

WEATHERFORD INTERNATIONAL LTD

Form 10-Q

November 01, 2006

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**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
FORM 10-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended September 30, 2006**

**OR**

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

**Commission file number 1-31339**

**WEATHERFORD INTERNATIONAL LTD.**

(Exact name of Registrant as specified in its Charter)

Bermuda

98-0371344

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

515 Post Oak Boulevard  
Suite 600  
Houston, Texas

77027-3415

(Address of principal executive offices)

(Zip Code)

(713) 693-4000

(Registrant's telephone number, include area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common shares, as of the latest practicable date:

Title of Class  
Common Shares, par value \$1.00

Outstanding at October 27, 2006  
339,710,007

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	<b>September 30, 2006 (unaudited)</b>	<b>December 31, 2005</b>
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 120,292	\$ 134,245
Accounts Receivable, Net of Allowance for Uncollectible Accounts of \$12,697 and \$12,210, Respectively	1,522,188	1,259,990
Inventories	1,168,952	890,121
Other Current Assets	456,578	354,517
	3,268,010	2,638,873
Property, Plant and Equipment, Net of Accumulated Depreciation of \$1,845,478 and \$1,593,362, Respectively	2,816,868	2,367,237
Goodwill	3,033,995	2,808,217
Other Intangible Assets, Net	632,971	621,365
Other Assets	145,180	144,612
	\$ 9,897,024	\$ 8,580,304
<b>LIABILITIES AND SHAREHOLDERS EQUITY</b>		
Current Liabilities:		
Short-term Borrowings and Current Portion of Long-term Debt	\$ 633,038	\$ 954,766
Accounts Payable	475,029	476,363
Other Current Liabilities	921,000	567,012
	2,029,067	1,998,141
Long-term Debt	1,571,374	632,071
Deferred Tax Liabilities	115,082	88,476
Other Liabilities	219,879	194,799
Commitments and Contingencies		
Shareholders Equity:		
Common Shares, \$1 Par Value, Authorized 1,000,000 Shares, Issued 361,812 and 358,973 Shares, Respectively	361,812	358,973

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Capital in Excess of Par Value	4,232,006	4,164,365
Treasury Shares, Net	(638,191)	(152,111)
Retained Earnings	1,827,305	1,202,938
Accumulated Other Comprehensive Income	178,690	92,652
	5,961,622	5,666,817
	\$ 9,897,024	\$ 8,580,304

The accompanying notes are an integral part of these condensed consolidated financial statements.

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**WEATHERFORD INTERNATIONAL LTD. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**  
**(UNAUDITED)**

**(In thousands, except per share amounts)**

	<b>Three Months</b>		<b>Nine Months</b>	
	<b>Ended September 30,</b>		<b>Ended September 30,</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
Revenues:				
Products	\$ 634,415	\$ 490,269	\$ 1,805,029	\$ 1,346,265
Services	1,062,338	586,547	2,966,311	1,525,552
	1,696,753	1,076,816	4,771,340	2,871,817
Costs and Expenses:				
Cost of Products	439,132	356,378	1,242,189	950,509
Cost of Services	639,154	392,284	1,822,010	1,013,997
Research and Development	38,241	27,140	112,045	72,062
Selling, General and Administrative Attributable to Segments	194,410	134,316	562,807	370,644
Corporate General and Administrative	24,718	19,159	71,251	56,115
Equity in (Earnings) Losses of Unconsolidated Affiliates	190	(2,991)	(5,737)	(7,114)
Exit Costs and Restructuring Charges	¾	80,018	¾	80,018
Operating Income	360,908	70,512	966,775	335,586
Other Income (Expense):				
Debt Redemption Expense	¾	(4,733)	¾	(4,733)
Interest Expense, Net	(27,591)	(17,197)	(70,294)	(45,834)
Other, Net	(6,161)	10,966	(19,651)	12,172
Income from Continuing Operations Before Income Taxes	327,156	59,548	876,830	297,191
Provision for Income Taxes	(92,953)	(12,249)	(252,463)	(74,732)
Income from Continuing Operations	234,203	47,299	624,367	222,459
Income from Discontinued Operation, Net of Taxes	¾	587	¾	1,211
Net Income	\$ 234,203	\$ 47,886	\$ 624,367	\$ 223,670
Basic Earnings Per Share:				
Income from Continuing Operations	\$ 0.68	\$ 0.16	\$ 1.79	\$ 0.78
Income from Discontinued Operation	0.00	0.00	0.00	0.01

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Net Income	\$	0.68	\$	0.16	\$	1.79	\$	0.79
Diluted Earnings Per Share:								
Income from Continuing Operations	\$	0.66	\$	0.15	\$	1.75	\$	0.74
Income from Discontinued Operation		0.00		0.00		0.00		0.00
Net Income	\$	0.66	\$	0.15	\$	1.75	\$	0.74

Weighted Average Shares Outstanding:

Basic	345,733	300,972	347,915	284,824
Diluted	354,471	311,788	356,905	311,416

The accompanying notes are an integral part of these condensed consolidated financial statements.

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**WEATHERFORD INTERNATIONAL LTD. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(UNAUDITED)**  
**(In thousands)**

	<b>Nine Months</b>	
	<b>Ended September 30,</b>	
	<b>2006</b>	<b>2005</b>
<b>Cash Flows from Operating Activities:</b>		
Net Income	\$ 624,367	\$ 223,670
<b>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:</b>		
Depreciation and Amortization	354,030	222,389
Gain on Sales of Assets, Net	(23,040)	(460)
Income from Discontinued Operation	$\frac{3}{4}$	(1,211)
Debt Redemption Expense	$\frac{3}{4}$	4,733
Non-cash Portion of Exit Costs and Restructuring Charges	$\frac{3}{4}$	81,651
Equity in Earnings of Unconsolidated Affiliates	(5,737)	(13,611)
Employee Stock-Based Compensation Expense	43,017	22,826
Amortization of Original Issue Discount	$\frac{3}{4}$	11,432
Deferred Income Tax Benefit	(19,283)	(13,831)
Other, Net	16,139	3,467
Change in Operating Assets and Liabilities, Net of Effect of Businesses Acquired	(275,408)	(235,939)
<b>Net Cash Provided by Continuing Operations</b>	<b>714,085</b>	<b>305,116</b>
Net Cash Provided by Discontinued Operation	$\frac{3}{4}$	2,294
<b>Net Cash Provided by Operating Activities</b>	<b>714,085</b>	<b>307,410</b>
<b>Cash Flows from Investing Activities:</b>		
Acquisitions of Businesses, Net of Cash Acquired	(162,192)	(963,410)
Capital Expenditures for Property, Plant and Equipment	(720,650)	(320,298)
Acquisition of Intellectual Property	(28,469)	(9,234)
Purchase of Equity Investment in Unconsolidated Affiliate	$\frac{3}{4}$	(16,424)
Proceeds from Sale of Assets and Businesses, Net	22,132	9,485
<b>Net Cash Used by Investing Activities</b>	<b>(889,179)</b>	<b>(1,299,881)</b>
<b>Cash Flows from Financing Activities:</b>		
Borrowings (Repayments) of Short-term Debt, Net	(121,716)	1,046,775
Borrowings (Repayments) of Long-term Debt, Net	735,920	(2,320)
Redemption of Zero Coupon Convertible Debentures	$\frac{3}{4}$	(348,816)
Purchase of Treasury Shares	(507,646)	$\frac{3}{4}$
Proceeds from Exercise of Stock Options	54,003	165,116
Tax Benefit on Stock Option Exercises	194	$\frac{3}{4}$
Other Financing Activities, Net	386	(2,522)



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Net Cash Provided by Financing Activities	161,141	858,233
Net Decrease in Cash and Cash Equivalents	(13,953)	(134,238)
Cash and Cash Equivalents at Beginning of Period	134,245	317,439
Cash and Cash Equivalents at End of Period	\$ 120,292	\$ 183,201
Supplemental Cash Flow Information:		
Interest Paid	\$ 43,107	\$ 84,472
Income Taxes Paid, Net of Refunds	111,888	59,395

The accompanying notes are an integral part of these condensed consolidated financial statements.

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**WEATHERFORD INTERNATIONAL LTD. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**(UNAUDITED)**  
**(In thousands)**

	<b>Three Months</b>		<b>Nine Months</b>	
	<b>Ended September 30,</b>		<b>Ended September 30,</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
Net Income	\$ 234,203	\$ 47,886	\$ 624,367	\$ 223,670
Other Comprehensive Income (Loss):				
Reclassification Adjustment for Deferred Gain (Loss), Net on Derivative Instruments	(1,499)	69	4,790	206
Foreign Currency Translation Adjustment	19,381	81,357	81,248	36,845
Comprehensive Income	\$ 252,085	\$ 129,312	\$ 710,405	\$ 260,721

The accompanying notes are an integral part of these condensed consolidated financial statements.

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**WEATHERFORD INTERNATIONAL LTD. AND SUBSIDIARIES  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED)**

**1. General**

The condensed consolidated financial statements of Weatherford International Ltd. and all majority-owned subsidiaries (the Company) included herein are unaudited; however, they include all adjustments of a normal recurring nature which, in the opinion of management, are necessary to present fairly the Company's Condensed Consolidated Balance Sheet at September 30, 2006, Condensed Consolidated Statements of Income and Condensed Consolidated Statements of Comprehensive Income for the three and nine months ended September 30, 2006 and 2005, and Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2006 and 2005. Although the Company believes the disclosures in these financial statements are adequate to make the interim information presented not misleading, certain information relating to the Company's organization and footnote disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles have been condensed or omitted in this Form 10-Q pursuant to Securities and Exchange Commission rules and regulations. These financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2005 and the notes thereto included in the Company's Annual Report on Form 10-K. The results of operations for the three and nine months ended September 30, 2006 are not necessarily indicative of the results expected for the full year.

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period and disclosure of contingent liabilities. On an ongoing basis, the Company evaluates its estimates, including those related to bad debts, inventories, investments, intangible assets and goodwill, property, plant and equipment, income taxes, insurance, employment benefits and contingent liabilities. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates.

Certain reclassifications have been made to conform prior year financial information to the current period presentation.

The Company completed the acquisition of the Energy Services Division ( Precision Energy Services ) and International Contract Drilling Division ( Precision Drilling International ) of Precision Drilling Corporation on August 31, 2005 and began integrating those acquired businesses into the Company's reporting structure. In connection with the acquisition, the Company realigned its operating and reporting segments to include Evaluation, Drilling & Intervention Services and Completion & Production Systems. The Company's remaining segments, Pipeline and Specialty Services and Precision Drilling International were reported as Other Operations as their operations were not material individually.

While the Company's intent was to integrate the Precision Drilling International product lines into Evaluation, Drilling and Intervention Services as of the acquisition date, the reporting structure that optimized the Company's productivity initiatives was not executed until the second quarter of 2006, as other integration activities were ongoing. Productivity initiatives the Company seeks to maximize include but are not limited to (a) customer focus, (b) streamlining business processes and (c) maximizing product line pull-through including integrated projects. In addition, it was subsequently determined that the Pipeline and Specialty Services Segment would be managed and reported under the Completion & Production Systems Division to allow for the elimination of certain cost redundancies and to benefit from the similarities shared with other completion and artificial lift product lines.

In connection with these recent changes, the Company realigned its operating segments and reviewed the presentation of its reporting segments in the second quarter of 2006 (See Note 17). The three historical reporting segments of Evaluation, Drilling & Intervention Services, Completion & Production Systems and Other Operations are now presented as: Evaluation, Drilling & Intervention Services and Completion & Production Systems. The previous components of Other Operations, Precision Drilling International and Pipeline and Specialty Services, are

now reported under Evaluation, Drilling & Intervention Services and Completion & Production Systems, respectively. Historical segment data has been restated for all periods to conform to the new presentation (See Notes 4, 7 and 17).

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**WEATHERFORD INTERNATIONAL LTD. AND SUBSIDIARIES  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED)**

**2. Critical Accounting Policies**

There have been no material changes or developments in the Company's evaluation of accounting estimates and underlying assumptions or methodologies that the Company believes to be Critical Accounting Policies and Estimates as disclosed in our Form 10-K, for the year ended December 31, 2005. Although there have been no material changes to the Company's revenue recognition policy subsequent to December 31, 2005, further clarification of this critical accounting policy, as it relates to products and services sold in our contract drilling and pipeline services businesses, is warranted, as these businesses are expected to comprise a higher percentage of total revenues for 2006. In addition, the Company has expanded its disclosure to clarify the nature of the expenses typically incurred and rebilled to the customer.

*Revenue Recognition*

Revenue is recognized when all of the following criteria have been met: a) evidence of an arrangement exists, b) delivery to and acceptance by the customer has occurred, c) the price to the customer is fixed and determinable and d) collectibility is reasonably assured.

Both contract drilling and pipeline service revenue is contractual by nature and both are day-rate based contracts. The Company recognizes revenue for these contracts based on the criteria outlined above which is consistent with our other product offerings.

From time to time, the Company may receive revenues for preparation and mobilization of equipment and personnel. In connection with new drilling contracts, revenues earned and incremental costs incurred directly related to preparation and mobilization are deferred and recognized over the primary contract term of the project using the straight-line method. Costs of relocating equipment without contracts to more promising market areas are expensed as incurred. Demobilization fees received are recognized, along with any related expenses, upon completion of contracts.

The Company incurs billable expenses including shipping and handling, third-party inspection and repairs, and custom and duties. The Company recognizes the revenue associated with these billable expenses as Products Revenues and all related costs as Cost of Products in the accompanying Condensed Consolidated Statements of Income.

**3. Business Combinations**

The Company has acquired businesses critical to its long-term growth strategy. Results of operations for acquisitions are included in the accompanying Condensed Consolidated Statements of Income from the date of acquisition. The balances included in the Condensed Consolidated Balance Sheets related to acquisitions are based on preliminary information and are subject to change when final asset valuations are obtained and the potential for liabilities has been evaluated. Acquisitions are accounted for using the purchase method of accounting and the purchase price is allocated to the net assets acquired based upon their estimated fair values at the date of acquisition. Final valuations of assets and liabilities are obtained and recorded within one year from the date of the acquisition.

During the first nine months of 2006, the Company effected various acquisitions that were integrated into the Company's operations for total consideration of approximately \$155.7 million.

On August 31, 2005, the Company acquired Precision Energy Services and Precision Drilling International, former divisions of Precision Drilling Corporation. Precision Energy Services is a provider of cased hole and open hole wireline services, drilling and evaluation services and production services. These operations substantially broadened the Company's wireline and directional capabilities and strengthened the Company's controlled pressure drilling and testing product lines. Opportunities exist to accelerate the acquired products' market penetration in the Eastern Hemisphere through the Company's established infrastructure. Precision Drilling International is a land rig contractor owning and operating 48 rigs, with a concentrated presence in the Eastern Hemisphere and Latin America. The procurement of these assets will allow the Company to further meet our customers' comprehensive service needs.

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**WEATHERFORD INTERNATIONAL LTD. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(UNAUDITED)**

Consideration paid for these businesses was approximately \$2,340.7 million consisting of \$942.7 million in cash and 52.0 million Weatherford common shares, \$1.00 par value ( Common Shares ). The fair value of the shares issued was determined using an average price of \$26.89, which represented the average closing price of the Company's stock for a short period before and after the agreement date. The purchase price is subject to a working capital adjustment mechanism, which has not been completed.

The total purchase price was allocated to Precision Energy Services and Precision Drilling International's net tangible and identifiable intangible assets based on their estimated fair values. The excess of the purchase price over the net assets was recorded as goodwill. The allocation of the purchase price was based upon the final valuation of net assets which was completed in the third quarter of 2006.

In association with the acquisition, the Company identified pre-acquisition contingencies related to duties and taxes associated with the importation of certain equipment assets to foreign jurisdictions. The Company calculated a range of reasonable estimates of the costs associated with these duties. As no amount within the range appeared to be a better estimate than any other, the Company used the amount that is the low end of the range in accordance with Statement of Financial Accounting Standards ( SFAS ) No. 5, *Accounting for Contingencies*, and its interpretations. At September 30, 2006, the Company has recorded a liability in the amount of \$28.0 million for this matter. If the Company used the high end of the range, the aggregate potential liability would be approximately \$44.0 million higher. It is reasonably possible that the actual amount paid to settle these items could be materially different from the Company's estimate and could have a material adverse effect on its consolidated financial statements.

#### **4. Exit Costs, Severance, Restructuring and Asset Impairment Charges**

##### *2005 Exit Cost and Restructuring Charges*

The Company incurred exit costs and restructuring charges of \$97.3 million during the three and nine months ended September 30, 2005. During the third and fourth quarters of 2005, the Company underwent both a restructuring related to its acquisition of Precision and reorganization activities related to its historical businesses, including a change in management, a change in regional structure and an evaluation of product lines. The Company incurred total exit costs of \$114.2 million, of which \$97.3 million was recorded during the quarter ending September 30, 2005 and the remaining \$16.9 million was recorded in the fourth quarter of 2005. The third quarter 2005 charge included an inventory write-down of \$17.3 million which was recorded in Cost of Products and a remaining amount of \$80.0 million which was recorded as Exit Costs and Restructuring Charges in the related period's Condensed Consolidated Statements of Income.

The exit plan related to the Precision acquisition resulted in exit costs and restructuring charges of \$105.5 million during the third and fourth quarters of 2005. The Company initiated an integration plan to combine worldwide operations, rationalize product lines, and eliminate certain products, services and locations. Product line rationalization included wireline, controlled pressure drilling and testing, and directional product and service offerings. Inventory totaling \$20.7 million was written-down. Asset impairment charges included \$20.9 million for fixed assets, \$12.9 million related to information technology and \$1.7 million related to investments. Employee severance and termination benefits totaled \$33.0 million. Contract terminations and facility closures of \$7.3 million were also recorded. In connection with the valuation of the Precision assets, \$9.0 million was identified as purchased in process research and development and was written-off.

The exit plan related to the reorganization activities surrounding the Company's historical businesses resulted in exit costs and restructuring charges of \$8.7 million during the third and fourth quarters of 2005. The Company incurred severance and termination benefits of \$3.6 million and recorded \$2.6 million of facility termination charges related to the rationalization of two facilities, one located in the United Kingdom and the other in the U.S. The remaining \$2.5 million charge related to the write-off of other assets.

The 2005 integration and reorganization plans are expected to be substantially completed during the fourth quarter of 2006. No additional costs were recorded during the first nine months of 2006, and the Company does not anticipate future charges, relating to these activities. A summary of the exit costs and restructuring charges by segment is as

follows:

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Income Before Income Taxes	\$ 587	\$ 777
Benefit for Income Taxes	<sup>3</sup> / <sub>4</sub>	434
Income from Discontinued Operation, Net of Taxes	\$ 587	\$ 1,211

In 2005, the Company divested its remaining holdings in Universal Compression Holdings, Inc. ( Universal ) (See Note 6). The Company also sold certain assets and a business during the nine months ended September 30,

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**WEATHERFORD INTERNATIONAL LTD. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(UNAUDITED)**

2006. It was determined the discontinued operations provisions of SFAS No. 144 did not apply to these transactions as the disposals did not meet the guidelines for discontinued operations.

**6. Universal Compression**

In December 2005, the Company sold its remaining shares of Universal common stock. The Company no longer holds any ownership interest in Universal.

**7. Goodwill**

Goodwill is evaluated for impairment in accordance with SFAS No. 142, *Goodwill and Other Intangible Assets* ( SFAS No. 142 ), which requires that such assets be tested for impairment on at least an annual basis. The Company performs its annual goodwill impairment test as of October 1. The Company's goodwill impairment test involves a comparison of the fair value of each of the Company's reporting units, as defined under SFAS No. 142, with its carrying amount. The fair value is determined using discounted cash flows and other market-related valuation models, including earnings multiples and comparable asset market values. The Company will continue to test its goodwill annually as of October 1 unless events occur or circumstances change between annual tests that would more likely than not reduce the fair value of a reporting unit below its carrying amount.

The changes in the carrying amount of goodwill for the nine months ended September 30, 2006 are as follows:

	<b>Evaluation, Drilling &amp; Intervention Services</b>	<b>Completion &amp; Production Systems</b>	<b>Total</b>
		<i>(In thousands)</i>	
As of December 31, 2005	\$ 1,960,013	\$ 848,204	\$ 2,808,217
Goodwill acquired during period	101,772	17,998	119,770
Disposal	(1,216)	¾	(1,216)
Purchase price and other adjustments	75,668	396	76,064
Impact of foreign currency translation	(1,329)	32,489	31,160
As of September 30, 2006	\$ 2,134,908	\$ 899,087	\$ 3,033,995

**8. Other Intangible Assets, Net**

The components of intangible assets are as follows:

&nbstop">

the principal amount of any debt security denominated in a foreign currency that is deemed outstanding will be the U.S. dollar equivalent, determined on the issue date for such debt security, of the principal amount (or, in the case of original issue discount security, the U.S. dollar equivalent on the issue date of such debt security of the amount determined as provided in the preceding bullet point);

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the principal amount of an indexed security that is deemed outstanding will be the principal face amount of such indexed security at original issuance, unless otherwise provided with respect to such indexed security pursuant to the applicable indenture; and

debt securities owned by us or any other obligor upon the debt securities or any affiliate of ours or of such other obligor will be disregarded.

### **Ranking**

Upon any distribution to our creditors in a liquidation, dissolution or reorganization, the payment of the principal of (and premium or make-whole amount, if any) and interest on any subordinated debt securities will be subordinated to the extent provided in the applicable indenture in right of payment to the prior payment in full of all Senior Debt (as defined below) (Sections 1401 and 1402 of the subordinated indenture). However, our obligation to make payments of the principal and interest on such subordinated debt securities will not otherwise be affected (Section 1408 of the subordinated indenture). No payment of principal (or premium, if any) or interest will be permitted to be made on subordinated debt securities at any time if a default on Senior Debt exists that permits the holders of the Senior Debt to accelerate its maturity, and the default is the subject of judicial proceedings or we receive notice of the default (Section 1403 of the subordinated indenture). After all Senior Debt is paid in full and until the subordinated debt securities are paid in full, holders will be subrogated to the right of holders of Senior Debt to the extent that distributions otherwise payable to holders have been applied to

the payment of Senior Debt (Section 1407 of the subordinated indenture). By reason of such subordination, in the event of a distribution of assets upon insolvency, certain of our general creditors may recover more, ratably, than holders of subordinated debt securities.

Under the subordinated indenture, Senior Debt will mean the principal of (and premium, if any) and interest on, or substantially similar payments that we make in respect of the following, whether outstanding at the date of execution of the applicable indenture or thereafter incurred, created or assumed:

our indebtedness for money borrowed or represented by purchase-money obligations;

our indebtedness evidenced by notes, debentures, or bonds or other securities issued under the provisions of an indenture, fiscal agency agreement or other instrument;

our obligations as lessee under leases of property either made as part of a sale and leaseback transaction to which we are a party or otherwise;

indebtedness of partnerships and joint ventures which is included in our consolidated financial statements;

indebtedness, obligations and liabilities of others in respect of which we are liable contingently or otherwise, to pay or advance money or property or as guarantor, endorser or otherwise, or which we have agreed to purchase or otherwise acquire; and

any binding commitment of ours to fund a real estate investment or to fund an investment in an entity making a real estate investment,

in each case other than:

any indebtedness, obligation or liability as to which, in the instrument creating or evidencing such indebtedness, obligation or liability, it is provided that such indebtedness, obligation or liability is not superior in right of payment to the subordinated debt securities or ranks equally with the subordinated debt securities;

any such indebtedness, obligation or liability which is subordinated to our indebtedness to substantially the same extent as or to a greater extent than the subordinated debt securities are subordinated; and

the subordinated debt securities.

If this prospectus is being delivered in connection with a series of subordinated debt securities, the applicable prospectus supplement or the information incorporated herein by reference will contain the approximate amount of Senior Debt outstanding as of the end of our most recent fiscal quarter.

#### **Discharge, Defeasance and Covenant Defeasance**

We may be permitted under the applicable indenture to discharge certain obligations to holders of any series of debt securities that have not already been delivered to the applicable trustee for cancellation and that either have become due and payable or will become due and payable within one year (or scheduled for redemption within one year) by irrevocably depositing with the applicable trustee, in trust, funds in such currency or currencies, currency unit or units or composite currency or currencies in which such debt securities are payable in an amount sufficient to pay the entire indebtedness on such debt securities in respect of principal (and premium, if any) and interest to the date of such deposit (if such debt securities have become due and payable) or to the stated maturity or redemption date, as the case may be.

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Each indenture provides that, if the provisions relating to defeasance and covenant defeasance are made applicable to the debt securities of or within any series, we may elect either:

to defease and be discharged from any and all obligations with respect to such debt securities (except for the obligation to pay additional amounts, if any, upon the occurrence of certain events of tax,

assessment or governmental charge with respect to payments on such debt securities, and the obligations to register the transfer or exchange of such debt securities, to replace mutilated, destroyed, lost or stolen debt securities, to maintain an office or agency in respect of such debt securities and to hold moneys for payment in trust), which we refer to as a defeasance (Section 1302); or

to be released from our obligations with respect to such debt securities under specified sections of Article Ten of the indenture as described in the applicable prospectus supplement and any omission to comply with such obligations will not be an event of default with respect to such debt securities, which we refer to as a covenant defeasance (Section 1303),

in either case, upon our irrevocable deposit by us with the applicable trustee, in trust, of an amount, in such currency or currencies, currency unit or units or composite currency or currencies in which such debt securities are payable at stated maturity, or government obligations (as defined below), or both, applicable to such debt securities which, through the scheduled payment of principal and interest in accordance with their terms, will provide money in an amount sufficient without reinvestment to pay the principal of (and premium, if any) and interest on such debt securities on the scheduled due dates therefor.

Such a trust may only be established if, among other things, we have delivered to the applicable trustee an opinion of counsel (as specified in the applicable indenture) to the effect that the holders of such debt securities will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such defeasance or covenant defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such defeasance or covenant defeasance had not occurred. Such opinion of counsel, in the case of defeasance, is required to refer to and be based upon a ruling of the Internal Revenue Service or a change in applicable U.S. federal income tax law occurring after the date of the indenture (Section 1304).

As used in this prospectus, government obligations means securities which are:

direct obligations of the United States of America or the government which issued the foreign currency in which the debt securities of a particular series are payable, for the payment of which its full faith and credit is pledged; or

obligations of a person controlled or supervised by and acting as an agency or instrumentality of the United States of America or such government which issued the foreign currency in which the debt securities of such series are payable, the payment of which is unconditionally guaranteed as a full faith and credit obligation of the United States of America or such government, and which, in either case, are not callable or redeemable at the option of the issuer thereof, and will also include a depositary receipt issued by a bank or trust company as custodian with respect to any such government obligation or a specific payment of interest on or principal of any such government obligation held by such custodian for the account of the holder of a depositary receipt (Section 101).

Unless otherwise provided in the applicable prospectus supplement, if, after we have deposited funds and/or government obligations to effect defeasance or covenant defeasance with respect to debt securities of any series:

the holder of a debt security of such series is entitled to, and does, elect pursuant to the applicable indenture or the terms of such debt security to receive payment in a currency or currency unit other than that in which such deposit has been made in respect of such debt security; or

a conversion event (as defined below) occurs in respect of the currency or currency unit in which such deposit has been made, the indebtedness represented by such debt security will be deemed to have been, and will be, fully discharged and satisfied through the payment of the principal of (and premium, if any) and interest on such debt security as they

become due out of the proceeds yielded by converting the amount so deposited in respect of such debt security into the currency or currency unit in which such debt security becomes payable as a result of such election or such conversion event based on the applicable market exchange rate (Section 1305).

As used in this prospectus, **conversion event** means the cessation of use of:

a foreign currency, currency unit or composite currency both by the government of the country which issued such currency and for the settlement of transactions by a central bank or other public institutions of or within the international banking community; or

any currency unit or composite currency for the purposes for which it was established (Section 101).

Unless otherwise provided in the applicable prospectus supplement, all payments of principal of (and premium, if any) and interest on any debt security that is payable in a foreign currency that ceases to be used by its government of issuance will be made in U.S. dollars.

In the event we effect covenant defeasance with respect to any debt securities and such debt securities are declared due and payable because of the occurrence of any event of default other than the event of default described in the third bullet point under **Events of Default, Notice and Waiver** with respect to specified sections of Article Ten of each indenture (which sections would no longer be applicable to such debt securities as a result of such covenant defeasance) or described in the sixth bullet point under **Events of Default, Notice and Waiver** with respect to any other covenant as to which there has been covenant defeasance, the amount in such currency, currency unit or composite currency in which such debt securities are payable, and government obligations on deposit with the applicable trustee, will be sufficient to pay amounts due on such debt securities at the time of their stated maturity but may not be sufficient to pay amounts due on such debt securities at the time of the acceleration resulting from such event of default. However, we will remain liable to make payment of such amounts due at the time of acceleration.

The applicable prospectus supplement may further describe the provisions, if any, permitting such defeasance or covenant defeasance, including any modifications to the provisions described above, with respect to the debt securities of or within a particular series.

### **Redemption of Debt Securities**

The indenture provides that the debt securities may be redeemed at any time at our option, in whole or in part, at the prescribed redemption price, except as may otherwise be provided in connection with any debt securities or series thereof.

From and after notice has been given as provided in the indenture, if funds for the redemption of any debt securities called for redemption have been made available on such redemption date, such debt securities will cease to bear interest on the date fixed for such redemption specified in such notice, and the only right of the holders of the debt securities will be to receive payment of the redemption price.

Notice of any optional redemption by us of any debt securities will be given to holders at their addresses, as shown in the security register, not more than 60 nor less than 30 days prior to the date fixed for redemption. The notice of redemption will specify, among other items, the redemption price and, in the case of partial redemption, the principal amount of the debt securities held by such holder to be redeemed. (Section 1104).

If we elect to redeem debt securities, we will notify the trustee at least 45 days prior to the notice of redemption given to holders (or such shorter period as is satisfactory to the trustee) of the aggregate principal amount of debt securities to be redeemed and the redemption date. If less than all the debt securities are to be redeemed, the trustee will select the debt securities to be redeemed in such manner as it deems fair and appropriate. (Section 1102 and 1103).

### **Conversion and Exchange Rights**

The prospectus supplement will describe, if applicable, the terms on which you may convert debt securities into or exchange them for common shares, preferred shares or other securities. The conversion or exchange may be mandatory or may be at your option. The prospectus supplement will describe how the number of shares of common shares, preferred shares or other securities to be received upon conversion or exchange would be calculated.

### **Global Securities**

The debt securities of a series may be issued in whole or in part in the form of one or more global securities that will be deposited with, or on behalf of, a depository identified in the applicable prospectus supplement relating to such series. Global securities may be issued in either registered or bearer form and in either temporary or permanent form. The specific terms of the depository arrangement with respect to a series of debt securities will be described in the applicable prospectus supplement relating to such series.



## DESCRIPTION OF CAPITAL STOCK

### Common Stock

#### *General*

We are authorized to issue 60,000,000 common shares. As of August 28, 2012, we had 4,892,905 common shares outstanding. Our outstanding common shares are currently listed for trading on the New York Stock Exchange under the symbol NVR. We will apply to the securities exchange on which our shares are traded to list the additional common shares to be sold pursuant to any prospectus supplement, and we anticipate that such shares will be listed.

#### *Quorum and Voting*

The presence, in person or by proxy, of holders of a majority of the voting shares entitled to be cast on a matter at a meeting of the shareholders, constitutes a quorum for action on that matter. Our directors are elected by a majority of the votes cast by the shares entitled to vote in the election at a meeting at which a quorum is present, provided that if the number of nominees exceeds the number of directors to be elected, each director shall be elected by a plurality of the votes cast by the shares entitled to vote in the election at a meeting at which a quorum is present. Holders of common shares do not have the right to cumulate their votes for directors. Except as otherwise required by law or by our articles of incorporation or bylaws, any other action by any voting group is approved if the votes cast favoring the action within that voting group exceed the votes cast opposing the action within that voting group. The affirmative vote of holders of a majority of the outstanding shares is necessary to amend various provisions of our articles of incorporation and bylaws. Holders of common shares may vote their shares in person or by proxy.

#### *Dividends*

In accordance with its corporate power under Virginia law, our board of directors may determine that dividends are to be paid to the holders of the common shares from time to time out of legally available funds. We currently do not expect to pay dividends in the near future.

#### *Liquidation*

In the event of any voluntary or involuntary liquidation, dissolution or winding up of affairs, the holders of common shares then outstanding are entitled to share ratably in all of our assets remaining after payment of all debts and other liabilities and any liquidation preference of the holders of preferred shares.

#### *Preemptive Rights*

Holders of shares do not have any preemptive rights to purchase, subscribe for or otherwise acquire our common shares or any other of our securities.

### Preferred Stock

We are authorized to issue 15,000,000 preferred shares. No preferred shares currently are outstanding. Under our articles of incorporation, our board of directors may from time to time establish and issue preferred shares. Our board of directors may determine the designation, preference, limitations and relative rights of each series of preferred shares so issued.

The prospectus supplement relating to any preferred shares offered thereby will contain the specific terms thereof, including, without limitation:

the designation of such preferred shares;

the number of such preferred shares offered, the liquidation preference per share and the offering price of such preferred shares;

the dividend rate, period and/or payment date or method of calculation thereof applicable to such preferred shares;

the date from which dividends on such preferred shares will accumulate, if applicable;

the voting rights of the preferred shares;

the provision for a sinking fund, if any, for such preferred shares;

the provision for redemption, if applicable, of such preferred shares;

the terms and conditions, if applicable, upon which such preferred shares will be convertible into our common shares, including the conversion price (or manner of calculation thereof);

any other specific preferences, limitations and relative rights of such preferred shares;

a discussion of federal income tax considerations applicable to such preferred shares;

the relative ranking and preferences of such preferred shares as to dividend rights and rights upon liquidation, dissolution or winding up of our affairs;

any limitations on issuance of any series of preferred shares ranking senior to or on a parity with such series of preferred shares as to dividend rights and rights upon liquidation, dissolution or winding up of our affairs; and

whether interests in such preferred shares will be represented by depositary shares.

Because our board of directors has the power to establish the preference, limitations and relative rights of each series of preferred shares, it may afford the holders of any series of preferred shares preference, limitations and relative rights, voting or otherwise, senior to the rights of holders of common shares.

#### **Certain Provisions of Governing Documents and Virginia Law**

##### *Board of Directors*

Our board of directors currently has 12 members. Our articles of incorporation and bylaws provide that our board of directors shall have no less than seven and no more than 13 members, as established from time to time by resolution of our board of directors. Our directors serve for one-year terms and can be removed from office only for cause and only by the affirmative vote of holders of shares having a majority of the votes entitled to be cast in the election of directors. Vacancies on our board of directors may be filled by our shareholders or by our remaining directors.

##### *Change In Control and Anti-Takeover Matters*

We have opted not to be subject to the restrictions on acquiring control of Virginia corporations under Article 14.1 (Control Share Acquisitions) of the Virginia Stock Corporation Act.

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Our bylaws require that shareholders give advance notice of proposals to be presented at meetings of shareholders, including director nominations. In addition, our bylaws provide that special meetings of our shareholders may be called only by a majority of the board of directors.

### *Amendment of Articles of Incorporation and Bylaws*

The affirmative vote of the holders of a majority of our outstanding shares is required to amend various provisions of our articles of incorporation.

Various provisions of our bylaws can be amended by the shareholders or by the affirmative vote of a majority of the entire board of directors. Furthermore, the affirmative vote of the holders of a majority of our outstanding common shares is necessary to amend our bylaws to change, among other things, the provisions applicable to the composition of the board of directors and committees of the board of directors.

**Registrar and Transfer Agent**

The registrar and transfer agent for our common shares is Computershare Trust Company, N.A.

## DESCRIPTION OF DEPOSITARY SHARES

### General

We may issue receipts for depositary shares, each of which will represent a fractional interest of a share of a particular series of preferred shares, as specified in the applicable prospectus supplement. Preferred shares of each series represented by depositary shares will be deposited under a separate deposit agreement among us, the depository named therein and the holders from time to time of the depositary receipts. Subject to the terms of the deposit agreement, each owner of a depositary receipt will be entitled, in proportion to the fractional interest of a share of a particular series of preferred shares represented by the depositary shares evidenced by such depositary receipt, to all the rights and preferences of the preferred shares represented by such depositary shares (including dividend, voting, conversion, redemption and liquidation rights).

The depositary shares will be evidenced by depositary receipts issued pursuant to the applicable deposit agreement. Immediately following the issuance and delivery of the preferred shares by us to the preferred share depository, we will cause the preferred share depository to issue, on our behalf, the depositary receipts.

The following description sets forth certain general terms and provisions of the depositary shares to which any prospectus supplement may relate. The particular terms of the depositary shares will be described in the applicable prospectus supplement. The description below and in any prospectus supplement does not include all of the terms of the depositary shares and should be read together with the applicable deposit agreement and related depositary receipts, each of which are incorporated by reference in this prospectus.

### Dividends

The preferred share depository will distribute all cash dividends received in respect of the preferred shares to the record holders of depositary receipts evidencing the related depositary shares in proportion to the number of such depositary receipts owned by such holders, subject to certain obligations of holders to file proofs, certificates and other information and to pay certain charges and expenses to the preferred share depository.

In the event of a dividend other than in cash, the preferred share depository will distribute property received by it to the record holders of depositary receipts entitled thereto, subject to certain obligations of holders to file proofs, certificates and other information and to pay certain charges and expenses to the preferred share depository, unless the preferred share depository determines that it is not feasible to make such distribution, in which case the preferred share depository may, with our approval, sell such property and distribute the net proceeds from such sale to such holders.

### Withdrawal of Shares

Upon surrender of the depositary receipts at the corporate trust office of the preferred share depository (unless the related depositary shares have previously been called for redemption), the holders thereof will be entitled to delivery at such office, to or upon such holder's order, of the number of whole or fractional preferred shares and any money or other property represented by the depositary shares evidenced by such depositary receipts. Holders of depositary receipts will be entitled to receive whole or fractional shares of the related preferred shares on the basis of the proportion of the preferred shares represented by each depositary share as specified in the applicable prospectus supplement, but holders of such preferred shares will not thereafter be entitled to receive depositary shares therefor. If the depositary receipts delivered by the holder evidence a number of depositary shares in excess of the number of depositary shares representing the number of preferred shares to be withdrawn, the preferred share depository will deliver to such holder at the same time a new depositary receipt evidencing such excess number of depositary shares.

### Redemption of Depositary Shares

Whenever we redeem preferred shares held by the preferred share depository, the preferred share depository will redeem as of the same redemption date the number of depositary shares representing the preferred shares so

redeemed, provided we have paid in full to the preferred share depository the redemption price of the preferred shares to be redeemed plus an amount equal to any accrued and unpaid dividends thereon to the date fixed for redemption. The redemption price per depository share will be equal to the redemption price and any other amounts per share payable with respect to the preferred shares. If fewer than all the depository shares are to be redeemed, the depository shares to be redeemed will be selected pro rata (as nearly as may be practicable without creating fractional depository shares) or by any other equitable method determined by us.

From and after the date fixed for redemption, all dividends in respect of the preferred shares so called for redemption will cease to accrue, the depository shares so called for redemption will no longer be deemed to be outstanding and all rights of the holders of the depository receipts evidencing the depository shares so called for redemption will cease, except the right to receive any monies payable upon such redemption and any money or other property to which the holders of such depository receipts were entitled upon such redemption upon surrender thereof to the preferred share depository.

#### **Voting of the Preferred Shares**

Upon receipt of notice of any meeting at which the holders of the preferred shares are entitled to vote, the preferred share depository will mail the information contained in such notice of meeting to the record holders of the depository receipts evidencing the depository shares which represent such preferred shares. Each record holder of depository receipts evidencing depository shares on the record date (which will be the same date as the record date for the preferred shares) will be entitled to instruct the preferred share depository as to the exercise of the voting rights pertaining to the amount of preferred shares represented by such holder's depository shares. The preferred share depository will vote the amount of preferred shares represented by such depository shares in accordance with such instructions, and we will agree to take all reasonable action which may be deemed necessary by the preferred share depository in order to enable the preferred share depository to do so. The preferred share depository will abstain from voting the amount of preferred shares represented by such depository shares to the extent it does not receive specific instructions from the holders of depository receipts evidencing such depository shares. The preferred share depository will not be responsible for any failure to carry out any instruction to vote, or for the manner or effect of any such vote made, as long as any such action or non-action is in good faith and does not result from negligence or willful misconduct of the preferred share depository.

#### **Liquidation Preference**

In the event of our liquidation, dissolution or winding up, whether voluntary or involuntary, the holders of each depository receipt will be entitled to the fraction of the liquidation preference accorded each preferred share represented by the depository share evidenced by such depository receipt, as set forth in the applicable prospectus supplement.

#### **Conversion of Preferred Shares**

The depository shares, as such, are not convertible into common shares or any of our other securities or property. Nevertheless, if so specified in the applicable prospectus supplement relating to an offering of depository shares, the depository receipts may be surrendered by holders thereof to the preferred share depository with written instructions to the preferred share depository to instruct us to cause conversion of the preferred shares represented by the depository shares evidenced by such depository receipts into whole common shares, other preferred shares or other securities, and we have agreed that upon receipt of such instructions and any amounts payable in respect thereof, it will cause the conversion thereof utilizing the same procedures as those provided for delivery of preferred shares to effect such conversion. If the depository shares evidenced by a depository receipt are to be converted in part only, a new depository receipt or receipts will be issued for any depository shares not to be converted. No fractional common shares will be issued upon conversion, and if such conversion will result in a fractional share being issued, we will pay in cash an amount equal to the value of the fractional interest based upon the closing price of the common shares on the last business day prior to the conversion.

### **Amendment and Termination of the Deposit Agreement**

The form of depositary receipt evidencing the depositary shares which represent the preferred shares and any provision of the deposit agreement may at any time be amended by agreement between us and the preferred share depositary. However, any amendment that materially and adversely alters the rights of the holders of depositary receipts or that would be materially and adversely inconsistent with the rights granted to the holders of the related preferred shares will not be effective unless such amendment has been approved by the existing holders of at least a majority of the depositary shares evidenced by the depositary receipts then outstanding. No amendment will impair the right, subject to certain exceptions in the depositary agreement, of any holder of depositary receipts to surrender any depositary receipt with instructions to deliver to the holder the related preferred shares and all money and other property, if any, represented thereby, except in order to comply with law. Every holder of an outstanding depositary receipt at the time any such amendment becomes effective will be deemed, by continuing to hold such depositary receipt, to consent and agree to such amendment and to be bound by the deposit agreement as amended thereby.

The deposit agreement may be terminated by us upon not less than 30 days prior written notice to the preferred share depositary if holders of at least two-thirds of each series of preferred shares affected by such termination consents to such termination, whereupon the preferred share depositary will deliver or make available to each holder of depositary receipts, upon surrender of the depositary receipts held by such holder, such number of whole or fractional preferred shares as are represented by the depositary shares evidenced by such depositary receipts together with any other property held by the preferred share depositary with respect to such depositary receipts. In addition, the deposit agreement will automatically terminate if:

all outstanding depositary shares have been redeemed;

there has been a final distribution in respect of the related preferred shares in connection with any liquidation, dissolution or winding up of us and such distribution has been distributed to the holders of depositary receipts evidencing the depositary shares representing such preferred shares; or

each share of the related preferred shares has been converted into our common shares, preferred shares or other securities not so represented by depositary shares.

### **Charges of Preferred Share Depositary**

We will pay all transfer and other taxes and governmental charges arising solely from the existence of the deposit agreement. In addition, we will pay the fees and expenses of the preferred share depositary in connection with the performance of its duties under the deposit agreement.

However, holders of depositary receipts will pay certain other transfer and other taxes and governmental charges as well as the fees and expenses of the preferred share depositary for any duties requested by such holders to be performed which are outside of those expressly provided for in the deposit agreement.

### **Resignation and Removal of Depositary**

The preferred share depositary may resign at any time by delivering to us notice of its election to do so, and we may at any time remove the preferred share depositary, any such resignation or removal to take effect upon the appointment of a successor preferred share depositary. A successor preferred share depositary must be appointed within 60 days after delivery of the notice of resignation or removal and must be a bank or trust company having its principal office in the United States.

### **Miscellaneous**

The preferred share depositary will forward to holders of depositary receipts any reports and communications from us which are received by the preferred share depositary with respect to the related preferred shares.

Neither the preferred share depository nor we will be liable if the preferred share depository is prevented from or delayed in, by law or any circumstances beyond its control, performing its obligations under the deposit agreement. Our obligations and the preferred share depository's obligations under the deposit agreement will be limited to performing their duties thereunder in good faith and without negligence (in the case of any action or inaction in the voting of preferred shares represented by the depository shares), gross negligence or willful misconduct, and we and the preferred share depository will not be obligated to prosecute or defend any legal proceeding in respect of any depository receipts, depository shares or preferred shares represented thereby unless satisfactory indemnity is furnished. We and the preferred share depository may rely on written advice of counsel or accountants, or information provided by persons presenting preferred shares represented thereby for deposit, holders of depository receipts or other persons believed in good faith to be competent to give such information, and on documents believed in good faith to be genuine and signed by a proper party.

In the event the preferred share depository receives conflicting claims, requests or instructions from any holders of depository receipts, on the one hand, and us, on the other hand, the preferred share depository will be entitled to act on such claims, requests or instructions received from us.



### DESCRIPTION OF WARRANTS

We may issue warrants for the purchase of any of the types of securities offered by this prospectus. Warrants may be issued independently or together with any other securities offered by any prospectus supplement and may be attached to or separate from such securities. Each series of warrants will be issued under a separate warrant agreement to be entered into between us and a warrant agent specified in the applicable prospectus supplement. The warrant agent will act solely as our agent in connection with the warrants of such series and will not assume any obligation or relationship of agency or trust for or with any holders or beneficial owners of warrants.

The applicable prospectus supplement will describe the terms of the warrants and the warrant agreement in respect of which this prospectus is being delivered, including, where applicable, the following:

the title of such warrants;

the aggregate number of such warrants;

the price or prices at which such warrants will be issued;

the designation, number and terms of the securities purchasable upon exercise of such warrants;

the designation and terms of the other securities offered thereby with which such warrants are issued and the number of such warrants issued with each such security offered thereby;

the date, if any, on and after which such warrants and the related security will be separately transferable;

the price at which each of the securities purchasable upon exercise of such warrants may be purchased and any provisions for changes or adjustments to the exercise price;

the date on which the right to exercise such warrants will commence and the date on which such right will expire;

the minimum or maximum number of such warrants which may be exercised at any one time;

information with respect to book entry procedures, if any;

a discussion of certain U.S. federal income tax considerations; and

any other terms of such warrants, including terms, procedures and limitations relating to the exchange and exercise of such warrants. Prior to the exercise of their warrants, holders of warrants will not have any of the rights of holders of the securities purchasable upon the exercise of the warrants, and will not be entitled to:

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in the case of warrants to purchase debt securities, payments of principal of, premium, if any, or interest on, the debt securities purchasable upon exercise; or

in the case of warrants to purchase equity securities, the right to vote or receive dividend payments or similar distributions on the securities purchasable upon exercise.

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### BOOK-ENTRY SECURITIES

The securities offered by means of this prospectus may be issued in whole or in part in book-entry form, meaning that beneficial owners of the securities will not receive certificates representing their ownership interests in the securities, except in the event the book-entry system for the securities is discontinued. Securities issued in book-entry form will be evidenced by one or more global securities that will be deposited with, or on behalf of, a depository identified in the applicable prospectus supplement relating to the securities. The Depository Trust Company is expected to serve as depository. Unless and until it is exchanged in whole or in part for the individual securities represented thereby, a global security may not be transferred except as a whole by the depository for the global security to a nominee of such depository or by a nominee of such depository to such depository or another nominee of such depository or by the depository or any nominee of such depository to a successor depository or a nominee of such successor. Global securities may be issued in either registered or bearer form and in either temporary or permanent form. The specific terms of the depository arrangement with respect to a class or series of securities that differ from the terms described here will be described in the applicable prospectus supplement.

Unless otherwise indicated in the applicable prospectus supplement, we anticipate that the following provisions will apply to depository arrangements.

Upon the issuance of a global security, the depository for the global security or its nominee will credit on its book-entry registration and transfer system the respective principal amounts of the individual securities represented by such global security to the accounts of persons that have accounts with such depository, who are called participants. Such accounts will be designated by the underwriters, dealers or agents with respect to the securities or by us if we directly offer and sell the securities. Ownership of global securities will be limited to the depository's participants or persons that may hold interests through such participants. Ownership of global securities will be shown on, and the transfer of that ownership will be effected only through, records maintained by the applicable depository or its nominee (with respect to ownership interests of participants) and records of the participants (with respect to ownership interests of persons who hold through participants). The laws of some states require that certain purchasers of securities take physical delivery of such securities in definitive form. Such limits and laws may impair the ability of certain persons to own, pledge or transfer beneficial interest in a global security.

So long as the depository for a global security or its nominee is the registered owner of such global security, such depository or nominee, as the case may be, will be considered the sole owner or holder of the securities represented by such global security for all purposes under the applicable instrument defining the rights of a holder of the securities. Except as provided below or in the applicable prospectus supplement, owners of global securities will not:

be entitled to have any of the individual securities of the series represented by such global security registered in their names;

receive or be entitled to receive physical delivery of any such securities in definitive form; and

be considered the owners or holders thereof under the applicable instrument defining the rights of the holders of the securities. Payments of amounts payable with respect to individual securities represented by a global security registered in the name of a depository or its nominee will be made to the depository or its nominee, as the case may be, as the registered owner of the global security representing such securities. None of us, our officers and directors or any paying agent or security registrar for an individual series of securities will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the global security for such securities or for maintaining, supervising or reviewing any records relating to such ownership interests.

We expect that the depository for a series of securities offered by means of this prospectus or its nominee, upon receipt of any payment of dividend or other amount in respect of a permanent global security representing any of such securities, will immediately credit its participants accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of global securities for such securities as shown on the records of such depository or its nominee. We also expect that payments by participants to owners of such global security held through such participants will be governed by standing instructions and customary practices, as is the case with securities held for the account of customers in bearer form or registered in street name. Such payments will be the responsibility of such participants.

If a depository for a series of securities is at any time unwilling, unable or ineligible to continue as depository and a successor depository is not appointed by us within 90 days, we will issue individual securities of such series in exchange for the global security representing such series of securities. In addition, we may, at any time and in our sole discretion, subject to any limitations described in the applicable prospectus supplement relating to such securities, determine not to have any securities of such series represented by one or more global securities and, in such event, will issue individual securities of such series in exchange for the global security or securities representing such series of securities.

### PLAN OF DISTRIBUTION

We may sell the securities offered by this prospectus to or through underwriters or dealers, and also may sell them directly to other purchasers or through agents.

The distribution of the securities may be effected from time to time in one or more transactions at a fixed price or prices, which may be changed, or at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices.

In connection with the sale of the securities, underwriters may receive compensation from us or from purchasers of securities for whom they may act as agents, in the form of discounts, concessions, or commissions. Underwriters may sell the securities to or through dealers, and such dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters and/or commissions from the purchasers for whom they may act as agents. Underwriters, dealers and agents that participate in the distribution of the securities may be deemed to be underwriters, and any discounts or commissions they receive from us, and any profit on the resale of the securities they realize may be deemed to be underwriting discounts and commissions, under the Securities Act of 1933. Any such underwriter or agent will be identified, and any such compensation received from us will be described, in the applicable prospectus supplement. The applicable prospectus supplement will also describe the other terms of the offering, including any discounts or concessions allowed or reallocated or paid to dealers and any securities exchanges on which the offered securities may be listed.

Under agreements we may enter into, underwriters, dealers and agents who participate in the distribution of the securities may be entitled to indemnification by us against certain liabilities, including liabilities under the Securities Act of 1933.

Underwriters, dealers and agents may engage in transactions with or perform services for us, or be our customers in the ordinary course of business.

If so indicated in the applicable prospectus supplement, we will authorize underwriters or other persons acting as our agents to solicit offers by certain institutions to purchase the securities from us at the public offering price set forth in such prospectus supplement pursuant to delayed delivery contracts providing for payment and delivery on the date or dates stated in such prospectus supplement. Each such contract will be for an amount not less than, and the aggregate principal amount of securities sold pursuant to such contracts will be neither less nor more than, the respective amounts stated in the applicable prospectus supplement. Institutions with whom such contracts, when authorized, may be made include savings banks, insurance companies, pension funds, investment companies, educational and charitable institutions and other institutions, but will in all cases be subject to our approval. Such contracts will not be subject to any conditions except:

the purchase by an institution of the securities covered by such contracts may not at the time of delivery be prohibited under the laws of any jurisdiction in the United States to which such institution is subject; and

if the securities are being sold to underwriters, we must have sold to such underwriters the total principal amount of such securities less the principal amount thereof covered by such contracts.

In connection with the sale of the securities, certain of the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the securities. Specifically, the underwriters may overallot the offering, creating a short position. In addition, the underwriters may bid for and purchase the securities in the open market to cover short positions or to stabilize the price of the securities. Any of these activities may stabilize or maintain the market price of the securities above independent market levels. The underwriters will not be required to engage in these activities, and may end any of these activities at any time.

In compliance with the guidelines of the Financial Industry Regulatory Authority ( FINRA ), the aggregate maximum discount, commission or agency fees or other items constituting underwriting compensation to be

received by any FINRA member or independent broker-dealer will not exceed 8% of any offering pursuant to this prospectus and any applicable prospectus supplement or pricing supplement, as the case may be; however, it is anticipated that the maximum commission or discount to be received in any particular offering of securities will be significantly less than this amount.

If 5% or more of the net proceeds of any offering of securities made under this prospectus will be received by a FINRA member participating in the offering or affiliates or associated persons of such FINRA member, the offering will be conducted in accordance with FINRA Rule 5121 (or any successor rule).

#### **EXPERTS**

The consolidated financial statements of NVR as of December 31, 2011 and 2010, and for each of the years in the three-year period ended December 31, 2011, and management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2011 have been incorporated by reference herein in reliance upon the reports of KPMG LLP, independent registered public accounting firm, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

#### **LEGAL MATTERS**

Certain legal matters in connection with the securities registered herein will be passed upon for us by Hogan Lovells US LLP, Washington, D.C.

#### **WHERE TO OBTAIN ADDITIONAL INFORMATION**

This prospectus does not contain all of the information included in the registration statement on Form S-3 of which this prospectus is a part. We have omitted parts of the registration statement in accordance with the rules and regulations of the SEC. For further information, we refer you to the registration statement on Form S-3, including its exhibits. Statements contained in this prospectus about the provisions or contents of any agreement or other document are not necessarily complete. If SEC rules and regulations require that such agreement or document be filed as an exhibit to the registration statement, please see such agreement or document for a complete description of these matters.

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy materials that we have filed with the SEC, including the registration statement, at the following location:

Public Reference Room

100 F Street, N.E.

Washington, D.C. 20549

You may obtain information on the operation of the SEC's Public Reference Room by calling the SEC at 1-800-SEC-0330. Our SEC filings are also available to the public on the SEC's website at <http://www.sec.gov> and on the Company's website at [www.nvrinc.com](http://www.nvrinc.com). Information on our website does not constitute a part of this prospectus.

In addition, because our common stock is listed on the New York Stock Exchange, you may inspect and copy our SEC filings at the offices of the New York Stock Exchange at 20 Broad Street, New York, New York 10005.

**INCORPORATION BY REFERENCE**

The SEC allows us to incorporate by reference in this prospectus certain information we file with the SEC, which means that we can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is considered to be part of this prospectus, and information we file later with the SEC will automatically update and supersede this information. We incorporate by reference the documents listed below, which we have previously filed with the SEC, and any future filings we make with the SEC on or after the date hereof and prior to the completion of the applicable offering under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended.

Our Annual Report on Form 10-K for the fiscal year ended December 31, 2011 (including portions of our definitive Proxy Statement filed with the SEC on March 26, 2012 to the extent specifically incorporated by reference in such Form 10-K), filed with the SEC on February 22, 2012;

Our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2012, filed with the SEC on April 27, 2012;

Our Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2012, filed with the SEC on July 27, 2012;

Our Current Reports on Form 8-K, filed on May 9, 2012, May 10, 2012 and May 31, 2012; and

The description of our common stock included in our Registration Statement on Form 8-A filed with the SEC on December 27, 2007, including any amendment or report filed for the purpose of updating this description. Any information contained or incorporated by reference herein shall be deemed to be updated or superseded for purposes of this prospectus to the extent that other information contained herein or in any of the future filings we make with the SEC, which also is or is deemed to be incorporated by reference herein or in any prospectus supplement, updates or supersedes such information. Any information so updated or superseded shall not be deemed, except as so updated or superseded, to constitute a part of this prospectus.

You may request a copy of these filings and any exhibits we have specifically incorporated by reference as an exhibit in this prospectus at no cost by writing or telephoning us at:

Corporate Secretary

NVR, Inc.

11700 Plaza America Drive, Suite 500

Reston, Virginia 20190

(703) 956-4000



**PART II****INFORMATION NOT REQUIRED IN PROSPECTUS****Item 14. Other Expenses of Issuance and Distribution.**

The following are the estimated expenses to be incurred in connection with the issuance and distribution of the securities being registered, other than underwriting discounts and commissions.

SEC registration fee	\$	*
Fees of rating agencies		**
Printing and duplicating expenses		**
Legal fees and expenses		**
Accounting fees and expenses		**
Blue Sky fees and expenses		**
Trustee fees		**
Miscellaneous		**
<b>Total</b>	<b>\$</b>	<b>**</b>

\* To be deferred pursuant to Rule 456(b) under the Securities Act of 1933 and calculated in connection with the offering of securities under this registration statement pursuant to Rule 457(r) under the Securities Act of 1933.

\*\* The aggregate amount of these expenses will be reflected in the applicable prospectus supplement.

**Item 15. Indemnification of Directors and Officers.**

Under the Virginia Stock Corporation Act (the "VSCA"), a corporation may indemnify a director who is made a party to a proceeding because he is or was a director if (i) he acted in good faith, (ii) in the case of conduct in his official capacity with the corporation, he believed his conduct was in the best interests of the corporation, (iii) in all other cases, he believed his conduct was at least not opposed to the best interests of the corporation, and (iv) in the case of any criminal proceeding, he had no reasonable cause to believe his conduct was unlawful. A director's conduct with respect to an employee benefit plan for a purpose he believed to be in the interests of the participants in and beneficiaries of the plan is conduct that satisfies the requirement of clause (iii) above. Under the VSCA, we may not indemnify our directors (i) in a proceeding brought by or in the right of the corporation, in which the director was determined liable to the corporation, or (ii) any other proceedings charging improper personal benefit in which the director was determined liable on that basis. Indemnification permitted under the VSCA in connection with a proceeding by or in the right of the corporation is limited to reasonable expenses incurred in connection with the proceeding. The termination of a proceeding by judgment, order, settlement or conviction is not determinative that a director acted in a way that prohibits indemnification. Under the VSCA, unless limited by its articles of incorporation, a corporation must indemnify a director who entirely prevails in the defense of any proceeding to which he was a party because he is a current or former director of the corporation against reasonable expenses incurred by him in the proceeding. A corporation may indemnify officers to the same extent as directors.

Our articles of incorporation require us to indemnify to the fullest extent permitted by the VSCA a present or former director or officer of (a) us, (b) any constituent corporation or other business entity absorbed by us in a merger or consolidation, or (c) at the request of us or such other entity, any other corporation or business entity, who was, is or is threatened to be made a named defendant or respondent in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative and whether formal or informal by reason of the fact that such individual is a present or former director or officer of us, against any obligation to pay a judgment, settlement, penalty, fine (including any excise tax assessed with respect to any employee benefit plan) or other liability and reasonable expenses (including counsel fees) incurred with respect to such a proceeding (except for liabilities incurred because of willful misconduct or a knowing violation of the criminal law).

Our articles of incorporation authorize us to make advances and reimbursements for expenses reasonably incurred by a director or officer in a proceeding as described above upon receipt of an undertaking from such director or officer to repay the same if it is ultimately determined that such director or officer is not entitled to indemnification. Such undertaking must be an unlimited, unsecured general obligation of the director or officer and must be accepted without reference to his ability to make repayment. In accordance with the VSCA, the director or officer must also provide a written statement of his good faith belief that he has met the standard of conduct under the VSCA.

We maintain an officer and director liability insurance policy insuring our officers and directors against certain liabilities and expenses incurred by them in their capacities as such, and insuring us under certain circumstances, in the event that indemnification payments are made to such officers and directors.

We also have entered into employment agreements with Paul C. Saville, Dennis M. Seremet, Robert W. Henley and Eugene J. Bredow, in which we agree to indemnify and hold harmless these officers for any acts or decisions made by them in good faith while performing services for us or our affiliates, and to pay all expenses actually and necessarily incurred by them in connection with any appeal thereon including the cost of court settlement arising or alleged to arise from their employment with us.

**Item 16. Exhibits and Financial Statement Schedules.**

The exhibits to this registration statement are listed in the Exhibits Index, which appears immediately after the signature page and is incorporated in this Item 16 by reference.

**Item 17. Undertakings.**

The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in the volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the SEC pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20 percent change in the maximum aggregate offering price set forth in the Calculation of Registration Fee table in the effective registration statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

*provided, however*, that paragraphs (i), (ii) and (iii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in reports filed with or furnished to the SEC by the registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement, or is contained in a form of prospectus filed pursuant to Rule 424(b) that is part of the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser:

(i) Each prospectus filed by the registrant pursuant to Rule 424(b)(3) shall be deemed to be part of the registration statement as of the date the filed prospectus was deemed part of and included in the registration statement; and

(ii) Each prospectus required to be filed pursuant to Rule 424(b)(2), (b)(5) or (b)(7) as part of a registration statement in reliance on Rule 430B relating to an offering made pursuant to Rule 415(a)(1)(i), (vii) or (x) for the purpose of providing the information required by Section 10(a) of the Securities Act of 1933 shall be deemed to be part of and included in the registration statement as of the earlier of the date such form of prospectus is first used after effectiveness or the date of the first contract of sale of securities in the offering described in the prospectus. As provided in Rule 430B, for liability purposes of the issuer and any person that is at that date an underwriter, such date shall be deemed to be a new effective date of the registration statement relating to the securities in the registration statement to which the prospectus relates, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof; provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such effective date, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such effective date; and

(5) That, for the purpose of determining liability of the registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities, the undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of an undersigned registrant; and

(iv) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

(6) The undersigned registrant hereby undertakes that for purposes of determining any liability under the Securities Act of 1933, each filing of registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 that is incorporated by reference in this registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

(7) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the provisions described under Item 15 above or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in

the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

(8) The undersigned registrant hereby undertakes that:

(i) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act of 1933 shall be deemed to be part of this registration statement as of the time it was declared effective.

(ii) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

## SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Reston, state of Virginia on September 5, 2012.

NVR, INC.

/s/ Paul C. Saville  
Paul C. Saville

President and Chief Executive Officer

## POWER OF ATTORNEY

We, the undersigned directors and officers of the registrant, do hereby constitute and appoint Paul C. Saville, Dennis M. Seremet and Eugene J. Bredow, and each of them, our true and lawful attorneys-in-fact and agents with full and several power of substitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Registration Statement, and to file the same, with all exhibits thereto, and all documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agents or any of them, or their substitutes, may lawfully do or cause to be done.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated:

Signature	Title	Date
/s/ Dwight C. Schar <b>Dwight C. Schar</b>	Chairman	September 5, 2012
/s/ C. E. Andrews <b>C. E. Andrews</b>	Director	September 5, 2012
/s/ Robert C. Butler <b>Robert C. Butler</b>	Director	September 5, 2012
/s/ Timothy M. Donahue <b>Timothy M. Donahue</b>	Director	September 5, 2012
/s/ Thomas D. Eckert <b>Thomas D. Eckert</b>	Director	September 5, 2012
/s/ Alfred E. Festa <b>Alfred E. Festa</b>	Director	September 5, 2012
/s/ Manuel H. Johnson <b>Manuel H. Johnson</b>	Director	September 5, 2012

**Manuel H. Johnson**

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<b>Signature</b>	<b>Title</b>	<b>Date</b>
/s/ William A. Moran <b>William A. Moran</b>	Director	September 5, 2012
/s/ David A. Preiser <b>David A. Preiser</b>	Director	September 5, 2012
/s/ W. Grady Rosier <b>W. Grady Rosier</b>	Director	September 5, 2012
/s/ John M. Toups <b>John M. Toups</b>	Director	September 5, 2012
/s/ Paul W. Whetsell <b>Paul W. Whetsell</b>	Director	September 5, 2012
/s/ Paul C. Saville <b>Paul C. Saville</b>	Principal Executive Officer	September 5, 2012
/s/ Dennis M. Seremet <b>Dennis M. Seremet</b>	Principal Financial Officer	September 5, 2012
/s/ Eugene J. Bredow <b>Eugene J. Bredow</b>	Principal Accounting Officer	September 5, 2012

**EXHIBIT INDEX**

<b>Exhibit Number</b>	<b>Exhibit</b>
1.1(a)	Form of Debt Securities Underwriting Agreement
1.2(a)	Form of Common Shares Underwriting Agreement
1.3(a)	Form of Preferred Shares Underwriting Agreement
1.4(a)	Form of Depositary Shares Underwriting Agreement
1.5(a)	Form of Warrants Underwriting Agreement
4.1(b)	Restated Articles of Incorporation of the Company.
4.2(c)	Bylaws, as amended, of the Company.
4.3(d)	Trust Indenture between the Company, as issuer, and the Bank of New York, as trustee, dated April 14, 1998.
4.4(e)	First Supplemental Trust Indenture between the Company, as issuer, NVR Homes, Inc., as guarantor, and the Bank of New York, as trustee, dated April 14, 1998.
4.5(f)	Second Supplemental Indenture between the Company, as issuer, and the Bank of New York, as trustee, dated February 27, 2001.
4.6(g)	Third Supplemental Indenture between the Company, as issuer, and U.S. Bank Trust National Association, as trustee, dated March 14, 2002.
4.7(h)	Fourth Supplemental Indenture between the Company, as issuer, and U.S. Bank Trust National Association, as trustee, dated June 17, 2003.
4.8(i)	Form of Subordinated Indenture
4.9(a)	Form of Note
4.10(j)	Specimen Certificate of Common Shares
4.11(a)	Specimen Certificate of Preferred Shares
4.12(a)	Form of Deposit Agreement for Depositary Shares
4.13(a)	Form of Equity Warrant Agreement
5.1*	Opinion of Hogan Lovells US LLP
12.1*	Computation of Ratio of Earnings to Fixed Charges
23.1*	Consent of KPMG LLP
23.2*	Consent of Hogan Lovells US LLP (included in Exhibit 5.1)
24(k)	Power of Attorney
25*	Statement of Eligibility of Trustee on Form T-1

- (a) To be filed by amendment or incorporated by reference in connection with the offering of specific securities.
- (b) Incorporated by reference to Exhibit 3.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2010.
- (c) Incorporated by reference to Exhibit 3.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 2010.



- (d) Incorporated by reference to Exhibit 4.3 to the Company s Current Report on Form 8-K filed April 23, 1998.
  - (e) Incorporated by reference to Exhibit 4.4 to the Company s Registration Statement on Form S-3 (No. 333-153374) filed September 8, 2008.
  - (f) Incorporated by reference to Exhibit 4.5 to the Company s Registration Statement on Form S-3 (No. 333-153374) filed September 8, 2008.
  - (g) Incorporated by reference to Exhibit 4.6 to the Company s Registration Statement on Form S-3 (No. 333-153374) filed September 8, 2008.
  - (h) Incorporated by reference to Exhibit 4.7 to the Company s Registration Statement on Form S-3 (No. 333-153374) filed September 8, 2008.
  - (i) Incorporated by reference to Exhibit 4.8 to the Company s Registration Statement on Form S-3 (No. 333-153374) filed September 8, 2008.
  - (j) Incorporated by reference to Exhibit 1 in the Company s Registration Statement on Form 8-A (No. 0001-12378) filed September 27, 1993.
  - (k) Filed as part of the signature page of this registration statement.
- \* Filed herewith.