

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 adjusted income (loss) from operations. 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.

EBITDA Reconciliation

Reconciliation of Net Loss from Continuing Operations to EBITDA

For the three months ended March 31, 2017

(in thousands)

Net loss from continuing operations	\$	(89,661)
<u>Adjustments:</u>		
Interest expense, net		24,250
Other income		(649)
Income taxes		(44,764)
Depreciation, depletion, amortization and accretion		114,281
EBITDA	\$	<u>3,457</u>

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. Management uses EBITDA as a measure of actual cash used or cash generated by continuing operations.

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

Three months ended December 31, 2016 and March 31, 2016

(in thousands)

(unaudited)

	Three months ended, December 31, 2016				
	Drilling Products and Services	Onshore Completion and Workover Services	Production Services	Technical Solutions	Consolidated
Reported loss from operations	\$ (29,864)	\$ (77,681)	\$ (31,492)	\$ (59,714)	\$ (198,751)
Reduction in value of assets	1,244	2,094	7,023	25,600	35,961
Inventory write-down	-	-	1,664	19,122	20,786
Restructuring costs	12,685	720	2,393	605	16,403
Adjusted loss from operations	<u>\$ (15,935)</u>	<u>\$ (74,867)</u>	<u>\$ (20,412)</u>	<u>\$ (14,387)</u>	<u>\$ (125,601)</u>

	Three months ended, March 31, 2016				
	Drilling Products and Services	Onshore Completion and Workover Services	Production Services	Technical Solutions	Consolidated
Reported loss from operations	\$ (17,722)	\$ (70,535)	\$ (23,717)	\$ (59)	\$ (112,033)
Restructuring costs	1,478	4,844	7,111	1,867	15,300
Adjusted income (loss) from operations	<u>\$ (16,244)</u>	<u>\$ (65,691)</u>	<u>\$ (16,606)</u>	<u>\$ 1,808</u>	<u>\$ (96,733)</u>