

Noble Corp plc
Form 10-Q
August 06, 2015
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended: June 30, 2015

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: 001-36211

Noble Corporation plc
(Exact name of registrant as specified in its charter)

England and Wales (Registered Number 08354954)

(State or other jurisdiction of

98-0619597

(I.R.S. employer

incorporation or organization)

identification number)

Devonshire House, 1 Mayfair Place, London, England, W1J8AJ

(Address of principal executive offices) (Zip Code)

Registrant's Telephone Number, Including Area Code: +44 20 3300 2300

Commission file number: 001-31306

Noble Corporation

(Exact name of registrant as specified in its charter)

Cayman Islands

(State or other jurisdiction of

98-0366361

(I.R.S. employer

incorporation or organization)

identification number)

**Suite 3D Landmark Square, 64 Earth Close, P.O. Box 31327 George Town, Grand Cayman, Cayman Islands,
KY1-1206**

(Address of principal executive offices) (Zip Code)

Registrant's Telephone Number, Including Area Code: (345) 938-0293

Indicate by check mark whether each 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 each registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

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

Noble Corporation plc: Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐
Noble Corporation: Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☒ Smaller reporting company ☐

Indicate by check mark whether each registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

Number of shares outstanding and trading at July 24, 2015: Noble Corporation plc 241,969,586

Number of shares outstanding at July 24, 2015: Noble Corporation 261,245,693

Noble Corporation, a Cayman Islands company and a wholly owned subsidiary of Noble Corporation plc, a public limited company incorporated under the laws of England and Wales, meets the conditions set forth in General Instructions H(1) (a) and (b) to Form 10-Q and is therefore filing this Quarterly Report on Form 10-Q with the reduced disclosure format contemplated by paragraphs (b) and (c) of General Instruction H(2) of Form 10-Q.

Table of Contents**TABLE OF CONTENTS**

	Page
PART I	<u>FINANCIAL INFORMATION</u>
Item 1	<u>Financial Statements</u>
	<u>Noble Corporation plc (Noble-UK) Financial Statements:</u>
	<u>Consolidated Balance Sheets as of June 30, 2015 and December 31, 2014</u> 3
	<u>Consolidated Statements of Income for the three and six months ended June 30, 2015 and 2014</u> 4
	<u>Consolidated Statements of Comprehensive Income for the three and six months ended June 30, 2015 and 2014</u> 5
	<u>Consolidated Statements of Cash Flows for the six months ended June 30, 2015 and 2014</u> 6
	<u>Consolidated Statements of Equity for the six months ended June 30, 2015 and 2014</u> 7
	<u>Noble Corporation (Noble-Cayman) Financial Statements:</u>
	<u>Consolidated Balance Sheets as of June 30, 2015 and December 31, 2014</u> 8
	<u>Consolidated Statements of Income for the three and six months ended June 30, 2015 and 2014</u> 9
	<u>Consolidated Statements of Comprehensive Income for the three and six months ended June 30, 2015 and 2014</u> 10
	<u>Consolidated Statements of Cash Flows for the six months ended June 30, 2015 and 2014</u> 11
	<u>Consolidated Statements of Equity for the six months ended June 30, 2015 and 2014</u> 12
	<u>Notes to Combined Consolidated Financial Statements</u> 13
Item 2	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u> 39
Item 3	<u>Quantitative and Qualitative Disclosures About Market Risk</u> 52
Item 4	<u>Controls and Procedures</u> 53
PART II	<u>OTHER INFORMATION</u>
Item 1	<u>Legal Proceedings</u> 54
Item 2	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u> 55
Item 6	<u>Exhibits</u> 55
	<u>SIGNATURES</u> 56
	<u>Index to Exhibits</u> 57

This combined Quarterly Report on Form 10-Q is separately filed by Noble Corporation plc, a public limited company incorporated under the laws of England and Wales ("Noble-UK"), and Noble Corporation, a Cayman Islands company ("Noble-Cayman"). Information in this filing relating to Noble-Cayman is filed by Noble-UK and separately by Noble-Cayman on its own behalf. Noble-Cayman makes no representation as to information relating to Noble-UK (except as it may relate to Noble-Cayman) or any other affiliate or subsidiary of Noble-UK. Since Noble-Cayman meets the conditions specified in General Instructions H(1)(a) and (b) to Form 10-Q, it is permitted to use the reduced disclosure format for wholly-owned subsidiaries of reporting companies as stated in General Instructions H(2). Accordingly, Noble-Cayman has omitted from this report the information called for by Item 3 (Quantitative and Qualitative Disclosures about Market Risk) of Part I of Form 10-Q and the following items of Part II of Form 10-Q: Item 2 (Unregistered Sales of Equity Securities and Use of Proceeds) and Item 3 (Defaults upon Senior Securities).

This report should be read in its entirety as it pertains to each Registrant. Except where indicated, the Consolidated Financial Statements and related Notes are combined. References in this Quarterly Report on Form 10-Q to "Noble," "the Company," "we," "us," "our" and words of similar meaning refer collectively to Noble-UK and its consolidated subsidiaries including Noble-Cayman.

Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements****NOBLE CORPORATION PLC AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS****(In thousands)****(Unaudited)**

	June 30, 2015	December 31, 2014
ASSETS		
Current assets		
Cash and cash equivalents	\$ 247,683	\$ 68,510
Accounts receivable	540,423	569,096
Taxes receivable	60,564	107,490
Prepaid expenses and other current assets	161,634	183,466
Total current assets	1,010,304	928,562
Property and equipment, at cost	14,610,963	14,442,922
Accumulated depreciation	(2,640,518)	(2,330,413)
Property and equipment, net	11,970,445	12,112,509
Other assets	223,967	245,751
Total assets	\$ 13,204,716	\$ 13,286,822
LIABILITIES AND EQUITY		
Current liabilities		
Current maturities of long-term debt	\$ 350,000	\$
Accounts payable	220,475	265,389
Accrued payroll and related costs	81,804	102,520
Taxes payable	109,786	94,230
Interest payable	80,300	61,964
Other current liabilities	111,529	144,571
Total current liabilities	953,894	668,674
Long-term debt	4,488,541	4,869,020

Deferred income taxes	104,402	120,589
Other liabilities	310,481	341,505
Total liabilities	5,857,318	5,999,788
Commitments and contingencies		
Shareholders' equity		
Shares; 241,970 and 247,501 shares outstanding	2,420	2,475
Additional paid-in capital	609,667	695,638
Retained earnings	6,087,800	5,936,035
Accumulated other comprehensive loss	(69,173)	(69,418)
Total shareholders' equity	6,630,714	6,564,730
Noncontrolling interests	716,684	722,304
Total equity	7,347,398	7,287,034
Total liabilities and equity	\$ 13,204,716	\$ 13,286,822

See accompanying notes to the unaudited consolidated financial statements.

Table of Contents**NOBLE CORPORATION PLC AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF INCOME****(In thousands, except per share amounts)****(Unaudited)**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Operating revenues				
Contract drilling services	\$ 771,307	\$ 779,368	\$ 1,550,668	\$ 1,550,005
Reimbursables	22,248	24,413	47,229	48,963
	793,555	803,781	1,597,897	1,598,968
Operating costs and expenses				
Contract drilling services	319,207	370,902	640,957	723,782
Reimbursables	17,652	17,732	37,809	39,236
Depreciation and amortization	159,123	152,862	313,261	299,060
General and administrative	22,424	27,080	46,362	52,717
	518,406	568,576	1,038,389	1,114,795
Operating income	275,149	235,205	559,508	484,173
Other income (expense)				
Interest expense, net of amount capitalized	(57,465)	(36,351)	(106,509)	(76,743)
Interest income and other, net	(431)	(1,361)	6,151	(2,629)
Income from continuing operations before income taxes	217,253	197,493	459,150	404,801
Income tax provision	(39,405)	(34,265)	(82,852)	(69,843)
Net income from continuing operations	177,848	163,228	376,298	334,958
Net income from discontinued operations, net of tax		94,234		195,746
Net income	177,848	257,462	376,298	530,704
Net income attributable to noncontrolling interests	(18,817)	(22,903)	(38,864)	(39,819)
Net income attributable to Noble Corporation plc	\$ 159,031	\$ 234,559	\$ 337,434	\$ 490,885
Net income attributable to Noble Corporation plc				
Income from continuing operations	\$ 159,031	\$ 140,325	\$ 337,434	\$ 295,139
Income from discontinued operations		94,234		195,746

Net income attributable to Noble Corporation plc	\$ 159,031	\$ 234,559	\$ 337,434	\$ 490,885
--	------------	------------	------------	------------

Per share data:

Basic:

Income from continuing operations	\$ 0.64	\$ 0.54	\$ 1.36	\$ 1.14
Income from discontinued operations		0.37		0.76

Net income attributable to Noble Corporation plc	\$ 0.64	\$ 0.91	\$ 1.36	\$ 1.90
--	---------	---------	---------	---------

Diluted:

Income from continuing operations	\$ 0.64	\$ 0.54	\$ 1.36	\$ 1.14
Income from discontinued operations		0.37		0.76

Net income attributable to Noble Corporation plc	\$ 0.64	\$ 0.91	\$ 1.36	\$ 1.90
--	---------	---------	---------	---------

See accompanying notes to the unaudited consolidated financial statements.

Table of Contents

NOBLE CORPORATION PLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands)

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Net income	\$ 177,848	\$ 257,462	\$ 376,298	\$ 530,704
Other comprehensive income (loss), net of tax				
Foreign currency translation adjustments	1,425	1,711	(1,874)	2,720
Foreign currency forward contracts	3,054	706	(91)	6,652
Amortization of deferred pension plan amounts (net of tax provision of \$582 and \$253 for the three months ended June 30, 2015 and 2014, respectively, and \$1,148 and \$505 for the six months ended June 30, 2015 and 2014, respectively)	1,129	765	2,210	1,528
Other comprehensive income, net	5,608	3,182	245	10,900
Net comprehensive income attributable to noncontrolling interests	(18,817)	(22,903)	(38,864)	(39,819)
Comprehensive income attributable to Noble Corporation plc	\$ 164,639	\$ 237,741	\$ 337,679	\$ 501,785

See accompanying notes to the unaudited consolidated financial statements.

Table of Contents

NOBLE CORPORATION PLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

(Unaudited)

	Six Months Ended June 30,	
	2015	2014
Cash flows from operating activities		
Net income	\$ 376,298	\$ 530,704
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	313,261	500,299
Deferred income taxes	(17,312)	10,127
Amortization of share-based compensation	21,147	26,517
Net change in other assets and liabilities	74,484	(35,824)
Net cash from operating activities	767,878	1,031,823
Cash flows from investing activities		
Capital expenditures	(170,283)	(1,216,404)
Change in accrued capital expenditures	(38,408)	(11,813)
Net cash from investing activities	(208,691)	(1,228,217)
Cash flows from financing activities		
Net change in borrowings outstanding on bank credit facilities	(1,123,495)	707,472
Repayment of long-term debt		(250,000)
Issuance of senior notes	1,092,728	
Debt issuance costs on senior notes and credit facilities	(16,070)	(386)
Dividends paid to noncontrolling interests	(44,484)	(41,910)
Repurchases of shares	(100,630)	
Dividend payments	(185,669)	(193,740)
Employee stock transactions	(2,394)	1,037
Net cash from financing activities	(380,014)	222,473
Net change in cash and cash equivalents	179,173	26,079
Cash and cash equivalents, beginning of period	68,510	114,458
Cash and cash equivalents, end of period	\$ 247,683	\$ 140,537

See accompanying notes to the unaudited consolidated financial statements.

Table of Contents

NOBLE CORPORATION PLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EQUITY

(In thousands)

(Unaudited)

	Shares		Additional	Retained	Accumulated	Noncontrolling	Total
	Balance	Par Value	Paid-in Capital	Earnings	Other Comprehensive Loss	Interests	Equity
Balance at December 31, 2013	253,448	\$ 2,534	\$ 810,286	\$ 7,591,927	\$ (82,164)	\$ 727,445	\$ 9,050,028
Employee related equity activity							
Amortization of share-based compensation			26,517				26,517
Issuance of share-based compensation shares	683	6	(8,952)				(8,946)
Exercise of stock options	127	3	2,548				2,551
Tax benefit of equity transactions			(1,520)				(1,520)
Net income				490,885		39,819	530,704
Dividends paid to noncontrolling interests						(41,910)	(41,910)
Dividends				(65,491)			(65,491)
Other comprehensive income, net					10,900		10,900
Balance at June 30, 2014	254,258	\$ 2,543	\$ 828,879	\$ 8,017,321	\$ (71,264)	\$ 725,354	\$ 9,502,833
Balance at December 31, 2014	247,501	\$ 2,475	\$ 695,638	\$ 5,936,035	\$ (69,418)	\$ 722,304	\$ 7,287,034
Employee related equity activity							
Amortization of share-based compensation			21,147				21,147
Issuance of share-based compensation shares	678	7	(4,149)				(4,142)
Tax benefit of equity transactions			(2,401)				(2,401)
Repurchases of shares	(6,209)	(62)	(100,568)				(100,630)
Net income				337,434		38,864	376,298

Dividends paid to noncontrolling interests		(44,484)	(44,484)
Dividends	(185,669)		(185,669)
Other comprehensive income, net	245		245

Balance at June 30, 2015 241,970 \$ 2,420 \$ 609,667 \$ 6,087,800 \$ (69,173) \$ 716,684 \$ 7,347,398

See accompanying notes to the unaudited consolidated financial statements.

Table of Contents**NOBLE CORPORATION AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS****(In thousands)****(Unaudited)**

	June 30, 2015	December 31, 2014
ASSETS		
Current assets		
Cash and cash equivalents	\$ 245,120	\$ 65,780
Accounts receivable	540,423	569,096
Taxes receivable	60,157	107,289
Prepaid expenses and other current assets	138,604	139,669
Total current assets	984,304	881,834
Property and equipment, at cost	14,572,411	14,404,371
Accumulated depreciation	(2,627,726)	(2,318,220)
Property and equipment, net	11,944,685	12,086,151
Other assets	220,764	222,254
Total assets	\$ 13,149,753	\$ 13,190,239
LIABILITIES AND EQUITY		
Current liabilities		
Current maturities of long-term debt	\$ 350,000	\$
Accounts payable	218,066	261,012
Accrued payroll and related costs	74,405	91,487
Taxes payable	107,716	91,471
Interest payable	80,300	61,964
Other current liabilities	107,567	139,950
Total current liabilities	938,054	645,884
Long-term debt	4,488,541	4,869,020
Deferred income taxes	104,402	120,589
Other liabilities	304,938	335,964
Total liabilities	5,835,935	5,971,457

Commitments and contingencies

Shareholder equity		
Ordinary shares; 261,246 shares outstanding	26,125	26,125
Capital in excess of par value	545,352	530,657
Retained earnings	6,094,830	6,009,114
Accumulated other comprehensive loss	(69,173)	(69,418)
Total shareholder equity	6,597,134	6,496,478
Noncontrolling interests	716,684	722,304
Total equity	7,313,818	7,218,782
Total liabilities and equity	\$ 13,149,753	\$ 13,190,239

See accompanying notes to the unaudited consolidated financial statements.

Table of Contents**NOBLE CORPORATION AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF INCOME****(In thousands)****(Unaudited)**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Operating revenues				
Contract drilling services	\$ 771,307	\$ 779,368	\$ 1,550,668	\$ 1,550,005
Reimbursables	22,248	24,413	47,229	48,963
	793,555	803,781	1,597,897	1,598,968
Operating costs and expenses				
Contract drilling services	318,967	363,206	638,446	713,783
Reimbursables	17,652	17,732	37,809	39,236
Depreciation and amortization	158,797	152,242	312,663	297,845
General and administrative	13,509	11,489	25,717	23,421
	508,925	544,669	1,014,635	1,074,285
Operating income	284,630	259,112	583,262	524,683
Other income (expense)				
Interest expense, net of amount capitalized	(57,465)	(36,351)	(106,509)	(76,743)
Interest income and other, net	(1,901)	(1,248)	4,547	(2,643)
Income from continuing operations before income taxes	225,264	221,513	481,300	445,297
Income tax provision	(39,536)	(34,063)	(83,094)	(69,533)
Net income from continuing operations	185,728	187,450	398,206	375,764
Net income from discontinued operations, net of tax		100,692		214,609
Net income	185,728	288,142	398,206	590,373
Net income attributable to noncontrolling interests	(18,817)	(22,903)	(38,864)	(39,819)
Net income attributable to Noble Corporation	\$ 166,911	\$ 265,239	\$ 359,342	\$ 550,554

See accompanying notes to the unaudited consolidated financial statements.

Table of Contents

NOBLE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands)

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Net income	\$ 185,728	\$ 288,142	\$ 398,206	\$ 590,373
Other comprehensive income (loss), net of tax				
Foreign currency translation adjustments	1,425	1,711	(1,874)	2,720
Foreign currency forward contracts	3,054	706	(91)	6,652
Amortization of deferred pension plan amounts (net of tax provision of \$582 and \$253 for the three months ended June 30, 2015 and 2014, respectively, and \$1,148 and \$505 for the six months ended June 30, 2015 and 2014, respectively)	1,129	765	2,210	1,528
Other comprehensive income, net	5,608	3,182	245	10,900
Net comprehensive income attributable to noncontrolling interests	(18,817)	(22,903)	(38,864)	(39,819)
Comprehensive income attributable to Noble Corporation	\$ 172,519	\$ 268,421	\$ 359,587	\$ 561,454

See accompanying notes to the unaudited consolidated financial statements.

Table of Contents

NOBLE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

(Unaudited)

	Six Months Ended June 30,	
	2015	2014
Cash flows from operating activities		
Net income	\$ 398,206	\$ 590,373
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	312,663	499,084
Deferred income taxes	(17,312)	10,127
Capital contribution by parent - share-based compensation	14,695	18,792
Net change in other assets and liabilities	44,726	(37,241)
Net cash from operating activities	752,978	1,081,135
Cash flows from investing activities		
Capital expenditures	(170,283)	(1,216,270)
Change in accrued capital expenditures	(38,408)	(11,813)
Net cash from investing activities	(208,691)	(1,228,083)
Cash flows from financing activities		
Net change in borrowings outstanding on bank credit facilities	(1,123,495)	707,472
Repayment of long-term debt		(250,000)
Issuance of senior notes	1,092,728	
Debt issuance costs on senior notes and credit facilities	(16,070)	(386)
Dividends paid to noncontrolling interests	(44,484)	(41,910)
Distributions to parent company, net	(273,626)	(240,900)
Net cash from financing activities	(364,947)	174,276
Net change in cash and cash equivalents	179,340	27,328
Cash and cash equivalents, beginning of period	65,780	110,382
Cash and cash equivalents, end of period	\$ 245,120	\$ 137,710

See accompanying notes to the unaudited consolidated financial statements.

Table of Contents

NOBLE CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EQUITY

(In thousands)

(Unaudited)

	Shares		Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total Equity
	Balance	Par Value	Value	Earnings	Loss	Interests	Equity
Balance at December 31, 2013	261,246	\$ 26,125	\$ 497,316	\$ 7,986,762	\$ (82,164)	\$ 727,445	\$ 9,155,484
Distributions to parent				(240,900)			(240,900)
Capital contributions by parent - share-based compensation			18,792				18,792
Net income				550,554		39,819	590,373
Dividends paid to noncontrolling interests						(41,910)	(41,910)
Other comprehensive income, net					10,900		10,900
Balance at June 30, 2014	261,246	\$ 26,125	\$ 516,108	\$ 8,296,416	\$ (71,264)	\$ 725,354	\$ 9,492,739
Balance at December 31, 2014	261,246	\$ 26,125	\$ 530,657	\$ 6,009,114	\$ (69,418)	\$ 722,304	\$ 7,218,782
Distributions to parent				(273,626)			(273,626)
Capital contributions by parent - share-based compensation			14,695				14,695
Net income				359,342		38,864	398,206
Dividends paid to noncontrolling interests						(44,484)	(44,484)
Other comprehensive income, net					245		245
Balance at June 30, 2015	261,246	\$ 26,125	\$ 545,352	\$ 6,094,830	\$ (69,173)	\$ 716,684	\$ 7,313,818

See accompanying notes to the unaudited consolidated financial statements.

Table of Contents

NOBLE CORPORATION PLC AND SUBSIDIARIES

NOBLE CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise indicated, dollar amounts in tables are in thousands, except per share data)

Note 1 Organization and Basis of Presentation

Noble Corporation plc, a public limited company incorporated under the laws of England and Wales (Noble-UK), is a leading offshore drilling contractor for the oil and gas industry. We perform contract drilling services with our global fleet of mobile offshore drilling units. As of the filing date of this Quarterly Report on Form 10-Q, our fleet consisted of 15 jackups, nine drillships and eight semisubmersibles, including one high-specification, harsh environment jackup under construction.

We report our contract drilling operations as a single reportable segment, Contract Drilling Services, which reflects how we manage our business, and the fact that all of our drilling fleet is dependent upon the worldwide oil and gas industry. The mobile offshore drilling units comprising our offshore rig fleet operate in a global market for contract drilling services and are often redeployed to different regions due to changing demands of our customers, which consist largely of major independent and government owned/controlled oil and gas companies throughout the world. As of June 30, 2015, our contract drilling services segment conducts operations in the United States, Brazil, Argentina, the North Sea, the Mediterranean Sea, the Black Sea, the Middle East, Asia and Australia. Noble and its predecessors have been engaged in the contract drilling of oil and gas wells since 1921.

Noble Corporation, a Cayman Islands company (Noble-Cayman), is an indirect, wholly-owned subsidiary of Noble-UK, our publicly-traded parent company. Noble-UK's principal asset is all of the shares of Noble-Cayman. Noble-Cayman has no public equity outstanding. The consolidated financial statements of Noble-UK include the accounts of Noble-Cayman, and Noble-UK conducts substantially all of its business through Noble-Cayman and its subsidiaries.

The accompanying unaudited consolidated financial statements of Noble-UK and Noble-Cayman have been prepared pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (SEC) as they pertain to Quarterly Reports on Form 10-Q. Accordingly, certain information and disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) have been condensed or omitted pursuant to such rules and regulations. The unaudited financial statements reflect all adjustments which are, in the opinion of management, necessary for a fair statement of the financial position and results of operations for the interim periods, on a basis consistent with the annual audited consolidated financial statements. All such adjustments are of a recurring nature. The December 31, 2014 Consolidated Balance Sheets presented herein are derived from the December 31, 2014 audited consolidated financial statements. These interim financial statements should be read in conjunction with the consolidated financial statements and notes included in our Annual Report on Form 10-K for the year ended December 31, 2014, filed by both Noble-UK and Noble-Cayman. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year.

Certain amounts in prior periods have been reclassified to conform to the current year presentation.

Note 2 Spin-off of Paragon Offshore plc (Paragon Offshore)

On August 1, 2014, Noble-UK completed the separation and spin-off of a majority of its standard specification offshore drilling business (the "Spin-off") through a pro rata distribution of all of the ordinary shares of its wholly-owned subsidiary, Paragon Offshore, to the holders of Noble's ordinary shares. Our shareholders received one share of Paragon Offshore for every three shares of Noble owned as of July 23, 2014, the record date for the distribution. Through the Spin-off, we disposed of most of our standard specification drilling units and related assets, liabilities and business. Prior to the Spin-off, Paragon Offshore issued approximately \$1.7 billion of long-term debt. We used the proceeds from this debt to repay certain amounts outstanding under our commercial paper program.

Prior to the completion of the Spin-off, Noble and Paragon Offshore entered into a series of agreements to effect the separation and Spin-off and govern the relationship between the parties after the Spin-off.

Table of Contents

NOBLE CORPORATION PLC AND SUBSIDIARIES

NOBLE CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise indicated, dollar amounts in tables are in thousands, except per share data)

Master Separation Agreement (MSA)

The general terms and conditions relating to the separation and Spin-off are set forth in the MSA. The MSA identifies the assets transferred, liabilities assumed and contracts assigned either to Paragon Offshore by us or by Paragon Offshore to us in the separation and describes when and how these transfers, assumptions and assignments would occur. The MSA provides for, among other things, Paragon Offshore's responsibility for liabilities relating to its business and the responsibility of Noble for liabilities related to our, and in certain limited cases, Paragon Offshore's business, in each case irrespective of when the liability arose. The MSA also contains indemnification obligations and ongoing commitments by us and Paragon Offshore.

Employee Matters Agreement (EMA)

The EMA allocates liabilities and responsibilities between us and Paragon Offshore relating to employment, compensation and benefits and other employment related matters.

Tax Sharing Agreement (TSA)

The TSA provides for the allocation of tax liabilities and benefits between us and Paragon Offshore and governs the parties' assistance with tax-related claims.

Transition Services Agreements

Under two transition services agreements, we agreed to continue, for a limited period of time, to provide various interim support services to Paragon Offshore, and Paragon Offshore agreed to provide various interim support services to us, including providing operational and administrative support for our remaining Brazilian operations.

Note 3 Discontinued Operations

Paragon Offshore, which had been reflected as continuing operations in our consolidated financial statements prior to the Spin-Off, meets the criteria for being reported as discontinued operations and has been reclassified as such in our results of operations. The results of discontinued operations for the three and six months ended June 30, 2014 include the historical results of Paragon Offshore, including \$6 million and \$19 million, respectively, of non-recurring costs incurred by Noble related to the Spin-Off.

Table of Contents**NOBLE CORPORATION PLC AND SUBSIDIARIES****NOBLE CORPORATION AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

(Unless otherwise indicated, dollar amounts in tables are in thousands, except per share data)

The following table provides the components of net income from discontinued operations, net of tax for Noble-UK for the three and six months ended June 30, 2014:

	Three months ended		Six months ended	
	June 30,		June 30,	
	2014		2014	
Operating revenues				
Contract drilling services	\$	421,038	\$	856,705
Reimbursables		7,398		19,501
Labor contract drilling services		8,146		16,358
Other				1
Operating revenues from discontinued operations	\$	436,582	\$	892,565
Income from discontinued operations				
Income from discontinued operations before income taxes	\$	112,404	\$	232,774
Income tax provision		(18,170)		(37,028)
Net income from discontinued operations	\$	94,234	\$	195,746

Note 4 Consolidated Joint Ventures

We maintain a 50 percent interest in two joint ventures, each with a subsidiary of Royal Dutch Shell plc (Shell), that own and operate the two *Bully*-class drillships. We have determined that we are the primary beneficiary of the joint ventures. Accordingly, we consolidate the entities in our consolidated financial statements after eliminating intercompany transactions. Shell 's equity interests are presented as noncontrolling interests on our Consolidated Balance Sheets.

During the six months ended June 30, 2015 and 2014, the Bully joint ventures approved and paid dividends totaling \$89 million and \$84 million, respectively. Of these amounts, 50 percent were paid to our joint venture partner.

The combined carrying amount of the *Bully*-class drillships at both June 30, 2015 and December 31, 2014 totaled \$1.4 billion. These assets were primarily funded through partner equity contributions. Cash held by the Bully joint ventures

was approximately \$41 million at June 30, 2015 as compared to approximately \$47 million at December 31, 2014.

Table of Contents**NOBLE CORPORATION PLC AND SUBSIDIARIES****NOBLE CORPORATION AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

(Unless otherwise indicated, dollar amounts in tables are in thousands, except per share data)

Note 5 Share Data***Earnings per share***

The following table sets forth the computation of basic and diluted earnings per share for Noble-UK:

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Numerator:				
Basic				
Income from continuing operations	\$ 159,031	\$ 140,325	\$ 337,434	\$ 295,139
Earnings allocated to unvested share-based payment awards	(3,555)	(2,257)	(7,489)	(4,767)
Income from continuing operations to common shareholders	155,476	138,068	329,945	290,372
Income from discontinued operations		94,234		195,746
Earnings allocated to unvested share-based payment awards		(1,519)		(3,281)
Income from discontinued operations, net of tax to common shareholders		92,715		192,465
Net income attributable to Noble-UK	159,031	234,559	337,434	490,885
Earnings allocated to unvested share-based payment awards	(3,555)	(3,776)	(7,489)	(8,048)
Net income to common shareholders - basic	\$ 155,476	\$ 230,783	\$ 329,945	\$ 482,837
Diluted				
Income from continuing operations	\$ 159,031	\$ 140,325	\$ 337,434	\$ 295,139
	(3,555)	(2,256)	(7,489)	(4,766)

Edgar Filing: Noble Corp plc - Form 10-Q

Earnings allocated to unvested share-based payment awards

Income from continuing operations to common shareholders	155,476	138,069	329,945	290,373
Income from discontinued operations		94,234		195,746
Earnings allocated to unvested share-based payment awards		(1,518)		(3,280)
Income from discontinued operations, net of tax to common shareholders		92,716		192,466
Net income attributable to Noble-UK	159,031	234,559	337,434	490,885
Earnings allocated to unvested share-based payment awards	(3,555)	(3,774)	(7,489)	(8,046)
Net income to common shareholders - diluted	\$ 155,476	\$ 230,785	\$ 329,945	\$ 482,839

Denominator:

Weighted average shares outstanding - basic	241,966	254,238	242,324	254,090
Incremental shares issuable from assumed exercise of stock options		97		116
Weighted average shares outstanding - diluted	241,966	254,335	242,324	254,206

Weighted average unvested share-based payment awards

5,533 4,156 5,500 4,172

Earnings per share

Basic

Continuing operations	\$ 0.64	\$ 0.54	\$ 1.36	\$ 1.14
Discontinued operations		0.37		0.76

Net income attributable to Noble-UK	\$ 0.64	\$ 0.91	\$ 1.36	\$ 1.90
-------------------------------------	---------	---------	---------	---------

Diluted

Continuing operations	\$ 0.64	\$ 0.54	\$ 1.36	\$ 1.14
Discontinued operations		0.37		0.76

Net income attributable to Noble-UK	\$ 0.64	\$ 0.91	\$ 1.36	\$ 1.90
-------------------------------------	---------	---------	---------	---------

Dividends per share

\$ 0.375 \$ 0.375 \$ 0.75 \$ 0.75

Only those items having a dilutive impact on our basic earnings per share are included in diluted earnings per share. For the three months ended June 30, 2015 and 2014, approximately 2 million and 1 million shares underlying stock options, respectively, were excluded from the diluted earnings per share as such stock options were not dilutive.

Table of Contents

NOBLE CORPORATION PLC AND SUBSIDIARIES

NOBLE CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise indicated, dollar amounts in tables are in thousands, except per share data)

Share capital

As of June 30, 2015, Noble-UK had approximately 242.0 million shares outstanding and trading as compared to approximately 247.5 million shares outstanding and trading at December 31, 2014. The decrease in shares outstanding is primarily related to the repurchase of 6.2 million shares pursuant to our approved share repurchase program, discussed below. Our Board of Directors may increase our share capital through the issuance of up to 53 million authorized shares (at current nominal value of \$0.01 per share) without obtaining shareholder approval.

Our most recent quarterly dividend payment to shareholders, totaling approximately \$93 million (or \$0.375 per share), was declared on April 24, 2015 and paid on May 14, 2015 to holders of record on May 4, 2015.

Share repurchases

Under UK law, the company is only permitted to purchase its own shares by way of an off-market purchase in a plan approved by shareholders. In December 2014, we received shareholder approval to repurchase up to 37,000,000 ordinary shares, or approximately 15 percent of our outstanding ordinary shares at the time of the shareholder approval. Any repurchases are expected to be funded using cash on hand, cash from operations or short-term borrowings under our Credit Facilities. The authority to make such repurchases will expire on the later of April 2016 or the end of the Company's 2016 annual general meeting of shareholders, at which time we could seek shareholder approval for further repurchases. During the six months ended June 30, 2015, we repurchased 6.2 million of our ordinary shares covered by this authorization for a total cost of approximately \$101 million. During the three months ended June 30, 2015, we did not repurchase any of our shares.

Note 6 Receivables from Customers

At June 30, 2015, we had receivables of approximately \$14 million related to the *Noble Max Smith* that are being disputed by our former customer, Petróleos Mexicanos (Pemex). These receivables have been classified as long-term and are included in Other assets on our Consolidated Balance Sheet. The disputed amounts relate to lost revenues for downtime that occurred after our rig was damaged when one of Pemex's supply boats collided with our rig in 2010. In January 2012, we filed a lawsuit against Pemex in a Mexican court seeking recovery of these amounts. While we can make no assurances as to the outcome of this dispute, we believe we are entitled to the disputed amounts.

Note 7 Property and Equipment

Property and equipment, at cost, as of June 30, 2015 and December 31, 2014 for Noble-UK consisted of the following:

	June 30, 2015	December 31, 2014
Drilling equipment and facilities	\$ 13,691,525	\$ 13,254,240
Construction in progress	683,410	969,985
Other	236,028	218,697
Property and equipment, at cost	\$ 14,610,963	\$ 14,442,922

Capital expenditures, including capitalized interest, totaled \$170 million and \$1.2 billion for the six months ended June 30, 2015 and 2014, respectively. Capitalized interest was \$6 million and \$12 million for the three and six months ended June 30, 2015, respectively, as compared to \$13 million and \$27 million for the three and six months ended June 30, 2014.

Table of Contents**NOBLE CORPORATION PLC AND SUBSIDIARIES****NOBLE CORPORATION AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

(Unless otherwise indicated, dollar amounts in tables are in thousands, except per share data)

Capital expenditures related to Paragon Offshore for the six months ended June 30, 2014 totaled \$135 million. Depreciation expense for Paragon Offshore that was classified as discontinued operations totaled \$102 million and \$201 million, respectively, for the three and six months ended June 30, 2014.

Note 8 Debt

Long-term debt consisted of the following at June 30, 2015 and December 31, 2014:

	June 30, 2015	December 31, 2014
Senior unsecured notes:		
3.45% Senior Notes due August 2015	\$ 350,000	\$ 350,000
3.05% Senior Notes due March 2016	299,990	299,982
2.50% Senior Notes due March 2017	299,938	299,920
4.00% Senior Notes due March 2018	249,516	
7.50% Senior Notes due March 2019	201,695	201,695
4.90% Senior Notes due August 2020	499,218	499,151
4.625% Senior Notes due March 2021	399,653	399,627
3.95% Senior Notes due March 2022	399,309	399,264
5.95% Senior Notes due April 2025	448,767	
6.20% Senior Notes due August 2040	399,895	399,895
6.05% Senior Notes due March 2041	397,700	397,681
5.25% Senior Notes due March 2042	498,324	498,310
6.95% Senior Notes due April 2045	394,536	
Total senior unsecured notes	4,838,541	3,745,525
Credit facilities & commercial paper program		1,123,495
Total debt	4,838,541	4,869,020
Less: Current maturities	(350,000)	
Long-term debt	\$ 4,488,541	\$ 4,869,020

Credit Facilities and Commercial Paper Program

We currently have two credit facilities with an aggregate maximum capacity of \$2.7 billion, which are comprised of a five year \$2.4 billion senior unsecured credit facility that matures in January 2020 and a \$225 million 364-day senior unsecured credit facility that matures in January 2016 (together, the Credit Facilities).

We have a commercial paper program that allows us to issue up to \$2.4 billion in unsecured commercial paper notes. Amounts issued under the commercial paper program are supported by the unused capacity under our Credit Facilities and, therefore, are classified as long-term on our Consolidated Balance Sheet. The outstanding amounts of commercial paper reduce availability under our Credit Facilities.

The \$2.4 billion facility provides us with the ability to issue up to \$500 million in letters of credit. The issuance of letters of credit under the facility reduces the amount available for borrowing. At June 30, 2015, we had no letters of credit issued under the facility.

Senior Unsecured Notes

In March 2015, our indirect wholly-owned subsidiary, Noble Holding International Limited (NHIL), issued \$1.1 billion aggregate principal amount of senior notes in three separate tranches, comprised of \$250 million of 4.00% Senior Notes due 2018, \$450 million of 5.95% Senior Notes due 2025, and \$400 million of 6.95% Senior Notes due 2045. The weighted average coupon of all three tranches is 5.87%. The interest rate on these senior notes

Table of Contents

NOBLE CORPORATION PLC AND SUBSIDIARIES

NOBLE CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise indicated, dollar amounts in tables are in thousands, except per share data)

may be increased if the credit rating applicable to the notes is downgraded below certain specified levels. The net proceeds of approximately \$1.08 billion, after expenses, were used to repay indebtedness outstanding under our Credit Facilities and commercial paper program.

On August 1, 2015, our \$350 million 3.45% Senior Notes matured, which we repaid using cash on hand. We have, therefore, classified these balances as Current maturities of long-term debt on our Consolidated Balance Sheet as of June 30, 2015.

Our \$300 million 3.05% Senior Notes mature during the first quarter of 2016. We anticipate using availability under our Credit Facilities to repay the outstanding balances; therefore, we continue to report these balances as long-term as of June 30, 2015.

Covenants

The Credit Facilities are guaranteed by NHIL and Noble Holding Corporation (NHC). The covenants and events of default under the two Credit Facilities are substantially similar, and each facility contains a covenant that limits our ratio of debt to total tangible capitalization, as defined in the Credit Facilities, to 0.60. At June 30, 2015, our ratio of debt to total tangible capitalization was approximately 0.40. We were in compliance with all covenants under the Credit Facilities as of June 30, 2015.

In addition to the covenants from the Credit Facilities noted above, the indentures governing our outstanding senior unsecured notes contain covenants that place restrictions on certain merger and consolidation transactions, unless we are the surviving entity or the other party assumes the obligations under the indenture, and on the ability to sell or transfer all or substantially all of our assets. In addition, there are restrictions on incurring or assuming certain liens and on entering into sale and lease-back transactions. At June 30, 2015, we were in compliance with all of our debt covenants. We continually monitor compliance with the covenants under our notes and expect to remain in compliance during the remainder of 2015.

Fair Value of Debt

Fair value represents the amount at which an instrument could be exchanged in a current transaction between willing parties. The estimated fair value of our senior notes was based on the quoted market prices for similar issues or on the current rates offered to us for debt of similar remaining maturities (Level 2 measurement). All remaining fair value disclosures are presented in Note 12.

Table of Contents**NOBLE CORPORATION PLC AND SUBSIDIARIES****NOBLE CORPORATION AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

(Unless otherwise indicated, dollar amounts in tables are in thousands, except per share data)

The following table presents the estimated fair value of our total debt as of June 30, 2015 and December 31, 2014, respectively:

	June 30, 2015		December 31, 2014	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Senior unsecured notes:				
3.45% Senior Notes due August 2015	\$ 350,000	\$ 350,341	\$ 350,000	\$ 354,992
3.05% Senior Notes due March 2016	299,990	302,419	299,982	302,515
2.50% Senior Notes due March 2017	299,938	299,126	299,920	287,014
4.00% Senior Notes due March 2018	249,516	255,442		
7.50% Senior Notes due March 2019	201,695	223,947	201,695	212,068
4.90% Senior Notes due August 2020	499,218	514,130	499,151	471,095
4.625% Senior Notes due March 2021	399,653	396,118	399,627	363,837
3.95% Senior Notes due March 2022	399,309	367,077	399,264	346,425
5.95% Senior Notes due April 2025	448,767	442,302		
6.20% Senior Notes due August 2040	399,895	338,989	399,895	350,351
6.05% Senior Notes due March 2041	397,700	329,678	397,681	343,653
5.25% Senior Notes due March 2042	498,324	376,746	498,310	385,181
6.95% Senior Notes due April 2045	394,536	367,827		
Total senior unsecured notes	4,838,541	4,564,142	3,745,525	3,417,131
Credit facilities & commercial paper program			1,123,495	1,123,495
Total debt	\$ 4,838,541	\$ 4,564,142	\$ 4,869,020	\$ 4,540,626

Note 9 Income Taxes

At June 30, 2015, the reserves for uncertain tax positions totaled \$112 million (net of related tax benefits of \$1 million). If the June 30, 2015 reserves are not realized, the provision for income taxes would be reduced by \$112 million. At December 31, 2014, the reserves for uncertain tax positions totaled \$116 million (net of related tax benefits of \$1 million).

It is reasonably possible that our existing liabilities related to our reserve for uncertain tax positions may increase or decrease in the next 12 months primarily due to the completion of open audits or the expiration of statutes of limitation. However, we cannot reasonably estimate a range of changes in our existing liabilities due to various uncertainties, such as the unresolved nature of various audits.

Note 10 Employee Benefit Plans

Pension costs include the following components for the three months ended June 30, 2015 and 2014:

	Three Months Ended June 30, 2015		2014	
	Non-U.S.	U.S.	Non-U.S.	U.S.
Service cost	\$ 846	\$ 2,149	\$ 1,433	\$ 2,541
Interest cost	632	2,300	1,472	2,714
Return on plan assets	(911)	(3,286)	(1,856)	(3,846)
Amortization of prior service cost	26	36	(5)	56
Recognized net actuarial loss	110	1,539	316	651
Net pension expense	\$ 703	\$ 2,738	\$ 1,360	\$ 2,116

Table of Contents**NOBLE CORPORATION PLC AND SUBSIDIARIES****NOBLE CORPORATION AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

(Unless otherwise indicated, dollar amounts in tables are in thousands, except per share data)

Included in net pension expense for the three months ended June 30, 2014 for our non-U.S. and U.S. plans was approximately \$0.8 million and \$0.5 million, respectively, related to Paragon Offshore that was classified as discontinued operations.

Pension costs include the following components for the six months ended June 30, 2015 and 2014:

	Six Months Ended June 30,		2014	
	Non-U.S.	U.S.	Non-U.S.	U.S.
Service cost	\$ 1,720	\$ 4,298	\$ 2,853	\$ 5,082
Interest cost	1,274	4,599	2,928	5,428
Return on plan assets	(1,837)	(6,573)	(3,691)	(7,692)
Amortization of prior service cost	53	71	(10)	112
Recognized net actuarial loss	155	3,079	629	1,302
Net pension expense	\$ 1,365	\$ 5,474	\$ 2,709	\$ 4,232

Included in net pension expense for the six months ended June 30, 2014 for our non-U.S. and U.S. plans was approximately \$2 million and \$0.9 million, respectively, related to Paragon Offshore that was classified as discontinued operations.

During the three and six months ended June 30, 2015, we made contributions to our pension plans totaling approximately \$0.1 million and \$0.3 million, respectively.

Note 11 Derivative Instruments and Hedging Activities

We periodically enter into derivative instruments to manage our exposure to fluctuations in interest rates and foreign currency exchange rates. We have documented policies and procedures to monitor and control the use of derivative instruments. We do not engage in derivative transactions for speculative or trading purposes, nor are we a party to leveraged derivatives.

For foreign currency forward contracts, hedge effectiveness is evaluated at inception based on the matching of critical terms between derivative contracts and the hedged item. Any change in fair value resulting from ineffectiveness is recognized immediately in earnings.

Cash Flow Hedges

Several of our regional shorebases, including our North Sea, Australian and Brazilian operations, have a significant amount of their cash operating expenses payable in local currencies. To limit the potential risk of currency fluctuations, we periodically enter into forward contracts, which settle monthly in the operations' respective local currencies. All of these contracts have a maturity of less than 12 months. The forward contract settlements in the remainder of 2015 represent approximately 60 percent of these forecasted local currency requirements. The notional amount of the forward contracts outstanding, expressed in U.S. Dollars, was approximately \$47 million at June 30, 2015. Total unrealized losses related to these forward contracts were approximately \$0.1 million as of June 30, 2015 and were recorded as part of Accumulated other comprehensive loss (AOCL).

Table of Contents**NOBLE CORPORATION PLC AND SUBSIDIARIES****NOBLE CORPORATION AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

(Unless otherwise indicated, dollar amounts in tables are in thousands, except per share data)

Financial Statement Presentation

The following table, together with Note 12, summarizes the financial statement presentation and fair value of our derivative positions as of June 30, 2015 and December 31, 2014:

		Estimated fair value	
	Balance sheet classification	June 30, 2015	December 31, 2014
Asset derivatives			
Cash flow hedges			
Short-term foreign currency forward contracts	Other current assets	\$ 1,103	\$
Liability derivatives			
Cash flow hedges			
Short-term foreign currency forward contracts	Other current liabilities	\$ 1,194	\$

To supplement the fair value disclosures in Note 12, the following summarizes the recognized gains and losses of cash flow hedges and non-designated derivatives through AOCL or through contract drilling services expense for the three months ended June 30, 2015 and 2014:

	Gain/(loss) recognized through AOCL		Gain/(loss) reclassified from AOCL to contract drilling services expense		Gain/(loss) recognized through contract drilling services expense	
	2015	2014	2015	2014	2015	2014
Cash flow hedges						
Foreign currency forward contracts	\$ 479	\$ 5,067	\$ (570)	\$ 1,585	\$	\$

To supplement the fair value disclosures in Note 12, the following summarizes the recognized gains and losses of cash flow hedges and non-designated derivatives through AOCL or through contract drilling services expense for the six months ended June 30, 2015 and 2014:

	Gain/(loss) recognized through AOCL		Gain/(loss) reclassified from AOCL to contract drilling services expense		Gain/(loss) recognized through contract drilling services expense	
	2015	2014	2015	2014	2015	2014
Cash flow hedges						
Foreign currency forward contracts	\$ 513	\$ 3,873	\$ (604)	\$ 2,779	\$	\$

Table of Contents**NOBLE CORPORATION PLC AND SUBSIDIARIES****NOBLE CORPORATION AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

(Unless otherwise indicated, dollar amounts in tables are in thousands, except per share data)

Note 12 Fair Value of Financial Instruments

The following tables present the carrying amount and estimated fair value of our financial instruments recognized at fair value on a recurring basis:

June 30, 2015				
Estimated Fair Value Measurements				
	Carrying	Quoted	Significant	Significant
	Amount	Prices in	Other	Unobservable
		Active	Observable	Inputs
		Markets	Inputs	Inputs
		(Level 1)	(Level 2)	(Level 3)
Assets -				
Marketable securities	\$ 7,170	\$ 7,170	\$	\$
Foreign currency forward contracts	1,103		1,103	
Liabilities -				
Foreign currency forward contracts	\$ 1,194	\$	\$ 1,194	\$

December 31, 2014				
Estimated Fair Value Measurements				
	Carrying	Quoted	Significant	Significant
	Amount	Prices in	Other	Unobservable
		Active	Observable	Inputs
		Markets	Inputs	Inputs
		(Level 1)	(Level 2)	(Level 3)
Assets -				
Marketable securities	\$ 6,175	\$ 6,175	\$	\$

The foreign currency forward contracts have been valued using actively quoted prices and quotes obtained from the counterparties to the contracts. Our cash and cash equivalents, accounts receivable and accounts payable are by their nature short-term. As a result, the carrying values included in the accompanying Consolidated Balance Sheets approximate fair value.

Table of Contents**NOBLE CORPORATION PLC AND SUBSIDIARIES****NOBLE CORPORATION AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

(Unless otherwise indicated, dollar amounts in tables are in thousands, except per share data)

Note 13 Accumulated Other Comprehensive Loss

The following tables set forth the components of, and changes in the accumulated balances for each component of, AOCL for the six months ended June 30, 2015 and 2014. All amounts within the tables are shown net of tax.

	Gains / (Losses) on Cash Flow Hedges⁽¹⁾	Defined Benefit Pension Items⁽²⁾	Foreign Currency Items	Total
Balance at December 31, 2013	\$	\$ (58,598)	\$ (23,566)	\$ (82,164)
Activity during period:				
Other comprehensive income before reclassifications	9,431		2,720	12,151
Amounts reclassified from AOCL	(2,779)	1,528		(1,251)
Net other comprehensive income	6,652	1,528	2,720	10,900
Balance at June 30, 2014	\$ 6,652	\$ (57,070)	\$ (20,846)	\$ (71,264)
Balance at December 31, 2014	\$	\$ (58,440)	\$ (10,978)	\$ (69,418)
Activity during period:				
Other comprehensive loss before reclassifications	(695)		(1,874)	(2,569)
Amounts reclassified from AOCL	604	2,210		2,814
Net other comprehensive income (loss)	(91)	2,210	(1,874)	245
Balance at June 30, 2015	\$ (91)	\$ (56,230)	\$ (12,852)	\$ (69,173)

- (1) Gains / (losses) on cash flow hedges are related to our foreign currency forward contracts. Reclassifications from AOCL are recognized through contract drilling services expense on our Consolidated Statements of Income. See Note 11 for additional information.
- (2) Defined benefit pension items relate to actuarial changes, the amortization of prior service costs and curtailment and settlement expenses. Reclassifications from AOCL are recognized as expense on our Consolidated Statements of Income through either contract drilling services or general and administrative . See Note 10 for additional information.

Note 14 Commitments and Contingencies

The *Noble Homer Ferrington* was under contract with a subsidiary of Exxon Mobil Corporation (Exxon), which entered into an assignment agreement with British Petroleum plc (BP) for a two-well farmout of the rig in Libya after successfully drilling two wells with the rig for Exxon. In August 2010, BP attempted to terminate the assignment agreement claiming that the rig was not in the required condition, and Exxon informed us that we must look to BP for payment of the dayrate during the assignment period. In August 2010, we initiated arbitration proceedings under the drilling contract against the Libyan operating subsidiaries of both BP and Exxon (the Defendants). The arbitration panel issued an award in our favor for the amount of \$136 million plus interest and fees, and on July 10, 2015, the period under which the Defendants could seek clarification or correction of the award under the applicable arbitration rules expired. On July 31, 2015, BP paid us \$149 million under the award, and we expect Exxon to promptly resolve their portion of the award. We anticipate recognizing award amounts received in our statement of operations during the third quarter.

Table of Contents

NOBLE CORPORATION PLC AND SUBSIDIARIES

NOBLE CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise indicated, dollar amounts in tables are in thousands, except per share data)

In December 2014, one of our subsidiaries reached a settlement with the U.S. Department of Justice (DOJ) regarding our drillship, the *Noble Discoverer*, and the *Kulluk* in respect of violations of applicable law discovered in connection with a 2012 coast guard inspection in Alaska and our own subsequent internal investigation. Under the terms of the agreement, the subsidiary pled guilty to oil record book, ballast record and required hazardous condition reporting violations with respect to the *Noble Discoverer* and an oil record book violation with respect to the *Kulluk*. The subsidiary paid \$8.2 million in fines and \$4 million in community service payments, and was placed on probation for four years, provided that we may petition the court for early dismissal of probation after three years. If during the term of probation, the subsidiary fails to adhere to the terms of the plea agreement, the DOJ may withdraw from the plea agreement and would be free to prosecute the subsidiary on all charges arising out of its investigation, including any charges dismissed pursuant to the terms of the plea agreement, as well as potentially other charges. We also implemented a comprehensive environmental compliance plan in connection with the settlement.

We have used a commercial agent in Brazil in connection with our Petróleo Brasileiro S.A. (Petrobras) drilling contracts. We understand that this agent has represented a number of different companies in Brazil over many years, including several offshore drilling contractors. Recent reports indicate that this agent has entered into a plea agreement in Brazil in connection with the award of a drilling contract to a competitor, and has implicated a Petrobras official as part of a wider investigation of Petrobras business practices. We are not aware of any improper activity by Noble in connection with contracts that Noble has entered into with Petrobras, and we have not been contacted by any authorities regarding such contracts or the investigation into Petrobras business practices.

We are from time to time a party to various lawsuits that are incidental to our operations in which the claimants seek an unspecified amount of monetary damages for personal injury, including injuries purportedly resulting from exposure to asbestos on drilling rigs and associated facilities. At June 30, 2015, there were 45 asbestos related lawsuits in which we are one of many defendants. These lawsuits have been filed in the United States in the states of Louisiana, Mississippi and Texas. We intend to vigorously defend against the litigation. We do not believe the ultimate resolution of these matters will have a material adverse effect on our financial position, results of operations or cash flows.

We are a defendant in certain claims and litigation arising out of operations in the ordinary course of business, the resolution of which, in the opinion of management, will not be material to our financial position, results of operations or cash flows. There is inherent risk in any litigation or dispute and no assurance can be given as to the outcome of these claims.

We operate in a number of countries throughout the world and our tax returns filed in those jurisdictions are subject to review and examination by tax authorities within those jurisdictions. During the first quarter of 2014, the IRS began its examination of our tax reporting in the U.S. for the taxable years ended December 31, 2010 and 2011. We believe that we have accurately reported all amounts in our 2010 and 2011 tax returns. We believe the ultimate resolution of the outstanding assessments in the U.S., for which we have not made any accrual, will not have a material adverse

effect on our consolidated financial statements. We recognize uncertain tax positions that we believe have a greater than 50 percent likelihood of being sustained. We cannot predict or provide assurance as to the ultimate outcome of any existing or future assessments.

Audit claims of approximately \$110 million attributable to income, customs and other business taxes have been assessed against us in Mexico and Brazil. Tax assessments of approximately \$52 million have been made against Noble entities in Mexico, of which approximately \$38 million relates to Paragon Offshore assets that operated through Noble-retained entities in Mexico prior to the Spin-off. Paragon Offshore has received tax assessments of approximately \$220 million against Paragon Offshore entities in Mexico, of which approximately \$50 million relates to Noble assets that operated through Paragon Offshore-retained entities in Mexico prior to the Spin-off. In Brazil, Paragon Offshore has received tax assessments of approximately \$150 million, of which \$46 million relates to Noble assets that operated through a Paragon Offshore-retained entity in Brazil prior to the Spin-off. Under the TSA, Paragon Offshore must indemnify us for all assessed amounts that are related to Paragon Offshore's Mexico assets, approximately \$38 million as noted above, and we must indemnify Paragon Offshore for all assessed amounts that are related to Noble's Mexico and Brazil assets, approximately \$50 million and \$46 million, respectively, as noted above, if and when such payments become due.

Table of Contents

NOBLE CORPORATION PLC AND SUBSIDIARIES

NOBLE CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise indicated, dollar amounts in tables are in thousands, except per share data)

We have contested, or intend to contest or cooperate with Paragon Offshore where it is contesting, the assessments described above, including through litigation if necessary, and we believe the ultimate resolution, for which we have not made any accrual, will not have a material adverse effect on our consolidated financial statements. Tax authorities may issue additional assessments or pursue legal actions as a result of tax audits and we cannot predict or provide assurance as to the ultimate outcome of such assessments and legal actions or our ability to collect indemnities from Paragon Offshore under the TSA.

On January 23, 2015, Noble received an official notification of a ruling from the Second Chamber of the Supreme Court in Mexico. The ruling settled an ongoing dispute in Mexico relating to the classification of a Noble subsidiary's business activity and the applicable rate of depreciation under the Mexican law applicable to the activities of that subsidiary. The ruling did not result in any additional tax liability to Noble. Additionally, the ruling is only applicable to the Noble subsidiary named in the ruling and, therefore, does not establish the depreciation rate applicable to the assets of other Noble subsidiaries. We will continue to contest future assessments received. Any claim by the tax authorities relating to this depreciation issue would be related to the businesses transferred to Paragon Offshore in the Spin-off and, therefore, would be subject to indemnification by Paragon Offshore under the TSA.

We have been notified by Petrobras that it is currently challenging assessments by Brazilian tax authorities of withholding taxes associated with the provision of drilling rigs for its operations in Brazil during 2008 and 2009. Petrobras has also notified us that if Petrobras must ultimately pay such withholding taxes, it will seek reimbursement from us for the portion allocable to our drilling rigs. The amount of withholding tax that Petrobras indicates may be allocable to Noble drilling rigs is R\$79 million (approximately \$25 million). We believe that our contract with Petrobras requires Petrobras to indemnify us for these withholding taxes. We will, if necessary, vigorously defend our rights.

We maintain certain insurance coverage against specified marine perils, which includes physical damage and loss of hire. The rigs in the U.S. Gulf of Mexico are self-insured for named windstorm perils. In addition, we maintain a physical damage deductible on our rigs of \$25 million per occurrence. The loss of hire coverage applies only to our rigs operating under contract with a dayrate equal to or greater than \$200,000 a day and is subject to a 45-day waiting period for each unit and each occurrence.

Although we maintain insurance in the geographic areas in which we operate, pollution, reservoir damage and environmental risks generally are not fully insurable. Our insurance policies and contractual rights to indemnity may not adequately cover our losses or may have exclusions of coverage for some losses. We do not have insurance coverage or rights to indemnity for all risks, including loss of hire insurance on most of the rigs in our fleet. Uninsured exposures may include expatriate activities prohibited by U.S. laws and regulations, radiation hazards, certain loss or damage to property on board our rigs and losses relating to shore-based terrorist acts, strikes or cyber risks. If a significant accident or other event occurs and is not fully covered by insurance or contractual indemnity, it could materially adversely affect our financial position, results of operations or cash flows. Additionally, there can be no

assurance that those parties with contractual obligations to indemnify us will necessarily be financially able to indemnify us against all these risks.

We carry protection and indemnity insurance covering marine third party liability exposures, which also includes coverage for employer's liability resulting from personal injury to our offshore drilling crews. Our protection and indemnity policy currently has a standard deductible of \$10 million per occurrence, with maximum liability coverage of \$750 million.

In connection with our capital expenditure program, we had outstanding commitments, including shipyard and purchase commitments of approximately \$697 million at June 30, 2015.

Table of Contents

NOBLE CORPORATION PLC AND SUBSIDIARIES

NOBLE CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise indicated, dollar amounts in tables are in thousands, except per share data)

We have entered into agreements with certain of our executive officers, as well as certain other employees. These agreements become effective upon a change of control of Noble-UK (within the meaning set forth in the agreements) or a termination of employment in connection with or in anticipation of a change of control, and remain effective for three years thereafter. These agreements provide for compensation and certain other benefits under such circumstances.

Table of Contents

NOBLE CORPORATION PLC AND SUBSIDIARIES

NOBLE CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise indicated, dollar amounts in tables are in thousands, except per share data)

Note 15 Accounting Pronouncements

In April 2014, the FASB issued Accounting Standards Update (ASU) No. 2014-08, which amends FASB Accounting Standards Codification (ASC) Topic 205, Presentation of Financial Statements and ASC Topic 360, Property, Plant, and Equipment. This ASU alters the definition of a discontinued operation to cover only asset disposals that are a strategic shift with a major effect on an entity's operations and finances, and calls for more extensive disclosures about a discontinued operation's assets, liabilities, income and expenses. The guidance is effective for all disposals, or classifications as held-for-sale, of components of an entity that occur within annual periods beginning on or after December 15, 2014. This standard was not early adopted in connection with the Spin-Off. The adoption of this guidance did not have a material impact on our financial condition, results of operations, cash flows or financial disclosures.

In May 2014, the FASB issued ASU No. 2014-09, which amends ASC Topic 606, Revenue from Contracts with Customers. The amendments in this ASU are intended to provide a more robust framework for addressing revenue issues, improve comparability of revenue recognition practices and improve disclosure requirements. Under the deferred adoption date, the new guidance will be effective for interim and annual reporting periods beginning after December 15, 2017. We are evaluating what impact, if any, the adoption of this guidance will have on our financial condition, results of operations, cash flows or financial disclosures.

In June 2014, the FASB issued ASU No. 2014-12, which amends ASC Topic 718, Compensation-Stock Compensation. The guidance requires that a performance target that affects vesting and that could be achieved after the requisite service period be treated as a performance condition and should not be reflected in the estimate of the grant-date fair value of the award. The guidance is effective for annual periods beginning after December 15, 2015. The guidance can be applied prospectively for all awards granted or modified after the effective date or retrospectively to all awards with performance targets outstanding as of the beginning of the earliest annual period presented in the financial statements and to all new or modified awards thereafter. We are evaluating what impact, if any, the adoption of this guidance will have on our financial condition, results of operations, cash flows or financial disclosures.

In August 2014, the FASB issued ASU No. 2014-15, which amends ASC Subtopic 205-40, Disclosure of Uncertainties about an Entity's Ability to continue as a Going Concern. The amendments in this ASU provide guidance related to management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures. The amendments are effective for the annual period ending after December 15, 2016, and for annual periods and interim periods thereafter. We are evaluating what impact, if any, the adoption of this guidance will have on our financial condition, results of operations, cash flows or financial disclosures.

In January 2015, the FASB issued ASU No. 2015-01, which amends ASC Subtopic 225-20, Income Statement Extraordinary and Unusual Items. The amendment in this ASU eliminates from GAAP the concept of extraordinary

items. The amendments in this update are effective for interim and annual reporting periods beginning after December 15, 2015. We are evaluating what impact, if any, the adoption of this guidance will have on our financial condition, results of operations, cash flows or financial disclosures.

In February 2015, the FASB issued ASU No. 2015-02 which amends ASC Subtopic 810, Consolidations. This amendment affects reporting entities that are required to evaluate whether they should consolidate certain legal entities. Specifically, the amendments modify the evaluation of whether limited partnerships and similar legal entities are VIEs or voting interest entities; eliminate the presumption that a general partner should consolidate a limited partnership; affect the consolidation analysis of reporting entities that are involved with VIEs, particularly those that have fee arrangements and related party relationships. The standard is effective for interim and annual reporting periods beginning after December 15, 2015. The standard may be applied retrospectively or through a cumulative effect adjustment to retained earnings as of the beginning of the year of adoption. We are evaluating what impact, if any, the adoption of this guidance will have on our financial condition, results of operations, cash flows or financial disclosures.

Table of Contents

NOBLE CORPORATION PLC AND SUBSIDIARIES

NOBLE CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise indicated, dollar amounts in tables are in thousands, except per share data)

In April 2015, the FASB issued ASU No. 2015-03 which amends ASC Subtopic 835-30, Interest Imputation of Interest. The guidance requires debt issuance costs to be presented in the balance sheet as a direct reduction from the associated debt liability. The standard is effective for interim and annual reporting periods beginning after December 15, 2015. Early adoption is permitted for financial statements that have not been previously issued. The new guidance will be applied on a retrospective basis. We are evaluating what impact the adoption of this guidance will have on our financial condition, results of operations, cash flows or financial disclosures.

In April 2015, the FASB issued ASU No. 2015-04 which amends ASC Topic 715, Compensation Retirement Benefits. The guidance gives an employer whose fiscal year end does not coincide with a calendar month end the ability, as a practical expedient, to measure defined benefit retirement obligations and related plan assets as of the month end that is closest to its fiscal year end. The ASU also provides a similar practical expedient for interim remeasurements of significant events. The standard is effective for interim and annual reporting periods beginning after December 15, 2015. Early adoption is permitted. We are evaluating what impact, if any, the adoption of this guidance will have on our financial condition, results of operations, cash flows or financial disclosures.

Note 16 Supplemental Financial Information

Consolidated Balance Sheets Information

Deferred revenues from drilling contracts totaled \$223 million and \$263 million at June 30, 2015 and December 31, 2014, respectively. Such amounts are included in either Other current liabilities or Other liabilities in the accompanying Consolidated Balance Sheets, based upon our expected time of recognition. Related expenses deferred under drilling contracts totaled \$90 million at June 30, 2015 as compared to \$94 million at December 31, 2014, and are included in either Prepaid expenses and other current assets or Other assets in the accompanying Consolidated Balance Sheets, based upon our expected time of recognition.

In April 2015, we agreed to contract dayrate reductions for five rigs working for Saudi Arabian Oil Company (Aramco), which are effective from January 1, 2015 through December 31, 2015. In accordance with accounting guidance, we are recognizing the reductions on a straight-line basis over the remaining life of the existing Aramco contracts. At June 30, 2015, revenues recorded in excess of billings as a result of this recognition totaled \$37 million, and are included in Other assets in the accompanying Consolidated Balance Sheets.

Consolidated Statements of Cash Flows Information

The net effect of changes in other assets and liabilities on cash flows from operating activities is as follows:

	Noble-UK		Noble-Cayman	
	Six months ended		Six months ended	
	June 30,		June 30,	
	2015	2014	2015	2014
Accounts receivable	\$ 28,673	\$ 67,689	\$ 28,673	\$ 67,689
Other current assets	68,667	(47,537)	48,106	(48,834)
Other assets	39,132	(39,612)	18,838	(39,603)
Accounts payable	(9,915)	17,497	(7,947)	5,073
Other current liabilities	(19,481)	(46,749)	(10,350)	(34,454)
Other liabilities	(32,592)	12,888	(32,594)	12,888
	\$ 74,484	\$ (35,824)	\$ 44,726	\$ (37,241)

Table of Contents**NOBLE CORPORATION PLC AND SUBSIDIARIES****NOBLE CORPORATION AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

(Unless otherwise indicated, dollar amounts in tables are in thousands, except per share data)

Note 17 Information about Noble-Cayman***Guarantees of Registered Securities***

Noble-Cayman, or one or more wholly-owned subsidiaries of Noble-Cayman, are a co-issuer or full and unconditional guarantor or otherwise obligated as of June 30, 2015 as follows:

Notes	Issuer (Co-Issuer(s))	Guarantor
\$350 million 3.45% Senior Notes due 2015	NHIL	Noble-Cayman
\$300 million 3.05% Senior Notes due 2016	NHIL	Noble-Cayman
\$300 million 2.50% Senior Notes due 2017	NHIL	Noble-Cayman
\$250 million 4.00% Senior Notes due 2018	NHIL	Noble-Cayman
\$202 million 7.50% Senior Notes due 2019	NHC	Noble-Cayman
Noble Drilling Holding, LLC (NDH)		
Noble Drilling Services 6 LLC (NDS6)		
\$500 million 4.90% Senior Notes due 2020	NHIL	Noble-Cayman
\$400 million 4.625% Senior Notes due 2021	NHIL	Noble-Cayman
\$400 million 3.95% Senior Notes due 2022	NHIL	Noble-Cayman
\$450 million 5.95% Senior Notes due 2025	NHIL	Noble-Cayman
\$400 million 6.20% Senior Notes due 2040	NHIL	Noble-Cayman
\$400 million 6.05% Senior Notes due 2041	NHIL	Noble-Cayman
\$500 million 5.25% Senior Notes due 2042	NHIL	Noble-Cayman
	NHIL	Noble-Cayman

\$400 million 6.95% Senior
Notes due 2045

The following condensed consolidating financial statements of Noble-Cayman, NHC, NDH, NHIL, NDS6 and all other subsidiaries present investments in both consolidated and unconsolidated affiliates using the equity method of accounting.

Table of Contents

NOBLE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATING BALANCE SHEET

June 30, 2015

(in thousands)

	Noble- Cayman	NHC	NDH	NHIL	NDS6	Other Non-guarantor Subsidiaries of Noble	Consolidating Adjustments	Total
ASSETS								
Current assets								
Cash and cash equivalents	\$ 29	\$	\$ 126	\$	\$	\$ 244,965	\$	\$ 245,120
Accounts receivable			16,141			524,282		540,423
Taxes receivable		16,063	281			43,813		60,157
Short-term notes receivable from affiliates	125,330		1,077,965		333,965	171,925	(1,709,185)	
Accounts receivable from affiliates	693,834	437,455	234,677	1,164,504	121,829	4,258,806	(6,911,105)	
Prepaid expenses and other current assets	1,436		4,961			132,207		138,604
Total current assets	820,629	453,518	1,334,151	1,164,504	455,794	5,375,998	(8,620,290)	984,304
Property and equipment, at cost			2,081,631			12,490,780		14,572,411
Accumulated depreciation			(315,372)			(2,312,354)		(2,627,726)
Property and equipment, net			1,766,259			10,178,426		11,944,685
Notes receivable	3,304,653		236,920	1,980,391	5,000	1,583,587	(7,110,551)	

from affiliates								
Investments in affiliates	4,971,977	1,316,576	2,913,930	8,777,006	6,634,018		(24,613,507)	
Other assets	6,773		6,523	27,668	455	179,345		220,764
Total assets	\$ 9,104,032	\$ 1,770,094	\$ 6,257,783	\$ 11,949,569	\$ 7,095,267	\$ 17,317,356	\$ (40,344,348)	\$ 13,149,753
LIABILITIES AND EQUITY								
Current liabilities								
Short-term notes payables from affiliates	\$	\$ 171,925	\$	\$	\$ 371,720	\$ 1,165,540	\$ (1,709,185)	\$
Current maturities of long-term debt				350,000				350,000
Accounts payable			7,658			210,408		218,066
Accrued payroll and related costs			6,412			67,993		74,405
Accounts payable to affiliates	717,632	65,849	3,460,644	78,638	23,959	2,564,383	(6,911,105)	
Taxes payable						107,716		107,716
Interest payable				75,888	4,412			80,300
Other current liabilities	273		7,097			100,197		107,567
Total current liabilities	717,905	237,774	3,481,811	504,526	400,091	4,216,237	(8,620,290)	938,054
Long-term debt								
Notes payable to affiliates	1,769,064		600,874	1,169,181	192,215	3,379,217	(7,110,551)	
Deferred income taxes						104,402		104,402
Other liabilities	19,929		27,703			257,306		304,938
Total liabilities	2,506,898	237,774	4,110,388	5,960,553	794,001	7,957,162	(15,730,841)	5,835,935
Commitments and contingencies								
	6,597,134	1,532,320	2,147,395	5,989,016	6,301,266	8,221,330	(24,191,327)	6,597,134

Total shareholder equity								
Noncontrolling interests						1,138,864	(422,180)	716,684
Total equity	6,597,134	1,532,320	2,147,395	5,989,016	6,301,266	9,360,194	(24,613,507)	7,313,818
Total liabilities and equity								
	\$ 9,104,032	\$ 1,770,094	\$ 6,257,783	\$ 11,949,569	\$ 7,095,267	\$ 17,317,356	\$ (40,344,348)	\$ 13,149,753

Table of Contents

NOBLE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATING BALANCE SHEET

December 31, 2014

(in thousands)

	Noble- Cayman	NHC	NDH	NHIL	NDS6	Other Non-guarantor Subsidiaries of Noble	Consolidating Adjustments	Total
ASSETS								
Current assets								
Cash and cash equivalents	\$ 5	\$	\$ 254	\$	\$	\$ 65,521	\$	\$ 65,780
Accounts receivable			37,655	2,336		529,105		569,096
Taxes receivable		63,373	752			43,164		107,289
Short-term notes receivable								
from affiliates	123,449		1,077,965		333,966	171,925	(1,707,305)	
Accounts receivable from affiliates	2,019,319	374,012	192,771	157,164	125,834	4,191,406	(7,060,506)	
Prepaid expenses and other current assets	14,274		1,764			123,631		139,669
Total current assets	2,157,047	437,385	1,311,161	159,500	459,800	5,124,752	(8,767,811)	881,834
Property and equipment, at cost			2,040,168			12,364,203		14,404,371
Accumulated depreciation			(278,147)			(2,040,073)		(2,318,220)
Property and equipment, net			1,762,021			10,324,130		12,086,151
Notes receivable	3,304,654		236,921	1,980,391	5,000	1,581,429	(7,108,395)	

from affiliates								
Investments in affiliates	4,567,335	1,318,239	2,921,452	8,266,444	6,290,918		(23,364,388)	
Other assets	2,908		6,212	19,826	517	192,791		222,254
Total assets	\$ 10,031,944	\$ 1,755,624	\$ 6,237,767	\$ 10,426,161	\$ 6,756,235	\$ 17,223,102	\$ (39,240,594)	\$ 13,190,239
LIABILITIES AND EQUITY								
Current liabilities								
Short-term notes payables from affiliates	\$	\$ 171,925	\$	\$	\$ 371,720	\$ 1,163,660	\$ (1,707,305)	\$
Accounts payable	600		10,130			250,282		261,012
Accrued payroll and related costs			7,738			83,749		91,487
Accounts payable to affiliates	606,224	63,602	3,513,705	61,982	16,869	2,798,124	(7,060,506)	
Taxes payable						91,471		91,471
Interest payable	499			57,053	4,412			61,964
Other current liabilities	15,651		13,409			110,890		139,950
Total current liabilities	622,974	235,527	3,544,982	119,035	393,001	4,498,176	(8,767,811)	645,884
Long-term debt	1,123,495			3,543,830	201,695			4,869,020
Notes payable to affiliates	1,769,068		598,715	1,169,180	192,216	3,379,216	(7,108,395)	
Deferred income taxes						120,589		120,589
Other liabilities	19,929		29,093			286,942		335,964
Total liabilities	3,535,466	235,527	4,172,790	4,832,045	786,912	8,284,923	(15,876,206)	5,971,457
Commitments and contingencies								
Total shareholder equity	6,496,478	1,520,097	2,064,977	5,594,116	5,969,323	7,812,656	(22,961,169)	6,496,478
						1,125,523	(403,219)	722,304

Noncontrolling
interests

Total equity	6,496,478	1,520,097	2,064,977	5,594,116	5,969,323	8,938,179	(23,364,388)	7,218,782
---------------------	-----------	-----------	-----------	-----------	-----------	-----------	--------------	-----------

Total liabilities and equity	\$ 10,031,944	\$ 1,755,624	\$ 6,237,767	\$ 10,426,161	\$ 6,756,235	\$ 17,223,102	\$ (39,240,594)	\$ 13,190,239
-------------------------------------	---------------	--------------	--------------	---------------	--------------	---------------	-----------------	---------------

Table of Contents

NOBLE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF INCOME

Three Months Ended June 30, 2015

(in thousands)

	Noble- Cayman	NHC	NDH	NHIL	NDS6	Other Non-guarantor Subsidiaries of Noble	Consolidating Adjustments	Total
Operating revenues								
Contract drilling services	\$	\$	\$ 64,269	\$	\$	\$ 755,585	\$ (48,547)	\$ 771,307
Reimbursables			8,537			13,711		22,248
Total operating revenues			72,806			769,296	(48,547)	793,555
Operating costs and expenses								
Contract drilling services	2,792	8,302	17,864	23,389		315,167	(48,547)	318,967
Reimbursables			3,299			14,353		17,652
Depreciation and amortization			20,683			138,114		158,797
General and administrative	482	3,672		9,045	1	309		13,509
Total operating costs and expenses	3,274	11,974	41,846	32,434	1	467,943	(48,547)	508,925
Operating income (loss)	(3,274)	(11,974)	30,960	(32,434)	(1)	301,353		284,630
Other income (expense)								
Income (loss) of unconsolidated affiliates	187,575	34,898	37,017	248,725	164,049		(672,264)	
Income (loss) of unconsolidated affiliates - discontinued								

operations, net of
tax

Total income (loss) of unconsolidated affiliates	187,575	34,898	37,017	248,725	164,049		(672,264)	
Interest expense, net of amounts capitalized	(21,133)	(1,229)	(3,310)	(60,552)	(7,753)	(14,215)	50,727	(57,465)
Interest income and other, net	3,743	(1)	14,275	21,011	1,414	8,384	(50,727)	(1,901)
Income from continuing operations before income taxes	166,911	21,694	78,942	176,750	157,709	295,522	(672,264)	225,264
Income tax provision		(17,592)	(1,397)			(20,547)		(39,536)
Net income from continuing operations	166,911	4,102	77,545	176,750	157,709	274,975	(672,264)	185,728
Net income from discontinued operations, net of tax								
Net Income	166,911	4,102	77,545	176,750	157,709	274,975	(672,264)	185,728
Net income attributable to noncontrolling interests						(27,360)	8,543	(18,817)
Net income attributable to Noble Corporation	166,911	4,102	77,545	176,750	157,709	247,615	(663,721)	166,911
Other comprehensive income, net	5,608					5,608	(5,608)	5,608
Comprehensive income attributable to Noble Corporation	\$ 172,519	\$ 4,102	\$ 77,545	\$ 176,750	\$ 157,709	\$ 253,223	\$ (669,329)	\$ 172,519

Table of Contents

NOBLE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF INCOME

Six Months Ended June 30, 2015

(in thousands)

	Noble- Cayman NHC		NDH	NHIL	NDS6	Other Non-guarantor Subsidiaries of Noble	Consolidating Adjustments	Total
Operating revenues								
Contract drilling services	\$	\$	\$ 139,328	\$	\$	\$ 1,493,392	\$ (82,052)	\$ 1,550,668
Reimbursables			10,916			36,313		47,229
Total operating revenues			150,244			1,529,705	(82,052)	1,597,897