Fund. The Plan is subject to approval by the Commission, and the Commission retains jurisdiction over its implementation.

II. BACKGROUND

4. On September 27, 2016, the Commission issued the Weatherford Order against the Weatherford Respondents. In the Weatherford Order, the Commission found that, between 2007 and 2012, Weatherford, a large multinational provider of oil and natural gas equipment and services, issued false financial statements that inflated its earnings by over \$900 million in violation of Generally Accepted Accounting Principles (“GAAP”). As a result, Weatherford was forced to restate its financial statements on March 8, 2011, and again in February and July 2012. As a result of the conduct described in the Weatherford Order, the Commission ordered the Weatherford Respondents to pay a total of \$140,364,067 in disgorgement, prejudgment interest, and civil money penalties. All the amounts ordered have been paid. Pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002 (“Sarbanes-Oxley”), the Weatherford Order created a Fair Fund for distribution of the amounts ordered to harmed investors.

5. On October 18, 2016, the Commission issued the E&Y Order against the E&Y Respondents. According to the E&Y Order, the E&Y Respondents violated the federal securities laws and engaged in improper professional conduct while serving as the external auditor, coordinating (*i.e.*, signing) partner, and tax partner, respectively for Weatherford in connection with its 2007-2010 financial statements. As a result of this conduct, the Commission ordered the E&Y Respondents to pay a total of \$11,840,107 in disgorgement, prejudgment interest, and civil

² See Order Instituting Public Administrative and Cease-and-Desist Proceedings Pursuant to Sections 4C and 21C of the Securities Exchange Act of 1934 and Rule 102(e) of the Commission’s Rules of Practice, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order, Exchange Act Rel. No. 79109 (Oct. 18, 2016) (the “E&Y Order” and together with the Weatherford Order, the “Orders”).

³ *In re Weatherford Int’l Sec. Litig.*, 11 Civ. 1646 (LAK) (JCF), (S.D.N.Y. Oct. 28, 2013) (for the class period April 25, 2007 through March 1, 2011) (“Weatherford I”), and *Freedman v. Weatherford Int’l*, No. 12 Civ. 2121, 2013 WL 5299137 (S.D.N.Y. Sept. 20, 2013) (for the class period March 2, 2011 through July 24, 2012) (“Weatherford II”).

money penalties to the Commission, and created a Fair Fund, pursuant to Section 308(a) of the Sarbanes-Oxley of 2002.

6. On November 30, 2017, the Commission issued an Order consolidating the Weatherford and Ernst & Young Fair Funds into a single Fair Fund for distribution to harmed investors, for a total Fair Fund in the amount of \$152,204,174 (the “Fair Fund”).⁴

7. The Fair Fund is currently deposited in a Commission designated interest-bearing account at the United States Department of the Treasury’s Bureau of the Fiscal Service, where it will be held until a disbursement is ordered. It is not anticipated that the Fair Fund will receive additional funds, other than accumulated interest and earnings from investment.

III. DEFINITIONS

As used herein, the definitions below shall apply.

8. “Administrative Costs” shall mean administrative costs and expenses, including without limitation the fees and expenses of the Tax Administrator and the Fund Administrator, tax obligations, bond premium expenses, and investment and banking costs.

9. “Claimant” means a Person who files a Claim Form in this action or a Class Action Authorized Claimant as defined herein.

10. “Claim Form” means the form designed by the Fund Administrator, in consultation with the Commission staff, for the filing of claims in accordance with this Plan. The Claim Form will require, at a minimum, sufficient documentation reflecting any Claimant’s purchases and dispositions of the Security during the Relevant Period such that eligibility under the Plan can be determined, tax identification and other related information from the Claimant as determined necessary by the Fund Administrator in coordination with the Tax Administrator, and a certification that the Claimant is not an Excluded Party.

11. “Claim Status Notice” means the notice sent by the Fund Administrator within sixty (60) days of the Claims Bar Date (195 days after Plan approval) to any Claimant that submitted a deficient Claim Form. The Claim Status Notice will provide to each Claimant whose claim is deficient, in whole or in part, the reason(s) for the deficiency and in the event the claim is denied, the Claim Status Notice will state the reason(s) for such denial. The Claim Status Notice will also notify the Claimant of the opportunity to cure any deficiency, request reconsideration, or dispute the determination made by the Fund Administrator and provide instructions regarding what is required to do so.

12. “Claims Bar Date” means the date established in accordance with this Plan by which a Claimant’s Claim Form must be postmarked or submitted electronically in order to receive consideration under the Plan. The Claims Bar Date shall be ninety (90) days after the initial mailing of the Notices (135 days after Plan approval). Claim Forms submitted by

⁴ Order Consolidating Fair Funds, Exchange Act Rel. No. 82185 (Nov. 30, 3017).

Claimants postmarked or received after the Claims Bar Date will not be accepted unless the Fund Administrator is directed to do so by the Commission staff.

13. “Claims Determination Date” means the date on or before which the Fund Administrator shall mail Determination Notices to each Claimant who has filed a Claim Form. The Claims Determination Date is one hundred fifty (150) days after mailing the Claim Status Notices (345 days after Plan approval).

14. “Class Actions” means the *In re Weatherford Int’l Sec. Litig.*, 11 Civ. 1646 (LAK) (JCF) (S.D.N.Y. Oct. 28, 2013) (“Weatherford I”) and *Freedman v. Weatherford Int’l*, No. 12 Civ. 2121, 2013 WL 5299137 (S.D.N.Y. Sept. 20, 2013) (“Weatherford II”) class actions.

15. “Class Action Authorized Claimant” means a Person who filed an approved claim(s) in one or both of the Class Actions for purchases or acquisitions of the Security made during the Relevant Period. Such Person is automatically deemed a Claimant under the Plan, with respect only to those transactions in the Security as to which a claim was previously authorized in either Class Action. Class Action Authorized Claimants will only be required to provide information regarding the disposition of their shares at the end of the Relevant Period or 90-day Lookback Period (as defined in the Plan of Allocation) on a Claim Form pursuant to the Plan, unless they wish to amend their claim approved in the Class Actions to include additional transactions. Failure to provide the required information will result in the transactions being deemed ineligible.

16. “Class Action Authorized Claimants Notice” means the notice sent to Class Action Authorized Claimants informing them of the Fair Fund and that they will automatically be deemed a Claimant under the Plan, with respect to the transactions in the Security in the Class Action for which their claim was previously approved and that because the Relevant Period exceeds the class period in both of the Class Actions, information regarding the disposition of their shares at the end of the Relevant Period or 90-day Lookback Period (as defined in the Plan of Allocation) is required. In addition, if their approved transactions calculate to a Recognized Loss in accordance with the Plan of Allocation they will be deemed an Eligible Claimant under the Plan. This notice shall also inform Class Action Authorized Claimants that should they wish to amend the claim approved in connection with the Class Actions to include additional transactions, they may do so by submitting a revised Claim Form, along with documentation supporting the additional transactions; all such amendments will be reviewed for eligibility in accordance with the Plan. The Class Action Authorized Claimants Notice shall be mailed forty-five (45) days after Plan approval.

17. “Class Action Deficient Claimant” means a Person who filed a claim(s) in one or both of the Class Actions that was determined to be deficient and who failed to cure such deficiency in the Class Actions.

18. “Class Action Deficient Claimants Notice” means the notice sent to Class Action Deficient Claimants informing them that they have an opportunity to cure or supplement the deficient claim(s) filed in the Class Actions by providing the required information and/or documentation. Information regarding the disposition of their shares at the end of the Relevant

Period will also be requested. If such information and/or documentation establishes a Recognized Loss as calculated in accordance with the Plan of Allocation, the Class Action Deficient Claimant will be deemed an Eligible Claimant under the Plan. The Class Action Deficient Claimants Notice shall be mailed forty-five (45) days after Plan approval.

19. “Determination Notice” means the notice sent to each Claimant who submitted a Claim Form setting forth the Fund Administrator’s conclusion concerning the eligibility of such claim. Determination Notices shall be mailed within one hundred fifty (150) days after mailing the Claim Status Notices (345 days after Plan approval).

20. “Distribution Payment” shall mean a payment from the Fair Fund to a Payee in accordance with the terms of this Plan.

21. “Eligible Claimant” means a Claimant, who is not an Excluded Party, who submitted a valid Claim Form and suffered a Recognized Loss, as calculated in accordance with the Plan of Allocation. Eligible Claimant also includes Class Action Authorized Claimants and Class Action Deficient Claimants who cured their deficiencies, who provided information regarding the Lookback Period and dispositions of their shares at the end of the Relevant Period and suffered a Recognized Loss.

22. “Excluded Party” shall mean (a) any of the Respondents or any Defendant named in the Complaints in the Class Actions; (b) any employee or former employee of the Respondent or any of its affiliates who has been terminated for cause or has otherwise resigned in connection with the conduct described in the Orders; (c) any Person who, as of the Claims Bar Date, has been the subject of criminal charges related to the conduct described in the Orders or any related Commission action; (d) members of the immediate family of the individual Respondents or any Defendant named in the Class Actions; (e) any firm, trust, partnership, corporation, present or former officer, director or other individual or entity in which any of the Respondents or Defendants named in the Complaint or in the Class Action(s) have a controlling interest or which is related to or affiliated with any of the Respondents or Defendants named in the Class Actions; (f) the legal representatives, heirs, successors-in-interest or assigns of any such excluded persons or entities; (g) Persons whose only acquisition of the Security during the Relevant Period was via gift or inheritance if the Person from which the Security were received did not themselves acquire the Security during the Relevant Period; (h) any purchaser or assignee of another Persons’ right to obtain a recovery from the Fair Fund for value; provided however, this provision shall not be construed to exclude those Persons who obtained such a right by gift, inheritance, or devise; and (i) the Fund Administrator, its employees and those persons assisting the Fund Administrator in its role as Fund Administrator. The Claim Form will require all Claimants, other than Class Action Authorized Claimants who do not amend their claims, to certify that that they are not an Excluded Party.

23. “Fair Fund” shall refer to the consolidated fund created by the Commission, pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, for the benefit of investors harmed by the Respondents’ securities violations described in the Orders.

24. “Net Available Fair Fund” shall mean the Fair Fund, plus any accumulated interest and earnings from investments thereon, less any Administrative Costs.

25. “Notice” shall mean the Class Action Authorized Claimants Notice, the Class Action Deficient Claimants Notice, or the Potentially Eligible Claimants Notice (collectively, “Notices”).

26. “Payee” means an Eligible Claimant whose Recognized Loss calculates, in accordance with the Plan of Allocation, to a distribution amount equal to or greater than \$10.00 and who will receive a Distribution Payment.

27. “Persons” means natural individuals as well as legal entities such as corporations, partnerships, or limited liability companies.

28. “Plan of Allocation” shall be the methodology used to calculate a Recognized Loss for a Claimant as set forth in Exhibit A attached hereto. The Plan of Allocation is substantially similar to the plans of allocation in the Class Actions.

29. “Potentially Eligible Claimant” means a Person whose name and address is in Epiq’s Class Actions database, but who never filed a claim in either of the Class Actions and any other Persons asserting that they have a possible claim to recover from the Fair Fund under this Plan as a result of transactions in the Security during the Relevant Period.

30. “Potentially Eligible Claimants Notice” means the notice sent to Potentially Eligible Claimants informing them that they must submit a Claim Form and supporting documentation in order to participate in the distribution of the Fair Fund. The Potentially Eligible Claimants Notice shall be mailed forty-five (45) days after Plan approval.

31. “Recognized Loss” means the amount of loss calculated in accordance with the Plan of Allocation, as set forth in Exhibit A attached hereto.

32. “Relevant Period” shall mean from February 25, 2009 through November 12, 2012. As illustrated by Table A in Exhibit A, the Relevant Period subsumes the class period of Weatherford II, begins later than the class period of Weatherford I and extends to a later time period than either class period.

33. “Security” shall mean Weatherford common stock purchased or acquired during the Relevant Period.

34. “Third-Party Filer” means a third-party, including without limitation a nominee, custodian, or an intermediary holding in street name, who is authorized to, and submits, a claim(s) on behalf of one or more Potentially Eligible Claimants. Third-Party Filer does not include assignees or purchasers of claims, which are excluded from receiving Distribution Payments under paragraph 22.

IV. TAX COMPLIANCE

35. The Commission appointed Miller Kaplan Arase LLP, as the tax administrator (“Tax Administrator”) of the Fair Fund on August 2, 2018.⁵ The Tax Administrator will be compensated for reasonable fees and expenses from the Fair Fund in accordance with its Revised 2017-2018 Engagement Letter Agreement with the Commission.⁶

36. The Fair Fund is a Qualified Settlement Fund within the meaning of Section 468B(g) of the Internal Revenue Code of 1986, as amended, 26 U.S.C. § 468B(g), and related regulations, 26 C.F.R. §§ 1.468B-1 through 1.468B-5. The Tax Administrator is the administrator of such Qualified Settlement Fund, for purposes of Treas. Reg. § 1.468B-2(k)(3)(I), and shall satisfy the tax related administrative requirements imposed by Treas. Reg. § 1.468B-2, including, but not limited to:

- (a) obtaining a taxpayer identification number;
- (b) requesting funds necessary for the timely payment of all applicable taxes, the payment of taxes for which the Tax Administrator has received funds, and the filing of applicable returns; and
- (c) fulfilling any information reporting or withholding requirements required for distributions from the Net Available Fair Fund.

37. All tax obligations will be paid from the Fair Fund, subject to the review and approval of Commission staff.

V. FUND ADMINISTRATOR

38. On July 16, 2020, the Commission issued an Order appointing Epiq Systems, Inc. (“Epiq”)⁷ as the fund administrator (the “Fund Administrator”) of the Fair Fund, and set the administrator’s bond amount. Epiq has obtained a bond in the amount of \$152,204,174, as ordered.⁸ Pursuant to Rule 1105(a) of the Commission’s Rules, 17 C.F.R. § 201.1105(a), the Fund Administrator may be removed at any time by order of the Commission or hearing officer.

39. The Fund Administrator will be responsible for administering the Fair Fund in accordance with the Plan. This will include, among other things, taking reasonable steps to identify and contact Claimants; obtaining/updating mailing information for Claimants; establishing a website and staffing a call center to address inquiries during the claims process; developing a claims database; preparing accountings; cooperating with the Tax Administrator

⁵ See Order Appointing Tax Administrator, Exchange Act Rel. No. 83766 (Aug. 2, 2018).

⁶ See Omnibus Order Directing the Appointment of Tax Administrator in Administrative Proceedings that Establish Distribution Funds, Exchange Act Rel. No. 81057 (June 30, 2017).

⁷ Epiq acquired the claims administrator for both of the Class Actions, Garden City Group (“GCG”), in 2018, including the databases created by GCG for the Class Actions.

⁸ Order Appointing Fund Administrator and Setting Bond Amount, Exchange Act Rel. No. 89333 (July 16, 2020).

appointed by the Commission to satisfy any tax liabilities and to ensure compliance with income tax reporting requirements, including but not limited to Foreign Account Tax Compliance Act (FATCA); advising Claimants of deficiencies in claims and providing an opportunity to cure any documentary defects; taking antifraud measures, such as identifying false, ineligible and overstated claims; making determinations under the criteria established herein as to Claimant eligibility; advising Claimants of final claim determinations; disbursing the Fair Fund in accordance with this Plan, as ordered by the Commission; and researching and reconciling errors and reissuing payments, when possible.

40. To carry out the purposes of this Plan, the Fund Administrator is authorized to make and implement immaterial changes to the Plan upon agreement of the Commission staff. If a change is deemed to be material by the Commission staff, Commission approval is required prior to implementation by amending the Plan.

41. The Fund Administrator may extend any procedural deadline contained in the Plan for good cause shown, if agreed upon by the Commission staff.

42. The Fund Administrator is authorized to enter into agreements with third parties as may be appropriate or necessary in the administration of the Fair Fund, provided such third parties are not excluded pursuant to other provisions of this Plan. In connection with such agreements, the third parties shall be deemed to be agents of the Fund Administrator under this Plan.

43. The Fund Administrator will be entitled to payment from the Fair Fund of reasonable fees and expenses, including the bond premium, incurred in the performance of its duties (including any such fees and expenses incurred by agents, consultants or third parties retained by the Fund Administrator in furtherance of its duties).

VI. ADMINISTRATION OF THE FAIR FUND

Identification and Notification to Claimants

44. Based upon records obtained in its capacity as claims administrator in the Class Actions, the Fund Administrator has identified several Potentially Eligible Claimants, including those who opted-out of the Class Action. The Fund Administrator will, insofar as practicable, use its best efforts to identify additional Potentially Eligible Claimants from a review of trading records and seeking information from any other source available to it. The Fund Administrator may also engage a third-party firm, after consultation with and approval of the Commission staff, to assist in identifying additional Potentially Eligible Claimants to maximize the participation rate in this distribution.

45. Within forty-five (45) days following the entry by the Commission of its order approving the Plan, the Fund Administrator shall:

- (a) design each of the Notices, which shall be submitted to Commission staff for review and approval;

- (b) create a mailing and claims database of all Class Action Authorized Claimants, Class Action Deficient Claimants, and Potentially Eligible Claimants based on the Fund Administrator’s records from the Class Actions;
- (c) run a National Change of Address search to retrieve updated addresses for all records in the database, thereby ensuring the mailing information for Claimants is up-to-date;
- (d) email and/or mail a Notice, as applicable, to each Class Action Authorized Claimant, Class Action Deficient Claimant, and Potentially Eligible Claimant known to or made known to the Fund Administrator;
- (e) establish and maintain a specific website devoted solely to the Fair Fund. The Fair Fund’s website located at www.WeatherfordSECFairFund.com will make available a copy of the approved Plan; provide information regarding the claims process and eligibility requirements for participation in the Fair Fund in the form of frequently asked questions; include in downloadable form, the Claim Form and other related materials; and such other information the Fund Administrator believes will be beneficial to Claimants;
- (f) establish and maintain a traditional mailing address and an email address, which will be listed on all correspondence from the Fund Administrator;
- (g) establish a toll-free telephone number by which Claimants can obtain information about the Fair Fund; and
- (h) Publish a copy of the Summary Notice Publication on the internet and/or in print media acceptable to Commission staff.

46. The Commission staff retains the right to review and approve any material posted on the Fair Fund’s website, any material mailed, and any scripts used in connection with any communication with Claimants.

47. In all materials that refer to the Claims Bar Date, the filing deadline will be clearly identified with the calendar date, which is ninety (90) days from the date of the initial mailing of the Notices.

48. The Fund Administrator will promptly provide the applicable Notice and Claim Form to any Person upon request made via mail, phone, or email prior to the Claims Bar Date.

49. The Fund Administrator shall attempt to locate any Claimant whose Notice is returned as “undeliverable” and will document all such efforts. The Fund Administrator shall use its best efforts to make use of commercially available resources and other reasonably appropriate

means to obtain updated addresses in response to “undeliverable” notices, and forward any returned mail for which an updated address is provided or obtained. The Fund Administrator will make available, upon request by the Commission staff, a list of all Claimants whose Notices have been returned as “undeliverable” due to incorrect addresses and for which the Fund Administrator has been unable to locate current addresses.

Filing a Claim

50. Unless extended by the Commission staff, the Claims Bar Date shall be no more than ninety (90) days from the date of mailing of Notices.

51. To avoid being barred from asserting a claim, on or before the Claims Bar Date, each Class Action Authorized Claimant who chooses to amend their Class Action approved claim must submit a Claim Form with the documentation to the Fund Administrator supporting their amended claim. Further, any Class Action Deficient Claimant must submit to the Fund Administrator all required supporting documentation to establish the validity of their deficient Class Action claim as an eligible claim, and any Potentially Eligible Claimant who did not file a claim in the Class Actions must submit to the Fund Administrator a properly completed Claim Form together with all required supporting documentation as the Fund Administrator, in its discretion, deems necessary or appropriate to substantiate the claim. Without limitation, this information may include third party documentary evidence of purchases and dispositions of the Security during the Relevant Period, as well as holdings of the Security at pertinent dates. Failure to provide the required information will result in the transactions being deemed ineligible.

52. The burden shall be upon each Claimant to ensure that his, her, or its Claim Form has been timely received by the Fund Administrator. A Claim Form that is postmarked or otherwise received after the Claims Bar Date will not be accepted unless the deadline is extended by the Fund Administrator for good cause shown, after consultation with the Commission staff.

53. All Claim Forms and supporting documentation necessary to determine a Claimant’s eligibility to receive a distribution from the Fair Fund under the terms of the Plan must be endorsed by a declaration executed by the Claimant under penalty of perjury under the laws of the United States. The declaration must be executed by the Claimant, unless the Fund Administrator accepts such declaration from a Person authorized to act on the Claimant’s behalf, whose authority is supported by such documentary evidence as the Fund Administrator deems necessary.

54. When submitting claims to the Fair Fund on behalf of its clients, all Third-Party Filers must use the electronic filing template provided by the Fund Administrator in this matter. Third-Party Filers that do not comply with the template and format provided by the Fund Administrator may be rejected. Third-Party Filers must also submit a signed master proof of claim and release, as well as proof of authority to file on behalf of the Claimant(s) at the time the electronic file of transactions is submitted. Failure to do so may result in rejection of the claim(s).

55. Each Third-Party Filer must establish the validity and amount of each claim in its submission. Third-Party Filers must submit such supporting documentary evidence of purchases, dispositions, and holdings of the Security as the Fund Administrator deems necessary or appropriate to substantiate each individual claim. Without limitation, this includes the complete name of the Claimant (beneficial account owner) and its TIN (for individuals) or EIN (for companies), sufficient contact information to confirm the identity of the beneficial owner, and documentation from the original bank, broker or other institution of purchases and dispositions of Securities (account statements, confirmations and other documentation of purchases and dispositions), as well as holdings of the Security on pertinent dates. Documentation generated by the Third-Party Filer as well as affidavits in lieu of supporting documentation will not be accepted unless, for good cause, the Fund Administrator determines it acceptable. The Fund Administrator will have the right to request, and the Third-Party Filer will have the burden of providing to the Fund Administrator, any additional information and/or documentation deemed necessary by the Fund Administrator to substantiate the claim(s) contained in the submission. Documentation from a Third-Party Filer that is not acceptable to the Fund Administrator will result in rejection of the affected claim(s). The determination of the Fund Administrator to reject a claim for insufficient documentation, as reflected on the Determination Notice, is final and within the discretion of the Fund Administrator.

56. The receipt of the Security by gift, inheritance, devise, or operation of law will not be deemed to be a purchase of the Security, nor will it be deemed an assignment of any claim relating to the purchase of such Security unless specifically so provided in the instrument of inheritance. The recipient of the Securities as a gift, inheritance, devise or by operation of law will be eligible to file a Claim Form and participate in the distribution of the Fair Fund to the extent the original purchaser would have been eligible under the terms of the Plan. Only one claim may be submitted with regard to the same transactions in the Security, and in cases where duplicative claims are filed by the donor and donee, the donee claim will be honored, assuming it is supported by proper documentation.

57. Claims on behalf of a retirement plan covered by Section 3(3) of ERISA, 29 U.S.C. § 1002(3), which do not include Individual Retirement Accounts and such plan's participants, are properly made by the administrator, custodian or fiduciary of the plan and not by the plan's participants. The Fund Administrator will distribute any payments on such claims directly to the administrator, custodian or fiduciary of the retirement plan. The custodian or fiduciary of the retirement plan will distribute any payments received in a manner consistent with its fiduciary duties and the governing account or plan provisions.

58. The Claimant has the burden of notifying the Fund Administrator of a change in his, her or its current address and other contact information, and of ensuring that such information is properly reflected on the Fund Administrator's records.

Review of Claims and Deficiency Process

59. The Fund Administrator shall review each Claim Form received to determine the validity and amount of such claim, together with any additional conclusions of the Fund Administrator on other issues relevant to the claim. Each Claimant, other than Class Action

Authorized Claimants who do not amend their claims, shall have the burden of proof to establish the validity and amount of his, her or its claim, and that he, she or it qualifies as an Eligible Claimant; and the Fund Administrator shall have the right to request, and the Claimant shall have the burden of providing to the Fund Administrator, any additional information and/or documentation deemed relevant by the Fund Administrator.

60. The Fund Administrator shall provide a Claim Status Notice to each Claimant who files a deficient Claim Form with the Fund Administrator. The Claim Status Notice will provide to each Claimant whose claim is deficient, in whole or in part, the reason(s) for the deficiency (*e.g.*, failure to provide required information or documentation). In the event the claim is denied, in whole or in part, the Claim Status Notice will state the reason(s) for such denial. The Claim Status Notice will also notify the Claimant of the opportunity to cure any deficiency, request reconsideration, or dispute the determination made by the Fund Administrator and provide instructions regarding what is required to do so.

61. Any Claimant who has received a Claim Status Notice shall have thirty (30) days from the date of the Claim Status Notice to cure any deficiencies identified in the Claim Status Notice.

62. Any Claimant seeking reconsideration of a denied claim must advise the Fund Administrator in writing within thirty (30) days of the date of the Claim Status Notice. All requests for reconsideration must include the necessary documentation to substantiate the basis upon which the Claimant is requesting reconsideration of his, her, or its claim.

63. The Fund Administrator will have the authority, in its sole discretion, to waive technical claim deficiencies and approve claims on a case-by-case basis, or in groups of claims.

Claims Eligibility Determination

64. On or before the Claims Determination Date, the Fund Administrator shall send a Determination Notice to each Claimant who has filed a Claim Form with the Fund Administrator, notifying the Claimant of its eligibility determination. The Determination Notice will further provide to each Claimant that is determined to be an Eligible Claimant with his, her, or its Recognized Loss. The Determination Notice will constitute the Fund Administrator's final ruling regarding the eligibility status of the claim.

65. The Fund Administrator may consider disputes of an Eligible Claimant's Recognized Loss calculation if notice of the dispute is presented in writing to the Fund Administrator within twenty (20) days of the date of the Determination Notice. The Fund Administrator will consult with Commission staff as appropriate. Within twenty (20) days of receiving an Eligible Claimant's notice of dispute, the Fund Administrator will notify the Eligible Claimant, in writing, of its calculation of the Eligible Claimant's Recognized Loss after considering the dispute. This notice will constitute the Fund Administrator's final ruling regarding the loss calculations for the claim.

Third Party Review

66. After the Fund Administrator has completed the process of analyzing the claims and determining the amounts to be distributed as provided in the Plan, and prior to the distribution of funds from the Net Available Fair Fund, the Fund Administrator may engage an independent, third-party firm, acceptable to the Commission, to perform a set of agreed upon tasks, review a statistically significant sample of claims, and ensure accurate and comprehensive application of the Plan of Allocation. The Fund Administrator shall provide the Commission staff with the results of that review together with any written analysis or reports related to the review, and, upon request, shall make the firm available to the Commission to respond to questions concerning the review.

Distribution Methodology

67. The Net Available Fair Fund shall be distributed based on the methodology, as set forth in the Plan of Allocation, attached as Exhibit A hereto.

68. Any Claimant, who is not an Excluded Party, who submitted a valid Claim Form (including Class Action Authorized Claimants) and has suffered a Recognized Loss, as calculated in accordance with the Plan of Allocation, will be deemed an Eligible Claimant.

69. No Distribution Payments will be made for less than \$10.00. If an Eligible Claimant's Recognized Loss, in accordance with the Plan of Allocation, calculates to a distribution amount less than \$10.00, that Eligible Claimant will be deemed ineligible to receive a Distribution Payment and his, her, or its distribution amount will be reallocated on a *pro-rata* basis to Eligible Claimants whose distribution amounts are greater than or equal to \$10.00. All Eligible Claimants whose Recognized Loss calculates to a distribution amount equal to or greater than \$10.00 will be deemed a Payee and receive a Distribution Payment.

Establishment of a Reserve

70. Before determining the amount of funds available for distribution and calculating each Payee's Distribution Payment, the Fund Administrator, in conjunction with the Tax Administrator, will establish a reserve to pay Administrative Costs and to accommodate any unexpected expenditures (the "Reserve").

71. After all disbursements and Administrative Costs are paid, any remaining amounts in the Reserve will become part of the Residual described in paragraph 95 below.

Preparation of the Payment File

72. Within two hundred forty (240) days following the date of the Determination Notices described above, paragraph 64, the Fund Administrator will compile and send to the Commission staff the Payees information, including the name, address, calculated Recognized Loss, and the amount of the Distribution Payment for all Payees (the "Payee List"). The Fund Administrator will also provide a Reasonable Assurances Letter to the Commission staff,

representing that the Payee List: (a) was compiled in accordance with the approved Plan; (b) is accurate as to Payees' names, addresses, Recognized Losses and amounts of their Distribution Payment; (c) includes the number of Payees compensated; (d) the percentage of the Payee's Recognized Loss being compensated by the disbursement from the Fair Fund, and if applicable, the total percentage to include all prior disbursements; (e) the total amount of funds to be disbursed; and (f) provides all information necessary to make a payment to each Payee.

Escrow Account

73. Prior to the disbursement of funds from the Net Available Fair Fund, the Fund Administrator will establish an escrow account (the "Escrow Account") with a United States commercial bank that is a well-capitalized financial institution as defined by the Federal Reserve Act, Subpart D, 12 C.F.R. 208.43 and that is not unacceptable to the Commission staff (the "Bank"), pursuant to an escrow agreement (the "Escrow Agreement") to be provided by Commission staff.

74. The Fund Administrator, pursuant to the Escrow Agreement, shall also establish with the Bank a separate deposit account (*e.g.* controlled distribution account, managed distribution account, linked checking and investment account) (the "Distribution Account"), insured by the Federal Deposit Insurance Corporation ("FDIC") up to the guaranteed FDIC pass through limit. The Distribution Account shall be linked with the Escrow Account and shall be named, and records maintained, in accordance with the Escrow Agreement.

75. During the term of the Escrow Agreement, the portions of the Fair Fund transferred to the Escrow Account (the "Escrow Property"), shall be invested and reinvested in short-term U.S. Treasury securities backed by the full faith and credit of the United States Government or an agency thereof. The investment shall be, of a type and term necessary to meet the cash liquidity requirements for payments to Payees, tax obligations, and/or fees of the Tax Administrator and/or Fund Administrator, including investment or reinvestment in a bank account insured by the FDIC up to the guaranteed FDIC limit, or in money market mutual funds registered under the Investment Company Act of 1940 that invest 100% of their assets in direct obligations of the United States Government.

76. The Fund Administrator shall provide duplicate original bank and/or investment statements on any accounts established by the Fund Administrator to the Tax Administrator on a monthly basis and shall assist the Tax Administrator in obtaining mid-cycle statements, as necessary.

77. The Fund Administrator shall deposit or invest funds in the Escrow and Distribution Accounts so as to result in the maximum reasonable net return, taking into account the safety of such deposits or investments. In consultation with Commission staff, the Fund Administrator shall work with the Bank on an ongoing basis to determine an allocation of funds between the Escrow and Distribution Account.

78. All interest, dividends, and/or income earned by the Escrow Property will accrue for the benefit of the Escrow Property. All Administrative Costs associated with the Escrow and

Distribution Accounts will be the responsibility of the Fund Administrator, who may be reimbursed for said costs as provided in this Plan. No such Administrative Costs may be paid to the Bank, its agents, and/or its affiliates from the Escrow Property.

Distribution of the Fair Fund

79. The Fund Administrator will seek to distribute the Net Available Fair Fund to all Payees only after all timely submitted Claim Forms have been processed and all Claimants whose claims have been rejected or disallowed, in whole or in part, have been notified and provided the opportunity to cure pursuant to the procedures set forth above.

80. Upon receipt, review, and acceptance of the Payee List and Reasonable Assurances Letter, the Commission staff will seek an order from the Commission pursuant to Rule 1101(b)(6) of the Commission's Rules, 17 C.F.R. § 201.1101(b)(6), to disburse funds from the Net Available Fair Fund to the Bank in accordance with the Payee List for distribution by the Fund Administrator in accordance with the Plan.

81. Upon issuance of an order to disburse by the Commission, Commission staff will direct the transfer of funds in accordance with the Payee List to the Bank. The Fund Administrator will then use its best efforts to commence mailing Distribution Payment checks and/or effect wire transfers within fourteen (14) business days of the release of the funds into the Escrow Account. All efforts will be coordinated to limit the time between the Escrow Account's receipt of the funds and the issuance of Distribution Payments.

82. All Distribution Payments will be issued by the Fund Administrator from the Distribution Account. All checks will bear a stale date of ninety (90) days from the date of issuance. Checks that are not negotiated before the stale date shall be voided and the issuing financial institution shall be instructed to stop payment on those checks. A Payee's claim will be extinguished if he, she or it fails to negotiate his, her or its check by the stale date, and the funds will remain in the Fair Fund, except if a check reissue has been requested before the stale date, such request is governed by paragraph 91.

83. All Distribution Payments to Payees shall be preceded or accompanied by a communication that includes, as appropriate: (a) a statement characterizing the distribution; (b) a statement that the tax treatment of the distribution is the responsibility of each recipient and that the recipient should consult his, her or its tax advisor for advice regarding the tax treatment of the distribution; (c) a statement that checks will be void after ninety (90) days; and (d) contact information for the Fund Administrator, to be used in the event of any questions regarding the distribution. Any such informational letter or other mailing to recipients characterizing their distributions shall be submitted to the Tax Administrator and Commission staff for review and approval.

84. All Distribution Payments, either on their face, or in the accompanying mailing will clearly indicate that the money is being distributed from a Fair Fund established by the Commission to compensate investors for harm as a result of securities law violations.

85. Distribution Payments must be made by check or electronic payment payable to the beneficial account owner. The Third-Party Filer shall not be the payee of any Distribution Payment check or electronic Distribution Payment. Any other payment arrangement must be discussed with the Fund Administrator and must be authorized by the Payee (beneficial account owner). Compensation to the Third-Party Filer for its services may not be paid or deducted from the Distribution Payment.

86. If, after discussion with the Fund Administrator in consultation with the Commission staff, and authorization by the Payee(s), a Distribution Payment is to be made to a Third-Party Filer to distribute to the Payee(s), the Third-Party Filer will be required to complete a certification, which will require them, at a minimum, to attest that any distribution to the custodian, trustee, or investment professional representing multiple potentially eligible beneficial owners, will be allocated for the benefit of current or former pooled investors and not for the benefit of management. The certification form will be available on the Fair Fund's website and upon request from the Fund Administrator. All such Third-Party Filers must have an auditable mechanism available to the Fund Administrator and the Commission staff to confirm that each Payee received the Distribution Payment directed to them.

87. The submission of a Claim Form and the receipt and acceptance of a Distribution Payment by a Payee is not intended to be a release of a Payee's rights and claims against any party.

88. Electronic or wire transfers may be utilized at the discretion of the Fund Administrator to transfer approved Distribution Payments to filers of claims on behalf of twenty (20) or more Payees. Wire transfers will be initiated by the Fund Administrator using a two-party check and balance system, whereby completion of a wire transfer will require an authorization by two members of the Fund Administrator's senior staff.

89. At the discretion of the Fund Administrator, certain costs that were not factored into the Reserve, such as bank fees for the return of a payment, may reduce the Payee's Distribution Payment. In such situations, the Fund Administrator will immediately notify the Tax Administrator of the reduction in the Distribution Payment.

Post Distribution; Handling of Returned or Uncashed Checks; and Reissues

90. The Fund Administrator shall use its best efforts to make use of reasonable commercially available resources and other reasonably appropriate means to locate all Payees whose checks are returned to the Fund Administrator as "undeliverable." If new address information becomes available, the Fund Administrator will repackage the distribution check and send it to the new address. If new address information is not available after a diligent search (and in no event later than ninety (90) days after the initial mailing of the original check) or if the distribution check is returned again, the check shall be voided and the Fund Administrator shall instruct the issuing financial institution to stop payment on such check. If the Fund Administrator is unable to find a Payee's correct address, the Fund Administrator, in its discretion, may remove such Payee from the distribution and the allocated Distribution Payment will remain in the Fair Fund for distribution, if feasible, to the remaining Payees.

91. The Fund Administrator will reissue checks to Payees upon the receipt of a valid, written request from the Payee prior to the initial stale date. In cases where a Payee is unable to endorse a Distribution Payment check as written (*e.g.*, name changes, IRA custodian changes, or recipient is deceased) and the Payee or a lawful representative requests the reissuance of a Distribution Payment in a different name, the Fund Administrator will request, and must receive, documentation to support the requested change. The Fund Administrator will review the documentation to determine the authenticity and propriety of the change request. If, in the discretion of the Fund Administrator, such change request is properly documented, the Fund Administrator will issue an appropriately redrawn Distribution Payment to the requesting party. Reissued checks will be void at the later of ninety (90) days from issuance of the original check or thirty (30) days from the reissuance, and in no event will a check be reissued after ninety (90) days from the date of the original issuance without the approval of Commission staff.

92. The Fund Administrator will make reasonable efforts to contact Payees to follow up on the status of uncashed checks over \$100.00 (other than those returned as “undeliverable”) and will take appropriate additional action to encourage the cashing of uncashed checks at the request of Commission staff. The Fund Administrator may reissue such checks, subject to the time limits detailed herein.

Administrative Costs

93. All Administrative Costs will be paid from the Fair Fund in accordance with the Commission’s Rules.

Disposition of Undistributed Funds

94. If funds remain following the initial distribution and payment of all Administrative Costs, the Fund Administrator, in consultation with the Commission staff, may seek subsequent distribution of any available remaining funds, pursuant to the Commission’s Rules.

95. A residual account within the Fair Fund will be established for any amounts remaining after the final disbursements to Payees from the Fair Fund (the “Residual”). The Residual may include the Reserve, distribution checks that have not been cashed, funds from checks that were not delivered or from funds returned to the Commission, Fair Fund tax refunds for overpayment or for waiver of IRS penalties.

96. All funds remaining in the Residual that are infeasible to distribute to investors will be returned to the Commission and transferred to the U.S. Treasury after the final accounting is approved by the Commission. Returning such money to the Respondents would be inconsistent with the equitable principle that no Person should profit from their own wrongdoing. Therefore, in these circumstances, distributing disgorged funds to the U.S. Treasury is the most equitable alternative.

Filing of Reports and Accountings

97. In accordance with Rule 1105(f) of the Commission's Rules, the Fund Administrator shall provide to the Commission staff a progress report and a quarterly account statement in a format to be provided by Commission staff, within forty-five (45) days of the Commission's approval of the Plan, and shall provide to Commission staff additional reports and quarterly account statements within ten (10) days after the end of every calendar quarter. Such progress reports shall inform the Commission staff of the activities and status of the Fair Fund during the reporting period, and shall specify, at a minimum, the location of the account(s) comprising the Fair Fund, including among other things, an interim accounting of all monies in the Fair Fund.

98. When the final distribution is completed, the Fund Administrator shall provide to Commission staff a final report summarizing all tasks undertaken and the outcome of its administrative efforts. The Fund Administrator shall make arrangement for the final payment of taxes and all other outstanding fees and expenses, and submit a final accounting of all monies received, earned, spent, and distributed in connection with the administration of the Plan in a format provided by the Commission staff. The Fund Administrator will also submit a report to the Commission staff containing the final distribution statistics regarding distributions to individuals and entities, and such other information requested by the Commission staff.

Termination of Fair Fund

99. The Fair Fund will be eligible for termination, and the Fund Administrator eligible for discharge and cancellation of its bond, after all of the following have occurred: (a) a final accounting, in a standard accounting format provided by Commission staff, has been submitted by the Fund Administrator, and has been approved by the Commission; (b) all Administrative Costs have been paid; and (c) any amounts remaining in the Fair Fund has been returned to the Commission for transfer to the U.S. Treasury. Upon Commission approval of the final accounting, Commission staff will seek an order from the Commission authorizing: (a) the transfer of any amounts remaining in the Fair Fund that is infeasible to return to investors, and any amounts returned to the Fair Fund in the future that are infeasible to return to investors, to the U.S. Treasury, subject to Section 21F(g)(3) of the Exchange Act; (b) discharge of the Fund Administrator; (c) cancellation of the Fund Administrator's bond; and (d) termination of the Fair Fund.

100. Once the Fair Fund has been terminated and funds, if any, are transferred to the U.S. Treasury, no further claims will be allowed and no additional payments will be made whatsoever.

Miscellaneous

101. When administering this Plan, the Fund Administrator, and/or each of its designees, agents and assigns, may rely on: all applicable law; orders issued by the Commission, including orders issued by delegated authority; orders issued by an administrative law judge, if

any, appointed in this proceeding; and any records, including records containing investor information, provided by Commission staff.

102. Should any additional funds be received pursuant to Commission or Court order, agreement, or otherwise, prior to the Commission's termination of the Fair Fund, such funds will be added to the Fair Fund and distributed, if feasible, in accordance with the Plan, pursuant to the Commission's Rules.

Wind-down and Document Retention

103. The Fund Administrator will shut down the website, P.O. Box and customer service telephone line(s) established specifically for the administration of the Fair Fund six (6) months after the transfer of any remaining funds to the Commission, or such earlier time as the Fund Administrator determines with the concurrence of the Commission staff.

104. The Fund Administrator will retain all materials submitted by Claimants in either paper or electronic form for a period of six (6) years from the date of approval of a final fund accounting. Materials maintained in electronic form must be accessible and readable for the duration of retention. Pursuant to the Commission staff's direction, the Fund Administrator will either turn over to the Commission or destroy all materials, including documents in any media, upon expiration of this period.

VII. NOTICE AND COMMENT PERIOD

105. The Notice of the Proposed Plan of Distribution ("Notice") will be published on the Commission's website at <http://www.sec.gov/litigation/fairfundlist.htm>. Any person wishing to comment on the Plan must do so in writing by submitting their comments to the Commission within thirty (30) days from the date of the Notice: (a) to the Office of the Secretary, United States Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090; (b) by using the Commission's Internet comment form (www.sec.gov/litigation/admin.shtml); or (c) by sending an email to rule-comments@sec.gov. Comments submitted by email or via the Commission's website should include "Administrative Proceeding File Numbers 3-17582 and 3-17628" in the subject line. Comments received will be available to the public. Persons should only submit comments that they wish to make publicly available.

EXHIBIT A

PLAN OF ALLOCATION

This Plan of Allocation is designed to compensate investors based on their losses on shares of the Weatherford common stock (“Eligible Security”) purchased between February 25, 2009 and November 12, 2012 (the “Relevant Period”) due to the conduct of the Respondents. Investors who did not purchase shares of the Eligible Security during the Relevant Period did not purchase shares at prices inflated by the Respondents’ violative conduct, or who are an Excluded Party¹ are ineligible to recover under this plan. Artificial inflation in the price of the Eligible Security over various date ranges surrounding corrective disclosures and average closing prices of the Eligible Security during the Lookback Period (defined below) have been calculated by Commission’s staff economists and are reflected in Table A and Table B, respectively.

The Fund Administrator will calculate the amount of loss for each share of the Eligible Security purchased or acquired during the Relevant Period (“Recognized Loss per Share”) as follows:

For each share of Weatherford common stock purchased or acquired on February 25, 2009 through November 12, 2012, and

- A. Sold on or after February 25, 2009, and prior to the close of trading on November 12, 2012, the Recognized Loss per Share is the *lesser of*:
 - i. the amount of inflation per share on the purchase/acquisition date as set forth in Table A below *minus* the amount inflation per share on the sale date as set forth in Table A below; or
 - ii. the purchase/acquisition price *minus* the sale price.
- B. Sold after the close of trading on November 12, 2012 and prior to the close of trading on February 8, 2013 (i.e., during the “Lookback Period”), the Recognized Loss per Share is the *least of*:
 - i. the amount of inflation per share on the purchase/acquisition date as set forth in Table A below; or
 - ii. the purchase/acquisition price *minus* the moving average closing price of Weatherford common stock on the sale date as set forth in Table B below; or
 - iii. the purchase/acquisition price *minus* the sale price.

¹ All capitalized terms not defined herein shall have the same meanings ascribed to them in the Plan.

- C. Held as of the close of trading on February 8, 2013, the last day of the Lookback Period, the Recognized Loss per Share is the *lesser of*:
- i. the amount of inflation per share on the purchase/acquisition date as set forth in Table A below; or
 - ii. the purchase/acquisition price *minus* \$11.26, the average closing price of Weatherford common stock between November 13, 2012, and February 8, 2013, as shown on the last row in Table B below.

If the Recognized Loss per Share calculates to a negative number, reflecting a gain, the Recognized Loss per Share on such shares will be \$0.00.

All prices mentioned in the calculations exclude all taxes, fees and commissions. Purchases and sales shall be deemed to have occurred on the “contract” or “trade” date as opposed to the “settlement” or “payment” date.

Additional Provisions

FIFO Methodology: For a Claimant who made multiple purchases/acquisitions and sales of the Security during the Relevant Period, transactions will be matched according to the first-in, first-out (“FIFO”) method. The earliest sales during the Relevant Period will be matched first against any holdings at the opening of the Relevant Period. Once the beginning holdings have all been matched, or in the event there are no beginning holdings, then any further sales will be matched against the earliest Relevant Period purchases/acquisitions and chronologically thereafter.

Acquisitions: The receipt or grant of the Security by gift, devise, inheritance, or operation of law during the Relevant Period is not considered an eligible purchase if the original purchase did not occur during the Relevant Period. Shares acquired outside of the Relevant Period will be excluded from the calculation of the Recognized Loss.

Options and Derivatives: Weatherford common stock is the only security eligible for recovery under this Plan. Option contracts to purchase or sell the Security are not securities eligible for recovery under the Plan. With respect to the Security purchased or sold through the exercise of an option, the purchase/sale date is the exercise date of the call and the assignment date of the put, and the purchase/sale price is the strike price of the call at the time of exercise and the strike price of the put at the time of assignment. Transactions in the Security during the Relevant Period that are pursuant to, or in connection with, a swap or another derivative will not be eligible for a recovery and will be excluded from the Recognized Loss calculation.

Short Sales: If the sale date for a share falls before the purchase date, then the share has a Recognized Loss per Share of \$0.00. The date of covering a short sale is deemed to be the date of purchase of the Security and the date of a short sale is deemed to be the date of sale of the Security. The earliest Relevant Period purchases will be matched against any short position

existing on the date prior to the start of the Relevant Period, and not be entitled to a recovery, until that short position is fully covered.

Recognized Loss: A Claimant's Recognized Loss will be the sum of the Recognized Loss per Share, as calculated above, on all shares of the Security purchased or acquired during the Relevant Period. If the Recognized Loss calculates to a negative number, reflecting a gain, then the Recognized Loss will be \$0.00.

Market Loss Limitation: If a Claimant's actual market loss on shares of the Security purchased/acquired during the Relevant Period is less than his, her or its Recognized Loss, then his, her or its Recognized Loss shall be limited to the actual market loss amount. If the actual market loss calculates to a negative number, reflecting a gain, then the Recognized Loss will be \$0.00. The actual market loss will be calculated as (a) the total purchase amount for shares of the Security purchased during the Relevant Period,² less the sum of (b) the sales proceeds on any of those shares of the Security purchased/acquired during the Relevant Period and sold during the Relevant Period or during the Lookback Period,³ and (c) the holding value on the remaining of those shares purchased during the Relevant Period,⁴ which for the purposes of this calculation will be \$11.26 per share, the moving average price as of the last day of the Lookback Period.

Eligible Claimant: A Claimant, who is not an Excluded Party, who has suffered a Recognized Loss, as calculated above, will be deemed an Eligible Claimant.

Allocation of Funds: If the Net Available Fair Fund is equal to or exceeds the sum of Recognized Losses of all Eligible Claimants, each Eligible Claimant's distribution amount will equal his, her or its Recognized Loss, plus "Reasonable Interest" if applicable. If the Net Available Fair Fund is less than the sum of the Recognized Losses of all Eligible Claimants, each Eligible Claimant's distribution amount will equal his, her or its "*Pro Rata Share*" of the Net Available Fair Fund (and no Reasonable Interest). In either case, the distribution amount will be subject to the "Minimum Distribution Amount."

Reasonable Interest: If the Net Available Fair Fund exceeds that necessary to pay all Eligible Claimants his, her, or its Recognized Losses in full, the Fund Administrator, in consultation with the Commission staff, may include reasonable interest in the distribution amount to compensate Eligible Claimants for the time value of his, her, or its respective Recognized Losses. Reasonable Interest will be calculated using the Short-term Applicable Federal Rate plus three percent (3%), compounded quarterly from the end of the Relevant Period through the approximate date of the disbursement of the funds. If there are insufficient funds to pay Reasonable Interest in full to all Eligible Claimants, each Eligible Claimant's Reasonable Interest amount will be his, her or its *Pro Rata Share* of the excess funds.

² Purchases during the Relevant Period to cover short positions will be included in the calculation of actual market loss if the purchase is matched to a short sale during the Relevant Period. Purchases/acquisitions that are not eligible for recovery will not be considered for purposes of calculating the actual market loss.

³ Sales of the Eligible Security during the Relevant Period will be matched first against the opening position and the proceeds of such sales will not be considered for purposes of calculating the actual market loss.

⁴ Any open short position at the end of the Lookback Period will be ignored for purposes of calculating the actual market loss.

Pro Rata Share: A *Pro Rata* Share computation is intended to measure Eligible Claimants' Recognized Losses against one another. The Fund Administrator shall determine each Eligible Claimant's *Pro Rata* Share as the ratio of his, her, or its Recognized Loss to the sum of Recognized Losses of all Eligible Claimants.

Minimum Distribution Amount: The Minimum Distribution Amount will be \$10.00. If an Eligible Claimant's distribution amount, inclusive of Reasonable Interest, if any, is less than the Minimum Distribution Amount, that Eligible Claimant will be deemed ineligible to receive a Distribution Payment and his, her, or its distribution amount will be reallocated on a *pro-rata* basis to Eligible Claimants whose distribution amounts are greater than or equal to the Minimum Distribution Amount.

Payee: An Eligible Claimant whose distribution amount equals or exceeds the Minimum Distribution Amount will be deemed a Payee and receive a Distribution Payment for their distribution amount.

Prior Recovery: To avoid payment of a windfall, the Distribution Payment will be no larger than the Payee's Recognized Loss minus the amount of any compensation for the loss that resulted from the conduct described in the Orders that was received from another source (e.g., class action settlement), to the extent known by the Fund Administrator, Reasonable Interest, if awarded, may be added to such Distribution Payment.

Table A: Weatherford Common Stock Inflation Schedule

Date Range	Inflation per Share
February 25, 2009 through May 6, 2009	\$1.34
May 7, 2009 through August 3, 2009	\$1.86
August 4, 2009 through November 1, 2009	\$2.25
November 2, 2009 through February 28, 2010	\$2.85
March 1, 2010 through May 3, 2010	\$2.65
May 4, 2010 through August 3, 2010	\$3.07
August 4, 2010 through November 1, 2010	\$3.52
November 2, 2010 through March 1, 2011	\$4.25
March 2, 2011 through March 8, 2011	\$2.54
March 9, 2011 through April 13, 2011	\$2.79
April 14, 2011 through July 28, 2011	\$2.96
July 29, 2011 through October 27, 2011	\$3.30
October 28, 2011 through February 20, 2012	\$3.70
February 21, 2012	\$1.22
February 22, 2012 through March 15, 2012	\$1.90
March 16, 2012 through July 24, 2012	\$1.99
July 25, 2012 through November 12, 2012	\$0.86
November 13, 2012 through September 30, 2015	\$0.00

Table B: Weatherford Common Stock Closing Price and Average Closing Price during the Lookback Period

	Moving Average Closing Price from November 13, 2012 to Date Shown	Date	Moving Average Closing Price from November 13, 2012 to Date Shown	Date	Moving Average Closing Price from November 13, 2012 to Date Shown
11/13/2012	\$9.15	12/13/2012	\$10.06	1/15/2013	\$10.61
11/14/2012	\$9.12	12/14/2012	\$10.09	1/16/2013	\$10.64
11/15/2012	\$9.12	12/17/2012	\$10.11	1/17/2013	\$10.67
11/16/2012	\$9.13	12/18/2012	\$10.15	1/18/2013	\$10.70
11/19/2012	\$9.20	12/19/2012	\$10.19	1/22/2013	\$10.75
11/20/2012	\$9.26	12/20/2012	\$10.22	1/23/2013	\$10.79
11/21/2012	\$9.32	12/21/2012	\$10.24	1/24/2013	\$10.82
11/23/2012	\$9.38	12/24/2012	\$10.25	1/25/2013	\$10.86
11/26/2012	\$9.44	12/26/2012	\$10.27	1/28/2013	\$10.91
11/27/2012	\$9.47	12/27/2012	\$10.29	1/29/2013	\$10.95
11/28/2012	\$9.52	12/28/2012	\$10.30	1/30/2013	\$11.00
11/29/2012	\$9.56	12/31/2012	\$10.32	1/31/2013	\$11.04
11/30/2012	\$9.63	1/2/2013	\$10.35	2/1/2013	\$11.08
12/3/2012	\$9.67	1/3/2013	\$10.38	2/4/2013	\$11.12
12/4/2012	\$9.72	1/4/2013	\$10.41	2/5/2013	\$11.16
12/5/2012	\$9.78	1/7/2013	\$10.45	2/6/2013	\$11.20
12/6/2012	\$9.85	1/8/2013	\$10.48	2/7/2013	\$11.23
12/7/2012	\$9.91	1/9/2013	\$10.51	2/8/2013	\$11.26
12/10/2012	\$9.96	1/10/2013	\$10.53		
12/11/2012	\$10.01	1/11/2013	\$10.56		
12/12/2012	\$10.04	1/14/2013	\$10.58		