Weatherford®

Mr Ciarán McLoughlin
Company Law
Department of Jobs, Enterprise and Innovation
Earlsfort Centre
Lower Hatch Street
Dublin D02 PW01

16 September 2016

Dear Mr. McLoughlin:

Consultation on the exemption in section 279 of the Companies Act 2014 regarding the use of US GAAP

Weatherford International plc ("Weatherford") welcomes the opportunity to contribute to the above mentioned consultation process by the Department of Jobs, Enterprise and Innovation ('DJEI').

Background

The Companies (Miscellaneous Provisions) Act 2009 originally introduced this exemption into Irish company law. It was designed as a temporary relief for US listed companies from having to prepare Companies Act (Irish GAAP) or IFRS financial statements under Irish law, while also being required to prepare US GAAP financial statements by virtue of their US listing.

The exemption provided for a time period for companies to transition from US GAAP to (most likely) IFRS, by which time that transition was not expected to be unduly costly given that IFRS and US GAAP were expected to be converged on key financial reporting issues such as accounting for financial instruments, revenue and leases.

The exemption was amended, extending the time period in which the exemption is available to financial years ending not later than 31 December 2020, by the Companies (Amendment) Act 2012. By the time of this 2012 extension, the IFRS/US GAAP convergence project had stalled and the US Securities and Exchange Commission had deferred indefinitely any decision to permit the use of IFRS by domestic US filers. This remains the situation in 2016 and it seems unlikely that further progress will be made on either issue in the foreseeable future. This is very relevant as one of the main aims of the exemption when it was originally introduced was to avoid requiring any company to prepare and file consolidated financial statements under two different accounting standards while the convergence process was ongoing. On that basis, the rationale for the exemption is the same today as it was when section 279 was first adopted.

Our position

From a financial reporting perspective, there are a number of significant factors to consider, including that:

- US GAAP is an internationally recognised, high quality body of financial reporting requirements which has been deemed to be equivalent to IFRS by the European Commission under EU's *IFRS Equivalence Mechanism*; and
- The users of the financial statements of these companies (e.g. shareholders and potential shareholders, financial analysts and investor groups) are predominantly US based and are likely to expect to receive US GAAP based financial statements.

We consider that, particularly given the remaining differences that exist between IFRS and US GAAP, a requirement to prepare financial statements under both IFRS, for Irish company law purposes, and US GAAP, for US filing purposes, would result in the imposition of undue costs on impacted companies, without creating particularly significant benefits for users of financial statements.

In addition, the Irish parent company's standalone company financial statements are already required to be prepared under Irish GAAP or IFRS and we think that this should be sufficient from an Irish reporting requirement.

It is difficult to estimate the cost to those companies impacted of having to file consolidated IFRS financial statements in addition to the US GAAP statements that US rules require us to prepare and file. The process of developing and maintaining consolidated financial statements under two accounting standards will be highly complex and expensive, in terms of the investment in financial systems, employee training, the ongoing effort to collect needed data, and audit costs. Since both US GAAP and IFRS are high quality accounting standards, and since the majority of the investor base of those companies that are impacted is comfortable using either US GAAP or IFRS statements, we do not believe investors would receive any benefit from this investment.

Conclusion

We believe that the continuance of the exemption would have no meaningful impact on the people or government of Ireland, nor on any other party as it is tax neutral and would not alter Ireland's economic figures, its EU budget contribution, or any other financial consideration and it would avoid the unnecessary outlay of corporate capital that would be better served funding new investment in facilities, people, and research and development.

On the basis of the above points, we support the continuance of this exemption beyond 2020. As regards the second consultation question posed by DJEI, we consider that the rationale for a specific time frame for the exemption, as existed in 2009 and to a certain extent also in 2012, has changed. DJEI may wish to consider, in extending the availability of the section 279 exemption, the introduction of a periodic review of the continuing imperative for the exemption, rather than a specific 'back-stop' date.

Thank you again for the opportunity to comment on this important legislative proposal. Please feel free to contact me via email at doug.mills2@weatherford.com if you wish to further discuss the points raised above.

Yours faithfully,

Doug Mills
Chief Accounting Officer
Weatherford International Plc