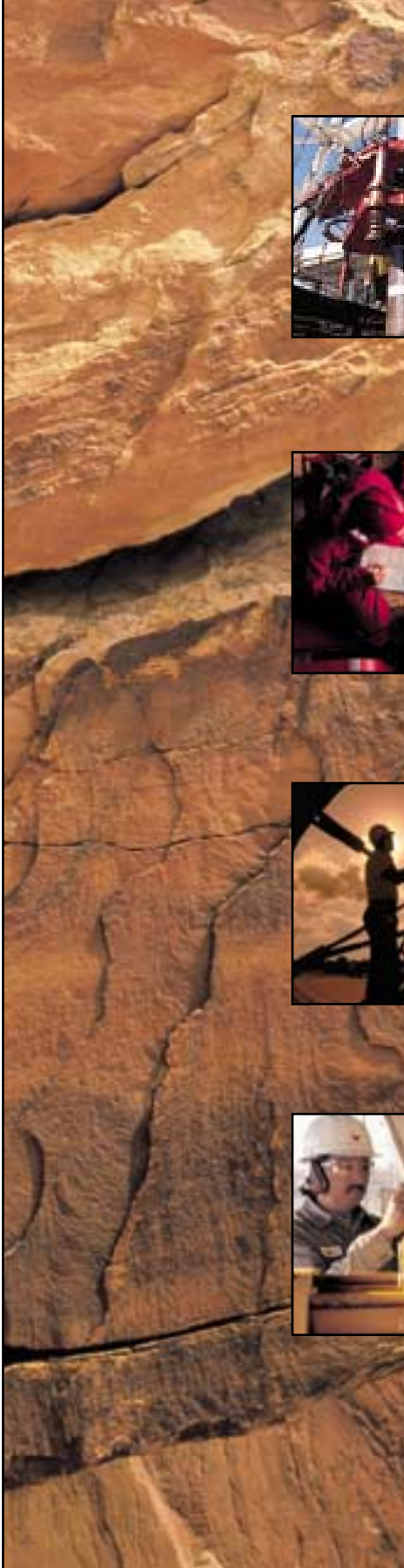


# IN-DEPTH



LEADERSHIP  
TECHNOLOGY  
SERVICE

Solutions for  
Reservoir Optimization.



**Weatherford**

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***Broadening our capabilities, upgrading our technology base and reducing our cost structure has made Weatherford a stronger and better-positioned organization.***

Weatherford International, Inc. is one of the leading oilfield products and services companies in the world. Weatherford offers customers innovative mechanical technologies and responsive, specialized services that focus on the drilling, completion and production sectors of the global oil and gas industry.

In 1999, we focused on building depth – depth in leadership, depth in technology and depth in service. This report is a discussion of our strategies for future growth and development in each of our four divisions, namely Drilling & Intervention Services, Completion Systems, Artificial Lift Systems and Weatherford Global Compression Services.

#### FINANCIAL HIGHLIGHTS

*(In thousands, except per share amounts)*

|  | 1999                | 1998         |
|--|---------------------|--------------|
| Revenues _____   | <b>\$ 1,240,200</b> | \$ 1,363,849 |
| Earnings before Interest, Depreciation,<br>Amortization and Taxes (before Special Charges) _____ | <b>\$ 233,476</b>   | \$ 335,779   |
| Earnings before Interest, Depreciation,<br>Amortization and Taxes (after Special Charges) _____  | <b>\$ 233,476</b>   | \$ 175,729   |
| Operating Income _____   | <b>\$ 66,818</b>    | \$ 36,171    |
| Net Income (loss) from Continuing Operations _____   | <b>\$ 16,206</b>    | \$ (883)     |
| Diluted EPS from Continuing Operations<br>before Special Charges _____                           | <b>\$ 0.16</b>      | \$ 1.06      |
| Diluted EPS from Continuing Operations<br>after Special Charges _____                            | <b>\$ 0.16</b>      | \$ (0.01)    |
| Diluted Weighted Average Shares _____  | <b>102,889</b>      | 97,065       |
| Total Assets _____   | <b>\$ 3,513,789</b> | \$ 2,638,612 |
| Total Debt _____   | <b>\$ 951,870</b>   | \$ 775,092   |
| Stockholders' Equity _____   | <b>\$ 1,833,398</b> | \$ 1,493,880 |
| Depreciation and Amortization _____  | <b>\$ 166,658</b>   | \$ 139,558   |
| Capital Expenditures _____   | <b>\$ 174,300</b>   | \$ 167,777   |
| Number of Employees _____  | <b>9,668</b>        | 9,167        |

*To spur growth in 1999 and beyond, Weatherford enhanced the breadth and scope of its capabilities and focused its activities into four divisions.*



### Drilling & Intervention Services

- A global leader in fishing, rental, and well installation services and downhole tools for re-entry and thru-tubing activities.
- A leading global manufacturer of cementing products.
- A single-source provider of underbalanced drilling (UBD) systems.

#### Competitive Advantages

- Ability to leverage world-class asset base and infrastructure in more than 50 countries around the globe.
- Technology leadership in friction reduction systems for horizontal and extended reach drilling; pressure control; recyclable foam systems for UBD; and rig mechanization.
- The industry's only integrated package of underbalanced products and services.

#### Growth Opportunities

- Cyclical opportunities from increasing drilling and remedial activities.
- New class-leading product lines for drilling and fishing jars.
- Underbalanced drilling systems that minimize formation damage and increase production.
- Re-entry systems that minimize production disruption and leverage the existing populations of wells.

### Completion Systems

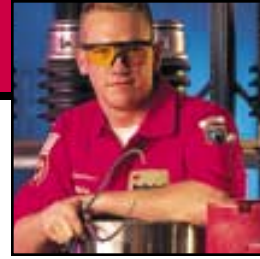
- Offers a comprehensive line of completion products, as well as engineered and integrated systems for oil and gas fields.
- A provider of a total solutions package.

#### Competitive Advantages

- Class-leading technologies in liner hangers, flow control and inflatable packers.
- Revolutionary sand control product lines that reduce well costs and enhance production.

#### Growth Opportunities

- Leverage the power of strong product lines with the global reach of Weatherford.
- Add new expandable completion products and technologies.
- Meet growing customer requirement for sophisticated completion systems with intelligent features for monitoring and control.



Weatherford International, Inc. (NYSE: WFT), headquartered in Houston, Texas, helps to improve reservoir performance through innovative mechanical solutions, technology and superior service. Weatherford is one of the world's largest oilfield service companies, with more than 300 locations globally. Weatherford's goal is to deliver superior financial performance through market leadership in high growth industry segments. The following chart is a snapshot of Weatherford's current products and services and the company's competitive advantages and growth opportunities in those markets.



### Artificial Lift Systems

- Leading single-source, worldwide provider of all types of artificial lift systems for the life of a field.
- Industry leader in developing customized hybrid lift systems and optimization technology for efficient monitoring and production control.

#### Competitive Advantages

- Uniquely able to offer producers the right type of lift for their production needs.
- Leader in the development of optimization technology to remotely monitor and control production.

#### Growth Opportunities

- Relentless aging of the world's producing reservoirs.
- Turnkey lift solutions for the production life of a field.
- International expansion from North American base.

### Weatherford Global Compression Services

- Operator of one of the world's largest fleets of natural gas compression systems.
- Offers packaging services and custom-designed compression systems.
- Full-service turnkey contract compression capability, including management, maintenance and reconditioning services.

#### Competitive Advantages

- Large, powerful fleet: more than 1.0 million in horsepower.
- Worldwide reach, providing access to growth markets around the world.

#### Growth Opportunities

- Global growth in consumption of natural gas.
- Trend toward outsourcing compression services in long-term contracts.
- Growing number of gas fields with increasing pressure needs.

*In five years, Weatherford's stock has increased more than eightfold. During the same period, the S&P 500 rose less than threefold. We are committed to building further shareholder value, notwithstanding the vagaries of volatile commodity markets.*

**To Our Stockholders:**

The crude oil markets experienced extreme volatility in 1999. The March 6, 1999 issue of *The Economist* featured a cover article entitled "Drowning in Oil" as oil pricing reached a 50 year historical low. The pricing collapse was caused by a cumulative interaction of factors resulting in a perceived oil glut. The deep recession in Asia was the single most important catalyst. Concurrently, OPEC production rates overshot demand, building excess crude oil inventories. By spring 1999, a reversal of both trends translated into a steep recovery with the price of oil tripling from its low.

Other than its volatility, what is remarkable about this recent cycle is its central premise of structural excess availability of crude oil. From a Weatherford perspective, this premise strikes us as quite extraordinary. Consider two salient facts about our industry:

- We are at a demand to capacity ratio of over 95%.
- Formation decline rates are on average accelerating worldwide.

Given the oil market context, it is not surprising that our clients curtailed their budgets, which in turn severely constricted activity. Our segment of the industry, oilfield service and equipment, is two derivatives away from oil and as such, has cyclical movements of greater range than our clients. In the course of the year, demand for our products and services was substantially reduced first in North America and then in the international markets, where activity reached a historical low.

By mid-year this decline had begun to slowly reverse itself, with North America leading the course. We expect the pattern of recovery will be different than in prior cycles. Although its initial rate will test everyone's patience, we believe the recovery's strength will surprise even the most optimistic. The quest for capacity and the need to hold back accelerating decline rates will fuel this recovery's scale and scope.

Overall last year, our revenues fell 9% to \$1.2 billion, and income from continuing operations was \$16.2 million, or

\$0.16 per share, compared to \$103.1 million, excluding one time charges in 1998, on the same basis, or \$1.06 per share, in 1998. On a quarterly basis, our performance bottomed out in the second and third quarters of the year. By the fourth quarter, we were beginning to experience higher drilling activity in North America, as well as several important acquisitions completed last fall. Please note that we reported Grant Prideco, which is being spun off to shareholders, as discontinued operations.

The strained context of 1999 masked what we believe was for Weatherford an extremely productive year. In the course of the year, we rationalized the joint operations of EVI and Weatherford, reorganized our activities into four divisions, and strove to enhance by acquisition our capabilities both in breadth and depth. In the course of the year we committed approximately \$500 million to acquisition activity. We acquired technologies, broadened our capabilities, consolidated our markets and reduced our cost structure. All of these steps were made possible in part or in whole by the deprived market conditions. Specifically:

- We enhanced our core **Drilling & Intervention Services** businesses and established a leading position in underbalanced drilling services (UBD). We have been the perennial leader in traditional markets for fishing and rental services, well installation services and re-entry services. The acquisition of Dailey International enhanced our core capabilities with its leading lines of drilling and fishing jars, while through a number of other acquisitions, including thru-tubing drilling and inflatable packer technologies, we strengthened our thru-tubing competencies. In addition, Dailey's air drilling services, together with the acquisition of ECD Northwest's patented foam technology, Williams rotating control heads, International Nitrogen Service membranes and Rotech metal-on-metal motors, have made Weatherford the leader in UBD services, an innovative technique that reduces formation damage and substantially improves well productivity versus traditional overbalanced drilling methods.



- We built a new completion business. **Weatherford Completion Systems** was created in late 1999 to focus the company on this \$2 billion plus market segment. Several important acquisitions late last year, including Petroline and Cardium, enabled us to cross the bridge to integrated systems provider with a strong technological base from a position of niche provider. Today, we offer customers state-of-the-art technology and products in production packers, liner hangers, inflatables, flow control and intelligent completions, together with a revolutionary product line for sand control, which utilizes unique expandable tubing technology, EST™.
- Our **Artificial Lift Systems** division is the recognized expert in assisted lift systems for oil. We are the only provider of all forms of lift and we are introducing new integrated hardware and software systems that allow remote monitoring, analysis and control for optimal production and lift performance. The AIM™ system operates from any desktop and allows customers internet-based access to their oil assets. Value-enhancing tools like this, together with the maturing of the world's oil and gas fields, provide a strong basis for growth.
- The **Weatherford Global Compression Services** joint venture, formed early in 1999 with GE Capital, created a powerhouse in the compression services industry. During the year, this group began its expansion internationally with a major seven year compression service contract with YPF S.A. in Argentina. In addition, the group's manufacturing assets were sold, allowing greater focus on the services segment of the industry.



- We decided, and announced in July of 1999, to spin off our drilling products business, **Grant Prideco**, to our shareholders, pending the receipt of a ruling from the Internal Revenue Service that the transaction would be tax-free to shareholders. That ruling was received in March of 2000, and the spin-off of Grant Prideco will become effective in mid-April. Grant Prideco, as many of you who were shareholders of Weatherford's predecessor company, EVI, Inc. know, is a premier company with a very strong performance history. The reason for the spin-off had to do with the fact that both companies – Weatherford, principally a provider of mechanical solutions for reservoir optimization, and Grant Prideco, a manufacturer of drilling tools and well construction tubulars – have significant opportunities for growth that will be more efficiently pursued independently. Stand alone Weatherford and Grant Prideco should realize more value to our shareholders than as a combined entity.

#### The Outlook

As we enter the new millennium, Weatherford is a stronger and better positioned organization than either EVI or Weatherford Enterra, its historical parent companies, ever were. Our core mission, though, remains the same: building shareholder value.

Five years ago, in March of 1995, our stock was trading at just under \$7 per share. In March of 2000, we closed above \$55 per share – more than an eightfold increase. During the same period, the S&P 500 rose less than three-fold. Your management will strive to build further shareholder value and, notwithstanding the vagaries of volatile commodity markets, deliver shareholder wealth.

Respectfully,

A handwritten signature in black ink, appearing to read "Bernard J. Duroc-Danner". The signature is stylized and includes a small "13" written above the first few letters.

Bernard J. Duroc-Danner  
*Chairman, President and CEO*

*In 1999, we continued to be the market leader in our core businesses and also established a leading position in underbalanced drilling services.*

## Market Strength:

### Leading Market Positions, UBD Offerings


Our Drilling & Intervention Services division holds leadership positions in the historical core businesses of fishing and rental services, well installation

services and cementing products. Our drilling services are differentiated from our competitors by an extensive deep-water toolbox, expert tubular installation services, a large array of drilling and pressure control equipment and our pioneering rig mechanization systems.

In addition, we are positioned to significantly expand our performance and market share in the growing fields of underbalanced drilling (UBD) systems, where we have the industry's most complete integrated package of products and services, re-entry and thru-tubing products and services, and systems for casing exit, multilaterals, and extended reach drilling.

### Growth Strategies

In 1999, we focused on adding to our technology and service base, consolidating service and manufacturing facilities and streamlining sales functions. In 2000,



*Weatherford's Internal Riser Rotating Control Head (IRRCH) technology aims to reduce costs of deepwater wells by greatly reducing the number of casing strings needed to drill them.*

**Gary L. Warren**  
President, Drilling  
& Intervention Services



we intend to continue to further our growth through the acquisition and internal development of new technologies and to expand leadership positions in our existing markets. A principal growth strategy will be expanding our UBD business, which is described in more detail below. In addition, we will:

- **Increase our Product Focus for Growing Deepwater Applications.**

Our newest rotating head technology, known as the Williams Riser Cap™, represents a potential breakthrough for offshore drilling. This system is scheduled to be operated in the summer of 2000 as part of the world's first deepwater application of UBD drilling from a semi-submersible rig in Brazil.

- **Enhance our Historical Core Market Positions with Product Upgrades.**

For cementing applications, we are developing cementing float equipment that can withstand the growing number of higher temperature and higher pressure reservoirs. In re-entry applications, we also are continuing the development of our milling and casing exit systems (including multi-lateral systems), which have been at the forefront of technology development since the mid-1990s.

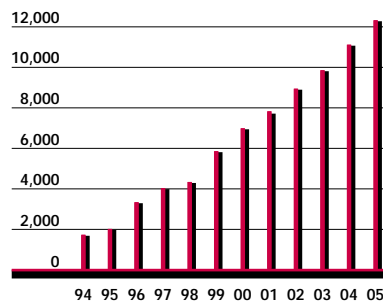
- **Introduce our Products and Service into New Markets.**

In 1999, we debuted our industry-leading rig mechanization system in the U.S. and set an installation record by running nearly 15,000 feet of pipe without the use of a stabber. In 2000, we will install advanced systems on semi-submersible drilling rigs destined for West Africa and the Gulf of Mexico.

For extended reach drilling applications, we expect to introduce our patented mechanical friction reduction systems

through our distribution network of more than 300 locations. In 1999, this technology was instrumental in drilling and cementing the longest-ever cemented liner application in the North Sea. It has also been proven in reservoirs in Norway, China and Australia.

Growing Demand\*



Growing demand for UBD services. UBD activity is expected to double in the next 3-5 years.

- **Continue our Focus on Secular Growth Opportunities.**

Underbalanced drilling is becoming increasingly popular as a way of addressing reservoir development issues, particularly for aging fields and formations experiencing significant mud losses. We entered the underbalanced drilling market in 1999 and are now the technological and market leader. Underbalanced drilling occurs when the hydrostatic pressure at the drill bit is less than the pore pressure of the formation being drilled. Special techniques and equipment are required to drill underbalanced and Weatherford is the only company with complete system capabilities. The key benefits of underbalanced drilling are faster penetration, lower costs and improved well productivity and ultimately reservoir recovery.

\*Source: US DOE, Oil & Gas Journal, 1996

## Drilling & Intervention Services In-depth Focus:

### Underbalanced Drilling Systems

In 1999, we became the industry leader in UBD technology, expertise and service, primarily as a result of our acquisitions of ECD Northwest (a leading provider of compressible fluid drilling systems), Dailey International Inc. (the world's largest air drilling provider) and Williams Tool Co. (a leading supplier of proprietary, state-of-the-art rotating pressure control equipment).

### Weatherford: The UBD Market Leader

The industry will benefit from the integration of capabilities covering all facets of UBD work. We are well positioned for this development as the only provider of a truly integrated UBD package, both in terms of the support services needed to successfully complete a UBD project and the latest technologies to enhance performance. In fact, we provide all of the key UBD products and services.

Additionally, providing UBD products and services is a natural extension of our traditional core competencies and other products, especially for extended reach and horizontal applications.

### Differentiating Technologies

UBD activity is expected to more than double in the next three to five years, and innovative technologies are central to this growth. Our leading UBD technologies include modeling software to assist operators in the design of UBD operations, systems for air drilling and nitrogen generation, rotating control heads, unique recyclable foam systems and extreme temperature-resistant metal-on-metal motors.

*Our completion acquisitions in 1999 provide us with a strong technology position and the ability to offer customers fit-for-purpose engineered systems.*

### Market Strength:

#### System Integration and Revolutionary Technology

In 1999, our Completion Systems division progressed from being a provider of only a few niche products to a major provider of comprehensive completion

systems. Today, our strengths include a revolutionary expandable slotted tubular sand control system, class-leading technology in liner hangers, inflatable packers and flow control, intelligent systems for monitoring and controlling production, and production packers with more than 40 years of proven field experience. A strong commitment to engineering and research, highly experienced employees and a dedicated worldwide service culture helps to distinguish our Completion Systems division from the competition.

#### Growth Strategies

In the third quarter of 1999, we created our Completion Systems division to focus on the integration and marketing of our existing product lines and newly acquired technologies. Behind this decision was a commitment to support our customers, who are increasingly requiring completions that encompass a broad integration of

#### Mark E. Hopmann

*President, Weatherford Completion Systems*



*We are adding new capacity to keep up with demand for Weatherford's revolutionary Expandable Sand Screen products.*



systems. We believe that the market leaders in the completion market will be those who can supply completion systems and comprehensive production enhancing and cost saving technology and expertise for increasingly complex well settings such as deepwater, high temperature and extended reach.

In 2000, our goal is to further our position worldwide as a full service completion systems provider in the marketplace. Our strategies for reaching this goal include:

- **Leveraging our International Infrastructure.**

In 1999, we became a key player in the Gulf of Mexico completion market when we successfully introduced our premium liner hanger technology. These liner systems, which are the leading systems in the North Sea, now are becoming the preferred choice for a number of deepwater operators around the globe.

In 2000, we will take three more product lines across the global market, including our expandable slotted tubing (EST™) products and flow control equipment, and a more comprehensive range of liner hangers.

- **Focusing R&D Activity to Increase Weatherford's Value-Adding Abilities.**

In the area of intelligent completions, we are developing systems for a range of reservoir applications, including applications for land-based wells and more sophisticated systems for subsea and deepwater situations.

In liner hangers, we are continuing to develop components that can with-



stand high temperature and high pressure environments, as well as systems that are slimhole or coiled tubing deployed. For our inflatable packer product line, we are developing an open hole packer made entirely of non-steel, non-elastomeric components that will reduce costs and maintain better well control.

Central to the effectiveness of the completion division is the creation of two major service centers for the Eastern and Western hemispheres, which are located in Houston and in Aberdeen, Scotland. These centers encompass operations, manufacturing and R&D. In particular, our R&D centers will act as incubators for new products and technologies that are yet to be commercialized and integrated into Weatherford's regional operations.

- **Build Capacity for our Expandable Screen Product Line for Sand Control.**

By late 1999, we had begun to implement plans to expand more than fourfold our capacity to produce the highly successful expandable slotted tubing product lines. In particular, demand for Expandable Sand Screen products, which were first commercialized in 1999, currently outstrips supply. The manufacturing expansion will also significantly reduce costs and allow for greater market penetration of our expandable slotted wellbore liner. The new capacity will be online by the second half of 2000.

## Completion Systems In-depth Focus:

### Expandable Sand Screen (ESS™) Technology

In September 1999, we acquired Aberdeen-based Petroline WellSystems. In doing so, we obtained some of the most revolutionary completion technology in the industry. The Petroline Expandable Sand Screen (ESS) is part of Weatherford's Expandable Slotted Tubing (EST) product line. These products were developed from Shell's patented expandable pipe technologies, which includes ESS, expandable completion liners, expandable isolation sleeves and expandable alternative wellbore liners.

### ESS Market Outlook

We estimate that approximately 40% of all wells drilled and completed require sand control. This results in an estimated global sand control market of more than \$1 billion per year. ESS is an alternative to traditional sand control technologies, such as gravel pack completions and stand-alone sand screens. The value of ESS to producers lies in its ability to increase well productivity and reduce costs.

### 100% Success Rate

ESS was launched in early 1999 and has had a 100% success rate in a variety of applications. It has been deployed in reservoirs from Europe to Latin America, including the world's first-ever horizontal ESS deployment in a reservoir in Nigeria. In this application, the reservoir produced two times more oil per foot than the wells containing a conventional sand screen. Additional horizontal ESS jobs are scheduled for deepwater Brazil, offshore China and the United Kingdom Atlantic Frontier.

[www.weatherford.com/divisions/cs/index.html](http://www.weatherford.com/divisions/cs/index.html)

*Weatherford's comprehensive capabilities in artificial lift and intelligent monitoring and control will enable us to set the pace in the growing market of optimization.*

### Market Strength:

#### Only Provider of All Forms of Lift

Our Artificial Lift Systems division is the leading single-source provider of artificial lift systems worldwide. We are the only company to offer a completely integrated suite of products, services

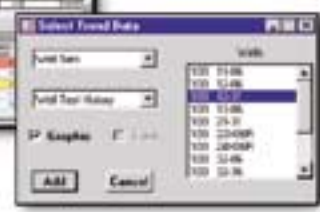
and systems for every form of lift, including: reciprocating lift, progressing cavity pumping (PCP), gas lift, hydraulic lift, plunger lift and electric submersible pumping (ESP).

In addition, we lead in the development of optimization technology that allows operators to remotely control and monitor – in real-time and through the Internet – the production of hydrocarbons from single bore or multiple wells. This system, known as Weatherford's Automation and Asset Information Management (AIM™) System, also is unique because it allows operators to better manage their information and decision making through analysis and design.

#### Growth Strategies

In 1999, we streamlined Artificial Lift by restructuring our U.S. operations and consolidating our manufacturing facilities. These changes allowed us to

better focus on expanding business opportunities for all of our products, improve efficiency in our delivery systems, and strengthen our overall business development capability.



*Weatherford's AIM system is the industry's first single-source provider of an integrated and automated production and information management system.*

**E. Lee Colley, III**  
President, Artificial Lift Systems



In 2000, our primary focus will be on the development and implementation of our new production optimization systems. In addition, we will:

- **Continue to Pursue Partnership or Alliance Agreements.**

In 1999, we entered into several customer alliance agreements. These relationships meet the need of both suppliers and producers to operate efficiently, while enhancing production. In 1999, we were chosen by an operator in Latin America to provide field installation, maintenance services and artificial lift products for wells in the Orinoco Belt region of Venezuela for the next five years. To date, we have successfully installed lift equipment and helped increase production rates on the first 35 wells. Additionally, we received a new three-year contract early in 2000 to provide PCP systems, applications and service support for another operator in the Orinoco Belt in Venezuela.

- **Continue to Innovate and Expand Operating Envelopes.**

Reservoirs are getting hotter, deeper, smaller and are moving offshore. To keep up with increasingly difficult applications, our Artificial Lift Systems division is pursuing a variety of research and development initiatives that include:

- More durable materials for high temperature reservoirs: A new stator that represents a major technology shift for PCPs is currently under development. Known as the Even Wall™ stator technology, it has applications in the growing areas of heavy oil and high temperature. Another breakthrough technology

will be the constant volume rotating pump, a radically new style of downhole and surface pump that sharply increases volumetric efficiency.

- Systems for offshore and deep water applications: In 1999, we began collaborating with a major university to develop an electric submersible jet pump (ESJP), a promising new lift combination for deep and ultradeep offshore wells.

The system combines an ESP with a hydraulic lift system and has shown strong results in reducing capital and operating costs, as well as improving reservoir recovery.

Another offshore combination technology is a hydraulically-driven PCP that we developed for a major operator in Brazil. In addition to offshore applications, this system can be used for remote land applications, where moving a rig location for a workover is cost-prohibitive.

- **Stronger Promotion of Life-of-the-Field Management Capabilities.**

As the only company in the industry with comprehensive lift capabilities, we can help operators undertake comprehensive artificial lift design, analysis and system selection. Reservoirs have extensive producing lives and over time, often need different forms of lift to maximize production and field value. We believe artificial lift will become an even more integral part of the market as operators adopt life-of-the-field economics to analyze the wide range of technical, logistical and financial factors and make optimal production equipment decisions for their producing fields.

### Artificial Lift In-depth Product Focus:

#### Unique Production Optimization System

In February 2000, Weatherford's Artificial Lift Systems division and CASE Services aligned to create an industry "first": a single-source provider of an integrated production automation and information management system, called the AIM system, that allows optimization of artificial lift operations from remote locations.

This alliance combines Weatherford's unique ability to offer all forms of artificial lift, our recognized technology in downhole monitoring and surface electronics and Case Services' industry leading software solutions for optimizing production.

The AIM system gathers real-time data such as reservoir pressure, temperature and multiphase flow rates from downhole monitoring devices. In addition to the performance data of the lift system, it transmits this data to the surface and then delivers it directly to the operator's desktop via the Internet. Using this system will help operators generate greater productivity by delivering real-time information that leads to more proactive and accurate decisions.

#### Optimization Market Outlook

The need to enhance production is driving the growing area of wellsite automation and optimization systems. Additionally, the growth of web-based initiatives, which include remote monitoring and performance analysis, also will fuel increased use of these systems. For instance, information created by our automation system will be available through the Internet for remote access or for companies who do not have their own networks. With our broad market presence, large installed base of lift systems and the technical superiority of the AIM system, we expect to set the pace for optimization systems.

[www.weatherford.com/divisions/artificiallift/index.html](http://www.weatherford.com/divisions/artificiallift/index.html)

*Weatherford was awarded its largest outsourcing contract to date in 1999. This global market is expected to expand further as customers seek to free up capital and improve operating efficiencies.*

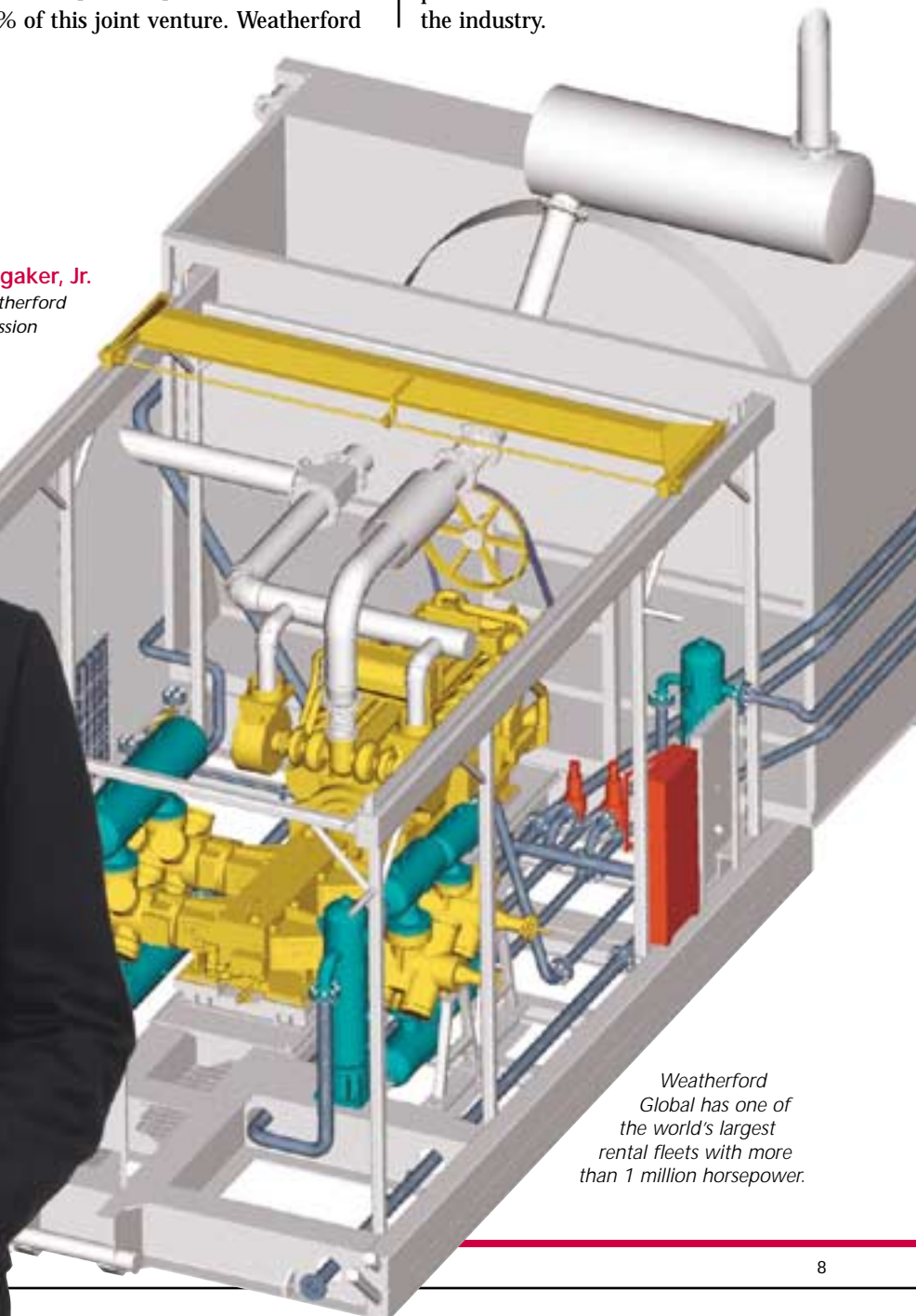
## Market Strength:

### Largest Rental Fleet and International Infrastructure

Weatherford Global Compression Services is a joint venture between Weatherford and GE Capital Corporation. We own 64% of this joint venture. Weatherford

Global Compression Services offers a broad scope of natural gas compression services, including one of the world's largest rental fleets with more than 1 million horsepower. We also have the most established worldwide compression services infrastructure in the industry.

**Bruce F. Longaker, Jr.**  
*President, Weatherford  
Global Compression  
Services*



*Weatherford  
Global has one of  
the world's largest  
rental fleets with more  
than 1 million horsepower.*



### Growth Strategies

Early in 1999, we created the Weatherford Global Compression Services joint venture. In the process, we streamlined and focused the company on its core businesses of renting, packaging and turnkey operation of compression systems. Overlapping service locations were eliminated, packaging operations were consolidated and we sold our manufacturing business, an aspect of the business in which we had little scale. In 2000, we expect to:

- **Focus on Long-Term Outsourcing Contracts.**

Customers seeking to reduce costs are outsourcing their compression needs. In 1999, we entered into several large contracts with operators in Latin America and the U.S. for contract compression, maintenance services and equipment leasing. In Argentina, we became a major supplier of compression services to YPF, S.A. for the next seven years. In California, a 10-year agreement was signed with that state's largest oil producer to provide contract compression and maintenance services, including complete engineering design, site construction and compression equipment acquisition and installation.

Likewise, an operator in southeast Texas selected us to supply total compression management services for the next five years. In 2000, we will continue to pursue these types of long-term contracts.

- **Expand Service Competencies by Acquisition.**

In January 2000, we acquired Gas Services International (GSI) Ltd., which expanded our platform of full service compression capabilities in the Asia-Pacific and Middle East regions. The GSI acquisition also supports our existing commitments in those regions, as well as Australia. Likewise, in February, we acquired Oakwell Compressor Packages BV, based in The Netherlands, as a springboard into the European compression market.

- **Leverage our International Presence.**

The global market for compression is expanding, and we will continue to ensure that we have a strong presence around the globe. We have an international infrastructure for service already in place that includes 12 service centers in the United States, five in Canada, and service centers in Singapore, Indonesia, Thailand, Dubai, Holland and Venezuela, as well as Argentina. In 2000, we will refine and expand our international reach and react quickly to customer compression outsourcing opportunities as they develop.

### Weatherford Global In-depth Focus:

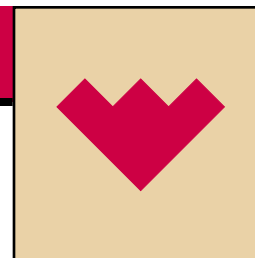
#### Compression Activity in Argentina

In July 1999, our Compression Services segment solidified its position as a global provider of gas compression services when YPF S.A. in Argentina awarded the company its largest contract to date. The \$95 million contract covers the biggest gas field in Argentina, and includes an all-inclusive natural gas compression processing program that simplifies compression services and optimizes horsepower resources for customers.

We are now the number one compression services company in Argentina. We run a full service overhaul facility in Argentina, and our customer has designated us as the preferred provider for new units associated with this field. As a result, we have added horsepower to the contract since July and now operate and maintain over 100,000 horsepower. The success of this contract with the customer presents compression opportunities in other Latin American markets.

#### Global Market Outlook for Outsourcing

Currently, oil and gas field services outsourcing represents a potential \$10 billion worldwide market. Of this total, operators provide in house approximately \$7 - \$8 billion of compression services that could be served by outsourcing. We are beginning to see a shift toward outsourcing in areas such as the Far East, Latin America, Europe and the Middle East. Our Compression Services segment is well-positioned to capitalize on this trend, given our fleet size, proven track record and financial strength.



**Corporate Officers**

**Bernard J. Duroc-Danner**  
*President, Chief Executive Officer,  
Chairman of the Board, and Director*

**Curtis W. Huff**  
*Executive Vice President and  
Chief Financial Officer*

**Bruce F. Longaker, Jr.**  
*Executive Vice President and  
President, Weatherford Global  
Compression Services*

**E. Lee Colley, III**  
*Senior Vice President and  
President, Artificial Lift Systems*

**Donald R. Galletly**  
*Senior Vice President, Communications  
and Investor Relations*

**Mark E. Hopmann**  
*Senior Vice President and  
President, Weatherford Completion Systems*

**Jon R. Nicholson**  
*Senior Vice President, Human Resources*

**Gary L. Warren**  
*Senior Vice President and  
President, Drilling and Intervention Services*

**Directors**

**Philip Burguieres**  
*Chairman Emeritus  
Weatherford International, Inc.*

**David J. Butters**  
*Managing Director  
Lehman Brothers, Inc.  
(Investment banking company)*

**Bernard J. Duroc-Danner**  
*Chairman of the Board, President  
and Chief Executive Officer  
Weatherford International, Inc.*

**Sheldon B. Lubar**  
*Chairman  
Lubar & Co. (Private investment company)*

**William E. Macaulay**  
*Chairman and Chief Executive Officer  
First Reserve Corporation (Investment  
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**Robert B. Millard**  
*Managing Director  
Lehman Brothers, Inc.  
(Investment banking company)*

**Robert K. Moses, Jr.**  
*Private Investor*

**Robert A. Rayne**  
*Executive Director  
London Merchant Securities plc (Property invest-  
ment and development company)*

**Headquarters**

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**Stock Data**

New York Stock Exchange  
Symbol: WFT





# **Weatherford**

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