

## Non-GAAP Financial Measures

From time to time, management may publicly disclose certain “non-GAAP financial measures” in our earnings releases, financial presentations or earnings conference calls. These non-GAAP measures may include EBITDA and free cash flow. The Company provides reconciliations to the nearest GAAP measure for these and other non-GAAP measures on a quarterly basis.

These non-GAAP measures are not in accordance with, or a substitute for, measures prepared in accordance with GAAP, and may be different from non-GAAP measures used by other companies. In addition, these non-GAAP measures are not based on any comprehensive set of accounting rules or principles. Non-GAAP measures have limitations in that they do not reflect all of the amounts associated with the Company’s results of operations that would be reflected in measures determined in accordance with GAAP.

These financial measures are provided to enhance investors’ overall understanding of the Company’s current financial performance. In addition, because the Company has reported certain non-GAAP measures in the past, the Company believes the inclusion of non-GAAP measures provides consistency in the Company’s financial reporting.

### Adjusted EBITDA Reconciliation

#### Reconciliation of Net Loss from Continuing Operations to Adjusted EBITDA

For the three months ended September 30, 2016

(in thousands)

Net loss from continuing operations	\$	(113,913)
<u>Adjustments:</u>		
Interest expense, net		21,771
Other income		(3,667)
Income taxes		(46,185)
Depreciation, depletion, amortization and accretion		123,308
Restructuring costs		4,247
Adjusted EBITDA	\$	<u>(14,439)</u>

Adjusted EBITDA is defined as net income/loss or loss from continuing operations plus interest expense, other income/expense, income taxes and depreciation, depletion, accretion and amortization, reduction in value of assets and restructuring costs. Management uses Adjusted EBITDA as a measure of actual cash used or cash generated by continuing operations.

### Free Cash Flow Reconciliation

For the three and nine months ended September 30, 2016

(in thousands)

	For the Three Months Ended September 30, 2016	For the Nine Months Ended September 30, 2016
Net cash provided by operating activities	\$ 48,973	\$ 146,675
Less: capital expenditures	(6,669)	(74,071)
Free cash flow	<u>\$ 42,304</u>	<u>\$ 72,604</u>

Free cash flow is defined as net cash provided by or used in operating activities less capital expenditures. Management uses free cash flow as a measure of progress on its capital efficiency and cash flow initiatives.

**Reconciliation of As Reported Income (Loss) from Operations to Adjusted Income (Loss) From Operations**

**For the three months ended September 30, 2016, June 30, 2016 and September 30, 2015**

(in thousands)

(unaudited)

	Three months ended, September 30, 2016				
	Drilling Products and Services	Onshore Completion and Workover Services	Production Services	Technical Solutions	Consolidated
Reported loss from operations	\$ (29,347)	\$ (74,195)	\$ (27,722)	\$ (10,730)	\$ (141,994)
Restructuring costs	2,014	794	919	520	4,247
Adjusted loss from operations	<u>\$ (27,333)</u>	<u>\$ (73,401)</u>	<u>\$ (26,803)</u>	<u>\$ (10,210)</u>	<u>\$ (137,747)</u>

	Three months ended, June 30, 2016				
	Drilling Products and Services	Onshore Completion and Workover Services	Production Services	Technical Solutions	Consolidated
Reported income (loss) from operations	\$ (71,275)	\$ (261,206)	\$ (247,052)	\$ 2,102	\$ (577,431)
Reduction in value of assets	47,659	188,741	223,883	-	460,283
Restructuring costs	402	4,256	1,293	1,451	7,402
Adjusted income (loss) from operations	<u>\$ (23,214)</u>	<u>\$ (68,209)</u>	<u>\$ (21,876)</u>	<u>\$ 3,553</u>	<u>\$ (109,746)</u>

	Three months ended, September 30, 2015				
	Drilling Products and Services	Onshore Completion and Workover Services	Production Services	Technical Solutions	Consolidated
Reported income (loss) from operations	\$ 6,997	\$ (795,397)	\$ (46,065)	\$ (10,202)	\$ (844,667)
Reduction in value of assets	-	740,000	15,632	-	755,632
Restructuring costs	539	2,191	6,615	1,156	10,501
Adjusted income (loss) from operations	<u>\$ 7,536</u>	<u>\$ (53,206)</u>	<u>\$ (23,818)</u>	<u>\$ (9,046)</u>	<u>\$ (78,534)</u>

**Reconciliation of As Reported Net Loss from Continuing Operations to Adjusted Net Loss From Continuing Operations**  
**For the three months ended September 30, 2016, June 30, 2016 and September 30, 2015**

(in thousands)

(unaudited)

	Three months ended,					
	September 30, 2016		June 30, 2016		September 30, 2015	
	Consolidated	Per Share	Consolidated	Per Share	Consolidated	Per Share
Reported net loss from continuing operations	\$ (113,913)	\$ (0.75)	\$ (468,632)	\$ (3.09)	\$ (816,587)	\$ (5.42)
Reduction in value of assets and other items	4,247	0.03	467,685	3.09	766,133	5.08
Income taxes	(1,225)	(0.01)	(79,450)	(0.53)	(18,370)	(0.12)
Adjusted net loss from continuing operations	<u>\$ (110,891)</u>	<u>\$ (0.73)</u>	<u>\$ (80,397)</u>	<u>\$ (0.53)</u>	<u>\$ (68,824)</u>	<u>\$ (0.46)</u>