

Noble Corp plc
Form 10-K
February 25, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2015

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) 98-0619597
(State or other jurisdiction of (I.R.S. employer

incorporation or organization) identification number)

Devonshire House, 1 Mayfair Place, London, England, W1J 8AJ

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: +44 20 3300 2300

Securities registered pursuant to Section 12(b) of the Act:

Title of each class

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Shares, Nominal Value \$0.01 per Share
Commission file number: 001-31306

Name of each exchange on which registered
New York Stock Exchange

Noble Corporation

(Exact name of registrant as specified in its charter)

Cayman Islands 98-0366361
(State or other jurisdiction of (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

Securities registered pursuant to Sections 12(b) and 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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, and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the 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 during the preceding 12 months. Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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Indicate by check mark whether the 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.

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

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

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

As of June 30, 2015, the aggregate market value of the registered shares of Noble Corporation plc held by non-affiliates of the registrant was \$3.7 billion based on the closing sale price as reported on the New York Stock Exchange.

Number of shares outstanding and trading at February 12, 2016: Noble Corporation plc – 243,202,568

Number of shares outstanding: Noble Corporation – 261,245,693

DOCUMENTS INCORPORATED BY REFERENCE

The proxy statement for the 2016 annual general meeting of the shareholders of Noble Corporation plc will be incorporated by reference into Part III of this Form 10-K.

This Form 10-K is a combined annual report being filed separately by two registrants: Noble Corporation plc, a public limited company incorporated under the laws of England and Wales (“Noble-UK”), and its wholly-owned subsidiary, Noble Corporation, a Cayman Islands company (“Noble-Cayman”). Noble-Cayman meets the conditions set forth in General Instructions I(1) of Form 10-K and is therefore filing this Form 10-K with the reduced disclosure format contemplated by paragraphs (a) and (c) of General Instruction I(2) of Form 10-K.

TABLE OF CONTENTS

	PAGE
PART I	
Item 1. <u>Business</u>	2
Item 1A. <u>Risk Factors</u>	10
Item 1B. <u>Unresolved Staff Comments</u>	24
Item 2. <u>Properties</u>	25
Item 3. <u>Legal Proceedings</u>	27
Item 4. <u>Mine Safety Disclosures</u>	27
PART II	
Item 5. <u>Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</u>	27
Item 6. <u>Selected Financial Data</u>	30
Item 7. <u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	30
Item 7A. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	49
Item 8. <u>Financial Statements and Supplementary Data</u>	51
Item 9. <u>Changes in and Disagreements With Accountants on Accounting and Financial Disclosure</u>	109
Item 9A. <u>Controls and Procedures</u>	109
Item 9B. <u>Other Information</u>	109
PART III	
Item 10. <u>Directors, Executive Officers and Corporate Governance</u>	110
Item 11. <u>Executive Compensation</u>	111
Item 11. <u>Security Ownership of Certain Beneficial Owners and Management and Related Stockholder</u>	
Item 12. <u>Matters</u>	111
Item 13. <u>Certain Relationships, Related Transactions and Director Independence</u>	111
Item 14. <u>Principal Accounting Fees and Services</u>	111
PART IV	
Item 15. <u>Exhibits, Financial Statement Schedules</u>	112
<u>SIGNATURES</u>	113

This combined Annual Report on Form 10-K 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.

This report should be read in its entirety as it pertains to each Registrant. Except where indicated, the Consolidated Financial Statements and the Notes to the Consolidated Financial Statements are combined. References in this Annual Report on Form 10-K to “Noble,” the “Company,” “we,” “us,” “our” and words of similar meaning refer collectively to Noble-UK and its consolidated subsidiaries, including Noble-Cayman after November 20, 2013 and to Noble Corporation, a Swiss corporation (“Noble-Swiss”), and its consolidated subsidiaries for periods through November 20, 2013. Noble-UK became a successor registrant to Noble-Swiss under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), pursuant to Rule 12g-3 of the Exchange Act as a result of the consummation of the Transaction described in Part I, Item 1 of this Annual Report on Form 10-K.

PART I

Item 1. Business.

General

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 Annual Report on Form 10-K, our fleet of 30 drilling rigs consisted of 14 jackups, eight drillships and eight semisubmersibles, including one high-specification, harsh environment jackup under construction.

For additional information on the specifications of our fleet, see Part I, Item 2, “Properties—Drilling Fleet.” At December 31, 2015, our fleet was located in the United States, Brazil, Argentina, the North Sea, the Mediterranean, West Africa, the Middle East, Asia and Australia. Noble and its predecessors have been engaged in the contract drilling of oil and gas wells since 1921.

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. The results of operations for Paragon Offshore prior to the Spin-off date and incremental Spin-off related costs have been classified as discontinued operations for all periods presented in this Annual Report on Form 10-K.

In February 2016, we entered into an agreement in principle for a settlement with Paragon Offshore under which, in exchange for a full and unconditional release of any claims by Paragon Offshore in connection with the Spin-off (including certain claims that could be brought on behalf of Paragon Offshore’s creditors), we agreed to assume the administration of Mexican tax claims for specified years up to and including 2010, as well as the related bonding obligations and certain of the related tax liabilities. The agreement is subject to approval of the bankruptcy court following Paragon Offshore’s filing of a pre-negotiated bankruptcy plan. For additional information regarding the Spin-off, see Part II, Item 8, “Financial Statements and Supplementary Data, Note 2—Spin-off of Paragon Offshore plc” and Part II, Item 8, “Financial Statements and Supplementary Data, Note 18—Commitments and Contingencies.”

Consummation of Merger and Redomiciliation

On November 20, 2013, pursuant to the Merger Agreement dated as of June 30, 2013 between Noble Corporation, a Swiss corporation (“Noble-Swiss”), and Noble-UK, Noble-Swiss merged with and into Noble-UK, with Noble-UK as the surviving company (the “Transaction”). In the Transaction, all of the outstanding ordinary shares of Noble-Swiss were cancelled, and Noble-UK issued, through an exchange agent, one ordinary share of Noble-UK in exchange for each ordinary share of Noble-Swiss. The Transaction effectively changed the place of incorporation of our publicly traded parent holding company from Switzerland to the United Kingdom.

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.

Business Strategy

Our goal is to be the preferred offshore drilling contractor for the oil and gas industry based upon the following core principles:

- operate in a manner that provides a safe working environment for our employees while protecting the environment and our assets;
- provide an attractive investment vehicle for our shareholders; and
- deliver superior customer service through a diverse and technically advanced fleet operated by proficient crews.

Our business strategy focuses on deepwater drilling and high-specification jackup capabilities and the deployment of our drilling rigs in important oil and gas basins around the world.

We have expanded our offshore deepwater drilling and high-specification jackup capabilities in recent years through the construction of rigs. Currently, we have one newbuild project remaining, the heavy-duty, harsh environment jackup, Noble Lloyd Noble, which is scheduled to commence operations under a four-year contract in the North Sea during the third quarter of 2016. Although we plan to focus on capital preservation and liquidity because of current market conditions, we also plan to continue to evaluate opportunities as they arise from time to time to enhance our fleet, particularly focusing on higher specification rigs, to execute the increasingly more complex drilling programs required by our customers.

Demand for our services is, in part, a function of the worldwide demand for oil and gas and the global supply of mobile offshore drilling units. In recent years, there has been a significant increase in the number of jackups and ultra-deepwater drilling units, many of which are currently under construction without a contract. The price of oil has declined over 70 percent from June 30, 2014 to February 19, 2016. As a result, our customers have greatly reduced their exploration and development spending and the number of rigs they have under contract. This combination of increased supply of drilling rigs and reduced demand for such rigs has resulted in falling dayrates and reduced utilization of our units as contracts expire and has had a significant effect on contracting opportunities.

Drilling Contracts

We typically employ each drilling unit under an individual contract. Although the final terms of the contracts result from negotiations with our customers, many contracts are awarded based upon a competitive bidding process. Our drilling contracts generally contain the following terms:

- contract duration extending over a specific period of time or a period necessary to drill a defined number wells;
- payment of compensation to us (generally in U.S. Dollars although some customers, typically national oil companies, require a part of the compensation to be paid in local currency) on a “daywork” basis, so that we receive a fixed amount for each day (“dayrate”) that the drilling unit is operating under contract (a lower rate or no compensation is payable during periods of equipment breakdown and repair or adverse weather or in the event operations are interrupted by other conditions, some of which may be beyond our control);
- provisions permitting early termination of the contract by the customer (i) if the unit is lost or destroyed or (ii) if operations are suspended for a specified period of time due to breakdown of equipment;
- provisions allowing the impacted party to terminate the contract if specified “force majeure” events beyond the contracting parties’ control occur for a defined period of time;
- payment by us of the operating expenses of the drilling unit, including labor costs and the cost of incidental supplies;
- provisions that allow us to recover certain cost increases from our customers in certain long-term contracts; and
- provisions that require us to lower dayrates for documented cost decreases in certain long-term contracts.

The terms of some of our drilling contracts permit the customer to terminate the contract after specified notice periods by tendering contractually specified termination amounts and, in certain cases, without any payment.

Generally, our contracts allow us to recover our mobilization and demobilization costs associated with moving a drilling unit from one regional location to another. When market conditions require us to assume these costs, our operating margins are reduced accordingly. For shorter moves, such as “field moves,” our customers have generally agreed to assume the costs of moving the unit in the form of a reduced dayrate or “move rate” while the unit is being moved. Under current market conditions, we are much less likely to receive full reimbursement of our mobilization and demobilization costs.

During periods of depressed market conditions, such as the one we are currently experiencing, our customers may seek to renegotiate or repudiate their contracts with us. The renegotiations may include changes to key contract terms, such as pricing, termination and risk allocation.

For a discussion of our backlog of commitments for contract drilling services, please read “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Contract Drilling Services Backlog.”

Offshore Drilling Operations

Contract Drilling Services

We conduct offshore contract drilling operations, which accounted for over 99 percent of our operating revenues for the years ended December 31, 2015, 2014 and 2013. During the three years ended December 31, 2015, we principally conducted our contract drilling operations in the United States, Brazil, Argentina, the North Sea, the Mediterranean, West Africa, the Middle East, Asia and

3

Australia. Revenues from Royal Dutch Shell plc (“Shell”) and its affiliates accounted for approximately 49 percent, 55 percent and 67 percent of our consolidated operating revenues in 2015, 2014 and 2013, respectively. Revenues from Freeport-McMoRan Inc. (“Freeport”) accounted for approximately 14 percent of our consolidated operating revenues in 2015. Freeport did not account for more than 10 percent of our consolidated operating revenues in either 2014 or 2013. Revenues from Saudi Arabian Oil Company (“Saudi Aramco”) accounted for approximately 10 percent of our consolidated operating revenues in 2013. Saudi Aramco did not account for more than 10 percent of our consolidated operating revenues in either 2015 or 2014. No other single customer accounted for more than 10 percent of our consolidated operating revenues in 2015, 2014 or 2013. Freeport has announced plans to reduce the number of rigs it utilizes in the U.S. Gulf of Mexico. We are currently in discussion with Freeport regarding these contracts to determine whether there is a mutually beneficial arrangement that appropriately addresses the interests of each party.

Labor Contracts

During 2011, we commenced a refurbishment project with Shell for one of its rigs, the Kulluk. Under the contract, we provided the management and oversight of the project, as well as the personnel necessary to complete the refurbishment. During 2012, the construction phase of the project was completed and the rig began operating off the coast of Alaska. In 2013, in connection with a delay of the Alaskan Arctic drilling project, this contract was terminated. We provided labor personnel and management services on the project, but did not own or lease the related rig. During 2014 and 2015, we did not have any active labor contracts nor did we have any revenues or expenses from continuing operations related to labor services contracts.

Competition

The offshore contract drilling industry is a highly competitive and cyclical business characterized by high capital and maintenance costs. We compete with other providers of offshore drilling rigs. Some of our competitors may have access to greater financial resources than we do.

In the provision of contract drilling services, competition involves numerous factors, including price, rig availability and suitability, experience of the workforce, efficiency, safety performance record, condition and age of equipment, operating integrity, reputation, financial strength, industry standing and client relations. We believe that we compete favorably with respect to all of these factors. In addition to having one of the newest fleets in the industry among our peer companies, we follow a policy of keeping our equipment well-maintained and technologically competitive. However, our equipment could be made obsolete by the development of new techniques and equipment, regulations or customer preferences.

We compete on a worldwide basis, but competition may vary by region. Demand for offshore drilling equipment also depends on the exploration and development programs of oil and gas producers, which in turn are influenced by many factors, including the price of oil and gas, the financial condition of such producers, general global economic conditions, political considerations and national oil and gas production policies, many of which are beyond our control. In addition, industry-wide shortages of supplies, services, skilled personnel and equipment necessary to conduct our business have historically occurred. While we do not anticipate this being an issue in the current market environment, we cannot assure that any such shortages experienced in the past will not happen again in the future.

Governmental Regulations and Environmental Matters

Political developments and numerous governmental regulations, which may relate directly or indirectly to the contract drilling industry, affect many aspects of our operations. Our contract drilling operations are subject to various laws and regulations in countries in which we operate, including laws and regulations relating to the equipping and operation of drilling units, environmental discharges and related recordkeeping, safety management systems, the reduction of greenhouse gas emissions to address climate change, currency conversions and repatriation, oil and gas exploration and development, taxation of offshore earnings and earnings of expatriate personnel and use of local

employees, content and suppliers by foreign contractors. A number of countries actively regulate and control the ownership of concessions and companies holding concessions, the exportation of oil and gas and other aspects of the oil and gas industries in their countries. In addition, government actions, including initiatives by the Organization of Petroleum Exporting Countries (“OPEC”), may continue to contribute to oil price volatility. In some areas of the world, this government activity has adversely affected the amount of exploration and development work done by oil and gas companies and their need for offshore drilling services, and likely will continue to do so.

The regulations applicable to our operations include provisions that regulate the discharge of materials into the environment or require remediation of contamination under certain circumstances. Many of the countries in whose waters we operate from time to time regulate the discharge of oil and other contaminants in connection with drilling and marine operations. Failure to comply with these laws and regulations, or failure to obtain or comply with permits, may result in the assessment of administrative, civil and criminal penalties, imposition of remedial requirements and the imposition of injunctions to force future compliance. We are also subject to a plea agreement with the U.S. Department of Justice (“DOJ”) in connection with prior operations in Alaska, and any future

environmental incidents could have an impact on the plea agreement or related actions that the DOJ or other regulatory agencies may take against us as a result of such an incident. We have made, and will continue to make, expenditures to comply with environmental requirements. We do not believe that our compliance with such requirements will have a material adverse effect on our results of operations, our competitive position or materially increase our capital expenditures. Although these requirements impact the energy and energy services industries, generally they do not appear to affect us in any material respect that is different, or to any materially greater or lesser extent, than other companies in the energy services industry. However, our business and prospects could be adversely affected by regulatory activity that prohibits or restricts our customers' exploration and production activities, results in reduced demand for our services or imposes environmental protection requirements that result in increased costs to us, our customers or the oil and natural gas industry in general.

The following is a summary of some of the existing laws and regulations that apply in the United States and Europe, which serves as an example of the various laws and regulations to which we are subject. While laws vary widely in each jurisdiction, each of the laws and regulations below addresses environmental issues similar to those in most of the other jurisdictions in which we operate.

Spills and Releases. The Comprehensive Environmental Response, Compensation, and Liability Act in the U.S. ("CERCLA"), and similar state and foreign laws and regulations, impose joint and several liabilities, without regard to fault or the legality of the original act, on certain classes of persons that contributed to the release of a "hazardous substance" into the environment. These persons include the "owner" and "operator" of the site where the release occurred, past owners and operators of the site, and companies that disposed or arranged for the disposal of the hazardous substances found at the site. Responsible parties under CERCLA may be liable for the costs of cleaning up hazardous substances that have been released into the environment and for damages to natural resources. In the course of our ordinary operations, we may generate waste that may fall within CERCLA's definition of a "hazardous substance." However, we have to date not received any notification that we are, or may be, potentially responsible for cleanup costs under CERCLA.

Offshore Regulation and Safety. In response to the Macondo well blowout incident in April 2010, the U.S. Department of Interior, through the Bureau of Ocean Energy Management ("BOEM") and the Bureau of Safety and Environmental Enforcement ("BSEE"), has undertaken an aggressive overhaul of the offshore oil and natural gas regulatory process that has significantly impacted oil and gas development in the U.S. Gulf of Mexico. From time to time, new rules, regulations and requirements have been proposed and implemented by BOEM, BSEE or the United States Congress that materially limit or prohibit, and increase the cost of, offshore drilling. For example, in February 2015, BOEM and BSEE announced a proposed rule revising and adding requirements for drilling on the U.S. Arctic Outer Continental Shelf. Similarly, in April 2015, BSEE announced a proposed blowout preventer systems and well control rule. This proposed rule focuses on blowout preventer requirements and includes reforms in well design, well control, casing, cementing, real-time well monitoring and subsea containment, among other things. These new rules, regulations and requirements including the adoption of new safety requirements and policies relating to the approval of drilling permits, restrictions on oil and gas development and production activities in the U.S. Gulf of Mexico and the Arctic, implementation of safety and environmental management systems, mandatory third party compliance audits, and the promulgation of numerous Notices to Lessees have impacted and may continue to impact our operations. In addition to these rules, regulations and requirements, the U.S. federal government is considering new legislation that could impose additional equipment and safety requirements on operators and drilling contractors in the U.S. Gulf of Mexico, as well as regulations relating to the protection of the environment. If the new regulations, policies, operating procedures and possibility of increased legal liability are viewed by our current or future customers as a significant impairment to expected profitability on projects, then they could discontinue or curtail their offshore operations in the impacted region, thereby adversely affecting our operations by limiting drilling opportunities or imposing materially increased costs. We are also subject to the Ports and Waterways Safety Act ("PWSA") and similar regulations, which impose certain operational requirements on offshore rigs operating in the U.S. and governs liability for vessel or cargo loss, or damage to life, property, or the marine environment.

The Oil Pollution Act. The U.S. Oil Pollution Act of 1990 (“OPA”) and similar regulations, including but not limited to the International Convention for the Prevention of Pollution from Ships (“MARPOL”), adopted by the International Maritime Organization (“IMO”), as enforced in the United States through the domestic implementing law called the Act to Prevent Pollution from Ships, impose certain operational requirements on offshore rigs operating in the U.S. and govern liability for leaks, spills and blowouts involving pollutants. OPA imposes strict, joint and several liabilities on “responsible parties” for damages, including natural resource damages, resulting from oil spills into or upon navigable waters, adjoining shorelines or in the exclusive economic zone of the United States. A “responsible party” includes the owner or operator of an onshore facility and the lessee or permit holder of the area in which an offshore facility is located. OPA establishes a liability limit for onshore facilities of \$350 million, while the liability limit for offshore facilities is equal to all removal costs plus up to \$75 million in other damages. In December 2014, BOEM increased this liability limit to \$133.65 million. Further, in November 2015, the U.S. Coast Guard published a final rule increasing the limit for onshore facilities from \$350 million to \$633.85 million. These liability limits may not apply if a spill is caused by a party’s gross negligence or willful misconduct, if the spill resulted from violation of a federal safety, construction or operating regulation, or if a party fails to report a spill or to cooperate fully in a clean-up.

Regulations under OPA require owners and operators of rigs in United States waters to maintain certain levels of financial responsibility. The failure to comply with OPA's requirements may subject a responsible party to civil, criminal, or administrative enforcement actions. We are not aware of any action or event that would subject us to liability under OPA, and we believe that compliance with OPA's financial assurance and other operating requirements will not have a material impact on our operations or financial condition.

Waste Handling. The U.S. Resource Conservation and Recovery Act ("RCRA"), and similar state, local and foreign laws and regulations govern the management of wastes, including the treatment, storage and disposal of hazardous wastes. RCRA imposes stringent operating requirements, and liability for failure to meet such requirements, on a person who is either a "generator" or "transporter" of hazardous waste or an "owner" or "operator" of a hazardous waste treatment, storage or disposal facility. RCRA and many state counterparts specifically exclude from the definition of hazardous waste drilling fluids, produced waters, and other wastes associated with the exploration, development, or production of crude oil and natural gas. As a result, our operations generate minimal quantities of RCRA hazardous wastes. However, these wastes may be regulated by the United States Environmental Protection Agency ("EPA") or state agencies as solid waste. In addition, ordinary industrial wastes, such as paint wastes, waste solvents, laboratory wastes, and waste compressor oils may be regulated under RCRA as hazardous waste. We do not believe the current costs of managing our wastes, as they are presently classified, to be significant. However, any repeal or modification of this or similar exemption in similar state statutes, would increase the volume of hazardous waste we are required to manage and dispose of, and would cause us, as well as our competitors, to incur increased operating expenses with respect to our U.S. operations.

Water Discharges. The U.S. Federal Water Pollution Control Act of 1972, as amended, also known as the "Clean Water Act," and similar state laws and regulations impose restrictions and controls on the discharge of pollutants into federal and state waters. These laws also regulate the discharge of storm water in process areas. Pursuant to these laws and regulations, we are required to obtain and maintain approvals or permits for the discharge of wastewater and storm water. In addition, the U.S. Coast Guard has promulgated requirements for ballast water management as well as supplemental ballast water requirements, which include limits applicable to specific discharge streams, such as deck runoff, bilge water and gray water. We do not anticipate that compliance with these laws will cause a material impact on our operations or financial condition.

Air Emissions. The U.S. Federal Clean Air Act and associated state laws and regulations restrict the emission of air pollutants from many sources, including oil and natural gas operations. New facilities may be required to obtain permits before operations can commence, and existing facilities may be required to obtain additional permits, and incur capital costs, in order to remain in compliance. Federal and state regulatory agencies can impose administrative, civil and criminal penalties for non-compliance with air permits or other requirements of the Clean Air Act and associated state laws and regulations. In general, we believe that compliance with the Clean Air Act and similar state laws and regulations will not have a material impact on our operations or financial condition.

Climate Change. There is increasing attention concerning the issue of climate change and the effect of greenhouse gas ("GHG") emissions. The EPA regulates the permitting of GHG emissions from stationary sources under the Clean Air Act's Prevention of Significant Deterioration ("PSD") and Title V permitting programs, which require the use of "best available control technology" for GHG emissions from new and modified major stationary sources, which can sometimes include drillships. The EPA has also adopted rules requiring the monitoring and reporting of GHG emissions from specified sources in the United States, including, among other things, certain onshore and offshore oil and natural gas production facilities, on an annual basis. Facilities containing petroleum and natural gas systems that emit 25,000 metric tons or more of CO₂ equivalent per year are now required to report annual GHG emissions to the EPA.

Further, proposed legislation has been introduced in Congress that would establish an economy-wide cap on emissions of GHG's in the United States and would require most sources of GHG emissions to obtain GHG emission "allowances" corresponding to their annual emissions of GHG's. Moreover, in 2005, the Kyoto Protocol to the 1992 United Nations

Framework Convention on Climate Change, which establishes a binding set of emission targets for GHGs, became binding on all countries that had ratified it. In 2015, the United Nations Climate Change Conference in Paris resulted in the creation of the Paris Agreement. The Paris Agreement will be open for signing on April 22, 2016 and will require countries to review and “represent a progression” in their nationally determined contributions, which set emissions reduction goals, every five years beginning in 2020. While it is not possible at this time to predict how new treaties and legislation that may be enacted to address GHG emissions would impact our business, the modification of existing laws or regulations or the adoption of new laws or regulations curtailing exploratory or developmental drilling for oil and gas could materially and adversely affect our operations by limiting drilling opportunities or imposing materially increased costs. Moreover, incentives to conserve energy or use alternative energy sources could have a negative impact on our business if such incentives reduce the worldwide demand for oil and gas.

Countries in the European Union implement the U.N.’s Kyoto Protocol on GHG emissions through the Emissions Trading System (“ETS”), though ETS will continue to require GHG reductions in the future that are not currently prescribed by the Kyoto Protocol or related agreements. The ETS program establishes a GHG “cap and trade” system for certain industry sectors, including power generation at some offshore facilities. Total GHG from these sectors is capped, and the cap is reduced over time to achieve a 21

percent GHG reduction from these sectors between 2005 and 2020. In July 2015, the European Commission presented a legislative proposal to revise the European Union ETS for the period after 2020 that includes a more rapid reduction in emission allowances, among other suggestions. This revision would also increase the 21 percent GHG reduction target for ETS sectors discussed above to 43 percent by 2030. More generally, the EU Commission has proposed a roadmap for reducing emissions by 80 percent by 2050 compared to 1990 levels. Some EU member states have enacted additional and more long-term legally binding targets. For example, the UK has committed to reduce GHG emissions by 80 percent by 2050. These reduction targets may also be affected by future negotiations under the United Nations Framework Convention on Climate Change and its Kyoto Protocol and Paris Agreement.

Entities operating under the cap must either reduce their GHG emissions or purchase tradable emissions allowances, or EUAs, from other program participants, or purchase international GHG offset credits generated under the Kyoto Protocol's Clean Development Mechanisms or Joint Implementation. However, the Paris Agreement provides for the creation of a new market-based mechanism that could replace the Clean Development Mechanisms and Joint Implementation. As the cap declines, prices for emissions allowances or GHG offset credits may rise. However, due to the over-allocation of EUAs by EU member states in earlier phases and the impact of the recession in the EU, there has been a general over-supply of EUAs. The EU has recently approved amending legislation to withhold the auction of EUAs in a process known as "backloading." EU proposals for wider structural reform of the EU ETS may follow the enactment of the backloading proposal. For example, in July and October 2015, the European Parliament and Council, respectively, approved a Market Stability Reserve. The Market Stability Reserve will be established in 2018 and is intended as a long term solution to the oversupply. The proposed July 2015 revision discussed above is also meant to address this issue. Both backloading and wider structural reforms are aimed at reviving the EU carbon price.

In addition, the UK government, which implements ETS in the UK North Sea, has introduced a carbon price floor mechanism to place an incrementally increasing minimum price on carbon. Thus, the cost of compliance with ETS can be expected to increase over time. Additional member state climate change legislation may result in potentially material capital expenditures.

We have determined that combustion of diesel fuel (Scope 1) aboard all of our vessels worldwide is the Company's primary source of GHG emissions, including carbon dioxide, methane and nitrous oxide. The data necessary to report indirect emissions from generation of purchased power (Scope 2) has not been previously collected. We will establish the necessary procedures to collect and report Scope 2 data.

For the year ended December 31, 2015, our estimated carbon dioxide equivalent ("CO₂e") gas emissions were 625,829 tonnes as compared to 832,845 tonnes for the year ended December 31, 2014, including Paragon Offshore through the Spin-off date. Excluding Paragon Offshore, our estimated CO₂e gas emissions for the year ended December 31, 2014 were 631,612 tonnes. When expressed as an intensity measure of tonnes of CO₂e gas emissions per dollar of contract drilling revenues from continuing operations, both the 2015 and 2014 intensity measure was .0002.

Our Scope 1 CO₂e gas emissions reporting has been prepared with reference to the requirements set out in the UK Companies Act 2006 Regulations 2013, the Environmental Reporting Guidelines (June 2013) issued by the Department for Environment Food & Rural Affairs, the World Resources Institute and World Business Council for Sustainable Development GHG Protocol Corporate Accounting and Reporting Standard Revised and the International Organization for Standardization ("ISO") 14064-1, "Specification with guidance at the organizational level for quantification and reporting of greenhouse gas emissions and removals (2006)." We have used SANGEA™ Emissions Estimation Software to estimate CO₂e gas of Scope 1 emissions based on diesel fuel consumption.

It is our intent to have the procedures related to GHG emissions independently assessed in the future.

Worker Safety. The U.S. Occupational Safety and Health Act ("OSHA") and other similar laws and regulations govern the protection of the health and safety of employees. The OSHA hazard communication standard, EPA community right-to-know regulations under Title III of CERCLA and similar state statutes require that information be maintained

about hazardous materials used or produced in our operations and that this information be provided to employees, state and local governments and citizens. We believe that we are in substantial compliance with these requirements and with other applicable OSHA requirements.

On June 10, 2013, the European Union adopted a new directive, Directive 2013/30/EU, on the safety of offshore oil and gas operations within the exclusive economic zone (which can extend up to 200 nautical miles from a coast) or the continental shelf of any of its member states. The directive establishes minimum requirements for preventing major accidents in offshore oil and gas operations, and aims to limit the consequences of such accidents. All European Union member states were required to adopt national legislation or regulations by July 19, 2015 to implement the new directive's requirements, which also include reporting requirements related to major safety and environmental hazards that must be satisfied before drilling can take place, as well as the use of "all suitable measures" to both prevent major accidents and limit the human health and environmental consequences of such a major accident should one occur. We believe that our operations are in substantial compliance with the requirements of the directive (as well as the extensive current health and safety regimes implemented in the member states in which we operate), but future developments could require the Company to incur significant costs to comply with its implementation.

International Regulatory Regime. IMO provides international regulations governing shipping and international maritime trade. IMO regulations have been widely adopted by U.N. member countries, and in some jurisdictions in which we operate, these regulations have been expanded upon. The requirements contained in the International Management Code for the Safe Operation of Ships and for Pollution Prevention, or ISM Code, promulgated by the IMO, govern much of our drilling operations. Among other requirements, the ISM Code requires the party with operational control of a vessel to develop an extensive safety management system that includes, among other things, the adoption of a safety and environmental protection policy setting forth instructions and procedures for operating its vessels safely and describing procedures for responding to emergencies.

The IMO has also adopted MARPOL, including Annex VI to MARPOL which sets limits on sulfur dioxide and nitrogen oxide emissions from ship exhausts and prohibits deliberate emissions of ozone depleting substances. Annex VI, which applies to all ships, fixed and floating drilling rigs and other floating platforms, imposes a global cap on the sulfur content of fuel oil and allows for specialized areas to be established internationally with even more stringent controls on sulfur emissions. For vessels 400 gross tons and greater, platforms and drilling rigs, Annex VI imposes various survey and certification requirements. On July 15, 2011, the IMO approved mandatory measures to reduce emissions of GHGs from international shipping, requiring energy efficiency and survey and certification measures. These amendments to Annex VI apply to all ships of 400 gross tonnage and above and entered into force on January 1, 2013, affecting the operations of vessels that are registered in countries that are signatories to MARPOL Annex VI or vessels that call upon ports located within such countries. Moreover, 2008 amendments to Annex VI require the imposition of progressively stricter limitations on sulfur emissions from ships. These limitations require that fuels of vessels in covered Emission Control Areas, or ECAs, contain no more than 1 percent sulfur. The North American ECA became effective in August 2012, capping the sulfur limit in marine fuel at 1 percent, which has been the capped amount for the North Sea and Baltic Sea ECAs since July 1, 2010. The North Sea ECA encompasses all of the North Sea and the full length of the English Channel. These capped amounts are to decrease progressively until they reach 0.5 percent by January 1, 2020 for non-ECA areas and they were capped at 0.1 percent as of January 1, 2015 for ECA areas, including the North American ECA. The amendments also establish new tiers of stringent nitrogen oxide emissions standards for new marine engines, depending on their date of installation.

The IMO has negotiated international conventions that impose liability for oil pollution in international waters and the territorial waters of the signatory to such conventions such as the Ballast Water Management Convention, or BWM Convention. The BWM Convention's implementing regulations call for a phased introduction of mandatory ballast water exchange requirements (beginning in 2009), to be replaced in time with a requirement for mandatory ballast water treatment. The BWM Convention has not become effective, but the IMO has passed a resolution encouraging the ratification of the BWM Convention and calling upon those countries that have already ratified to encourage the installation of ballast water management systems on new ships. A number of countries have recently ratified the BWM Convention and it is close to reaching its 35 percent ratification trigger. It will become effective one year after it reaches the required ratification trigger. Under the requirements of the BWM Convention for rigs with ballast water capacity of more than 5000 cubic meters that were constructed in 2011 or before, ballast water management exchange or treatment will be accepted until 2016. From 2016 (or not later than the first intermediate or renewal survey after 2016), only ballast water treatment will be accepted by the BWM Convention. The IMO will consider new amendments to the BWM Convention at a meeting in April 2016. All of our drilling rigs are in substantial compliance with the proposed terms of the BWM Convention.

The IMO has also adopted the International Convention for Civil Liability for Bunker Oil Pollution Damage of 2001, or Bunker Convention. The Bunker Convention provides a liability, compensation and compulsory insurance system for the victims of oil pollution damage caused by spills of bunker oil. Under the Bunker Convention, ship owners must pay compensation for pollution damage (including the cost of preventive measures) caused in the territory, including the territorial sea of a State Party, as well as its exclusive economic zone or equivalent area. Registered owners of any seagoing vessel and seaborne craft over 1,000 gross tons, of any type whatsoever, and registered in a State Party, or entering or leaving a port in the territory of a State Party, must maintain insurance which meets the requirements of the Bunker Convention and to obtain a certificate issued by a State Party attesting that such insurance is in force. The

State issued certificate must be carried on board at all times. We believe that all of our drilling rigs are currently compliant in all material respects with these regulations.

The IMO continues to review and introduce new regulations. It is impossible to predict what additional regulations, if any, may be passed by the IMO and what effect, if any, such regulation may have on our operations.

Insurance and Indemnification Matters

Our operations are subject to many hazards inherent in the drilling business, including blowouts, fires and collisions or groundings of offshore equipment, and damage or loss from adverse weather and sea conditions. These hazards could cause personal injury or loss of life, loss of revenues, pollution and other environmental damage, damage to or destruction of property and equipment and oil and natural gas producing formations, and could result in claims by employees, customers or third parties.

Our drilling contracts provide for varying levels of indemnification from our customers and in most cases also require us to indemnify our customers for certain losses. Under our drilling contracts, liability with respect to personnel and property is typically

assigned on a “knock-for-knock” basis, which means that we and our customers assume liability for our respective personnel and property, irrespective of the fault or negligence of the party indemnified. In addition, our customers may indemnify us in certain instances for damage to our down-hole equipment and, in some cases, our subsea equipment.

Our customers typically assume responsibility for and indemnify us from loss or liability resulting from pollution or contamination, including third-party damages and clean-up and removal, arising from operations under the contract and originating below the surface of the water. We are generally responsible for pollution originating above the surface of the water and emanating from our drilling units. Additionally, our customers typically indemnify us for liabilities incurred as a result of a blow-out or cratering of the well and underground reservoir loss or damage.

In addition to the contractual indemnities described above, we also carry Protection and Indemnity (“P&I”) insurance, which is a comprehensive general liability insurance program covering liability resulting from offshore operations. Our P&I insurance includes coverage for liability resulting from personal injury or death of third parties and our offshore employees, third party property damage, pollution, spill clean-up and containment and removal of wrecks or debris. Our insurance policy does not exclude losses resulting from our gross negligence or willful misconduct. Our P&I insurance program is renewed in March or April of each year and currently has a standard deductible of \$10 million per occurrence, with maximum liability coverage of \$750 million.

Our insurance policies and contractual rights to indemnity may not adequately cover our losses and liabilities in all cases. For additional information, please read “We may have difficulty obtaining or maintaining insurance in the future and our insurance coverage and contractual indemnity rights may not protect us against all of the risks and hazards we face” included in Part I, Item 1A, “Risk Factors” of this Annual Report on Form 10-K.

The above description of our insurance program and the indemnification provisions of our drilling contracts is only a summary as of the time of preparation of this report, and is general in nature. Our insurance program and the terms of our drilling contracts may change in the future. In addition, the indemnification provisions of our drilling contracts may be subject to differing interpretations, and enforcement of those provisions may be limited by public policy and other considerations.

Employees

At December 31, 2015, we had approximately 3,300 employees, excluding approximately 1,000 persons we engaged through labor contractors or agencies. Approximately 82 percent of our employees are located offshore. Of our shorebased employees, approximately 70 percent are male. We are not a party to any material collective bargaining agreements, and we consider our employee relations to be satisfactory.

We place considerable value on the involvement of our employees and maintain a practice of keeping them informed on matters affecting them, as well as on the performance of the Company. Accordingly, we conduct formal and informal meetings with employees, maintain a Company intranet website with matters of interest, issue a quarterly publication of Company activities and other matters of interest, and offer a variety of in-house training.

We are committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Management actively pursues both the employment of disabled persons whenever a suitable vacancy arises and the continued employment and retraining of employees who become disabled while employed by the Company. Training and development is undertaken for all employees, including disabled persons.

Financial Information about Segments and Geographic Areas

Information regarding our revenues from external customers, segment profit or loss and total assets attributable to each segment for the last three fiscal years is presented in Part II, Item 8, “Financial Statements and Supplementary

Data, Note 19 — Segment and Related Information.”

Information regarding our operating revenues and identifiable assets attributable to each of our geographic areas of operations for the last three fiscal years is presented in Part II, Item 8, “Financial Statements and Supplementary Data, Note 19 — Segment and Related Information.”

Available Information

Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the U.S. Securities Exchange Act of 1934 are available free of charge at our website at <http://www.noblecorp.com>. These filings are also available to the public at the U.S. Securities and Exchange Commission’s (the “SEC”) Public Reference Room at 100 F Street, NE, Room 1580, Washington, DC 20549. The public may obtain

information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Electronic filings with the SEC are also available on the SEC's website at <http://www.sec.gov>.

You may also find information related to our corporate governance, board committees and company code of ethics (and any amendments or waivers of compliance) at our website. Among the documents you can find there are the following:

- Articles of Association;
- Code of Business Conduct and Ethics
- Corporate Governance Guidelines;
- Audit Committee Charter;
- Compensation Committee Charter;
- Health, Safety, Environment and Engineering Committee Charter; and
- Nominating and Corporate Governance Committee Charter.

Item 1A. Risk Factors.

You should carefully consider the following risk factors in addition to the other information included in this Annual Report on Form 10-K. Each of these risk factors could affect our business, operating results and financial condition, as well as affect an investment in our shares.

Risk Factors Relating to Our Business

Our business and results of operations have been materially hurt and our enterprise value has substantially declined due to current depressed market conditions which are the result of the dramatic drop in the oil and gas price and the oversupply of offshore drilling rigs.

The price of oil has declined over 70 percent from June 30, 2014 to February 19, 2016 and the price of natural gas has declined over 59 percent during the same period. In addition, a large number of offshore drilling rigs were constructed and added to the global fleet in the last few years, and a substantial number of additional rigs, including rigs built on speculation, are currently scheduled to enter the market in 2016 and 2017. Also, many in our industry extended the lives of older rigs rather than retiring these rigs. These factors have led to a significant oversupply of drilling rigs at the same time that our customers have greatly reduced their planned exploration and development spending in response to the depressed price of oil and gas. These factors have affected market conditions and led to a material decline in the demand for our services, the dayrates we are paid by our customers and the level of utilization of our drilling rigs. These poor market conditions, in turn, are expected to lead to a material deterioration in our results of operations. We have already experienced a substantial decline in our enterprise value, as the price of our shares has declined from \$27.00 on August 4, 2014 post Spin-off to \$7.58 at February 19, 2016. While the offshore contract drilling industry is highly cyclical and has experienced periods of low demand and higher demand, there can be no assurance as to when or to what extent these depressed market conditions, and our business, results of operations or enterprise value, will improve. Further, even if the price of oil and gas were to increase dramatically, we cannot assure you that there would be any increase in demand for our services.

Our business depends on the level of activity in the oil and gas industry. Adverse developments affecting the industry, including a decline in the price of oil or gas, reduced demand for oil and gas products and increased regulation of drilling and production, could have a material adverse effect on our business, financial condition and results of operations.

Demand for drilling services depends on a variety of economic and political factors and the level of activity in offshore oil and gas exploration and development and production markets worldwide. As noted above, the price of oil and gas, and market expectations of potential changes in the price, significantly affect this level of activity, as well as dayrates which we can charge customers for our services. However, higher prices do not necessarily translate into increased drilling activity because our clients' expectations of future commodity prices typically drive demand for our rigs. The price of oil and gas and the level of activity in offshore oil and gas exploration and development are extremely volatile and are affected by numerous factors beyond our control, including:

- the cost of exploring for, developing, producing and delivering oil and gas;
- the ability of OPEC to set and maintain production levels and pricing;
- expectations regarding future energy prices;
- increased supply of oil and gas resulting from onshore hydraulic fracturing activity and shale development;

10

- worldwide production and demand for oil and gas, which are impacted by changes in the rate of economic growth in the global economy;
- potential acceleration in the development, and the price and availability, of alternative fuels;
- the level of production in non-OPEC countries;
- worldwide financial instability or recessions;
- regulatory restrictions or any moratorium on offshore drilling;
- the discovery rate of new oil and gas reserves either onshore or offshore;
- the rate of decline of existing and new oil and gas reserves;
- available pipeline and other oil and gas transportation capacity;
- oil refining capacity;
- the ability of oil and gas companies to raise capital;
- worldwide instability in the financial and credit sectors and a reduction in the availability of liquidity and credit;
- the relative cost of offshore drilling versus onshore oil and gas production;
- advances in exploration, development and production technology either onshore or offshore;
- technical advances affecting energy consumption, including the displacement of hydrocarbons through increasing transportation fuel efficiencies;
- merger and divestiture activity among oil and gas producers;
- the availability of, and access to, suitable locations from which our customers can produce hydrocarbons;
- adverse weather conditions, including hurricanes, typhoons, winter storms and rough seas;
- tax laws, regulations and policies;
 - laws and regulations related to environmental matters, including those addressing alternative energy sources and the risks of global climate change;
- the political environment of oil-producing regions, including uncertainty or instability resulting from civil disorder, an outbreak or escalation of armed hostilities or acts of war or terrorism; and
- the laws and regulations of governments regarding exploration and development of their oil and gas reserves or speculation regarding future laws or regulations.

Adverse developments affecting the industry as a result of one or more of these factors, including any further decline in the price of oil and gas from their current depressed levels or the failure of the price of oil and gas to recover to a level that encourages our clients to expand their capital spending, a global recession, reduced demand for oil and gas products, increased supply due to the development of new onshore drilling and production technologies, and increased regulation of drilling and production, particularly if several developments were to occur in a short period of time, would have a material adverse effect on our business, financial condition and results of operations. The current downturn has already had a material adverse effect on demand for our services and is expected to have a material adverse effect on our business and results of operations.

The contract drilling industry is a highly competitive and cyclical business with intense price competition. If we are unable to compete successfully, our profitability may be materially reduced.

The offshore contract drilling industry is a highly competitive and cyclical business characterized by high capital and operating costs and evolving capability of newer rigs. Drilling contracts are traditionally awarded on a competitive bid basis. Intense price competition, rig availability, location and suitability, experience of the workforce, efficiency, safety performance record, technical capability and condition of equipment, operating integrity, reputation, industry standing and client relations are all factors in determining which contractor is awarded a job. Our future success and profitability will partly depend upon our ability to keep pace with our customers' demands with respect to these factors. If current competitors, or new market entrants, implement new technical capabilities, services or standards that are more attractive to our customers or price their product offerings more competitively, it could have a material adverse effect on our business, financial condition and results of operations.

In addition to intense competition, our industry has historically been cyclical. The contract drilling industry is currently in a period characterized by low demand for drilling services and excess rig supply. Periods of low demand or excess rig supply intensify the competition in the industry and may result in some of our rigs being idle or earning substantially lower dayrates for long periods of times. We cannot provide you with any assurances as to when such period will end, or when there will be higher demand for contract drilling services or a reduction in the number of drilling rigs.

The over-supply of rigs is contributing to a reduction in dayrates and demand for our rigs, which reduction may continue for some time and, therefore, is expected to further adversely impact our revenues and profitability.

Prior to the recent downturn, we experienced a period of high utilization and high dayrates, and industry participants increased the supply of drilling rigs by building new drilling rigs, including some drilling rigs that have not yet entered service. This increase in supply, combined with the decrease in demand for drilling rigs resulting from the substantial decline in the price of oil since mid-2014, has resulted in an oversupply of drilling rigs, which has contributed to the recent decline in utilization and dayrates.

We are currently experiencing competition from newbuild rigs that have either already entered the market or are scheduled to enter the market in 2016 and beyond. The entry of these rigs into the market has resulted in lower dayrates for both newbuilds and existing rigs rolling off their current contracts. Lower utilization and dayrates have adversely affected our revenues and profitability and may continue to do so for some time in the future. In addition, our competitors may relocate rigs to markets in which we operate, which could exacerbate excess rig supply and result in lower dayrates and utilization in those markets. To the extent that the drilling rigs currently under construction or on order do not have contracts upon their completion, there may be increased price competition as such vessels become operational, which could lead to a further reduction in dayrates and in utilization, and we may be required to idle additional drilling rigs. As a result, our business, financial condition and results of operations would be materially adversely affected.

We may record additional losses or impairment charges related to sold or idle rigs.

We evaluate the impairment of property and equipment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In addition, on an annual basis, we complete an impairment analysis on our rig fleet. An impairment loss on our property and equipment exists when the estimated undiscounted cash flows expected to result from the use of the asset and its eventual disposition are less than its carrying amount. Any impairment loss recognized represents the excess of the asset's carrying value over the estimated fair value. As part of this analysis, we make assumptions and estimates regarding future market conditions. To the extent actual results do not meet our estimated assumptions, for a given rig class, we may take an impairment loss in the future. For example, in the fourth quarter of 2015 and 2014, we decided that we would no longer market certain rigs. In connection with these decisions, we recorded impairment charges of \$372 million and \$685 million, respectively, on these rigs during those periods. There can be no assurance that we will not have to take additional impairment charges in the future if current depressed market conditions persist.

We may not be able to renew or replace expiring contracts, and our customers may terminate or seek to renegotiate or repudiate our drilling contracts or may have financial difficulties which prevents them from meeting their obligations under our drilling contracts.

We have a number of customer contracts that will expire in 2016 and 2017. Our ability to renew these contracts or obtain new contracts and the terms of any such contracts will depend on market conditions and our customers. During 2015, a number of oil and gas companies, including some of our customers, have publicly announced significant reductions in their planned exploration and development spending during 2016 and beyond. As a result of the difficulty in replacing expiring contracts during this period of depressed market conditions, in 2015 and 2014, we decided to stop marketing five rigs. These reductions in spending by our customers could further reduce the demand

for contract drilling services and as a result, our business, financial condition and results of operations would be materially adversely affected.

Our customers may generally terminate our term drilling contracts if a drilling rig is destroyed or lost or if we have to suspend drilling operations for a specified period of time as a result of a breakdown of major equipment or, in some cases, due to other events beyond the control of either party. In the case of nonperformance and under certain other conditions, our drilling contracts generally allow our customers to terminate without any payment to us. The terms of some of our drilling contracts permit the customer to terminate the contract after a specified notice period by tendering contractually specified termination amounts and, in some cases, without any payment. These termination payments may not fully compensate us for the loss of a contract. The early termination of a contract may result in a rig being idle for an extended period of time and a reduction in our contract backlog and associated revenue, which could have a material adverse effect on our business, financial condition and results of operations.

In addition, during periods of depressed market conditions, such as the one we are currently experiencing and which we expect to continue during 2016 and beyond, we are subject to an increased risk of our customers seeking to renegotiate or repudiate their contracts. The ability of our customers to perform their obligations under drilling contracts with us may also be adversely affected by

the financial condition of the customer, restricted credit markets, economic downturns and industry downturns, such as the one we are currently experiencing. We may elect to renegotiate the rates we receive under our drilling contracts downward if we determine that to be a reasonable business solution. If our customers cancel or are unable to perform their obligations under their drilling contracts, including their payment obligations, and we are unable to secure new contracts on a timely basis on substantially similar terms or if we elect to renegotiate our drilling contracts and accept terms that are less favorable to us, it could have a material adverse effect on our business, financial condition and results of operations.

We can provide no assurance that our current backlog of contract drilling revenue will be ultimately realized.

Generally, contract backlog only includes future revenues under firm commitments; however, from time to time, we may report anticipated commitments under letters of intent or award for which definitive agreements have not yet been, but are expected to be, executed. We can provide no assurance that we will be able to perform under these contracts due to events beyond our control or that we will be able to ultimately execute a definitive agreement in cases where one does not currently exist. Moreover, we can provide no assurance that our customers will be able to or willing to fulfill their contractual commitments to us or that they will not seek to renegotiate or repudiate their contracts, especially during the current industry downturn. Our inability to perform under our contractual obligations or to execute definitive agreements, our customers' inability or unwillingness to fulfill their contractual commitments to us, including as a result of contract repudiations or our decision to accept less favorable terms on our drilling contracts, may have a material adverse effect on our business, financial condition and results of operations.

We are substantially dependent on several of our customers, including Shell and Freeport, and the loss of these customers would have a material adverse effect on our financial condition and results of operations.

Any concentration of customers increases the risks associated with any possible termination or nonperformance of drilling contracts, failure to renew contracts or award new contracts or reduction of their drilling programs. We estimate Shell and Freeport represented approximately 63 percent and 12 percent, respectively, of our backlog at December 31, 2015. Revenues from Shell and Freeport accounted for approximately 49 percent and 14 percent, respectively, of our consolidated operating revenues for the year ended December 31, 2015. This concentration of customers increases the risks associated with any possible termination or nonperformance of contracts, in addition to our exposure to credit risk. If any of these customers were to terminate or fail to perform their obligations under their contracts and we were not able to find other customers for the affected drilling units promptly, our financial condition and results of operations could be materially adversely affected. Freeport has announced plans to reduce the number of rigs it utilizes in the U.S. Gulf of Mexico. We are currently in discussion with Freeport regarding these contracts to determine whether there is a mutually beneficial arrangement that appropriately addresses the interests of each party, but we cannot provide any assurance as to the outcome of such discussions.

Our business involves numerous operating hazards.

Our operations are subject to many hazards inherent in the drilling business, including:

- well blowouts;
- fires;
- collisions or groundings of offshore equipment;
- punch-throughs;
- mechanical or technological failures;
- failure of our employees or third party contractors to comply with our internal environmental, health and safety guidelines;
- pipe or cement failures and casing collapses, which could release oil, gas or drilling fluids;
- geological formations with abnormal pressures;
- spillage handling and disposing of materials; and

·adverse weather conditions, including hurricanes, typhoons, winter storms and rough seas. These hazards could cause personal injury or loss of life, suspend drilling operations, result in regulatory investigation or penalties, seriously damage or destroy property and equipment, result in claims by employees, customers or third parties, cause environmental damage and cause substantial damage to oil and gas producing formations or facilities. Operations also may be suspended because of machinery breakdowns, abnormal drilling conditions, and failure of subcontractors to perform or supply goods

or services or personnel shortages. The occurrence of any of the hazards we face could have a material adverse effect on our business, financial condition and results of operations.

As part of our recent agreement with Paragon Offshore, we agreed to assume certain Mexican tax liabilities and bonding obligations. These tax liabilities could cost more than we expect, and the bonding requirements could be greater than anticipated and also could affect our liquidity. There can be no assurance that Paragon Offshore will be able to satisfy its tax payment and cost reimbursement obligations when they become due. If the bankruptcy court does not approve our settlement agreement with Paragon Offshore, we could be sued by Paragon Offshore or its creditors.

We recently entered into an agreement for a settlement with Paragon Offshore under which, in exchange for a full and unconditional release of any claims by Paragon Offshore in connection with the Spin-off (including certain claims that could be brought on behalf of Paragon Offshore's creditors), we agreed to assume the administration of Mexican tax claims for specified years up to and including 2010, as well as the related bonding obligations and certain of the related tax liabilities. We cannot make any assurances regarding the outcome of the tax assessments and claims, and the cost of these liabilities and the amount of bonding required could be greater than we anticipate.

We expect that we will be able to bond amounts required in Mexico using our current bonding facility. If the amount of bonding is greater than we anticipate, or we are required to maintain such bonds longer than we anticipate, then our current bonding facility may not be sufficient, and we would be required to use other sources for the bonding, including our credit facility, which could affect our liquidity and reduce the availability of credit for uses other than bonding Mexican tax liabilities.

In addition, Paragon Offshore is required under the terms of the settlement to share equally in the payment of certain of the Mexican tax liabilities and the costs of administering the tax claims. If Paragon Offshore is unable to pay its share of these tax liabilities or the costs to administer the tax claims, we could be forced to pay these amounts ourselves and seek reimbursement from Paragon Offshore. There can be no assurance that Paragon Offshore would be able to satisfy its share of the tax liabilities or reimburse us when such payments would be due. If Paragon Offshore is unable to satisfy these obligations, the underlying liabilities could have a material adverse effect on our business, financial condition and results of operations. See Part II, Item 8, "Financial Statements and Supplementary Data, Note 18 – Commitments and Contingencies."

Paragon Offshore recently announced that it will seek approval of a pre-negotiated plan of reorganization by filing for voluntary relief under Chapter 11 of the United States Bankruptcy Code. The agreement in principle with Paragon Offshore is subject to approval of the bankruptcy court. There can be no assurance that we will enter into a definitive settlement agreement with Paragon Offshore or that the bankruptcy court will ultimately approve such agreement. If for any reason the agreement is not approved by the bankruptcy court or Paragon Offshore fails to exit bankruptcy, Paragon Offshore or its creditors could become adverse to us in any potential litigation relating to the Spin-off, including any alleged fraudulent conveyance claim in connection with the creation of Paragon Offshore as a stand-alone entity.

In connection with the Spin-off, we agreed to indemnify Paragon Offshore for certain liabilities, and Paragon Offshore agreed to indemnify us for certain liabilities. We have significant exposure to losses resulting from this obligation, and there can be no assurance that the Paragon Offshore indemnities will be sufficient to insure us against the full amount of the related liabilities, or that Paragon Offshore's ability to satisfy its indemnification obligations will not be impaired in the future.

We entered into certain agreements with Paragon Offshore in connection with the Spin-off, including a master separation agreement, tax sharing agreement, transition services agreement and transition services agreement relating to our operations offshore Brazil. Pursuant to the agreements, we agreed to indemnify Paragon Offshore for certain liabilities, and Paragon Offshore agreed to indemnify us for certain liabilities. We could have significant exposure to

losses resulting from our obligations under these agreements.

Third parties could seek to hold us responsible for any of the liabilities that Paragon Offshore has agreed to retain, and there can be no assurance that the indemnity from Paragon Offshore will be sufficient to protect us against the full amount of such liabilities, or that Paragon Offshore will be able to fully satisfy its indemnification obligations. Moreover, even if we ultimately succeed in recovering from Paragon Offshore any amounts for which we are held liable, we may be temporarily required to bear these losses. If Paragon Offshore is unable to satisfy its indemnification obligations, the underlying liabilities could have a material adverse effect on our business, financial condition and results of operations.

Following the Spin-off, we continue to rely on Paragon Offshore to assist us in operations offshore Brazil. In addition, Paragon Offshore could have significant payables owing to us in connection with the Spin-off and agreements executed in connection with our separation.

Pursuant to the transition services agreement relating to our operations offshore Brazil, Paragon Offshore has agreed to provide local administrative and operational services for rigs operating in Brazil at the time of the Spin-off. We currently have one rig in Brazil operating under this arrangement through April 2016. In addition, in connection with the Spin-off, we executed a number of agreements with Paragon Offshore that govern our relationship after the Spin-off. If Paragon Offshore is unable to perform under its obligations under the transition services agreement relating to our operations offshore Brazil or is unable or unwilling to repay its obligations under the agreements executed in connection with our separation, it could have a material adverse effect on our business, financial condition and results of operations.

We may experience one or more downgrades in our credit ratings to a non-investment grade credit rating, which would increase our borrowing costs and potentially reduce our access to additional liquidity.

Recently, Moody's announced that it would be reviewing all of the credit ratings for energy companies. Currently, we are rated Baa3 by Moody's and BBB by Standard and Poor's, one step and two steps above non-investment grade, respectively. Access to our commercial paper program is dependent upon our credit ratings. A decline in our credit ratings below investment grade would prohibit us from accessing the commercial paper market, and we would transfer any outstanding borrowings to our revolving credit facility. Our revolving credit facility has interest rates that are generally higher than those found in the commercial paper market, which would result in increased interest expense in the future. Our revolving credit facility also has a provision which changes the applicable interest rates based upon our credit ratings. If our credit ratings were to decline, the interest expense under our revolving credit facility would increase. In addition, the interest rate on our senior notes issued in 2015 would also increase if the credit ratings applicable to the notes were to decline below investment grade (up to a maximum of 200 basis points). If one or more of the rating agencies reduced our credit rating to below investment grade, it could potentially reduce our access to additional liquidity.

We are exposed to risks relating to operations in international locations.

We operate in various regions throughout the world that may expose us to political and other uncertainties, including risks of:

- seizure, nationalization or expropriation of property or equipment;
- monetary policies, government credit rating downgrades and potential defaults, and foreign currency fluctuations and devaluations;
- limitations on the ability to repatriate income or capital;
- complications associated with repairing and replacing equipment in remote locations;
- repudiation, nullification, modification or renegotiation of contracts;
- limitations on insurance coverage, such as war risk coverage, in certain areas;
- import-export quotas, wage and price controls, imposition of trade barriers and other forms of government regulation and economic conditions that are beyond our control;
- delays in implementing private commercial arrangements as a result of government oversight;
- financial or operational difficulties in complying with foreign bureaucratic actions;
- changing taxation rules or policies;
- other forms of government regulation and economic conditions that are beyond our control and that create operational uncertainty;
- governmental corruption;
- piracy; and
- terrorist acts, war, revolution and civil disturbances.

Further, we operate in certain less-developed countries with legal systems that are not as mature or predictable as those in more developed countries, which can lead to greater uncertainty in legal matters and proceedings. Examples of challenges of operating in these countries include:

- ongoing changes in Brazilian laws related to the importation of rigs and equipment that may impose bonding, insurance or duty-payment requirements;
- procedural requirements for temporary import permits, which may be difficult to obtain;
- the effect of certain temporary import permit regimes, where the duration of the permit does not coincide with the general term of the drilling contract; and
- ongoing claims in Brazil related to withholding taxes payable on our service contracts.

Our ability to do business in a number of jurisdictions is subject to maintaining required licenses and permits and complying with applicable laws and regulations. Changes in, compliance with, or our failure to comply with the laws and regulations of the countries where we operate may negatively impact our operations in those countries and could have a material adverse effect on our results of operations.

In addition, other governmental actions, including initiatives by OPEC, may continue to cause oil price volatility. In some areas of the world, this governmental activity has adversely affected the amount of exploration and development work done by major oil companies, which may continue. In addition, some governments favor or effectively require the awarding of drilling contracts to local contractors, require use of a local agent, require partial local ownership or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction. These practices may adversely affect our ability to compete and our results of operations.

Operating and maintenance costs of our rigs may be significant and may not correspond to revenue earned.

Our operating expenses and maintenance costs depend on a variety of factors including: crew costs, costs of provisions, equipment, insurance, maintenance and repairs, and shipyard costs, many of which are beyond our control. Our total operating costs are generally related to the number of drilling rigs in operation and the cost level in each country or region where such drilling rigs are located. Equipment maintenance costs fluctuate depending upon the type of activity that the drilling rig is performing and the age and condition of the equipment. Operating and maintenance costs will not necessarily fluctuate in proportion to changes in operating revenues. While operating revenues may fluctuate as a function of changes in dayrate, costs for operating a rig may not be proportional to the dayrate received and may vary based on a variety of factors, including the scope and length of required rig preparations and the duration of the contractual period over which such expenditures are amortized. Any investments in our rigs may not result in an increased dayrate for or income from such rigs. A disproportionate amount of operating and maintenance costs in comparison to dayrates could have a material adverse effect on our business, financial condition and results of operations.

Governmental laws and regulations, including environmental laws and regulations, may add to our costs, result in delays, or limit our drilling activity.

Our business is affected by public policy and laws and regulations relating to the energy industry and the environment in the geographic areas where we operate.

The drilling industry is dependent on demand for services from the oil and gas exploration and production industry, and accordingly, we are directly affected by the adoption of laws and regulations that for economic, environmental or other policy reasons curtail exploration and development drilling for oil and gas. We may be required to make significant capital expenditures to comply with governmental laws and regulations. Governments in some foreign countries are increasingly active in regulating and controlling the ownership of concessions, the exploration for oil and gas, and other aspects of the oil and gas industries. There is increasing attention in the United States and worldwide concerning the issue of climate change and the effect of GHGs.

Our operations are also subject to numerous laws and regulations controlling the discharge of materials into the environment or otherwise relating to the protection of the environment. The modification of existing laws or regulations or the adoption of new laws or regulations that result in the curtailment of exploratory or developmental drilling for oil and gas could materially and adversely affect our operations by limiting drilling opportunities or imposing materially increased costs. As a result, the application of these laws could have a material adverse effect on our results of operations by increasing our cost of doing business, discouraging our customers from drilling for hydrocarbons, disrupting revenue through permitting or similar delays, or subjecting us to liability. For example, we, as an operator of mobile offshore drilling units in navigable U.S. waters and certain offshore areas, including the U.S. Outer Continental Shelf, are liable for damages and for the cost of removing oil spills for which we may be held responsible, subject to certain limitations. Our operations may involve the use or handling of materials that are classified as environmentally hazardous. Laws

and regulations protecting the environment have generally become more stringent and in certain circumstances impose “strict liability,” rendering a person liable for environmental damage without regard to negligence or fault. Environmental laws and regulations may expose us to liability for the conduct of or conditions caused by others or for acts that were in compliance with all applicable laws at the time they were performed.

As disclosed in Part II, Item 8, “Financial Statements and Supplementary Data, Note 18 — Commitments and Contingencies,” in November 2012, the U.S. Coast Guard in Alaska conducted an inspection and investigation of the Noble Discoverer and the Kulluk, a rig we were providing contract labor services for, and referred the matters to the DOJ for further investigation. In December 2014, a subsidiary reached a settlement with the DOJ regarding its investigation of the Noble Discoverer and the Kulluk. Under the terms of the plea agreement, the subsidiary pled guilty to violations relating to maintaining proper oil record books for the Noble Discoverer and Kulluk, maintaining proper ballast records for the Noble Discoverer and notification of hazardous conditions with respect to the Noble Discoverer. The subsidiary paid \$8.2 million in fines and \$4 million in community service payments and implemented a comprehensive environmental compliance plan. Under the plea agreement, we were also placed on probation for four 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.

Any violation of anti-bribery or anti-corruption laws, including the Foreign Corrupt Practices Act, the United Kingdom Bribery Act, or similar laws and regulations could result in significant expenses, divert management attention, and otherwise have a negative impact on us.

We operate in countries known to have a reputation for corruption. We are subject to the risk that we, our affiliated entities or their respective officers, directors, employees and agents may take action determined to be in violation of such anti-corruption laws, including the U.S. Foreign Corrupt Practices Act of 1977, or FCPA, the United Kingdom Bribery Act 2010, or U.K. Bribery Act, and similar laws in other countries.

In 2010, we finalized settlements with the SEC and the DOJ, followed by a settlement with the Nigerian government, relating to certain reimbursement payments made by our then Nigerian affiliate to our customs agents in Nigeria in the years 2003 to 2007 and paid fines and penalties to the DOJ, the SEC and Nigerian government. Any violation of the FCPA, the U.K. Bribery Act or other applicable anti-corruption laws could result in substantial fines, sanctions, civil and/or criminal penalties and curtailment of operations in certain jurisdictions and might adversely affect our business, results of operations or financial condition. In addition, actual or alleged violations could damage our reputation and ability to do business. Further, detecting, investigating, and resolving actual or alleged violations is expensive and can consume significant time and attention of our senior management.

As disclosed in Part II, Item 8, “Financial Statements and Supplementary Data, Note 18 – Commitments and Contingencies,” 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. In November 2015, this agent pled guilty in Brazil in connection with the award of a drilling contract to a competitor and implicated a Petrobras official as part of a wider investigation of Petrobras’ business practices. Following news reports relating to the agent’s involvement in the Brazil investigation in connection with his activities with other companies, we have been conducting a review of our relationship with the agent and with Petrobras. We are in contact with the SEC, the Brazilian federal prosecutor’s office and the DOJ about this matter. We are cooperating with these agencies and they are aware of our internal review. To our knowledge, neither the agent, nor the government authorities investigating the matter, has alleged that the agent or Noble acted improperly in connection with our contracts with Petrobras.

Changes in, compliance with, or our failure to comply with the certain laws and regulations may negatively impact our operations and could have a material adverse effect on our results of operations.

Our operations are subject to various laws and regulations in countries in which we operate, including laws and regulations relating to:

- the importing, exporting, equipping and operation of drilling rigs;
- repatriation of foreign earnings;
- currency exchange controls;
- oil and gas exploration and development;
- taxation of offshore earnings and earnings of expatriate personnel; and
- use and compensation of local employees and suppliers by foreign contractors.

17

Legal and regulatory proceedings relating to the energy industry, and the complex government regulations to which our business is subject, have at times adversely affected our business and may do so in the future. Governmental actions and initiatives by OPEC may continue to cause oil price volatility. In some areas of the world, this activity has adversely affected the amount of exploration and development work done by major oil companies, which may continue. In addition, some governments favor or effectively require the awarding of drilling contracts to local contractors, require use of a local agent or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction. These practices may adversely affect our ability to compete and our results of operations.

Public and regulatory scrutiny of the energy industry has resulted in increased regulations being either proposed or implemented. In addition, existing regulations might be revised or reinterpreted, new laws, regulations and permitting requirements might be adopted or become applicable to us, our rigs, our customers, our vendors or our service providers, and future changes in laws and regulations could significantly increase our costs and could have a material adverse effect on our business, financial condition and results of operations. In addition, we may be required to post additional surety bonds to secure performance, tax, customs and other obligations relating to our rigs in jurisdictions where bonding requirements are already in effect and in other jurisdictions where we may operate in the future. These requirements would increase the cost of operating in these countries, which could materially adversely affect our business, financial condition and results of operations.

Adverse effects may continue as a result of the uncertainty of ongoing inquiries, investigations and court proceedings, or additional inquiries and proceedings by federal or state regulatory agencies or private plaintiffs. In addition, we cannot predict the outcome of any of these inquiries or whether these inquiries will lead to additional legal proceedings against us, civil or criminal fines or penalties, or other regulatory action, including legislation or increased permitting requirements. Legal proceedings or other matters against us, including environmental matters, suits, regulatory appeals, challenges to our permits by citizen groups and similar matters, might result in adverse decisions against us. The result of such adverse decisions, both individually or in the aggregate, could be material and may not be covered fully or at all by insurance.

Possible changes in tax laws could affect us and our shareholders.

We operate through various subsidiaries in numerous countries throughout the world. Consequently, we are subject to changes in tax laws, treaties or regulations or the interpretation or enforcement thereof in the United Kingdom, the U.S. or jurisdictions in which we or any of our subsidiaries operate or are incorporated. For example, the Organization for Economic Co-Operation and Development (“OECD”) published a Base Erosion and Profit Shifting Action Plan (“BEPS”) in July 2013. BEPS seeks to reform the taxation of multinational companies. On October 5, 2015, the OECD released final reports on all 15 focus areas in its Action Plan on BEPS. These reports covered the seven topics that were the subjects of the 2014 Deliverables approved in the fall of 2014 and finalize subsequent discussion drafts on the remaining eight BEPS Actions. The 2015 Final Reports recommend changes to domestic laws, the OECD Model Tax Convention, and the OECD Transfer Pricing Guidelines. In addition, they propose to accelerate the incorporation of recommended income tax treaty changes into existing bilateral treaties through a multilateral convention to be entered into by interested countries. Although any recommendations made by the OECD are not changes in tax law, this may result in unilateral country action which may be uncoordinated, may create double taxation and increase controversy, both of which would be adverse for the global economy and may result in a material adverse effect on our financial statements.

Tax laws and regulations are highly complex and subject to interpretation. Our income tax expense is based upon our interpretation of the tax laws in effect in various countries at the time that the expense was incurred. If these laws, treaties or regulations change or other taxing authorities do not agree with our assessment of the effects of such laws, treaties and regulations, this could have a material adverse effect on us, resulting in a higher effective tax rate on our worldwide earnings or a reclassification of the tax impact of our significant corporate restructuring transactions.

In addition, the manner in which our shareholders are taxed on distributions on, and dispositions of, our shares could be affected by changes in tax laws, treaties or regulations or the interpretation or enforcement thereof in the United Kingdom, the U.S. or other jurisdictions in which our shareholders are resident. Any such changes could result in increased taxes for our shareholders and affect the trading price of our shares.

Operational interruptions or maintenance or repair work may cause our customers to suspend or reduce payment of dayrates until operation of the respective drilling rig is resumed, which may lead to loss of revenue or termination or renegotiation of the drilling contract.

If our drilling rigs are idle for reasons that are not related to the ability of the rig to operate, our customers are entitled to pay a waiting, or standby, rate lower than the full operational rate. In addition, if our drilling rigs are taken out of service for maintenance and repair for a period of time exceeding the scheduled maintenance periods set forth in our drilling contracts, we will not be entitled to payment of dayrates until the rig is able to work. Several factors could cause operational interruptions, including:

- breakdowns of equipment and other unforeseen engineering problems;
- work stoppages, including labor strikes;
- shortages of material and skilled labor;
- delays in repairs by suppliers;
- surveys by government and maritime authorities;
- periodic classification surveys;
- inability to obtain permits;
- severe weather, strong ocean currents or harsh operating conditions; and
- force majeure events.

If the interruption of operations were to exceed a determined period due to an event of force majeure, our customers have the right to pay a rate that is significantly lower than the waiting rate for a period of time, and, thereafter, may terminate the drilling contracts related to the subject rig. Suspension of drilling contract payments, prolonged payment of reduced rates or termination of any drilling contract as a result of an interruption of operations as described herein could materially adversely affect our business, financial condition and results of operations.

As a result of our significant cash flow needs, we may be required to incur additional indebtedness, and in the event of lost market access, may have to delay or cancel discretionary capital expenditures.

Our currently anticipated cash flow needs, both in the short-term and long-term, may include the following:

- normal recurring operating expenses;
- committed and discretionary capital expenditures;
- repayment of debt; and
- payments of dividends.

In the future, we may require funding for capital expenditures that is beyond the amount available to us from cash generated by our operations, cash on hand and borrowings under our existing bank credit facilities and commercial paper program. We may raise such additional capital in a number of ways, including accessing capital markets, obtaining additional lines of credit or disposing of assets. However, we can provide no assurance that any of these options will be available to us on terms acceptable to us or at all.

Our debt instruments could limit our operations and our debt level may limit our flexibility to obtain financing and pursue business opportunities. Our ability to obtain financing or to access the capital markets may be limited by our financial condition and our credit ratings at the time of any such financing and the covenants in our existing debt agreements, as well as by adverse market conditions resulting from, among other things, a depressed oil price, general economic conditions and uncertainties that are beyond our control. Even if we are successful in obtaining additional capital through debt financings, incurring additional indebtedness may significantly increase our interest expense and may reduce our flexibility to respond to changing business and economic conditions or to fund working capital needs, because we will require additional funds to service our outstanding indebtedness.

We may delay or cancel discretionary capital expenditures, which could have certain adverse consequences, including delaying upgrades or equipment purchases that could make the affected rigs less competitive, adversely affect

customer relationships and negatively impact our ability to contract such rigs.

19

We may have difficulty obtaining or maintaining insurance in the future and our insurance coverage and contractual indemnity rights may not protect us against all of the risks and hazards we face.

We do not procure insurance coverage for all of the potential risks and hazards we may face. Furthermore, no assurance can be given that we will be able to obtain insurance against all of the risks and hazards we face or that we will be able to obtain or maintain adequate insurance at rates and with deductibles or retention amounts that we consider commercially reasonable.

Our insurance carriers may interpret our insurance policies such that they do not cover losses for which we make claims. Our insurance policies may also have exclusions of coverage for some losses. Uninsured exposures may include expatriate activities prohibited by U.S. laws, radiation hazards, certain loss or damage to property onboard our rigs and losses relating to shore-based terrorist acts or strikes. Furthermore, the damage sustained to offshore oil and gas assets as a result of hurricanes has negatively impacted certain aspects of the energy insurance market, resulting in more restrictive and expensive coverage for U.S. named windstorm perils. Accordingly, we have elected to self-insure the rigs in the U.S. Gulf of Mexico for named windstorm perils. We will continue to monitor the insurance market conditions in the future and may decide to purchase named windstorm coverage for some or all of the rigs operating in the U.S. Gulf of Mexico.

Under our drilling contracts, liability with respect to personnel and property is customarily assigned on a “knock-for-knock” basis, which means that we and our customers assume liability for our respective personnel and property, irrespective of the fault or negligence of the party indemnified. Although our drilling contracts generally provide for indemnification from our customers for certain liabilities, including liabilities resulting from pollution or contamination originating below the surface of the water, enforcement of these contractual rights to indemnity may be limited by public policy and other considerations and, in any event, may not adequately cover our losses from such incidents. There can also be no assurance that those parties with contractual obligations to indemnify us will necessarily be in a financial position to do so.

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 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 onboard our rigs and losses relating to shore-based terrorist acts or strikes. If a significant accident or other event occurs and is not fully covered by insurance or contractual indemnity, it could adversely affect our business, financial condition and results of operations.

A loss of a major tax dispute or a successful tax challenge to our operating structure, intercompany pricing policies or the taxable presence of our subsidiaries in certain countries could result in a higher tax rate on our worldwide earnings, which could result in a material adverse effect on our financial condition and results of operations.

Income tax returns that we file will be subject to review and examination. We will not recognize the benefit of income tax positions we believe are more likely than not to be disallowed upon challenge by a tax authority. If any tax authority successfully challenges our operational structure, intercompany pricing policies or the taxable presence of our subsidiaries in certain countries, if the terms of certain income tax treaties are interpreted in a manner that is adverse to our structure, or if we lose a material tax dispute in any country, our effective tax rate on our worldwide earnings could increase substantially and result in a material adverse effect on our financial condition.

Our operations are subject to numerous laws and regulations relating to the protection of the environment and of human health and safety, and compliance with these laws and regulations could impose significant costs and liabilities that exceed our current expectations.

Substantial costs, liabilities, delays and other significant issues could arise from environmental, health and safety laws and regulations covering our operations, and we may incur substantial costs and liabilities in maintaining compliance with such laws and regulations. Our operations are subject to extensive international conventions and treaties, and national or federal, state and local laws and regulations, governing environmental protection, including with respect to the discharge of materials into the environment and the security of chemical and industrial facilities. These laws govern a wide range of environmental issues, including:

- the release of oil, drilling fluids, natural gas or other materials into the environment;
- air emissions from our drilling rigs or our facilities;
- handling, cleanup and remediation of solid and hazardous wastes at our drilling rigs or our facilities or at locations to which we have sent wastes for disposal;

20

- restrictions on chemicals and other hazardous substances; and
- wildlife protection, including regulations that ensure our activities do not jeopardize endangered or threatened animals, fish and plant species, nor destroy or modify the critical habitat of such species.

Various governmental authorities have the power to enforce compliance with these laws and regulations and the permits issued under them, oftentimes requiring difficult and costly actions. Failure to comply with these laws, regulations and permits, or the release of oil or other materials into the environment, may result in the assessment of administrative, civil and criminal penalties, the imposition of remedial obligations, the imposition of stricter conditions on or revocation of permits, the issuance of moratoria or injunctions limiting or preventing some or all of our operations, delays in granting permits and cancellation of leases, or could affect our relationship with certain consumers.

There is an inherent risk of the incurrence of environmental costs and liabilities in our business, some of which may be material, due to the handling of our customers' hydrocarbon products as they are gathered, transported, processed and stored, air emissions related to our operations, historical industry operations, and water and waste disposal practices. Joint, several or strict liability may be incurred without regard to fault under certain environmental laws and regulations for the remediation of contaminated areas and in connection with past, present or future spills or releases of natural gas, oil and wastes on, under, or from past, present or future facilities. Private parties may have the right to pursue legal actions to enforce compliance as well as to seek damages for non-compliance with environmental laws and regulations or for personal injury or property damage arising from our operations. In addition, increasingly strict laws, regulations and enforcement policies could materially increase our compliance costs and the cost of any remediation that may become necessary. Our insurance may not cover all environmental risks and costs or may not provide sufficient coverage if an environmental claim is made against us.

Our business may be adversely affected by increased costs due to stricter pollution control equipment requirements or liabilities resulting from non-compliance with required operating or other regulatory permits. Also, we might not be able to obtain or maintain from time to time all required environmental regulatory approvals for our operations. If there is a delay in obtaining any required environmental regulatory approvals, or if we fail to obtain and comply with them, the operation or construction of our facilities could be prevented or become subject to additional costs. In addition, the steps we could be required to take to bring certain facilities into regulatory compliance could be prohibitively expensive, and we might be required to shut down, divest or alter the operation of those facilities, which might cause us to incur losses.

We make assumptions and develop expectations about possible expenditures related to environmental conditions based on current laws and regulations and current interpretations of those laws and regulations. If the interpretation of laws or regulations, or the laws and regulations themselves, change, our assumptions may change, and new capital costs may be incurred to comply with such changes. In addition, new environmental laws and regulations might adversely affect our operations, as well as waste management and air emissions. For instance, governmental agencies could impose additional safety requirements, which could affect our profitability. Further, new environmental laws and regulations might adversely affect our customers, which in turn could affect our profitability.

Finally, although some of our drilling rigs will be separately owned by our subsidiaries, under certain circumstances a parent company and all of the unit-owning affiliates in a group under common control engaged in a joint venture could be held liable for damages or debts owed by one of the affiliates, including liabilities for oil spills under environmental laws. Therefore, it is possible that we could be subject to liability upon a judgment against us or any one of our subsidiaries.

Construction, conversion or upgrades of rigs are subject to risks, including delays and cost overruns, which could have an adverse impact on our available cash resources and results of operations.

We currently have one remaining ongoing new construction project. In addition, we will continue to make upgrades, refurbishment and repair expenditures to our fleet from time to time, some of which may be unplanned. Our customers

may also require certain shipyard reliability upgrade projects for our rigs. These projects and other efforts of this type are subject to risks of cost overruns or delays inherent in any large construction project as a result of numerous factors, including the following:

- shortages of equipment, materials or skilled labor;
- work stoppages and labor disputes;
- unscheduled delays in the delivery of ordered materials and equipment;
- local customs strikes or related work slowdowns that could delay importation of equipment or materials;
- weather interferences;
- difficulties in obtaining necessary permits or approvals or in meeting permit or approval conditions;

21

- design and engineering problems;
- inadequate regulatory support infrastructure in the local jurisdiction;
- latent damages or deterioration to hull, equipment and machinery in excess of engineering estimates and assumptions;
- unforeseen increases in the cost of equipment, labor and raw materials, particularly steel;
- unanticipated actual or purported change orders;
- client acceptance delays;
- disputes with shipyards and suppliers;
- delays in, or inability to obtain, access to funding;
- shipyard availability, failures and difficulties, including as a result of financial problems of shipyards or their subcontractors; and
- failure or delay of third-party equipment vendors or service providers.

The failure to complete a rig repair, upgrade, refurbishment or new construction on time, or at all, or the inability to complete a rig conversion or new construction in accordance with its design specifications, may result in loss of revenues, penalties, or delay, renegotiation or cancellation of a drilling contract or the recognition of an asset impairment. Additionally, capital expenditures for rig repair, upgrade, refurbishment and construction projects could materially exceed our planned capital expenditures. Moreover, when our rigs are undergoing upgrade, refurbishment and repair, they may not earn a dayrate during the period they are out of service. If we experience substantial delays and cost overruns in our shipyard projects, it could have a material adverse effect on our business, financial condition and results of operations.

Our information technology systems and those of our service providers are subject to cybersecurity risks and threats.

We depend on information technology systems that we manage, and others that are managed by our third-party service and equipment providers, to conduct our operations, including critical systems on our drilling units, and these systems are subject to risks associated with cyber incidents or attacks. It has been reported that unknown entities or groups have mounted cyber-attacks on businesses and other organizations solely to disable or disrupt computer systems, disrupt operations and, in some cases, steal data. Due to the nature of cyber-attacks, breaches to our or our service or equipment providers' systems could go unnoticed for a prolonged period of time. These cybersecurity risks could disrupt our operations and result in downtime, loss of revenue, or the loss of critical data as well as result in higher costs to correct and remedy the effects of such incidents. If our or our service or equipment providers' systems for protecting against cyber incidents or attacks prove to be insufficient and an incident were to occur, it could have a material adverse effect on our business, financial condition, results of operations or cash flows. Currently, we do not carry insurance for losses related to cybersecurity attacks, and may elect to not obtain such insurance in the future.

Failure to attract and retain skilled personnel or an increase in personnel costs could adversely affect our operations.

We require skilled personnel to operate and provide technical services and support for our drilling units. In the past, during periods of high demand for drilling services and increasing worldwide industry fleet size, shortages of qualified personnel have occurred. During periods of low demand, such as the one we are currently experiencing, there are layoffs of qualified personnel, who often find work with competitors or leave the industry. As a result, once market conditions improve, we may face shortages of qualified personnel, which would impair our ability to attract qualified personnel for our new or existing drilling units, impair the timeliness and quality of our work and create upward pressure on personnel costs, any of which could adversely affect our operations.

Any failure to comply with the complex laws and regulations governing international trade could adversely affect our operations.

The shipment of goods, services and technology across international borders subjects our business to extensive trade laws and regulations. Import activities are governed by unique customs laws and regulations in each of the countries of operation. Moreover, many countries, including the United States, control the export and re-export of certain goods,

services and technology and impose related export recordkeeping and reporting obligations. Governments also may impose economic sanctions against certain countries, persons and other entities that may restrict or prohibit transactions involving such countries, persons and entities. U.S. sanctions, in particular, are targeted against certain countries that are heavily involved in the petroleum and petrochemical industries, which includes drilling activities.

The laws and regulations concerning import activity, export recordkeeping and reporting, export control and economic sanctions are complex and constantly changing. These laws and regulations may be enacted, amended, enforced or interpreted in a manner materially impacting our operations. Shipments can be delayed and denied export or entry for a variety of reasons, some of which are outside our control and some of which may result from failure to comply with existing legal and regulatory regimes. Shipping delays or denials could cause unscheduled operational downtime. Any failure to comply with applicable legal and regulatory trading obligations could also result in criminal and civil penalties and sanctions, such as fines, imprisonment, debarment from government contracts, seizure of shipments and loss of import and export privileges.

Currently, we do not, nor do we intend to, operate in countries that are subject to significant sanctions and embargoes imposed by the U.S. government or identified by the U.S. government as state sponsors of terrorism, such as Cuba, Iran, Sudan and Syria. The U.S. sanctions and embargo laws and regulations vary in their application, as they do not all apply to the same covered persons or proscribe the same activities, and such sanctions and embargo laws and regulations may be amended or strengthened over time. Although we believe that we will be in compliance with all applicable sanctions and embargo laws and regulations at the filing date, and intend to maintain such compliance, there can be no assurance that we will be in compliance in the future, particularly as the scope of certain laws may be unclear and may be subject to changing interpretations. Any such violation could result in fines or other penalties and could result in some investors deciding, or being required, to divest their interest, or not to invest, in us. In addition, certain institutional investors may have investment policies or restrictions that prevent them from holding securities of companies that have contracts with countries identified by the U.S. government as state sponsors of terrorism. In addition, our reputation and the market for our securities may be adversely affected if we engage in certain other activities, such as entering into drilling contracts with individuals or entities in countries subject to significant U.S. sanctions and embargo laws that are not controlled by the governments of those countries, or engaging in operations associated with those countries pursuant to contracts with third parties that are unrelated to those countries or entities controlled by their governments.

We may reduce or suspend our dividend.

We reduced our dividend from \$0.375 per share for each of the first three quarters of 2015 to \$0.15 per share for the fourth quarter of 2015 and the first quarter of 2016. Our Board of Directors may, without advance notice, determine to further reduce or suspend our dividend in order to maintain our financial flexibility and best position our company for long-term success. The declaration and amount of future dividends is at the discretion of our Board of Directors and will depend on our results of operations, financial condition, cash requirements, availability of distributable reserves, future business prospects, contractual restrictions and other factors deemed relevant by the Board of Directors. The likelihood that dividends will be reduced or suspended is increased during periods of market weakness, such as the one we are experiencing today. Many of our competitors have stopped paying a dividend due to the current depressed market conditions. There can be no assurance that we will pay a dividend in the future.

Pension expenses associated with our retirement benefit plans may fluctuate significantly depending upon changes in actuarial assumptions, future investment performance of plan assets and legislative or other regulatory actions.

A portion of our current and retired employee population is covered by pension and other post-retirement benefit plans, the costs of which are dependent upon various assumptions, including estimates of rates of return on benefit plan assets, discount rates for future payment obligations, mortality assumptions, rates of future cost growth and trends for future costs. In addition, funding requirements for benefit obligations of our pension and other post-retirement benefit plans are subject to legislative and other government regulatory actions. Future changes in estimates and assumptions associated with our pension and other post-retirement benefit plans could have a material adverse effect on our financial condition, results of operations, cash flows and/or financial disclosures.

Fluctuations in exchange rates and nonconvertibility of currencies could result in losses to us.

We may experience currency exchange losses when revenues are received or expenses are paid in nonconvertible currencies, when we do not hedge an exposure to a foreign currency or when the result of a hedge is a loss. We may also incur losses as a result of an inability to collect revenues due to a shortage of convertible currency available to the country of operation, controls over currency exchange or controls over the repatriation of income or capital.

We are subject to litigation that could have an adverse effect on us.

We are, from time to time, involved in various litigation matters. These matters may include, among other things, contract disputes, personal injury claims, asbestos and other toxic tort claims, environmental claims or proceedings, employment matters, governmental claims for taxes or duties, and other litigation that arises in the ordinary course of our business. Although we intend to defend these matters vigorously, we cannot predict with certainty the outcome or effect of any claim or other litigation matter, and there can be no assurance as to the ultimate outcome of any litigation. Litigation may have an adverse effect on us because of potential negative outcomes, costs of attorneys, the allocation of management's time and attention, and other factors.

We are a holding company, and we are dependent upon cash flow from subsidiaries to meet our obligations.

We currently conduct our operations through our subsidiaries, and our operating income and cash flow are generated by our subsidiaries. As a result, cash we obtain from our subsidiaries is the principal source of funds necessary to meet our debt service obligations. Contractual provisions or laws, as well as our subsidiaries' financial condition and operating requirements, may limit our ability to obtain the cash that we require from our subsidiaries to pay our debt service obligations. Applicable tax laws may also subject such payments to us by our subsidiaries to further taxation.

Forward-Looking Statements

This Annual Report on Form 10-K includes "forward-looking statements" within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934, as amended. All statements other than statements of historical facts included in this report regarding rig demand, the offshore drilling market, oil prices, contract backlog, fleet status, our financial position, business strategy, impairments, repayment of debt, credit ratings, borrowings under our credit facilities or other instruments, sources of funds, completion, delivery dates and acceptance of our newbuild rig, future capital expenditures, contract commitments, dayrates, contract commencements, extension or renewals, contract tenders, the outcome of any dispute, litigation, audit or investigation, plans and objectives of management for future operations, foreign currency requirements, results of joint ventures, indemnity and other contract claims, construction and upgrade of rigs, industry conditions, access to financing, impact of competition, governmental regulations and permitting, availability of labor, worldwide economic conditions, taxes and tax rates, indebtedness covenant compliance, dividends and distributable reserves, timing or results of acquisitions or dispositions, and timing for compliance with any new regulations are forward-looking statements. When used in this report, the words "anticipate," "believe," "estimate," "expect," "intend," "may," "plan," "project," "should" and similar expressions are intended to be among the statements that identify forward-looking statements. Although we believe that the expectations reflected in such forward-looking statements are reasonable, we cannot assure you that such expectations will prove to be correct. These factors include those described in "Risk Factors" above, or in our other SEC filings, among others. Such risks and uncertainties are beyond our ability to control, and in many cases, we cannot predict the risks and uncertainties that could cause our actual results to differ materially from those indicated by the forward-looking statements. You should consider these risks when you are evaluating us.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

Drilling Fleet

Our drilling fleet is composed of the following types of units: drillships, semisubmersibles, and jackups. Each type of drilling rig is described further below. Several factors determine the type of unit most suitable for a particular job, the most significant of which include the water depth and the environment of the intended drilling location, whether the drilling is being done over a platform or other structure, and the intended well depth.

Drillships

Our drillships are self-propelled vessels. These units maintain their position over the well through the use of a computer-controlled dynamic positioning system. Certain of our drillships are capable of drilling in water depths up to 12,000 feet.

As of the filing date of this Annual Report on Form 10-K, our drillship fleet consisted of the following eight units:

- four dynamically positioned Gusto Engineering Pelican Class drillships;
- two dynamically positioned Bully-class drillships operated by us through a 50 percent joint venture with a subsidiary of Shell; and
- two dynamically positioned Globetrotter-class drillships.

Semisubmersibles

Semisubmersibles are floating platforms which, by means of a water ballasting system, can be submerged to a predetermined depth so that a substantial portion of the hull is below the water surface during drilling operations in order to improve stability. These units maintain their position over the well through the use of either a fixed mooring system or a computer controlled dynamic positioning system and can drill in many areas where jackups cannot drill. Semisubmersibles normally require water depths of at least 200 feet in order to conduct operations. Certain of our semisubmersibles are capable of drilling in water depths of up to 12,000 feet.

As of the filing date of this Annual Report on Form 10-K, our semisubmersible fleet consisted of the following eight units:

- three Noble EVA-4000™ semisubmersibles;
- three Friede & Goldman 9500 Enhanced Pacesetter semisubmersibles; and
- two Bingo 9000 design unit semisubmersibles.

Jackups

Jackups are mobile, self-elevating drilling platforms equipped with legs that can be lowered to the ocean floor until a foundation is established for support. The rig hull includes the drilling rig, jacking system, crew quarters, loading and unloading facilities, storage areas for bulk and liquid materials, helicopter landing deck and other related equipment. All of our jackups are independent leg (i.e., the legs can be raised or lowered independently of each other) and cantilevered. A cantilevered jackup has a feature that permits the drilling platform to be extended out from the hull, allowing it to perform drilling or workover operations over pre-existing platforms or structures. Moving a rig to the drill site involves jacking up its legs until the hull is floating on the surface of the water. The hull is then towed to the drill site by tugs and the legs are jacked down to the ocean floor. The jacking operation continues until the hull is raised out of the water, and drilling operations are conducted with the hull in its raised position. Our jackups are capable of drilling in water depths up to approximately 500 feet. As of the filing date of this Annual Report on Form 10-K, we had 14 jackups in our fleet, including one high-specification, harsh environment jackup under construction.

Offshore Fleet Table

The following table sets forth certain information concerning our offshore fleet at February 11, 2016. We operate and own all of the units included in the table.

Name	Make	Year Built or Rebuilt ⁽¹⁾	Water Depth Rating (feet)	Drilling Depth Capacity (feet)	Location	Status ⁽²⁾
Drillships—8						
Noble Bob Douglas ⁽³⁾	GustoMSC P10000	2013 N	12,000	40,000	U.S. Gulf of Mexico	Active
Noble Bully I ⁽³⁾⁽⁴⁾	GustoMSC Bully PRD 12000	2011 N	8,200	40,000	U.S. Gulf of Mexico	Active
Noble Bully II ⁽³⁾⁽⁴⁾	GustoMSC Bully PRD 12000	2011 N	10,000	40,000	Malaysia	Active
Noble Don Taylor ⁽³⁾	GustoMSC P10000	2013 N	12,000	40,000	U.S. Gulf of Mexico	Active
Noble Globetrotter I ⁽³⁾	Globetrotter Class	2011 N	10,000	30,000	U.S. Gulf of Mexico	Active
Noble Globetrotter II ⁽³⁾	Globetrotter Class	2013 N	10,000	30,000	Congo	Active
Noble Sam Croft ⁽³⁾	GustoMSC P10000	2014 N	12,000	40,000	U.S. Gulf of Mexico	Active
Noble Tom Madden ⁽³⁾	GustoMSC P10000	2014 N	12,000	40,000	U.S. Gulf of Mexico	Active
Semisubmersibles—8						
Noble Amos Runner	Noble EVA-4000™	1999 R/2008 M	8,000	32,500	U.S. Gulf of Mexico	Active
Noble Clyde Boudreaux	F&G 9500 Enhanced Pacesetter	2007 R/M	10,000	35,000	Singapore	Available
Noble Danny Adkins	Bingo 9000—DP	2009 R	12,000	35,000	U.S. Gulf of Mexico	Active
Noble Dave Beard	F&G 9500 Enhanced Pacesetter—DP	2009 R	10,000	35,000	Brazil	Active
Noble Homer Ferrington	F&G 9500 Enhanced Pacesetter	2004 R	7,200	30,000	Italy	Stacked
Noble Jim Day	Bingo 9000—DP	2010 R	12,000	35,000	U.S. Gulf of Mexico	Available
Noble Max Smith	Noble EVA-4000™	1999 R	7,000	30,000	Singapore	Available
Noble Paul Romano	Noble EVA-4000™	1998 R/2007 M	6,000	32,500	U.S. Gulf of Mexico	Active
Independent Leg Cantilevered Jackups—14						
Noble Alan Hay	Levingston Class 111-C	2005 R	300	25,000	U.A.E.	Active
Noble David Tinsley	Modec 300C-38	2010 R	300	25,000	U.A.E.	Active
Noble Gene House	Modec 300C-38	1998 R	300	25,000	Saudi Arabia	Active
Noble Hans Deul ⁽³⁾	F&G JU-2000E	2009 N	400	30,000	U.K.	Active
Noble Houston Colbert ⁽³⁾	F&G JU-3000N	2013 N	400	30,000	Argentina	Active
Noble Joe Beall	Modec 300C-38	2004 R	300	25,000	Saudi Arabia	Active
Noble Lloyd Noble ⁽³⁾	GustoMSC CJ70-x150-ST	2016 N	500	32,000	Singapore	Shipyard
Noble Mick O'Brien ⁽³⁾	F&G JU-3000N	2013 N	400	30,000	U.A.E.	Active
Noble Regina Allen ⁽³⁾	F&G JU-3000N	2013 N	400	30,000	The Netherlands	Available
Noble Roger Lewis ⁽³⁾	F&G JU-2000E	2007 N	400	30,000	Saudi Arabia	Active
Noble Sam Hartley ⁽³⁾	F&G JU-3000N	2015 N	400	30,000	Brunei	Active
Noble Sam Turner ⁽³⁾	F&G JU-3000N	2014 N	400	30,000	Denmark	Active
Noble Scott Marks ⁽³⁾	F&G JU-2000E	2009 N	400	30,000	Saudi Arabia	Active
Noble Tom Prosser ⁽³⁾	F&G JU-3000N	2014 N	400	30,000	Australia	Active

Footnotes to Drilling Fleet Table

1. Rigs designated with an “R” were modified, refurbished or otherwise upgraded in the year indicated by capital expenditures in an amount deemed material by management. Rigs designated with an “N” are newbuilds. Rigs designated with an “M” have been upgraded to the Noble NC-5SM mooring standard.

2. Rigs listed as “active” are operating, or preparing to operate, under contract; rigs listed as “available” are actively seeking contracts; rigs listed as “shipyard” are in a shipyard for construction, repair, refurbishment or upgrade; rigs listed as “stacked” are idle without a contract and have reduced or no crew.
3. Harsh environment capability.
4. We own and operate the Noble Bully I and Noble Bully II through joint ventures with a subsidiary of Shell. Under the terms of the joint venture agreements, each party has an equal 50 percent ownership stake in both vessels.

26

Facilities

Our corporate headquarters is located in London, England. We also maintain offices in Sugar Land, Texas, where significant worldwide global support activity occurs. In addition, we own and lease operational, administrative and marketing offices, as well as other sites used primarily for operations, storage and maintenance and repairs for drilling rigs and equipment in various locations worldwide.

Item 3. Legal Proceedings.

Information regarding legal proceedings is set forth in Note 18 to our consolidated financial statements included in Item 8 of this Annual Report on Form 10-K.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market for Shares and Related Shareholder Information

Noble-UK shares are listed and traded on the New York Stock Exchange under the symbol "NE." The following table sets forth for the periods indicated the high and low sales prices and dividends or returns of capital declared and paid in U.S. Dollars per share and are adjusted retroactively to reflect the impact of the Spin-off of Paragon Offshore, which was completed on August 1, 2014:

	High	Low	Cash Dividends Declared and Paid
2015			
Fourth quarter	\$14.22	\$10.55	\$ 0.150
Third quarter	15.27	10.46	0.375
Second quarter	18.16	14.45	0.375
First quarter	19.51	13.55	0.375
2014			
Fourth quarter	\$21.83	\$14.52	\$ 0.375

Third quarter	28.59	22.22	0.375
Second quarter	30.44	25.77	0.375
First quarter	33.01	25.05	0.375

The declaration and payment of dividends or returns of capital will depend on our results of operations, financial condition, cash requirements, availability of distributable reserves, future business prospects, contractual restrictions and other factors deemed relevant by our Board of Directors and our shareholders.

On February 12, 2016, there were 243,202,568 shares outstanding held by 374 shareholder accounts of record.

UK Tax Consequences to Shareholders of Noble-UK

The tax consequences discussed below do not reflect a complete analysis or listing of all the possible tax consequences that may be relevant to shareholders of Noble. Shareholders should consult their own tax advisors in respect of the tax consequences related to receipt, ownership, purchase or sale or other disposition of our shares.

UK Income Tax on Dividends and Similar Distributions

A non-UK tax resident holder will not be subject to UK income taxes on dividend income and similar distributions in respect of our shares, unless the shares are attributable to a permanent establishment or a fixed place of business maintained in the UK by such non-UK holder.

Disposition of Noble-UK Shares

Shareholders who are neither UK tax resident nor holding their Noble-UK shares in connection with a trade carried on through a permanent establishment in the UK will not be subject to any UK taxes on chargeable gains as a result of any disposals of their shares. Noble-UK shares held outside the facilities of The Depository Trust Company (“DTC”) should be treated as UK situs assets for the purpose of UK inheritance tax.

UK Withholding Tax—Dividends to Shareholders

Payments of dividends by Noble-UK will not be subject to any withholding in respect of UK taxation, regardless of the tax residence of the recipient shareholder.

Stamp Duty and Stamp Duty Reserve Tax in Relation to the Transfer of Shares

Stamp duty and/or stamp duty reserve tax (“SDRT”) are imposed by the UK on certain transfers of chargeable securities (which include shares in companies incorporated in the UK) at a rate of 0.5 percent of the consideration paid for the transfers in question. Certain transfers of shares to depositaries or into clearance systems are charged at a higher rate of 1.5 percent. Her Majesty’s Revenue and Customs (“HMRC”) regard DTC as a clearance system for these purposes.

Transfers of the Ordinary Shares through the facilities of DTC will not attract a charge to stamp duty or SDRT in the UK. Any transfer of title to Ordinary Shares from within those facilities to a holder outside those facilities, and any subsequent transfers that occur entirely outside those facilities, will ordinarily attract stamp duty or SDRT at a rate of 0.5 percent. This duty must be paid (and, where relevant, the transfer document stamped by HMRC) before the transfer can be registered in the books of Noble-UK. However, if those Ordinary Shares of Noble-UK are redeposited into the facilities of DTC, that redeposit will attract stamp duty or SDRT at the rate of 1.5 percent.

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. Prior to our redomiciliation to the UK, a resolution was adopted by Noble-UK’s sole shareholder authorizing the repurchase of 6.8 million shares during the five-year period commencing on the date of the redomiciliation. This number of shares corresponds to the number of shares that Noble-Swiss had authority to repurchase at the time of the redomiciliation. During 2014, we repurchased all shares covered by this authorization.

In December 2014, we received shareholder approval to repurchase up to 37 million additional ordinary shares, or approximately 15 percent of our outstanding ordinary shares at the time of shareholder approval. The authority to make such repurchases will expire at the end of the Company’s 2016 annual general meeting of shareholders. At this time, we do not expect to seek shareholder approval for further repurchases at our 2016 annual general meeting.

In January 2015, we repurchased 6.2 million of our ordinary shares at an average price of \$16.10 per share, excluding commissions and stamp tax. Including these items, the average price paid per share during January 2015 was \$16.21. All share repurchases were made in the open market and were pursuant to the share repurchase program discussed above. All shares repurchased during 2015 were immediately cancelled. Since these purchases in January 2015, we have made no further repurchases of ordinary shares.

Stock Performance Graph

This graph shows the cumulative total shareholder return of our shares over the five-year period ending December 31, 2015. The graph also shows the cumulative total returns for the same five-year period of the S&P 500 Index and the Dow Jones U.S. Oil Equipment & Services Index. The graph assumes that \$100 was invested in our shares and the two indices on January 1, 2011 and that all dividends or distributions and returns of capital were reinvested on the date of payment.

Company Name / Index	INDEXED RETURNS				
	Year Ended December 31,				
	2011	2012	2013	2014	2015
Noble Corporation	\$85.83	\$100.41	\$110.25	\$58.17	\$40.35
S&P 500 Index	102.11	118.45	156.82	178.29	180.75
Dow Jones U.S. Oil Equipment & Services	87.57	87.86	112.82	93.39	72.40

Investors are cautioned against drawing any conclusions from the data contained in the graph, as past results are not necessarily indicative of future performance.

The above graph and related information shall not be deemed “soliciting material” or to be “filed” with the SEC, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933 or Securities Exchange Act of 1934, each as amended, except to the extent that we specifically incorporate it by reference into such filing.

Item 6. Selected Financial Data.

The following table sets forth selected financial data of us and our consolidated subsidiaries over the five-year period ended December 31, 2015, which information is derived from our audited financial statements. This information should be read in connection with, and is qualified in its entirety by, the more detailed information in our financial statements included in Item 8 of this Annual Report on Form 10-K.

	Year Ended December 31,				
	2015	2014	2013	2012	2011
	(In thousands, except per share amounts)				
Statement of Income Data					
Operating revenues from continuing operations	\$3,352,252	\$3,232,504	\$2,538,143	\$2,200,699	\$1,429,826
Net income (loss) from continuing operations attributable					
to Noble-UK ⁽¹⁾	511,000	(152,011)	478,595	414,389	190,745
Net income (loss) from continuing operations per share					
attributable to Noble-UK:					
Basic	2.06	(0.60)	1.86	1.63	0.75
Diluted	2.06	(0.60)	1.86	1.63	0.75
Balance Sheet Data (at end of period)					
Cash and marketable securities	\$512,245	\$68,510	\$114,458	\$282,092	\$239,196
Property and equipment, net	11,483,623	12,112,509	14,558,090	13,025,972	12,130,345
Total assets	12,891,984	13,286,822	16,217,957	14,607,774	13,495,159
Long-term debt	4,188,904	4,869,020	5,556,251	4,634,375	4,071,964
Total debt ⁽²⁾	4,488,901	4,869,020	5,556,251	4,634,375	4,071,964
Total equity	7,422,230	7,287,034	9,050,028	8,488,290	8,097,852
Other Data					
Net cash from operating activities	\$1,762,351	\$1,778,208	\$1,702,317	\$1,381,693	\$740,240
Net cash from investing activities	(432,537)	(2,109,268)	(2,485,107)	(1,790,888)	(2,521,546)
Net cash from financing activities	(886,079)	285,112	615,156	452,091	1,682,631
Capital expenditures ⁽³⁾	422,544	2,072,885	2,487,520	1,669,811	2,621,235
Working capital ⁽⁴⁾	376,961	259,888	339,020	393,876	232,432
Cash distributions declared per share	1.28	1.50	0.76	0.54	0.60

(1) Results for 2015, 2014, 2013 and 2012 include impairment charges of \$418 million, \$745 million, \$4 million and \$20 million, respectively.

(2) Consists of Long-term debt and Current maturities of long-term debt.

(3) Capital expenditures includes expenditures made for rigs that were ultimately transferred to Paragon Offshore as part of the Spin-off.

(4) Working capital is calculated as current assets less current liabilities.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion is intended to assist you in understanding our financial position at December 31, 2015 and 2014, and our results of operations for each of the years in the three-year period ended December 31, 2015. The following discussion should be read in conjunction with the consolidated financial statements and related notes contained in this Annual Report on Form 10-K for the year ended December 31, 2015 filed by Noble-UK and Noble-Cayman.

The results of operations for Paragon Offshore prior to August 1, 2014, the Spin-off date, and non-recurring costs related to the Spin-off have been classified as discontinued operations for all periods presented in this report. The terms "earnings" and "loss" as used in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" refer to income/(loss) from continuing operations. Income/(loss) from continuing operations is representative of the Company's current business operations and focus.

Executive Overview

Our 2015 financial and operating results from continuing operations include:

- operating revenues totaling \$3.4 billion;
- net income of \$511 million, or \$2.06 per diluted share, which includes a \$418 million after-tax impairment charge recognized on two of our rigs, certain capital spare equipment and certain corporate assets;
- net cash from operating activities totaling \$1.8 billion; and
- a decrease in debt to 38 percent of total capitalization at the end of 2015, down from 40 percent at the end of 2014 as a result of the repayment of certain maturing notes during the current year.

The business environment for offshore drillers during 2015 remained challenging. The rig capacity imbalance, caused in part by the addition of newbuild units and rigs completing current contracts, increased while customer demand for these rigs has decreased. Beginning in June 2014, the price of oil, a key factor in determining customer activity levels, began to decline rapidly, with the Brent crude price declining from approximately \$112 per barrel on June 30, 2014 to approximately \$37 per barrel on December 31, 2015. In this environment, operators have curtailed drilling programs, especially exploration activity, resulting in a dramatic reduction in dayrates for new contracts, as well as lower rig utilization. While there have been a number of rig retirements in 2015 and early 2016, the rig capacity imbalance has not corrected.

We expect that the business environment for 2016 will remain challenging and could potentially deteriorate further. The present level of global economic activity, the potential increase of oil supply from Iran and a lack of production cuts within the Organization of Petroleum Exporting Countries are contributing to an uncertain oil price environment, leading to a persistent disruption in our customers' exploration and production spending plans. Capital expenditures undertaken by the offshore drilling industry in recent years have increased the supply of drilling rigs and current and expected demand from customers during 2016 is not expected to support this current supply. We cannot give any assurances as to when these conditions in the offshore drilling market will improve, or when there will be higher demand for contract drilling services or a decline in the supply of available drilling rigs. While current market conditions persist, we will continue to focus on operating efficiency, cost control and operating margin preservation, which could include the stacking or retirement of additional drilling rigs.

We believe in the long-term fundamentals for the industry, especially for those contractors with a modern fleet of high-specification rigs like ours. Also, we believe the ultimate market recovery will benefit from any sustained under-investment by customers during this current market phase.

Our business strategy focuses on deepwater drilling and high-specification jackups and the deployment of our drilling rigs in important oil and gas basins around the world.

We have expanded our offshore deepwater drilling and high-specification jackup capabilities through the construction of rigs. Currently, we have one newbuild project remaining, the heavy-duty, harsh environment jackup, Noble Lloyd Noble, which is scheduled to commence operations under a four-year contract in the North Sea during the third quarter of 2016. Although we plan to focus on capital preservation and liquidity because of current market conditions, we also plan to continue to evaluate opportunities as they arise from time to time to enhance our fleet, particularly focusing on higher specification rigs, to execute the increasingly more complex drilling programs required by our customers.

While we cannot predict the future level of demand or dayrates for our services, or future conditions in the offshore contract drilling industry, we believe we are strategically well positioned.

Impairment

In the fourth quarter of 2015, in connection with our annual impairment analysis, we decided that we would no longer market one of our drillships, the Noble Discoverer. The decision was a result of the termination of the contract for this rig by Shell in December 2015 and the decreased opportunities for rigs of this type in the current marketplace. We also reviewed assumptions on the future marketability of one of our jackups, the Noble Charles Copeland, after its contract completion in late September 2015, with consideration given to its years in service, limited technical features and anticipated capital requirements in light of the current market conditions. As a result of this analysis, we have decided to discontinue marketing this unit. Additionally, as a result of a fourth quarter review of capital spare equipment, we elected to retire certain capital spare equipment. As a result of our analysis discussed above, we recorded an impairment charge of \$406 million for the year ended December 31, 2015.

Also in 2015, we determined that certain corporate assets were partially impaired due to a declining market for, and the potential disposal of, the assets. We estimated the fair value of the assets based on quotes from brokers of similar assets (Level 2). Based on these estimates, we recorded an impairment charge of approximately \$13 million for the year ended December 31, 2015.

In the fourth quarter of 2014, we decided to discontinue marketing three of our semisubmersibles, the Noble Driller, the Noble Jim Thompson and the Noble Paul Wolff, as a result of the market conditions. We evaluated these units for impairments and recorded an impairment charge of \$685 million on these units. Additionally, we fully impaired the \$60 million of goodwill on our books, which originated from the acquisition of FDR Holdings Limited (“Frontier”) in 2010, as a result of a significant decline in the market value of our stock, a decrease in oil and gas prices, significant reductions in the projected dayrates for new contracts and reduced utilization forecasts.

We evaluate the impairment of property and equipment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In addition, on an annual basis, we complete an impairment analysis on our rig fleet. An impairment loss on our property and equipment exists when the estimated undiscounted cash flows expected to result from the use of the asset and its eventual disposition are less than its carrying amount. Any impairment loss recognized represents the excess of the asset’s carrying value over the estimated fair value. As part of this analysis, we make assumptions and estimates regarding future market conditions. To the extent actual results do not meet our estimated assumptions, for a given rig class, we may take an impairment loss in the future.

Spin-off of Paragon Offshore plc

On August 1, 2014, Noble-UK completed the separation and spin-off of a majority of its standard specification offshore drilling business 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. The results of operations for Paragon Offshore prior to the Spin-off date and incremental Spin-off related costs have been classified as discontinued operations for the years ended December 31, 2014 and 2013. There were no discontinued operations in 2015.

In February 2016, we entered into an agreement in principle for a settlement with Paragon Offshore under which, in exchange for a full and unconditional release of any claims by Paragon Offshore in connection with the Spin-off (including certain claims that could be brought on behalf of Paragon Offshore’s creditors), we agreed to assume the administration of Mexican tax claims for specified years up to and including 2010, as well as the related bonding obligations and certain of the related tax liabilities. The agreement is subject to approval of the bankruptcy court following Paragon Offshore’s filing of a pre-negotiated bankruptcy plan. For additional information regarding the Spin-off, see Part II, Item 8, “Financial Statements and Supplementary Data, Note 2—Spin-off of Paragon Offshore plc” and Part II, Item 8, “Financial Statements and Supplementary Data, Note 18—Commitments and Contingencies.”

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.

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

The tax sharing agreement 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.

Contract Drilling Services Backlog

We maintain a backlog (as defined below) of commitments for contract drilling services. The following table sets forth, as of December 31, 2015, the amount of our contract drilling services backlog and the percent of available operating days committed for the periods indicated:

	Total	Year Ending December 31,				
		2016	2017	2018	2019	2020-2023
(In millions)						
Contract Drilling Services Backlog						
Semisubmersibles/Drillships ⁽¹⁾⁽³⁾⁽⁴⁾⁽⁶⁾	\$5,385	\$1,660	\$1,089	\$684	\$527	\$ 1,425
Jackups	1,470	579	388	242	158	103
Total ⁽²⁾	\$6,855	\$2,239	\$1,477	\$926	\$685	\$ 1,528
Percent of Available Days Committed ⁽⁵⁾						
Semisubmersibles/Drillships		57 %	37 %	25 %	20 %	13 %
Jackups		81 %	52 %	27 %	7 %	1 %
Total		68 %	44 %	26 %	14 %	7 %

- (1) The drilling contracts with Royal Dutch Shell plc (“Shell”) for the Noble Globetrotter I, Noble Globetrotter II and Noble Don Taylor provide opportunities for us to earn performance bonuses based on key performance indicators as defined by the contracts. With respect to these contracts, we have reduced the percentage of the potential performance bonuses for these rigs to zero reflecting a net reduction to our backlog of approximately \$101 million reflecting the current environment in which the payment of bonuses is less likely.
- (2) Some of our drilling contracts provide the customer with certain early termination rights and, in very limited cases, these termination rights require minimal or no notice and financial penalties. However, we have not received any notification of contract cancellations as of February 12, 2016, aside from the Noble Discoverer which has been reflected in this report and for which we received a termination payment of \$133.5 million during 2015. Our Saudi Aramco contract rates were adjusted downward for 2015 for purposes of the backlog. Backlog for the remaining four contracts previously reflected the original, pre-adjustment contract rates. However, given current market conditions and based on discussions with the customer, we do not expect the rates to return to the original contract rates. Instead, we expect the contract rates to be in the general range of the amended rates for 2015 through the end of each respective contract, which would reduce the backlog for those rigs by approximately \$253 million or potentially by a greater amount should negotiations lead to a lower dayrate. Backlog for these contracts has now been prepared assuming the reduced rates for 2015 apply for the remainder of the contract.
- (3) Three of our long-term contracts with Shell, the Noble Globetrotter I, Noble Globetrotter II and Noble Bully II, contain dayrate adjustment clauses after the initial five-year contract term. After the initial five-year term, dayrates adjust up or down every six months based on a discount to a market basket of comparable dayrates, all as defined in the contracts. These contracts commence indexing in April 2017, July 2017 and September 2018 for the Noble Bully II, Noble Globetrotter I and Noble Globetrotter II, respectively. There can be no assurance regarding the

level of future dayrates under these market-indexed contracts. For every \$50,000 change in dayrate under each of these contracts, backlog would be adjusted by \$275 million in the aggregate. The backlog shown herein assumes the initial dayrate continues for the entirety of the contract because of the lack of relevant available market data. Should the current adverse market conditions persist into 2017, 2018 or beyond, we would expect a material reduction to dayrates as compared to the initial five-year term rate.

- (4) The drilling contracts for the Noble Sam Croft and Noble Tom Madden remain under contract with Freeport-McMoRan Inc. ("Freeport") into July 2017 and November 2017, respectively. Freeport has announced plans to reduce the number of rigs it utilizes in the U.S. Gulf of Mexico. We are currently in discussion with Freeport regarding these contracts to determine whether there is a mutually beneficial arrangement that appropriately addresses the interests of each party. The ultimate impact to backlog from these discussions is uncertain. The amount of backlog attributable to the Freeport contracts is currently \$795 million or 12 percent of total backlog.

- (5) Percent of available days committed is calculated by dividing the total number of days our rigs are operating under contract for such period, or committed days, by the product of the total number of our rigs, including cold stacked rigs, and the number of calendar days in such period. Committed days do not include the days that a rig is stacked or the days that a rig is expected to be out of service for significant overhaul, repairs or maintenance. Percentages take into account additional capacity from the estimated dates of deployment of our newbuild rigs that are scheduled to commence operations during 2016.
- (6) Noble and a subsidiary of Shell are involved in joint ventures that own and operate both the Noble Bully I and the Noble Bully II. Under the terms of the joint venture agreements, each party has an equal 50 percent share in both rigs. As of December 31, 2015, the combined amount of backlog for these rigs totals approximately \$1.3 billion, all of which is included in our backlog. Noble's proportional interest in the backlog for these rigs totals \$632 million.

Our contract drilling services backlog reflects estimated future revenues attributable to both signed drilling contracts and letters of intent that we expect to result in binding drilling contracts. A letter of intent is generally subject to customary conditions, including the execution of a definitive drilling contract. It is possible that some customers that have entered into letters of intent will not enter into signed drilling contracts. As of December 31, 2015, our contract drilling services backlog did not include any letters of intent.

We calculate backlog for any given unit and period by multiplying the full contractual operating dayrate for such unit by the number of days remaining in the period. The reported contract drilling services backlog does not include amounts representing revenues for mobilization, demobilization and contract preparation, which are not expected to be significant to our contract drilling services revenues, amounts constituting reimbursables from customers or amounts attributable to uncommitted option periods under drilling contracts or letters of intent.

The amount of actual revenues earned and the actual periods during which revenues are earned may be materially different than the backlog amounts and backlog periods set forth in the table above due to various factors, including, but not limited to, shipyard and maintenance projects, unplanned downtime, the operation of market benchmarks for dayrate resets, achievement of bonuses, weather conditions, reduced standby or mobilization rates and other factors that result in applicable dayrates lower than the full contractual operating dayrate. In addition, amounts included in the backlog may change because drilling contracts may be varied or modified by mutual consent or customers may exercise early termination rights contained in some of our drilling contracts or decline to enter into a drilling contract after executing a letter of intent. As a result, our backlog as of any particular date may not be indicative of our actual operating results for the periods for which the backlog is calculated. Please read Part I, Item 1A, "Risk Factors—We can provide no assurance that our current backlog of contract drilling revenue will be ultimately realized."

RESULTS OF OPERATIONS

2015 Compared to 2014

General

Net income from continuing operations attributable to Noble-UK for 2015 was \$511 million, or \$2.06 per diluted share, on operating revenues of \$3.4 billion, compared to net loss from continuing operations for 2014 of \$152 million, or \$0.60 per diluted share, on operating revenues of \$3.2 billion.

As a result of Noble-UK conducting all of its business through Noble-Cayman and its subsidiaries, the financial position and results of operations for Noble-Cayman, and the reasons for material changes in the amount of revenue and expense items between 2015 and 2014, would be the same as the information presented below regarding Noble-UK in all material respects, except operating income for Noble-Cayman for the years ended December 31, 2015 and 2014 was \$29 million and \$50 million higher, respectively, than operating income for Noble-UK for the same periods. The operating income difference is primarily a result of executive costs directly attributable to Noble-UK for operations support and stewardship related services. In addition, we had non-recurring costs of \$63

million in 2014 related to the Spin-off, which we recognized as part of discontinued operations at the Noble-UK level.

34

Rig Utilization, Operating Days and Average Dayrates

Operating results from continuing operations for our contract drilling services segment are dependent on three primary metrics: rig utilization, operating days and dayrates. The following table sets forth the average rig utilization, operating days and average dayrates for our rig fleet for 2015 and 2014:

	Average Rig Utilization		Operating Days ⁽²⁾			Average Dayrates		
	⁽¹⁾		2015	2014	% Change	2015	2014	% Change
	2015	2014	2015	2014	% Change	2015	2014	% Change
Jackups	85 %	91 %	3,967	3,682	8 %	\$162,348	\$177,345	(8) %
Semisubmersibles ⁽³⁾	63 %	71 %	1,876	2,844	(34) %	445,230	409,848	9 %
Drillships ⁽⁴⁾	100 %	100 %	3,257	2,756	18 %	547,265	482,426	13 %
Other	N/A	0 %	N/A	—	**	N/A	—	**
Total	84 %	86 %	9,100	9,282	(2) %	\$358,423	\$339,154	6 %

(1) We define utilization for a specific period as the total number of days our rigs are operating under contract, divided by the product of the total number of our rigs, including cold stacked rigs, and the number of calendar days in such period. Information reflects our policy of reporting on the basis of the number of available rigs in our fleet, excluding newbuild rigs under construction.

(2) Information reflects the number of days that our rigs were operating under contract.

(3) Includes the contract drilling services revenue portion of the Noble Homer Ferrington arbitration award during the current year. Exclusive of the arbitration award, the average dayrate for the year ended December 31, 2015 was \$372,512.

(4) Includes the contract drilling services revenue portion of the Noble Discoverer contraction cancellation with Shell during the current year. Exclusive of the cancellation agreement, the average dayrate for the year ended December 31, 2015 was \$502,878.

Contract Drilling Services

The following table sets forth the operating results from continuing operations for our contract drilling services segment for 2015 and 2014 (dollars in thousands):

	2015	2014	Change	
			\$	%
Operating revenues:				
Contract drilling services	\$3,261,610	\$3,147,859	\$113,751	4 %
Reimbursables ⁽¹⁾	88,597	82,393	6,204	8 %
Other	—	1	(1)	**
	\$3,350,207	\$3,230,253	\$119,954	4 %
Operating costs and expenses:				
Contract drilling services	\$1,232,529	\$1,500,512	\$(267,983)	(18) %
Reimbursables ⁽¹⁾	68,182	65,080	3,102	5 %
Depreciation and amortization	611,748	608,590	3,158	1 %
General and administrative	76,843	106,278	(29,435)	(28) %
Loss on impairment	405,512	745,428	(339,916)	(46) %

	2,394,814	3,025,888	(631,074)	(21)%
Operating income	\$955,393	\$204,365	\$751,028	367%

(1) We record reimbursements from customers for out-of-pocket expenses as operating revenues and the related direct costs as operating expenses. Changes in the amount of these reimbursables generally do not have a material effect on our financial position, results of operations or cash flows.

** Not a meaningful percentage.

Operating Revenues. Changes in contract drilling services revenues for the current year as compared to the prior year were driven by a 6 percent increase in average dayrates, partially offset by a 2 percent decrease in operating days. The 6 percent increase in average dayrates increased revenues by approximately \$175 million, while the 2 percent decrease in operating days decreased revenues by \$61 million.

The increase in contract drilling services revenues relates to our drillships which generated approximately \$453 million more revenue in 2015. This amount was offset by decreases in revenues for our semisubmersibles and jackups, which declined by \$330 million and \$9 million, respectively, from the prior year.

During the current year, we recognized \$145 million of dayrate revenues related to the Noble Discoverer cancellation agreement with Shell. Excluding the cancellation agreement, drillship revenues increased by \$308 million driven by an 18 percent increase in operating days and a 4 percent increase in average dayrates, resulting in a \$242 million and a \$66 million increase in revenues, respectively, from the prior year. The increase in both average dayrates and operating days was the result of a full year of operations from the Noble Sam Croft and the Noble Tom Madden, which commenced operations in July 2014 and November 2014, respectively.

During the current year, we recognized \$137 million of dayrate revenues related to the Noble Homer Ferrington arbitration award. Excluding the arbitration award, semisubmersible revenues decreased by \$467 million driven by a 34 percent decline in operating days and a 9 percent decline in average dayrates, resulting in a \$397 million and a \$70 million decline in revenues, respectively, from the prior year. The decrease in both operating days and average dayrates was primarily attributable to the retirement of the Noble Jim Thompson, the Noble Driller and the Noble Paul Wolff as a result of our decision to retire these rigs based on the declining market conditions. Additionally, the Noble Max Smith was operational during the prior year but was off contract during the current year and the Noble Paul Romano was operational during the prior year but was off contract for a significant portion of the current year. This was partially offset by the Noble Amos Runner, which operated during the current year but was in the shipyard undergoing regulatory inspections and maintenance during a portion of the prior year.

The decrease in jackup revenues was driven by an 8 percent decrease in average dayrates, which resulted in a \$59 million decrease in revenues driven by unfavorable dayrate changes on contracts across the jackup fleet. This was partially offset by an 8 percent increase in operating days, which resulted in a \$50 million increase in revenues from the prior year. The increase in operating days was the result of a full year of revenue from the Noble Houston Colbert and the Noble Sam Turner, which began operations in March 2014 and August 2014, respectively, coupled with the commencement of the Noble Tom Prosser during October 2015. Additionally, the Noble David Tinsley experienced full utilization in the current year but was off contract for a majority of the prior year. This was partially offset by the Noble Mick O'Brien, which was available during the current year but was under contract for a substantial portion of 2014.

Operating Costs and Expenses. Contract drilling services operating costs and expenses decreased \$268 million for the current year as compared to the prior year. This was due to decreased costs of \$117 million related to the retirement of the Noble Jim Thompson, the Noble Driller and the Noble Paul Wolff and \$83 million related to idle or stacked rigs. This was partially offset by crew-up and operating expenses for our newbuild rigs as they commenced, or prepared to commence, operating under contracts, which added approximately \$118 million in expense in the current year. Excluding these factors, contract drilling services costs decreased by \$186 million. This decrease was driven by a \$41 million decrease in labor costs due to the termination of retention bonuses and decreases in certain non-contractual crew positions, a \$40 million decrease in mobilization and transportation expenses related to certain rig moves during the prior year, a \$32 million decrease in repair and maintenance costs, a \$24 million decrease in operations support costs, a \$16 million decrease in other rig-related expenses, an \$11 million decrease in insurance costs related to our policy renewal in March 2015, a \$12 million decrease in fuel and travel rotational expenses and a \$10 million decrease for the reimbursement of costs and fees related to the Noble Homer Ferrington arbitration award during the current year that were previously recognized through contract drilling services operating costs and expenses.

Depreciation and amortization increased \$3 million in 2015 over 2014, which is primarily attributable to newbuild rigs placed in service partially offset by the retirement of the three semisubmersible rigs discussed above.

Loss on impairment during the current year of \$406 million relates to the Noble Discoverer and the Noble Charles Copeland, which we elected to discontinue marketing due to current market conditions. Additionally, as a result of a fourth quarter review of capital spare equipment, we elected to retire certain capital spare equipment. Loss on impairment during the prior year of \$745 million relates to a \$685 million charge on three of our semisubmersibles, the Noble Driller, the Noble Jim Thompson and the Noble Paul Wolff, which we decided not to actively market as a result of the declining market conditions, and a \$60 million impairment charge for goodwill that originated from the

acquisition of Frontier in 2010.

Other Income and Expenses

General and administrative expenses. Overall, general and administrative expenses decreased \$30 million in 2015 from 2014, primarily as a result of decreased office and other expenses of \$13 million, employee related costs of \$10 million and legal and other professional fees of \$7 million.

Interest Expense, net of amount capitalized. Interest expense, net of amount capitalized, increased \$59 million in 2015 from 2014. The increase is a result of the issuance of \$1.1 billion of Senior Notes in March 2015, coupled with lower capitalized interest in the current year as compared to the prior year due primarily to the completion of construction on four of our newbuild jackups and two of our newbuild drillships. During the current year, we capitalized approximately 10 percent of total interest charges versus approximately 23 percent during the prior year.

36

Interest Income and Other, Net. Interest income and other, net increased \$38 million in the current year as compared to the prior year. The increase is primarily the result of \$30 million of interest income recognized in connection with the Noble Homer Ferrington arbitration award, coupled with \$5 million of interest received on a U.S. Internal Revenue Service (“IRS”) tax refund for the years 2006 and 2007 during the current year.

Income Tax Provision. Our income tax provision increased \$53 million in the current year, of which \$27 million related to the Noble Homer Ferrington arbitration award. Excluding the arbitration award, our income tax provision increased by \$26 million. Excluding the impact of the impairment charges recognized in 2015 and 2014 and the Noble Discoverer contract cancellation payment in the fourth quarter of 2015, taxes decreased \$7 million as a result of a lower worldwide effective tax rate, partially offset by higher pre-tax income. The 13 percent decrease in the worldwide effective tax rate during the current year generated a \$19 million decrease to income tax expense, and was primarily a result of the geographic mix of pre-tax income, the effect of lower downtime and various discrete items. This was partially offset by a 9 percent increase in pre-tax earnings, which generated a \$12 million increase in income tax expense.

Discontinued Operations. There was no activity related to discontinued operations during the current year. During the prior year, net income from discontinued operations was \$161 million. In 2014, revenues reported within discontinued operations were \$1.0 billion and operating income included within discontinued operations was \$220 million.

2014 Compared to 2013

General

Net loss from continuing operations attributable to Noble-UK for 2014 was \$152 million, or \$0.60 per diluted share, on operating revenues of \$3.2 billion, compared to net income from continuing operations for 2013 of \$479 million, or \$1.86 per diluted share, on operating revenues of \$2.5 billion.

As a result of Noble-UK conducting all of its business through Noble-Cayman and its subsidiaries, the financial position and results of operations for Noble-Cayman, and the reasons for material changes in the amount of revenue and expense items between 2014 and 2013, would be the same as the information presented below regarding Noble-UK in all material respects, except operating income for Noble-Cayman for the years ended December 31, 2014 and 2013 was \$50 million and \$65 million higher, respectively, than operating income for Noble-UK for the same periods. The operating income difference is primarily a result of executive costs directly attributable to Noble-UK for operations support and stewardship related services. In addition, we had non-recurring costs of \$63 million and \$18 million in 2014 and 2013, respectively, related to the Spin-off, which we recognized as part of discontinued operations at the Noble-UK level.

Rig Utilization, Operating Days and Average Dayrates

Operating results from continuing operations for our contract drilling services segment are dependent on three primary metrics: rig utilization, operating days and dayrates. The following table sets forth the average rig utilization, operating days and average dayrates for our rig fleet for 2014 and 2013:

	Average Rig Utilization ⁽¹⁾		Operating Days ⁽²⁾			Average Dayrates		
	2014	2013	2014	2013	% Change	2014	2013	% Change
Jackups	91 %	95 %	3,682	2,987	23 %	\$177,345	\$145,257	22 %
Semisubmersibles	71 %	86 %	2,844	3,448	(18)%	409,848	385,118	6 %
Drillships	100 %	100 %	2,756	1,715	61 %	482,426	403,947	19 %
Other	0 %	0 %	—	—	—	—	—	—
Total	86 %	85 %	9,282	8,150	14 %	\$339,154	\$301,181	13 %

(1) We define utilization for a specific period as the total number of days our rigs are operating under contract, divided by the product of the total number of our rigs, including cold stacked rigs, and the number of calendar days in such period. Information reflects our policy of reporting on the basis of the number of available rigs in our fleet, excluding newbuild rigs under construction.

(2) Information reflects the number of days that our rigs were operating under contract.

Contract Drilling Services

The following table sets forth the operating results from continuing operations for our contract drilling services segment for 2014 and 2013 (dollars in thousands):

	2014	2013	Change	
			\$	%
Operating revenues:				
Contract drilling services	\$3,147,859	\$2,454,745	\$693,114	28 %
Reimbursables ⁽¹⁾	82,393	65,308	17,085	26 %
Other	1	11	(10)	(91)%
	\$3,230,253	\$2,520,064	\$710,189	28 %
Operating costs and expenses:				
Contract drilling services	\$1,500,512	\$1,168,764	\$331,748	28 %
Reimbursables ⁽¹⁾	65,080	50,161	14,919	30 %
Depreciation and amortization	608,590	497,303	111,287	22 %
General and administrative	106,278	116,334	(10,056)	(9)%
Loss on impairment	745,428	3,585	741,843	**
Gain on disposal of assets, net	—	(35,646)	35,646	**
Gain on contract settlements/extinguishments, net	—	(30,618)	30,618	**
	3,025,888	1,769,883	1,256,005	71 %
Operating income	\$204,365	\$750,181	\$(545,816)	(73)%

(1) We record reimbursements from customers for out-of-pocket expenses as operating revenues and the related direct costs as operating expenses. Changes in the amount of these reimbursables generally do not have a material effect on our financial position, results of operations or cash flows.

**Not a meaningful percentage.

Operating Revenues. Changes in contract drilling services revenues for 2014 as compared to 2013 were driven by increases in both average dayrates and operating days. The 13 percent increase in average dayrates increased revenues by approximately \$352 million while the 14 percent increase in operating days increased revenues by an additional \$341 million.

The increase in contract drilling services revenues relates to our drillships and jackups, which generated approximately \$636 million and \$219 million more revenue, respectively, in 2014. These amounts were offset by decreases in revenues for our semisubmersibles, which declined \$162 million from 2013.

The increase in drillship revenues was driven by a 61 percent increase in operating days and a 19 percent increase in average dayrates, resulting in a \$420 million and a \$216 million increase in revenues, respectively, from 2013. The increase in both average dayrates and operating days was primarily the result of the newbuilds Noble Don Taylor, Noble Globetrotter II, Noble Bob Douglas, Noble Sam Croft and Noble Tom Madden, which commenced their contracts in August 2013, September 2013, December 2013, July 2014 and November 2014, respectively. Additionally, there were favorable dayrate changes on the contracts for the Noble Bully II and the Noble Discoverer during 2014.

The 22 percent increase in jackup average dayrates resulted in a \$118 million increase in revenues, which was coupled with a 23 percent increase in jackup operating days, resulting in a \$101 million increase in revenues from 2013. The increase in both average dayrates and operating days resulted from the contract commencements of the Noble Mick O'Brien, Noble Regina Allen, Noble Houston Colbert and Noble Sam Turner in November 2013, January 2014, March 2014 and August 2014, respectively. Additionally, a contract extension on the Noble Roger Lewis resulted in a favorable dayrate change during 2014. This was partially offset by increased downtime on the Noble Scott Marks and the Noble David Tinsley. Furthermore, the Noble Lewis Dugger, which was sold in July 2013, was utilized during a portion of 2013.

The 6 percent increase in average dayrates on our semisubmersibles resulted in a \$70 million increase in revenues from 2013. The increase in average dayrates was due to favorable dayrate changes on new contracts across the semisubmersible fleet, as well as the Noble Paul Romano returning to work during 2014. The 18 percent decline in operating days resulted in a \$232 million decrease in revenues driven by contract completions on the Noble Paul Wolff, Noble Homer Ferrington and Noble Max Smith. Additionally, the Noble Amos Runner was in the shipyard undergoing regulatory inspections and maintenance during a portion of 2014 but operated during 2013.

Operating Costs and Expenses. Contract drilling services operating costs and expenses increased \$332 million for 2014 as compared to 2013. A significant portion of the increase was due to the crew-up and operating expenses for our newbuild rigs as they commenced, or prepared to commence, operating under contracts, which added approximately \$322 million in expense in 2014. The remaining change was primarily driven by a \$20 million increase in mobilization expense due to certain rig moves and the demobilization of certain rigs, partially offset by a \$5 million decrease in operations support and rig-related expenses and a \$5 million decrease in rig and operations support labor.

Depreciation and amortization increased \$111 million in 2014 over 2013, which is primarily attributable to newbuild rigs placed in service since the beginning of 2013 as noted above.

Loss on impairment during 2014 related to a \$685 million charge on our semisubmersibles, Noble Driller, Noble Jim Thompson and Noble Paul Wolff, which we decided not to actively market as a result of market conditions. Additionally, we fully impaired the \$60 million of goodwill on our books in 2014, which originated from the acquisition of Frontier in 2010, as a result of a significant decline in the market value of our stock, coupled with a decrease in oil and gas prices, significant reductions in the projected dayrates for new contracts and reduced utilization forecasts. Loss on impairment during 2013 was related to our two cold stacked submersible rigs arising from the potential disposition of these assets to an unrelated third party. These submersible rigs were subsequently sold to an unrelated third party in January 2014 for a total sales price of \$7 million.

Gain on disposal of assets during 2013 was attributable to the sale of the Noble Lewis Dugger to an unrelated third party in Mexico.

Gain on contract settlements/extinguishments during 2013 was attributable to the \$45 million settlement of all claims against the former shareholders of Frontier, which we acquired in July 2010, relating to alleged breaches of various representations and warranties contained in the purchase agreement. A portion of the settlement, totaling approximately \$14 million, was allocated to discontinued operations as it related to certain rigs spun-off as part of the Paragon Offshore transaction.

Other Income and Expenses

General and administrative expenses. Overall, general and administrative expenses decreased \$11 million in 2014 from 2013 primarily as a result of decreased legal and tax expenses related to ongoing projects.

Interest Expense, net of amount capitalized. Interest expense, net of amount capitalized, increased \$49 million in 2014 from 2013. The increase is a result of lower capitalized interest in 2014 as compared to 2013 due primarily to the completion of construction on four of our newbuild drillships and four of our newbuild jackups, partially offset by the repayment of our \$300 million fixed rate senior note in June 2013 and our \$250 million fixed rate senior note in March 2014 using availability under our commercial paper program at lower interest rates. During 2014, we capitalized approximately 23 percent of total interest charges versus approximately 52 percent during 2013.

Income Tax Provision. Our income tax provision increased \$15 million in 2014 as compared to 2013. Excluding the impact of the impairment charges recognized in 2014 and 2013 and the sale of the Noble Lewis Dugger in 2013, taxes increased \$58 million driven by a higher worldwide effective tax rate and higher pre-tax income. A 34 percent increase in the worldwide effective tax rate during 2014 increased income tax expense by \$36 million. The increase in the worldwide effective tax rate was a result of a change in the geographic mix of pre-tax earnings and the effect of the new UK tax law, which became effective retroactively to April 1, 2014, offset by favorable discrete items. Additionally, a 28 percent increase in pre-tax earnings generated a \$22 million increase in income tax expense.

Discontinued Operations. Net income from discontinued operations for 2014 was \$161 million as compared to \$304 million for 2013. Revenues reported within discontinued operations were \$1.0 billion during 2014 as compared to \$1.7 billion for 2013. Operating income included within discontinued operations was \$220 million during 2014 and \$381 million for 2013. The variance is attributable to seven months of operations in 2014 versus a full year of operations in 2013, coupled with a \$45 million increase in non-recurring Spin-off costs during 2014.

LIQUIDITY AND CAPITAL RESOURCES

Overview

Cash flows from discontinued operations for the years ended December 31, 2014 and 2013 are combined with cash flows from continuing operations within each cash flow statement category on our Consolidated Statements of Cash Flows. Net cash from operating activities in 2015 was \$1.8 billion, which compared to \$1.8 billion and \$1.7 billion in 2014 and 2013, respectively. We had working capital of \$377 million and \$260 million at December 31, 2015 and 2014, respectively.

Net cash used in investing activities in 2015 was \$433 million, which compared to \$2.1 billion and \$2.5 billion in 2014 and 2013, respectively. The variance primarily relates to lower capital expenditures related to our newbuild expenditures as projects were completed in prior years, coupled with expenditures for rigs spun-off with Paragon Offshore in 2014 and 2013.

Net cash used in financing activities in 2015 was \$886 million, which compared to net cash provided from financing activities of \$285 million and \$615 million in 2014 and 2013, respectively. In 2015, our primary uses of cash included the repayment of our \$350 million 3.45% Senior Notes in August 2015, coupled with shareholder dividend payments of approximately \$316 million, the repurchase of 6.2 million shares in 2015 for \$101 million and dividends paid to noncontrolling interests of approximately \$72 million. Our total debt as a percentage of total debt plus equity decreased to 38 percent at December 31, 2015, down from 40 percent at December 31, 2014 as a result of the repayment of certain maturing notes during 2015. Although we issued \$1.1 billion of Senior Notes in March 2015, this amount was substantially offset by a net reduction in indebtedness outstanding on our Credit Facilities and commercial paper program during 2015 as a result of the application of proceeds from the Senior Notes offering.

Our principal source of capital in 2015 was cash generated from operating activities coupled with the \$1.1 billion Senior Notes offering in March 2015. Cash generated during 2015 was primarily used to repay indebtedness outstanding under our Credit Facilities and commercial paper program, pay normal recurring operating expenses and repay our \$350 million 3.45% Senior Notes.

Our currently anticipated cash flow needs, both in the short-term and long-term, may include the following:

- normal recurring operating expenses;
- committed and discretionary capital expenditures;
- repayment of debt; and
- payments of dividends.

We currently expect to fund these cash flow needs with cash generated by our operations, cash on hand, borrowings under our existing credit facility, potential issuances of long-term debt, or asset sales. However, to adequately cover our expected cash flow needs, we may require capital in excess of the amount available from these sources, and we may seek additional sources of liquidity and/or delay or cancel certain discretionary capital expenditures or other payments as necessary.

At December 31, 2015, we had a total contract drilling services backlog of approximately \$6.9 billion. Our backlog as of December 31, 2015 includes a commitment of 68 percent of available days for 2016. See “Contract Drilling Services Backlog” for additional information regarding our backlog.

Capital Expenditures

Capital expenditures, including capitalized interest, totaled \$423 million, \$2.1 billion and \$2.5 billion for 2015, 2014 and 2013, respectively. Capital expenditures during 2015 consisted of the following:

- \$345 million for sustaining capital, major projects, subsea related expenditures and upgrades and replacements to drilling equipment;
- \$53 million in newbuild expenditures, including costs for the Noble Lloyd Noble and trailing costs on our recently completed newbuilds; and
- \$25 million in capitalized interest.

Our total capital expenditure budget for 2016 is approximately \$800 million, which is currently anticipated to be spent as follows:

- approximately \$461 million in newbuild expenditures; and
- \$339 million for sustaining capital, major projects, subsea related expenditures and upgrades and replacements to drilling equipment, including capitalized interest that may fluctuate as a result of the timing of completion of ongoing projects.

In connection with our capital expenditure program, we have entered into certain commitments, including shipyard and purchase commitments, for approximately \$598 million at December 31, 2015, all of which we expect to spend in 2016.

From time to time we consider possible projects that would require expenditures that are not included in our capital budget, and such unbudgeted expenditures could be significant. In addition, we will continue to evaluate acquisitions of drilling units from time to time. Other factors that could cause actual capital expenditures to materially exceed plan include delays and cost overruns in shipyards (including costs attributable to labor shortages), shortages of equipment, latent damage or deterioration to hull, equipment and machinery in excess of engineering estimates and assumptions, changes in governmental regulations and requirements and changes in design criteria or specifications during repair or construction.

Dividends

Our most recent quarterly dividend payment to shareholders, totaling approximately \$38 million (or \$0.15 per share), was declared on January 29, 2016 and paid on February 16, 2016 to holders of record on February 8, 2016.

The declaration and payment of dividends require authorization of the Board of Directors of Noble-UK and such dividends on issued share capital may be paid only out of Noble-UK's "distributable reserves" on its statutory balance sheet. Noble-UK is not permitted to pay dividends out of share capital, which includes share premiums. As of December 31, 2015 Noble's distributable reserves are \$1.8 billion. The payment of future dividends will depend on our results of operations, financial condition, cash requirements, future business prospects, contractual restrictions and other factors deemed relevant by our Board of Directors.

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 million ordinary shares, or approximately 15 percent of our outstanding ordinary shares at the time of the shareholder approval. The authority to make such repurchases will expire at the end of the Company's 2016 annual general meeting of shareholders. At this time, we do not expect to seek shareholder approval for further repurchases at our 2016 annual general meeting.

In January 2015, we repurchased 6.2 million of our ordinary shares at an average price of \$16.10 per share, excluding commissions and stamp tax. Including these items, the average price paid per share during January 2015 was \$16.21.

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Share repurchases for each of the three years ended December 31 are as follows:

Year Ended	Total Number		Average
	of Shares	Total Cost ⁽¹⁾ (in thousands)	Price Paid per Share ⁽¹⁾
December 31, 2015	Purchased 6,209,400	\$ 100,630	\$ 16.21
2014	6,769,891	154,145	22.77
2013	190,187	7,653	40.24

(1) The total cost and average price paid per share includes the impact of commissions and stamp tax for share repurchases made in the open market.

Credit Facilities and Senior Unsecured Notes

Credit Facilities and Commercial Paper Program

At December 31, 2015, we had 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 matured in January 2016 and was not renewed (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 facility and, therefore, are classified as long-term on our Consolidated Balance Sheet. The outstanding amounts of commercial paper reduce availability under our credit facility.

As of February 12, 2016, we had no amounts drawn on our credit facility and no commercial paper issued.

Our credit 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 February 12, 2016, we had no letters of credit issued under the facility.

Access to our commercial paper program is dependent upon our credit ratings. A decline in our credit ratings below investment grade would prohibit us from accessing the commercial paper market. If we were unable to access the commercial paper market, we would transfer any outstanding borrowings to our credit facility. Our credit facility has interest rates that are generally higher than those found in the commercial paper market, which would result in increased interest expense in the future.

In addition, our credit facility and certain of our senior unsecured notes, as discussed below, have provisions which vary the applicable interest rates based upon our credit ratings. If our credit ratings were to decline, the interest expense under our Credit Facilities and certain of our senior unsecured notes would increase.

Senior Unsecured Notes

Our total debt related to senior unsecured notes was \$4.5 billion at December 31, 2015 as compared to \$3.7 billion at December 31, 2014. The increase in senior unsecured notes outstanding is a result of the issuance of \$1.1 billion

aggregate principal amount of Senior Notes in March 2015, which we issued through our indirect wholly-owned subsidiary, Noble Holding International Limited (“NHIL”). These Senior Notes were issued in three separate tranches, consisting 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 may be increased if the credit rating applicable to the notes is downgraded below investment grade (up to a maximum of 200 basis points). The net proceeds of approximately \$1.08 billion, after expenses, were used to repay indebtedness outstanding under our Credit Facilities and commercial paper program.

In August 2015, we repaid our \$350 million 3.45% Senior Notes using cash on hand.

Our \$300 million 3.05% Senior Notes matured during the first quarter of 2016. We anticipate using cash on hand to repay the outstanding balances.

Covenants

The Credit Facilities and commercial paper program are guaranteed by our indirect, wholly-owned subsidiaries, Noble Holding International Limited (“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 December 31, 2015, our ratio of debt to total tangible capitalization was approximately 0.38. We were in compliance with all covenants under the Credit Facilities as of December 31, 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 December 31, 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 2016.

Other

At December 31, 2015, we had letters of credit of \$5 million, including bonds covering the temporary importation of equipment, performance bonds and expatriate visa guarantees.

Summary of Contractual Cash Obligations and Commitments

The following table summarizes our contractual cash obligations and commitments at December 31, 2015 (in thousands):

	Total	Payments Due by Period					Thereafter	Other
		2016	2017	2018	2019	2020		
Contractual Cash Obligations								
Debt obligations	\$4,488,901	\$299,997	\$299,956	\$249,602	\$201,695	\$499,287	\$2,938,364	\$—
Interest payments	3,427,908	225,827	217,502	208,752	196,189	188,625	2,391,013	—
Operating leases	52,868	19,415	11,484	5,475	5,118	3,489	7,887	—
Pension plan contributions	146,952	11,314	9,532	10,610	11,663	12,700	91,133	—
Purchase commitments ⁽¹⁾	598,374	598,374	—	—	—	—	—	—
Tax reserves ⁽²⁾	166,279	—	—	—	—	—	—	166,279
Total contractual cash obligations	\$8,881,282	\$1,154,927	\$538,474	\$474,439	\$414,665	\$704,101	\$5,428,397	\$166,279

(1) Purchase commitments consist of obligations outstanding to external vendors primarily related to future capital purchases.

(2) Tax reserves are included in "Other" due to the difficulty in making reasonably reliable estimates of the timing of cash settlements to taxing authorities. See Note 14 to our accompanying consolidated financial statements.

At December 31, 2015, we had other commitments that we are contractually obligated to fulfill with cash if the obligations are called. These obligations include letters of credit that guarantee our performance as it relates to our drilling contracts, tax and other obligations in various jurisdictions. These letters of credit obligations are not normally

called, as we typically comply with the underlying performance requirement.

The following table summarizes our other commercial commitments at December 31, 2015 (in thousands):

	Amount of Commitment Expiration Per Period						
	Total	2016	2017	2018	2019	2020	Thereafter
Contractual Cash Obligations							
Letters of Credit	\$5,439	\$ 5,161	\$ —	\$ —	\$ —	\$ —	\$ 278
Total commercial commitments	\$5,439	\$ 5,161	\$ —	\$ —	\$ —	\$ —	\$ 278

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our consolidated financial statements are impacted by the accounting policies used and the estimates and assumptions made by management during their preparation. Critical accounting policies and estimates that most significantly impact our consolidated financial statements are described below.

Principles of Consolidation

The consolidated financial statements include our accounts, those of our wholly-owned subsidiaries and entities in which we hold a controlling financial interest. Our consolidated financial statements include the accounts of two joint ventures, in each of which

we own a 50 percent interest. Our ownership interest meets the definition of variable interest under Financial Accounting Standards Board (“FASB”) codification and we have determined that we are the primary beneficiary. Intercompany balances and transactions have been eliminated in consolidation.

The combined joint venture carrying amount of the Bully-class drillships at December 31, 2015 totaled \$1.4 billion, which was primarily funded through partner equity contributions. Operating revenues were \$334 million, \$372 million and \$355 million in 2015, 2014 and 2013, respectively. Net income totaled \$154 million, \$157 million and \$145 million in 2015, 2014 and 2013, respectively.

Property and Equipment

Property and equipment is stated at cost, reduced by provisions to recognize economic impairment in value whenever events or changes in circumstances indicate an asset’s carrying value may not be recoverable. At December 31, 2015 and 2014, we had \$761 million and \$970 million of construction-in-progress, respectively. Such amounts are included in “Property and equipment, at cost” in the accompanying Consolidated Balance Sheets. Major replacements and improvements are capitalized. When assets are sold, retired or otherwise disposed of, the cost and related accumulated depreciation are eliminated from the accounts and the gain or loss is recognized. Drilling equipment and facilities are depreciated using the straight-line method over their estimated useful lives as of the date placed in service or date of major refurbishment. Estimated useful lives of our drilling equipment range from three to thirty years. Other property and equipment is depreciated using the straight-line method over useful lives ranging from two to forty years.

During 2015, we sold for parts the previously retired semisubmersible rigs, the Noble Paul Wolff, the Noble Driller and the Noble Jim Thompson. In connection with the sale of these rigs, we received proceeds of approximately \$5 million.

Interest is capitalized on construction-in-progress using the weighted average cost of debt outstanding during the period of construction. Capitalized interest for the years ended December 31, 2015, 2014 and 2013 was \$25 million, \$47 million and \$115 million, respectively.

Scheduled maintenance of equipment is performed based on the number of hours operated in accordance with our preventative maintenance program. Routine repair and maintenance costs are charged to expense as incurred; however, the costs of the overhauls and asset replacement projects that benefit future periods and which typically occur every three to five years are capitalized when incurred and depreciated over an equivalent period. These overhauls and asset replacement projects are included in “Property and equipment, at cost” in the Consolidated Balance Sheets. Such amounts, net of accumulated depreciation, totaled \$202 million and \$179 million at December 31, 2015 and 2014, respectively. Depreciation expense from continuing operations related to overhauls and asset replacement totaled \$75 million, \$77 million and \$70 million for the years ended December 31, 2015, 2014 and 2013, respectively.

We evaluate the impairment of property and equipment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In addition, on an annual basis, we complete an impairment analysis on our rig fleet. An impairment loss on our property and equipment exists when the estimated undiscounted cash flows expected to result from the use of the asset and its eventual disposition are less than its carrying amount. Any impairment loss recognized represents the excess of the asset’s carrying value over the estimated fair value. As part of this analysis, we make assumptions and estimates regarding future market conditions. To the extent actual results do not meet our estimated assumptions, for a given rig class, we may take an impairment loss in the future.

In the fourth quarter of 2015, in connection with our annual impairment analysis, we decided that we would no longer market one of our drillships, the Noble Discoverer. The decision was a result of the termination of the contract for this rig by Shell in December 2015 and the decreased opportunities for rigs of this type in the current marketplace. We also reviewed assumptions on the future marketability of one of our jackups, the Noble Charles Copeland, after its

contract completion in late September 2015, with consideration given to its years in service, limited technical features and anticipated capital requirements in light of the current market conditions. As a result of this analysis, we have decided to discontinue marketing this unit. Additionally, as a result of a fourth quarter review of capital spare equipment, we elected to retire certain capital spare equipment. In connection with the preparation of the consolidated financial statements, we evaluated these units and certain capital spare equipment for impairment and recorded an impairment charge of \$406 million for the year ended December 31, 2015.

Also in 2015, we determined that certain corporate assets were partially impaired due to a declining market for, and the potential disposal of, the assets. We estimated the fair value of the assets based on quotes from brokers of similar assets (Level 2). Based on these estimates, we recorded an impairment charge of approximately \$13 million for the year ended December 31, 2015.

During 2014, we recorded a \$685 million impairment charge on three of our semisubmersibles, the Noble Driller, the Noble Jim Thompson and the Noble Paul Wolff, which we decided to no longer actively market as a result of the declining market conditions.

During 2012, we recorded a \$13 million impairment charge on our submersible fleet, primarily as a result of the declining market outlook for drilling services for that rig type. During 2013, we recorded an additional impairment charge of approximately \$4 million on our two cold stacked submersible rigs arising from the potential disposition of these assets to an unrelated third party. In January 2014, we completed the sale of the submersibles for a total sales price of \$7 million.

Revenue Recognition

Our typical dayrate drilling contracts require our performance of a variety of services for a specified period of time. We determine progress towards completion of the contract by measuring efforts expended and the cost of services required to perform under a drilling contract, as the basis for our revenue recognition. Revenues generated from our dayrate-basis drilling contracts and labor contracts are recognized on a per day basis as services are performed and begin upon the contract commencement, as defined under the specified drilling or labor contract. Dayrate revenues are typically earned, and contract drilling expenses are typically incurred ratably over the term of our drilling contracts. We review and monitor our performance under our drilling contracts to confirm the basis for our revenue recognition. Revenues from bonuses are recognized when earned, and when collectability is reasonably assured.

In our dayrate drilling contracts, we typically receive compensation and incur costs for mobilization, equipment modification or other activities prior to the commencement of a contract. Any such compensation may be paid through a lump-sum payment or other daily compensation. Pre-contract compensation and costs are deferred until the contract commences. The deferred pre-contract compensation and costs are amortized into income, using the straight-line method, over the term of the initial contract period, regardless of the activity taking place. This approach is consistent with the economics for which the parties have contracted. Once a contract commences, we may conduct various activities, including drilling and well bore related activities, rig maintenance and equipment installation, movement between well locations or other activities.

Deferred revenues from drilling contracts totaled \$180 million and \$263 million at December 31, 2015 and 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 \$78 million at December 31, 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 Aramco, which were effective from January 1, 2015 through December 31, 2015. However, given current market conditions and based on discussions with the customer, we do not expect the rates to return to the original contract rates. In accordance with accounting guidance, we are recognizing the reductions on a straight-line basis over the remaining life of the existing Saudi Aramco contracts. At December 31, 2015, revenues recorded in excess of billings as a result of this recognition totaled \$53 million, 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.

We record reimbursements from customers for "out-of-pocket" expenses as revenues and the related direct cost as operating expenses.

Income Taxes

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. 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.

During 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 IRS examination will not have a material adverse effect on our consolidated financial statements.

Under the tax sharing agreement (“TSA”) entered into at the time of the Spin-off, Noble and Paragon Offshore are each responsible for the taxes that relate to their respective business and provide a corresponding indemnity. In addition, in February 2016, we entered into an agreement in principle with Paragon Offshore (the “Agreement in Principle”) relating to tax matters in Mexico described below in exchange for a full and unconditional release of any claims by Paragon Offshore in connection with the Spin-off (including any claims that could be brought on behalf of its creditors).

Audit claims of approximately \$174 million attributable to income and other business taxes have been assessed against us in Mexico, as detailed below. Under our Agreement in Principle, we agreed to assume the administration of Paragon Offshore’s Mexican income and value-added taxes for the years 2005 through 2010 and for Paragon Offshore’s Mexican customs taxes through

2010, as well as the related bonding obligations and certain of the tax related liabilities. In addition, under the Agreement in Principle, we would (i) pay all of the ultimate resolved amount of Mexican income and value-added taxes related to Paragon Offshore's business that were incurred through a Noble-retained entity, (ii) pay 50 percent of the ultimate resolved amount of Mexican income and value-added taxes related to Paragon Offshore's business that were incurred through a Paragon Offshore-retained entity, (iii) pay 50 percent of the ultimate resolved amount of Mexican custom taxes related to Paragon Offshore's business, and (iv) be required to post any tax appeal bond that may be required to challenge a final assessment. Tax assessments of approximately \$50 million for income and value-added taxes have been made against Noble entities in Mexico. Tax assessments for income and value-added taxes of approximately \$202 million have been made against Paragon Offshore entities in Mexico, of which approximately \$46 million relates to Noble's business that operated through Paragon Offshore-retained entities in Mexico prior to the Spin-off. We will only be obligated to post a tax appeal bond in the event a final assessment is made by Mexican authorities. As of February 12, 2016, there have only been \$3 million in final assessments that have been bonded.

In January, 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. Under the Agreement in Principle, we would be responsible for any tax liability ultimately incurred because these depreciation liabilities would be incurred by Noble-retained entities, and such amounts are reflected in the discussion of Mexican audit claims in the preceding paragraph. We will continue to contest future assessments received, and do not believe we are liable for additional tax.

Paragon Offshore has received tax assessments of approximately \$122 million attributable to income, customs and other business taxes in Brazil, of which \$38 million relates to Noble's business that operated through a Paragon Offshore-retained entity in Brazil prior to the Spin-off. Under the TSA, we must indemnify Paragon Offshore for all assessed amounts that are related to Noble's Brazil business, approximately \$38 million, if and when such payments become due.

We have contested, or intend to contest or cooperate with Paragon Offshore in Brazil 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 or the Agreement in Principle.

We have been notified by Petróleo Brasileiro S.A. ("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 \$20 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.

In certain circumstances, we expect that, due to changing demands of the offshore drilling markets and the ability to redeploy our offshore drilling units, certain units will not reside in a location long enough to give rise to future tax consequences. As a result, no deferred tax asset or liability has been recognized in these circumstances. Should our expectations change regarding the length of time an offshore drilling unit will be used in a given location, we will adjust deferred taxes accordingly.

Insurance Reserves

We maintain various levels of self-insured retention for certain losses including property damage, loss of hire, employment practices liability, employers' liability and general liability, among others. We accrue for property damage and loss of hire charges on a per event basis.

Employment practices liability claims are accrued based on actual claims during the year. Maritime employer's liability claims are generally estimated using actuarial determinations. General liability claims are estimated by our internal claims department by evaluating the facts and circumstances of each claim (including incurred but not reported claims) and making estimates based upon historical experience with similar claims. At both December 31, 2015 and 2014, loss reserves for personal injury and protection claims totaled \$21 million, and such amounts are included in "Other current liabilities" in the accompanying Consolidated Balance Sheets.

Certain Significant Estimates and Contingent Liabilities

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Certain accounting policies involve judgments and uncertainties to such an extent that there is reasonable likelihood that materially different amounts could have been reported under different conditions, or if different assumptions had been used. We evaluate our estimates and assumptions on a regular basis. We base our estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates and assumptions used in preparation of our consolidated financial statements. In addition, we are involved in several litigation matters, some of which could lead to potential liability to us. We follow FASB standards regarding contingent liabilities which are discussed in Part II, Item 8, “Financial Statements and Supplementary Data, Note 18—Commitments and Contingencies.”

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements as that term is defined in Item 303(a)(4)(ii) of Regulation S-K.

New 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 creates ASC Topic 606, “Revenue from Contracts with Customers,” and supersedes the revenue recognition requirements in Topic 605, “Revenue Recognition,” including most industry-specific revenue recognition guidance throughout the Industry Topics of the Codification. In addition, ASU 2014-09 supersedes the cost guidance in Subtopic 605-35, “Revenue Recognition—Construction-Type and Production-Type Contracts,” and creates new Subtopic 340-40, “Other Assets and Deferred Costs—Contracts with Customers.” In summary, the core principle of Topic 606 is to recognize revenue when promised goods or services are transferred to customers in an amount that reflects the consideration that is expected to be received for those goods or services. Companies are allowed to select between two transition methods: (1) a full retrospective transition method with the application of the new guidance to each prior reporting period presented, or (2) a retrospective transition method that recognizes the cumulative effect on prior periods at the date of adoption together with additional footnote disclosures. The amendments in ASU 2014-09 are effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period, and early application is not permitted. We are currently evaluating the impact the adoption of this guidance will have on our consolidated financial statements and have not made any decision on the method of adoption.

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. The adoption of this guidance is not anticipated to have a material impact 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. The adoption of this guidance is not anticipated to have a material impact 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. The adoption of this guidance is not anticipated to have a material impact 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.

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. In August 2015, the FASB issued ASU No. 2015-15 which amends ASC Subtopic 835-30, "Interest – Imputation of Interest." The guidance allows a debt issuance cost related to a line-of-credit to be presented in the balance sheet as an asset and subsequently amortized ratably over the term of the line-of-credit arrangement, regardless of whether there are any outstanding borrowings on the line-of-credit arrangement. 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 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. The adoption of this guidance is not anticipated to have a material impact on our financial condition, results of operations, cash flows or financial disclosures.

In July 2015, the FASB issued ASU No. 2015-12, which amends ASC Topic 960, "Plan Accounting-Defined Benefit Pension Plans," ASC Topic 962, "Defined Contribution Pension Plans" and ASC Topic 965, "Health and Welfare Benefit Plans." There are three parts to the ASU that aim to simplify the accounting and presentation of plan accounting. Part I of this ASU requires fully benefit-responsive investment contracts to be measured at contract value instead of the current fair value measurement. Part II of this ASU requires investments (both participant-directed and nonparticipant-directed investments) of employee benefit plans be grouped only by general type, eliminating the need to disaggregate the investments in multiple ways. Part III of this ASU provides a similar measurement date practical expedient for employee benefit plans as available in ASU No. 2015-04, which allows employers to measure defined benefit plan assets on a month-end date that is nearest to the year's fiscal year-end when the fiscal period does not coincide with a month-end. Parts I and II of the new guidance should be applied on a retrospective basis. Part III of the new guidance should be applied on a prospective basis. This guidance is effective for interim and annual reporting periods beginning after December 15, 2015. The adoption of this guidance is not anticipated to have a material impact on our financial condition, results of operations, cash flows or financial disclosures.

In September 2015, the FASB issued ASU 2015-16, which amends Topic 805, "Business Combinations." This amendment eliminates the requirement to retrospectively account for adjustments made to provisional amounts recognized in a business combination at the acquisition date with a corresponding adjustment to goodwill, and revise

comparative information for prior periods presented in financial statements. Those adjustments are required when new information about circumstances that existed as of the acquisition date would have affected the measurement of the amount initially recognized. This update requires an entity to recognize these adjustments in the reporting period in which the adjustment amounts are determined. An acquirer must record the effect on earnings of changes in depreciation, amortization, or other income effects, calculated as if the accounting had been completed at the acquisition date. An entity must present separately on the face of the income statement, or disclose in the notes the portion of the amount recorded in current-period earnings by line item that would have been recorded in previous reporting periods if the adjustment had been recognized as of the acquisition date. This guidance is effective for interim and annual reporting periods beginning after December 15, 2015. The adoption of this guidance is not anticipated to have a material impact on our financial condition, results of operations, cash flows or financial disclosures.

In November 2015, the FASB issued ASU No. 2015-17, which amends ASC Topic 740, "Income Taxes." This amendment aligns the presentation of deferred income tax assets and liabilities with International Financial Reporting Standards. International Accounting Standard 1, Presentation of Financial Statements, requires deferred tax assets and liabilities to be classified as noncurrent in a classified statement of financial position. The current requirement that deferred tax liabilities and assets be offset and presented as

a single amount is not affected by the amendments in this update. The standard is effective for interim and annual reporting periods beginning after December 15, 2016. Early adoption is permitted for all entities as of the beginning of an interim or annual reporting period. The amendments in this update may be applied either prospectively to all deferred tax liabilities and assets or retrospectively to all periods presented. 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.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Market risk is the potential for loss due to a change in the value of a financial instrument as a result of fluctuations in interest rates, currency exchange rates or equity prices, as further described below.

Interest Rate Risk

We are subject to market risk exposure related to changes in interest rates on borrowings under the Credit Facilities and commercial paper program. Interest on borrowings under the Credit Facilities is at an agreed upon percentage point spread over LIBOR, or a base rate stated in the agreements. At December 31, 2015, we had no borrowings outstanding under our Credit Facilities and commercial paper program, which is supported by the Credit Facilities. In January 2016, our \$225 million 364-day senior unsecured credit facility matured and was not renewed.

Access to our commercial paper program is dependent upon our credit ratings. A decline in our credit ratings below investment grade would prohibit us from accessing the commercial paper market. If we were unable to access the commercial paper market, we would transfer any outstanding borrowings to our credit facility. Our credit facility has interest rates that are generally higher than those found in the commercial paper market, which would result in increased interest expense in the future.

Our credit facility has a provision which changes the applicable interest rates based upon our credit rating. If our credit ratings were to decline, the interest expense under our credit facility would increase. In addition, the interest rate on our senior notes issued in 2015 would also increase if the credit ratings applicable to the notes were downgraded below investment grade (up to a maximum of 200 basis points).

We maintain certain debt instruments at a fixed rate whose fair value will fluctuate based on changes in interest rates and market perceptions of our credit risk. The fair value of our total debt was \$3.3 billion and \$4.5 billion at December 31, 2015 and December 31, 2014, respectively. The decrease in the fair value of debt relates to the overall decline of our sector in the marketplace coupled with the repayment of our \$350 million 3.45% Senior Notes, which matured in August 2015.

Foreign Currency Risk

Although we are a UK company, we define foreign currency as any non-U.S. denominated currency. Our functional currency is primarily the U.S. Dollar, which is consistent with the oil and gas industry. However, outside the United States, a portion of our expenses are incurred in local currencies. Therefore, when the U.S. Dollar weakens (strengthens) in relation to the currencies of the countries in which we operate, our expenses reported in U.S. Dollars will increase (decrease).

We are exposed to risks on future cash flows to the extent that local currency expenses exceed revenues denominated in local currency that are other than the functional currency. To help manage this potential risk, we periodically enter into derivative instruments to manage our exposure to fluctuations in currency exchange rates, and we may conduct hedging activities in future periods to mitigate such exposure. These contracts are primarily accounted for as cash flow hedges, with the effective portion of changes in the fair value of the hedge recorded on the Consolidated Balance Sheet and in "Accumulated other comprehensive loss" ("AOCL"). Amounts recorded in AOCL are reclassified into earnings in the same period or periods that the hedged item is recognized in earnings. The ineffective portion of

changes in the fair value of the hedged item is recorded directly to earnings. 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.

Several of our regions, including our operations in the North Sea, Australia and Brazil, 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. During 2015 and 2014, we entered into forward contracts of approximately \$88 million and \$195 million, respectively, all of which settled during their respective years. At both December 31, 2015 and 2014, we had no outstanding derivative contracts.

Market Risk

We have a U.S. noncontributory defined benefit pension plan that covers certain salaried employees and a U.S. noncontributory defined benefit pension plan that covers certain hourly employees, whose initial date of employment is prior to August 1, 2004 (collectively referred to as our “qualified U.S. plans”). These plans are governed by the Noble Drilling Employees’ Retirement Trust. The benefits from these plans are based primarily on years of service and, for the salaried plan, employees’ compensation near retirement. These plans are designed to qualify under the Employee Retirement Income Security Act of 1974 (“ERISA”), and our funding policy is consistent with funding requirements of ERISA and other applicable laws and regulations. We make cash contributions, or utilize credits available to us, for the qualified U.S. plans when required. The benefit amount that can be covered by the qualified U.S. plans is limited under ERISA and the Internal Revenue Code (“IRC”) of 1986. Therefore, we maintain an unfunded, nonqualified excess benefit plan designed to maintain benefits for specified employees at the formula level in the qualified salary U.S. plan. We refer to the qualified U.S. plans and the excess benefit plan collectively as the “U.S. plans.”

In addition to the U.S. plans, each of Noble Drilling (Land Support) Limited and Noble Resources Limited, both indirect, wholly-owned subsidiaries of Noble-UK, maintains a pension plan that covers all of its salaried, non-union employees whose most recent date of employment is prior to April 1, 2014. Benefits are based on credited service and employees’ compensation, as defined by the plans.

Changes in market asset values related to the pension plans noted above could have a material impact upon our Consolidated Statement of Comprehensive Income (Loss) and could result in material cash expenditures in future periods.

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Item 8. Financial Statements and Supplementary Data.

The following financial statements are filed in this Item 8:

	Page
<u>Report of Independent Registered Public Accounting Firm (Noble-UK)</u>	52
<u>Noble Corporation plc (Noble-UK) and Subsidiaries Consolidated Balance Sheet as of December 31, 2015 and 2014</u>	53
<u>Noble Corporation plc (Noble-UK) and Subsidiaries Consolidated Statements of Income for the Years Ended December 31, 2015, 2014 and 2013</u>	54
<u>Noble Corporation plc (Noble-UK) and Subsidiaries Consolidated Statements of Comprehensive Income (Loss) for the Years Ended December 31, 2015, 2014 and 2013</u>	55
<u>Noble Corporation plc (Noble-UK) and Subsidiaries Consolidated Statements of Cash Flows for the Years Ended December 31, 2015, 2014 and 2013</u>	56
<u>Noble Corporation plc (Noble-UK) and Subsidiaries Consolidated Statements of Equity for the Years Ended December 31, 2015, 2014 and 2013</u>	57
<u>Report of Independent Registered Public Accounting Firm (Noble-Cayman)</u>	58
<u>Noble Corporation (Noble-Cayman) and Subsidiaries Consolidated Balance Sheet as of December 31, 2015 and 2014</u>	59
<u>Noble Corporation (Noble-Cayman) and Subsidiaries Consolidated Statements of Income for the Years Ended December 31, 2015, 2014 and 2013</u>	60
<u>Noble Corporation (Noble-Cayman) and Subsidiaries Consolidated Statements of Comprehensive Income for the Years Ended December 31, 2015, 2014 and 2013</u>	61
<u>Noble Corporation (Noble-Cayman) and Subsidiaries Consolidated Statements of Cash Flows for the Years Ended December 31, 2015, 2014 and 2013</u>	62
<u>Noble Corporation (Noble-Cayman) and Subsidiaries Consolidated Statements of Equity for the Years Ended December 31, 2015, 2014 and 2013</u>	63
<u>Notes to Consolidated Financial Statements</u>	64

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and

Shareholders of Noble Corporation plc

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, comprehensive income (loss), equity, and cash flows present fairly, in all material respects, the financial position of Noble Corporation plc and its subsidiaries at December 31, 2015 and 2014, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2015 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Noble Corporation plc's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Annual Report on Internal Control over Financial Reporting as appearing under Item 9A. Our responsibility is to express opinions on these financial statements and on Noble Corporation plc's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP

Houston, Texas

February 25, 2016

52

NOBLE CORPORATION PLC AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

(In thousands)

	December 31, 2015	December 31, 2014
ASSETS		
Current assets		
Cash and cash equivalents	\$ 512,245	\$ 68,510
Accounts receivable	498,931	569,096
Taxes receivable	55,525	107,490
Prepaid expenses and other current assets	173,917	183,466
Total current assets	1,240,618	928,562
Property and equipment, at cost	14,056,323	14,442,922
Accumulated depreciation	(2,572,700)	(2,330,413)
Property and equipment, net	11,483,623	12,112,509
Other assets	167,743	245,751
Total assets	\$ 12,891,984	\$ 13,286,822
LIABILITIES AND EQUITY		
Current liabilities		
Current maturities of long-term debt	\$ 299,997	\$ —
Accounts payable	223,221	265,389
Accrued payroll and related costs	81,464	102,520
Taxes payable	87,940	94,230
Interest payable	72,961	61,964
Other current liabilities	98,074	144,571
Total current liabilities	863,657	668,674
Long-term debt	4,188,904	4,869,020
Deferred income taxes	92,797	120,589
Other liabilities	324,396	341,505
Total liabilities	5,469,754	5,999,788
Commitments and contingencies		
Equity		
Shares; 241,977 and 247,501 shares outstanding	2,420	2,475
Additional paid-in capital	628,483	695,638
Retained earnings	6,131,501	5,936,035
Accumulated other comprehensive loss	(63,175)	(69,418)
Total shareholders' equity	6,699,229	6,564,730
Noncontrolling interests	723,001	722,304
Total equity	7,422,230	7,287,034
Total liabilities and equity	\$ 12,891,984	\$ 13,286,822

See accompanying notes to the consolidated financial statements.

NOBLE CORPORATION PLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except per share amounts)

	Year Ended December 31,		
	2015	2014	2013
Operating revenues			
Contract drilling services	\$3,261,610	\$3,147,859	\$2,454,745
Reimbursables	90,642	84,644	66,292
Labor contract drilling services	—	—	17,095
Other	—	1	11
	3,352,252	3,232,504	2,538,143
Operating costs and expenses			
Contract drilling services	1,232,529	1,500,512	1,168,764
Reimbursables	70,276	66,378	50,410
Labor contract drilling services	—	—	11,601
Depreciation and amortization	634,305	627,473	511,513
General and administrative	76,843	106,771	117,997
Loss on impairment	418,298	745,428	3,585
Gain on disposal of assets, net	—	—	(35,646)
Gain on contract settlements/extinguishments, net	—	—	(30,618)
	2,432,251	3,046,562	1,797,606
Operating income	920,001	185,942	740,537
Other income (expense)			
Interest expense, net of amount capitalized	(213,854)	(155,179)	(106,300)
Interest income and other, net	36,286	(1,298)	4,184
Income from continuing operations before income taxes	742,433	29,465	638,421
Income tax provision	(159,232)	(106,651)	(92,117)
Net income (loss) from continuing operations	583,201	(77,186)	546,304
Net income from discontinued operations, net of tax	—	160,502	304,102
Net income	583,201	83,316	850,406
Net income attributable to noncontrolling interests	(72,201)	(74,825)	(67,709)
Net income attributable to Noble Corporation plc	\$511,000	\$8,491	\$782,697
Net income attributable to Noble Corporation plc			
Income (loss) from continuing operations	\$511,000	\$(152,011)	\$478,595
Income from discontinued operations	—	160,502	304,102
Net income attributable to Noble Corporation plc	\$511,000	\$8,491	\$782,697
Per share data:			
Basic:			
Income (loss) from continuing operations	\$2.06	\$(0.60)	\$1.86
Income from discontinued operations	\$—	0.63	1.19
Net income attributable to Noble Corporation plc	\$2.06	\$0.03	\$3.05
Diluted:			
Income (loss) from continuing operations	\$2.06	\$(0.60)	\$1.86
Income from discontinued operations	\$—	0.63	1.19
Net income attributable to Noble Corporation plc	\$2.06	\$0.03	\$3.05
Weighted- Average Shares Outstanding			

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Basic	242,146	252,909	253,288
Diluted	242,146	252,909	253,547

See accompanying notes to the consolidated financial statements.

NOBLE CORPORATION PLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(In thousands)

	Year Ended December 31,		
	2015	2014	2013
Net income	\$583,201	\$83,316	\$850,406
Other comprehensive income (loss), net of tax			
Foreign currency translation adjustments	(5,278)	(118)	(3,188)
Net pension plan gain (loss) (net of tax provision (benefit) of			
\$4,021 in 2015, (\$21,429) in 2014 and \$14,155 in 2013)	7,099	(41,608)	29,861
Amortization of deferred pension plan amounts (net of tax provision			
of \$2,297 in 2015, \$1,102 in 2014 and \$2,924 in 2013)	4,422	2,764	6,612
Net pension plan curtailment and settlement expense (net of tax			
provision of \$9,902 in 2014)	—	18,389	—
Prior service cost arising during the period (net of tax benefit of \$317			
in 2014)	—	(1,159)	—
Other comprehensive income (loss), net	6,243	(21,732)	33,285
Total comprehensive income	589,444	61,584	883,691
Net comprehensive income attributable to noncontrolling interests	(72,201)	(74,825)	(67,709)
Comprehensive income (loss) attributable to Noble Corporation plc	\$517,243	\$(13,241)	\$815,982

See accompanying notes to the consolidated financial statements.

NOBLE CORPORATION PLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

	Year Ended December 31,		
	2015	2014	2013
Cash flows from operating activities			
Net income	\$583,201	\$83,316	\$850,406
Adjustments to reconcile net income to net cash from operating activities:			
Depreciation and amortization	634,305	863,547	879,422
Loss on impairment	418,298	745,428	43,688
Gain on disposal of assets, net	—	—	(35,646)
Deferred income taxes	(36,172)	(10,999)	(15,955)
Amortization of share-based compensation	39,172	46,389	43,620
Net change in other assets and liabilities	123,547	50,527	(63,218)
Net cash from operating activities	1,762,351	1,778,208	1,702,317
Cash flows from investing activities			
Capital expenditures	(422,544)	(2,072,885)	(2,487,520)
Change in accrued capital expenditures	(14,607)	(36,383)	(58,587)
Proceeds from disposal of assets	4,614	—	61,000
Net cash from investing activities	(432,537)	(2,109,268)	(2,485,107)
Cash flows from financing activities			
Net change in borrowings outstanding on bank credit facilities	(1,123,495)	(437,647)	1,221,333
Repayment of long-term debt	(350,000)	(250,000)	(300,000)
Issuance of senior notes	1,092,728	—	—
Debt issuance costs on senior notes and credit facilities	(16,070)	(398)	(2,484)
Long-term borrowings of Paragon Offshore	—	1,710,550	—
Financing costs on long-term borrowings of Paragon Offshore	—	(14,676)	—
Cash balances of Paragon Offshore in Spin-off	—	(104,152)	—
Dividends paid to noncontrolling interests	(71,504)	(79,966)	(105,388)
Repurchases of shares	(100,630)	(154,145)	—
Repurchases of employee shares surrendered for taxes	—	—	(7,653)
Employee stock transactions	(1,574)	2,125	4,261
Dividend payments	(315,534)	(386,579)	(194,913)
Net cash from financing activities	(886,079)	285,112	615,156
Net change in cash and cash equivalents	443,735	(45,948)	(167,634)
Cash and cash equivalents, beginning of period	68,510	114,458	282,092
Cash and cash equivalents, end of period	\$512,245	\$68,510	\$114,458

See accompanying notes to the consolidated financial statements.

NOBLE CORPORATION PLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EQUITY

(In thousands)

	Shares Balance	Par Value	Capital in Excess of Par Value	Retained Earnings	Treasury Shares	Noncontrolling Interests	Accumulated Other Comprehensive Loss	Total Equity
Balance at December 31, 2012	253,348	\$ 710,130	\$ 83,531	\$ 7,066,023	\$(21,069)	\$ 765,124	\$(115,449)	\$ 8,488,290
Employee related equity activity								
Amortization of share-based compensation	—	—	43,620	—	—	—	—	43,620
Issuance of share-based compensation shares	667	1,872	(1,855)	—	—	—	—	17
Exercise of stock options	212	496	5,155	—	—	—	—	5,651
Tax benefit of equity transactions	—	—	(1,407)	—	—	—	—	(1,407)
Restricted shares forfeited or repurchased for taxes	—	—	—	—	(7,653)	—	—	(7,653)
Retirement of treasury shares	—	—	(28,722)	—	28,722	—	—	—
Redomiciliation to the United Kingdom	(779)	(709,964)	709,964	—	—	—	—	—
Net income	—	—	—	782,697	—	67,709	—	850,406
Dividends paid to noncontrolling interests	—	—	—	—	—	(105,388)	—	(105,388)

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Dividends	—	—	—	(256,793)	—	—	—	(256,793)
Other comprehensive income, net	—	—	—	—	—	—	33,285	33,285
Balance at December 31, 2013	253,448	\$2,534	\$810,286	\$7,591,927	\$—	\$727,445	\$(82,164)	\$9,050,028
Employee related equity activity								
Amortization of share-based compensation	—	—	46,389	—	—	—	—	46,389
Issuance of share-based compensation shares	692	6	(9,076)	—	—	—	—	(9,070)
Exercise of stock options	131	3	2,644	—	—	—	—	2,647
Tax benefit of equity transactions	—	—	(528)	—	—	—	—	(528)
Repurchases of shares	(6,770)	(68)	(154,077)	—	—	—	—	(154,145)
Net income	—	—	—	8,491	—	74,825	—	83,316
Dividends paid to noncontrolling interests	—	—	—	—	—	(79,966)	—	(79,966)
Dividends	—	—	—	(258,330)	—	—	—	(258,330)
Spin-off of Paragon Offshore	—	—	—	(1,406,053)	—	—	34,478	(1,371,575)
Other comprehensive loss, net	—	—	—	—	—	—	(21,732)	(21,732)
Balance at December 31, 2014	247,501	\$2,475	\$695,638	\$5,936,035	\$—	\$722,304	\$(69,418)	\$7,287,034
Employee related equity activity								
Amortization of share-based compensation	—	—	39,172	—	—	—	—	39,172
	685	7	(4,178)	—	—	—	—	(4,171)

Issuance of share-based compensation shares									
Tax benefit of equity transactions	—	—	(1,581)	—	—	—	—	—	(1,581)
Repurchases of shares	(6,209)	(62)	(100,568)	—	—	—	—	—	(100,630)
Net income	—	—	—	511,000	—	72,201	—	—	583,201
Dividends paid to noncontrolling interests	—	—	—	—	—	(71,504)	—	—	(71,504)
Dividends	—	—	—	(315,534)	—	—	—	—	(315,534)
Other comprehensive income, net	—	—	—	—	—	—	6,243	—	6,243
Balance at December 31, 2015	241,977	\$2,420	\$628,483	\$6,131,501	\$—	\$723,001	\$(63,175)	—	\$7,422,230

See accompanying notes to the consolidated financial statements.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and

Shareholder of Noble Corporation

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, comprehensive income, equity, and cash flows present fairly, in all material respects, the financial position of Noble Corporation and its subsidiaries at December 31, 2015 and 2014, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2015 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Noble Corporation's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Annual Report on Internal Control over Financial Reporting as appearing under Item 9A. Our responsibility is to express opinions on these financial statements and on Noble Corporation's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP

Houston, Texas

February 25, 2016

58

NOBLE CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

(In thousands)

	December 31, 2015	December 31, 2014
ASSETS		
Current assets		
Cash and cash equivalents	\$ 511,795	\$ 65,780
Accounts receivable	498,931	569,096
Taxes receivable	55,442	107,289
Prepaid expenses and other current assets	168,469	139,669
Total current assets	1,234,637	881,834
Property and equipment, at cost	14,054,558	14,404,371
Accumulated depreciation	(2,572,331)	(2,318,220)
Property and equipment, net	11,482,227	12,086,151
Other assets	158,658	222,254
Total assets	\$ 12,875,522	\$ 13,190,239
LIABILITIES AND EQUITY		
Current liabilities		
Current maturities of long-term debt	\$ 299,997	\$ —
Accounts payable	221,077	261,012
Accrued payroll and related costs	81,364	91,487
Taxes payable	88,108	91,471
Interest payable	72,961	61,964
Other current liabilities	96,331	139,950
Total current liabilities	859,838	645,884
Long-term debt	4,188,904	4,869,020
Deferred income taxes	92,797	120,589
Other liabilities	319,512	335,964
Total liabilities	5,461,051	5,971,457
Commitments and contingencies		
Equity		
Ordinary shares; 261,246 shares outstanding	26,125	26,125
Capital in excess of par value	561,309	530,657
Retained earnings	6,167,211	6,009,114
Accumulated other comprehensive loss	(63,175)	(69,418)
Total shareholder equity	6,691,470	6,496,478
Noncontrolling interests	723,001	722,304
Total equity	7,414,471	7,218,782
Total liabilities and equity	\$ 12,875,522	\$ 13,190,239

See accompanying notes to the consolidated financial statements.

NOBLE CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except per share amounts)

	Year Ended December 31,		
	2015	2014	2013
Operating revenues			
Contract drilling services	\$3,261,610	\$3,147,859	\$2,454,745
Reimbursables	90,642	84,644	66,292
Labor contract drilling services	—	—	17,095
Revenue from affiliates	200	—	—
Other	—	1	11
	3,352,452	3,232,504	2,538,143
Operating costs and expenses			
Contract drilling services	1,226,377	1,507,471	1,159,171
Reimbursables	70,276	66,378	50,410
Labor contract drilling services	—	—	11,601
Depreciation and amortization	633,244	624,278	509,341
General and administrative	55,435	52,994	64,859
Loss on impairment	418,298	745,428	3,585
Gain on disposal of assets, net	—	—	(35,646)
Gain on contract settlements/extinguishments, net	—	—	(30,618)
	2,403,630	2,996,549	1,732,703
Operating income	948,822	235,955	805,440
Other income (expense)			
Interest expense, net of amount capitalized	(213,854)	(155,179)	(106,300)
Interest income and other, net	34,664	1,124	3,556
Income from continuing operations before income taxes	769,632	81,900	702,696
Income tax provision	(162,620)	(105,930)	(88,977)
Net income (loss) from continuing operations	607,012	(24,030)	613,719
Net income from discontinued operations, net of tax	—	223,083	321,804
Net income	607,012	199,053	935,523
Net income attributable to noncontrolling interests	(72,201)	(74,825)	(67,709)
Net income attributable to Noble Corporation	\$534,811	\$124,228	\$867,814

See accompanying notes to the consolidated financial statements.

NOBLE CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands)

	Year Ended December 31,		
	2015	2014	2013
Net income	\$607,012	\$199,053	\$935,523
Other comprehensive income (loss), net of tax			
Foreign currency translation adjustments	(5,278)	(118)	(3,188)
Net pension plan gain (loss) (net of tax provision (benefit) of			
\$4,021 in 2015, (\$21,429) in 2014 and \$14,155 in 2013)	7,099	(41,608)	29,861
Amortization of deferred pension plan amounts (net of tax provision			
of \$2,297 in 2015, \$1,102 in 2014 and \$2,924 in 2013)	4,422	2,764	6,612
Net pension plan curtailment and settlement expense (net of tax			
provision of \$9,902 in 2014)	—	18,389	—
Prior service cost arising during the period (net of tax benefit of \$317			
in 2014)	—	(1,159)	—
Other comprehensive income (loss), net	6,243	(21,732)	33,285
Total comprehensive income	613,255	177,321	968,808
Net comprehensive income attributable to noncontrolling interests	(72,201)	(74,825)	(67,709)
Comprehensive income attributable to Noble Corporation	\$541,054	\$102,496	\$901,099

See accompanying notes to the consolidated financial statements.

NOBLE CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

	Year ended December 31,		
	2015	2014	2013
Cash flows from operating activities			
Net income	\$607,012	\$199,053	\$935,523
Adjustments to reconcile net income to net cash from operating activities:			
Depreciation and amortization	633,244	860,353	877,250
Loss on impairment	418,298	745,428	43,688
Gain on disposal of assets, net	—	—	(35,646)
Deferred income taxes	(34,108)	(10,999)	(15,955)
Capital contribution by parent—share-based compensation	30,652	33,341	26,862
Net change in other assets and liabilities	92,409	44,740	(63,092)
Net cash from operating activities	1,747,507	1,871,916	1,768,630
Cash flows from investing activities			
Capital expenditures	(422,544)	(2,072,751)	(2,485,617)
Change in accrued capital expenditures	(14,607)	(36,383)	(58,587)
Proceeds from disposal of assets	4,614	—	61,000
Net cash from investing activities	(432,537)	(2,109,134)	(2,483,204)
Cash flows from financing activities			
Net change in borrowings outstanding on bank credit facilities	(1,123,495)	(437,647)	1,221,333
Repayment of long-term debt	(350,000)	(250,000)	(300,000)
Issuance of senior notes	1,092,728	—	—
Debt issuance costs on senior notes and credit facilities	(16,070)	(398)	(2,484)
Long-term borrowings of Paragon Offshore	—	1,710,550	—
Financing costs on long-term borrowings of Paragon Offshore	—	(14,676)	—
Cash balances of Paragon Offshore in Spin-off	—	(104,152)	—
Dividends paid to noncontrolling interests	(71,504)	(79,966)	(105,388)
Distributions to parent company, net	(400,614)	(631,095)	(265,880)
Net cash from financing activities	(868,955)	192,616	547,581
Net change in cash and cash equivalents	446,015	(44,602)	(166,993)
Cash and cash equivalents, beginning of period	65,780	110,382	277,375
Cash and cash equivalents, end of period	\$511,795	\$65,780	\$110,382

See accompanying notes to the consolidated financial statements.

NOBLE CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EQUITY

(In thousands)

	Shares Balance	Par Value	Capital in		Noncontrolling Interests	Accumulated	Total Equity
			Excess of Par Value	Retained Earnings		Other Comprehensive Loss	
Balance at December 31, 2012	261,246	\$ 26,125	\$ 470,454	\$ 7,384,828	\$ 765,124	\$ (115,449)	\$ 8,531,082
Distributions to parent	—	—	—	(265,880)	—	—	(265,880)
Capital contributions by parent-							
Share-based compensation	—	—	26,862	—	—	—	26,862
Net income	—	—	—	867,814	67,709	—	935,523
Dividends paid to noncontrolling							
interests	—	—	—	—	(105,388)	—	(105,388)
Other comprehensive income,							
net	—	—	—	—	—	33,285	33,285
Balance at December 31, 2013	261,246	\$ 26,125	\$ 497,316	\$ 7,986,762	\$ 727,445	\$ (82,164)	\$ 9,155,484
Distributions to parent	—	—	—	(631,095)	—	—	(631,095)
Capital contributions by parent-							
Share-based compensation	—	—	33,341	—	—	—	33,341
Net income	—	—	—	124,228	74,825	—	199,053
Dividends paid to noncontrolling							
interests	—	—	—	—	(79,966)	—	(79,966)
Spin-off of Paragon Offshore	—	—	—	(1,470,781)	—	34,478	(1,436,303)
Other comprehensive loss, net	—	—	—	—	—	(21,732)	(21,732)
Balance at December 31, 2014	261,246	\$ 26,125	\$ 530,657	\$ 6,009,114	\$ 722,304	\$ (69,418)	\$ 7,218,782
Distributions to parent	—	—	—	(376,714)	—	—	(376,714)
Capital contributions by parent-							

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Share-based compensation	—	—	30,652	—	—	—	30,652
Net income	—	—	—	534,811	72,201	—	607,012
Dividends paid to noncontrolling interests	—	—	—	—	(71,504)	—	(71,504)
Other comprehensive income, net	—	—	—	—	—	6,243	6,243
Balance at December 31, 2015	261,246	\$ 26,125	\$ 561,309	\$ 6,167,211	\$ 723,001	\$ (63,175)	\$ 7,414,471

See accompanying notes to the consolidated financial statements.

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 Significant Accounting Policies

Organization and Business

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 Annual Report on Form 10-K, our fleet of 30 drilling rigs consisted of 14 jackups, eight drillships and eight semisubmersibles, including one high-specification, harsh environment jackup under construction.

At December 31, 2015, our fleet was located in the United States, Brazil, Argentina, the North Sea, the Mediterranean, West Africa, the Middle East, Asia and Australia. Noble and its predecessors have been engaged in the contract drilling of oil and gas wells since 1921.

On November 20, 2013, pursuant to the Merger Agreement dated as of June 30, 2013 between Noble Corporation, a Swiss corporation (“Noble-Swiss”), and Noble-UK, Noble-Swiss merged with and into Noble-UK, with Noble-UK as the surviving company (the “Transaction”). In the Transaction, all of the outstanding ordinary shares of Noble-Swiss were cancelled, and Noble-UK issued, through an exchange agent, one ordinary share of Noble-UK in exchange for each ordinary share of Noble-Swiss. The Transaction effectively changed the place of incorporation of our publicly traded parent holding company from Switzerland to the United Kingdom.

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.

Principles of Consolidation

The consolidated financial statements include our accounts, those of our wholly-owned subsidiaries and entities in which we hold a controlling financial interest. Our consolidated financial statements include the accounts of two joint ventures, in each of which we own a 50 percent interest. Our ownership interest meets the definition of variable interest under Financial Accounting Standards Board (“FASB”) codification and we have determined that we are the primary beneficiary. Intercompany balances and transactions have been eliminated in consolidation.

Foreign Currency Translation

Although we are a UK company, we define foreign currency as any non-U.S. denominated currency. In non-U.S. locations where the U.S. Dollar has been designated as the functional currency (based on an evaluation of factors including the markets in which the subsidiary operates, inflation, generation of cash flow, financing activities and intercompany arrangements), local currency transaction gains and losses are included in net income. In non-U.S. locations where the local currency is the functional currency, assets and liabilities are translated at the rates of exchange on the balance sheet date, while income statement items are translated at average rates of exchange during the year. The resulting gains or losses arising from the translation of accounts from the functional currency to the U.S. Dollar are included in “Accumulated other comprehensive loss” in the Consolidated Balance Sheets. We did not recognize any material gains or losses on foreign currency transactions or translations during the three years ended December 31, 2015.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits with banks and all highly liquid investments with original maturities of three months or less. Our cash, cash equivalents and short-term investments are subject to potential credit risk, and certain of our cash accounts carry balances greater than the federally insured limits. Cash and cash equivalents are primarily held by major banks or investment firms. Our cash management and investment policies restrict investments to lower risk, highly liquid securities and we perform periodic evaluations of the relative credit standing of the financial institutions with which we conduct business.

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)

Property and Equipment

Property and equipment is stated at cost, reduced by provisions to recognize economic impairment in value whenever events or changes in circumstances indicate an asset's carrying value may not be recoverable. Major replacements and improvements are capitalized. When assets are sold, retired or otherwise disposed of, the cost and related accumulated depreciation are eliminated from the accounts and the gain or loss is recognized. Drilling equipment and facilities are depreciated using the straight-line method over their estimated useful lives as of the date placed in service or date of major refurbishment. Estimated useful lives of our drilling equipment range from three to thirty years. Other property and equipment is depreciated using the straight-line method over useful lives ranging from two to forty years. Included in accounts payable were \$44 million and \$70 million of capital accruals as of December 31, 2015 and 2014, respectively.

Interest is capitalized on construction-in-progress using the weighted average cost of debt outstanding during the period of construction.

Scheduled maintenance of equipment is performed based on the number of hours operated in accordance with our preventative maintenance program. Routine repair and maintenance costs are charged to expense as incurred; however, the costs of the overhauls and asset replacement projects that benefit future periods and which typically occur every three to five years are capitalized when incurred and depreciated over an equivalent period. These overhauls and asset replacement projects are included in "Drilling equipment and facilities" in Note 7. Such amounts, net of accumulated depreciation, totaled \$202 million and \$179 million at December 31, 2015 and 2014, respectively. Depreciation expense from continuing operations related to overhauls and asset replacement totaled \$75 million, \$77 million and \$70 million for the years ended December 31, 2015, 2014 and 2013, respectively.

We evaluate the impairment of property and equipment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In addition, on an annual basis, we complete an impairment analysis on our rig fleet. An impairment loss on our property and equipment exists when the estimated undiscounted cash flows expected to result from the use of the asset and its eventual disposition are less than its carrying amount. Any impairment loss recognized represents the excess of the asset's carrying value over the estimated fair value. As part of this analysis, we make assumptions and estimates regarding future market conditions. To the extent actual results do not meet our estimated assumptions, for a given rig class, we may take an impairment loss in the future. For additional information, see Note 11.

Deferred Costs

Deferred debt issuance costs are being amortized through interest expense over the life of the debt securities.

Revenue Recognition

Our typical dayrate drilling contracts require our performance of a variety of services for a specified period of time. We determine progress towards completion of the contract by measuring efforts expended and the cost of services required to perform under a drilling contract, as the basis for our revenue recognition. Revenues generated from our dayrate-basis drilling contracts and labor contracts are recognized on a per day basis as services are performed and begin upon the contract commencement, as defined under the specified drilling or labor contract. Dayrate revenues are typically earned, and contract drilling expenses are typically incurred ratably over the term of our drilling contracts. We review and monitor our performance under our drilling contracts to confirm the basis for our revenue recognition. Revenues from bonuses are recognized when earned, and when collectability is reasonably assured.

In our dayrate drilling contracts, we typically receive compensation and incur costs for mobilization, equipment modification or other activities prior to the commencement of a contract. Any such compensation may be paid through a lump-sum payment or other daily compensation. Pre-contract compensation and costs are deferred until the contract commences. The deferred pre-contract compensation and costs are amortized, using the straight-line method, into income over the term of the initial contract period, regardless of the activity taking place. This approach is consistent with the economics for which the parties have contracted. Once a contract commences, we may conduct various activities, including drilling and well bore related activities, rig maintenance and equipment installation, movement between well locations or other activities.

Deferred revenues from drilling contracts totaled \$180 million and \$263 million at December 31, 2015 and 2014, respectively. Such amounts are included in either "Other current liabilities" or "Other liabilities" in the accompanying Consolidated Balance Sheets,

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)

based upon our expected time of recognition. Related expenses deferred under drilling contracts totaled \$78 million at December 31, 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 (“Saudi Aramco”), which were effective from January 1, 2015 through December 31, 2015. However, given current market conditions and based on discussions with the customer, we do not expect the rates to return to the original contract rates. In accordance with accounting guidance, we are recognizing the reductions on a straight-line basis over the remaining life of the existing Saudi Aramco contracts. At December 31, 2015, revenues recorded in excess of billings as a result of this recognition totaled \$53 million, 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.

We record reimbursements from customers for “out-of-pocket” expenses as revenues and the related direct cost as operating expenses.

Income Taxes

Income taxes are based on the laws and rates in effect in the countries in which operations are conducted or in which we or our subsidiaries are considered resident for income tax purposes. In certain circumstances, we expect that, due to changing demands of the offshore drilling markets and the ability to redeploy our offshore drilling units, certain of such units will not reside in a location long enough to give rise to future tax consequences. As a result, no deferred tax asset or liability has been recognized in these circumstances. Should our expectations change regarding the length of time an offshore drilling unit will be used in a given location, we will adjust deferred taxes accordingly.

We operate through various subsidiaries in numerous countries throughout the world, including the United States. Consequently, we are subject to changes in tax laws, treaties or regulations or the interpretation or enforcement thereof in the U.S., UK or jurisdictions in which we or any of our subsidiaries operate or are resident. Our income tax expense is based upon our interpretation of the tax laws in effect in various countries at the time that the expense was incurred. If the U.S. Internal Revenue Service (“IRS”) or other taxing authorities do not agree with our assessment of the effects of such laws, treaties and regulations, this could have a material adverse effect on us including the imposition of a higher effective tax rate on our worldwide earnings or a reclassification of the tax impact of our significant corporate restructuring transactions.

Insurance Reserves

We maintain various levels of self-insured retention for certain losses including property damage, loss of hire, employment practices liability, employers' liability and general liability, among others. We accrue for property damage and loss of hire charges on a per event basis.

Employment practices liability claims are accrued based on actual claims during the year. Maritime employer's liability claims are generally estimated using actuarial determinations. General liability claims are estimated by our internal claims department by evaluating the facts and circumstances of each claim (including incurred but not reported claims) and making estimates based upon historical experience with similar claims. At both December 31, 2015 and 2014, loss reserves for personal injury and protection claims totaled \$21 million, and such amounts are included in "Other current liabilities" in the accompanying Consolidated Balance Sheets.

Earnings per Share

Our unvested share-based payment awards, which contain non-forfeitable rights to dividends, are participating securities and are included in the computation of earnings per share pursuant to the "two-class" method. The "two-class" method allocates undistributed earnings between common shares and participating securities. The diluted earnings per share calculation under the "two-class" method also includes the dilutive effect of potential shares issued in connection with stock options. The dilutive effect of stock options is determined using the treasury stock method.

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-Based Compensation Plans

We record the grant date fair value of share-based compensation arrangements as compensation cost using a straight-line method over the service period. Share-based compensation is expensed or capitalized based on the nature of the employee's activities.

Certain Significant Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Certain accounting policies involve judgments and uncertainties to such an extent that there is reasonable likelihood that materially different amounts could have been reported under different conditions, or if different assumptions had been used. We evaluate our estimates and assumptions on a regular basis. We base our estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates and assumptions used in preparation of our consolidated financial statements.

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 creates ASC Topic 606, "Revenue from Contracts with Customers," and supersedes the revenue recognition requirements in Topic 605, "Revenue Recognition," including most industry-specific revenue recognition guidance throughout the Industry Topics of the Codification. In addition, ASU 2014-09 supersedes the cost guidance in Subtopic 605-35, "Revenue Recognition—Construction-Type and Production-Type Contracts," and creates new Subtopic 340-40, "Other Assets and Deferred Costs—Contracts with Customers." In summary, the core principle of Topic 606 is to recognize revenue when promised goods or services are

transferred to customers in an amount that reflects the consideration that is expected to be received for those goods or services. Companies are allowed to select between two transition methods: (1) a full retrospective transition method with the application of the new guidance to each prior reporting period presented, or (2) a retrospective transition method that recognizes the cumulative effect on prior periods at the date of adoption together with additional footnote disclosures. The amendments in ASU 2014-09 are effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period, and early application is not permitted. We are currently evaluating the impact the adoption of this guidance will have on our consolidated financial statements and have not made any decision on the method of adoption.

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. The adoption of this guidance is not anticipated to have a material impact 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. The adoption of this guidance is not anticipated to have a material impact on our financial condition, results of operations, cash flows or financial disclosures.

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 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. The adoption of this guidance is not anticipated to have a material impact 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.

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. In August 2015, the FASB issued ASU No. 2015-15 which amends ASC Subtopic 835-30, “Interest – Imputation of Interest.” The guidance allows a debt issuance cost related to a line-of-credit to be presented in the balance sheet as an asset and subsequently amortized ratably over the term of the line-of-credit arrangement, regardless of whether there are any outstanding borrowings on the line-of-credit arrangement. 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 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. The adoption of this guidance is not anticipated to have a material impact on our financial condition, results of operations, cash flows or financial disclosures.

In July 2015, the FASB issued ASU No. 2015-12, which amends ASC Topic 960, “Plan Accounting-Defined Benefit Pension Plans,” ASC Topic 962, “Defined Contribution Pension Plans” and ASC Topic 965, “Health and Welfare Benefit Plans.” There are three parts to the ASU that aim to simplify the accounting and presentation of plan accounting. Part I of this ASU requires fully benefit-responsive investment contracts to be measured at contract value instead of the current fair value measurement. Part II of this ASU requires investments (both participant-directed and nonparticipant-directed investments) of employee benefit plans be grouped only by general type, eliminating the need to disaggregate the investments in multiple ways. Part III of this ASU provides a similar measurement date practical expedient for employee benefit plans as available in ASU No. 2015-04, which allows employers to measure defined benefit plan assets on a month-end date that is nearest to the year’s fiscal year-end when the fiscal period does not coincide with a month-end. Parts I and II of the new guidance should be applied on a retrospective basis. Part III of the new guidance should be applied on a prospective basis. This guidance is effective for interim and annual reporting periods beginning after December 15, 2015. The adoption of this guidance is not anticipated to have a material impact on our financial condition, results of operations, cash flows or financial disclosures.

In September 2015, the FASB issued ASU 2015-16, which amends Topic 805, “Business Combinations.” This amendment eliminates the requirement to retrospectively account for adjustments made to provisional amounts recognized in a business combination at the acquisition date with a corresponding adjustment to goodwill, and revise comparative information for prior periods presented in financial statements. Those adjustments are required when new information about circumstances that existed as of the acquisition date would have affected the measurement of the amount initially recognized. This update requires an entity to recognize these adjustments in the reporting period in which the adjustment amounts are determined. An acquirer must record the effect on earnings of changes in depreciation, amortization, or other income effects, calculated as if the accounting had been completed at the acquisition date. An entity must present separately on the face of the income statement, or disclose in the notes the portion of the amount recorded in current-period earnings by line item that would have been recorded in previous reporting periods if the adjustment had been recognized as of the acquisition date. This guidance is effective for interim and annual reporting periods beginning after

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)

December 15, 2015. The adoption of this guidance is not anticipated to have a material impact on our financial condition, results of operations, cash flows or financial disclosures.

In November 2015, the FASB issued ASU No. 2015-17, which amends ASC Topic 740, "Income Taxes." This amendment aligns the presentation of deferred income tax assets and liabilities with International Financial Reporting Standards. International Accounting Standard 1, Presentation of Financial Statements, requires deferred tax assets and liabilities to be classified as noncurrent in a classified statement of financial position. The current requirement that deferred tax liabilities and assets be offset and presented as a single amount is not affected by the amendments in this update. The standard is effective for interim and annual reporting periods beginning after December 15, 2016. Early adoption is permitted for all entities as of the beginning of an interim or annual reporting period. The amendments in this update may be applied either prospectively to all deferred tax liabilities and assets or retrospectively to all periods presented. 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 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.

In February 2016, we entered into an agreement in principle for a settlement with Paragon Offshore under which, in exchange for a full and unconditional release of any claims by Paragon Offshore in connection with the Spin-off (including certain claims that could be brought on behalf of Paragon Offshore's creditors), we agreed to assume the administration of Mexican tax claims for specified years up to and including 2010, as well as the related bonding obligations and certain of the related tax liabilities. See Note 18 and Note 24.

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.

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.

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)

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 2014 and 2013 include the historical results of Paragon Offshore through the Spin-off date, including costs incurred by Noble to complete the Spin-off. Non-recurring Spin-off related costs totaled \$63 million and \$18 million for the years ended December 31, 2014 and 2013, respectively. There was no activity related to discontinued operations during the year ended December 31, 2015.

Prior to the Spin-off, Paragon Offshore issued approximately \$1.7 billion of debt consisting of:

- \$1.08 billion aggregate principal amount of senior notes in two separate tranches, comprising \$500 million of 6.75% Senior Notes due 2022 and \$580 million of 7.25% Senior Notes due 2024; and
- \$650 million of a senior secured term credit agreement, at an interest rate of LIBOR plus 2.75%, subject to a LIBOR floor of 1%, which has an initial term of seven years.

We allocated interest expense on the above debt, which is directly related to Paragon Offshore, to discontinued operations. For the year ended December 31, 2014, we allocated approximately \$4 million of interest expense related to such debt. No interest was allocated to discontinued operations for the year ended December 31, 2013.

The following table provides the results of operations from discontinued operations:

	2014	2013
Operating revenues		
Contract drilling services	\$993,253	\$1,615,325

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Reimbursables	21,899	45,582
Labor contract drilling services	19,304	35,146
Other	2	94
Operating revenues from discontinued operations	\$ 1,034,458	\$ 1,696,147
Income from discontinued operations		
Income from discontinued operations before income		
taxes	\$216,391	\$379,591
Income tax provision	(55,889)	(75,489)
Net income from discontinued operations, net of tax	\$ 160,502	\$ 304,102

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 years ended December 31, 2015, 2014 and 2013, the Bully joint ventures approved and paid dividends totaling \$143 million, \$160 million and \$211 million, respectively. Of these amounts, approximately \$72 million, \$80 million and \$105 million, respectively, were paid to our joint venture partner.

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 combined carrying amount of the Bully-class drillships at both December 31, 2015 and 2014 totaled \$1.4 billion. These assets were primarily funded through partner equity contributions. Cash held by the Bully joint ventures totaled approximately \$50 million at December 31, 2015 as compared to approximately \$47 million at December 31, 2014. Operating revenues were \$334 million, \$372 million and \$355 million in 2015, 2014 and 2013, respectively. Net income totaled \$154 million, \$157 million and \$145 million in 2015, 2014 and 2013, respectively.

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 - Earnings per Share

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

	Year Ended December 31,		
	2015	2014	2013
Basic			
Income (loss) from continuing operations	\$511,000	\$(152,011)	\$478,595
Earnings allocated to unvested share-based payment			
awards	(11,208)	—	(5,669)
Income (loss) from continuing operations to common			
shareholders	499,792	(152,011)	472,926
Income from discontinued operations	—	160,502	304,102
Earnings allocated to unvested share-based payment			
awards	—	—	(3,602)
Income from discontinued operations, net of tax to			
common shareholders	—	160,502	300,500
Net income attributable to Noble-UK	511,000	8,491	782,697
Earnings allocated to unvested share-based payment			
awards	(11,208)	—	(9,271)
Net income to common shareholders—basic	\$499,792	\$8,491	\$773,426
Diluted			
Income (loss) from continuing operations	\$511,000	\$(152,011)	\$478,595
Earnings allocated to unvested share-based payment			
awards	(11,208)	—	(5,663)
Income (loss) from continuing operations to common			
shareholders	499,792	(152,011)	472,932
Income from discontinued operations	—	160,502	304,102

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Earnings allocated to unvested share-based payment

awards	—	—	(3,598)
Income from discontinued operations, net of tax to			
common shareholders	—	160,502	300,504
Net income attributable to Noble-UK	511,000	8,491	782,697
Earnings allocated to unvested share-based payment			
awards	(11,208)	—	(9,261)
Net income to common shareholders—diluted	\$499,792	\$8,491	\$773,436
Weighted average shares outstanding—basic	242,146	252,909	253,288
Incremental shares issuable from assumed exercise of			
stock options	—	—	259
Weighted average shares outstanding—diluted	242,146	252,909	253,547
Weighted average unvested share-based payment			
awards	5,430	—	3,036
Earnings per share			
Basic			
Continuing operations	\$2.06	\$(0.60)	\$1.86
Discontinued operations	—	0.63	1.19
Net income attributable to Noble-UK	\$2.06	\$0.03	\$3.05
Diluted			
Continuing operations	\$2.06	\$(0.60)	\$1.86
Discontinued operations	—	0.63	1.19
Net income attributable to Noble-UK	\$2.06	\$0.03	\$3.05
Dividends per share	\$1.28	\$1.50	\$0.76

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)

Only those items having a dilutive impact on our basic earnings per share are included in diluted earnings per share. The effect of stock options and unvested share-based payment awards is not included in the computation for periods in which a net loss from continuing operations occurs because to do so would be anti-dilutive. For the years ended December 31, 2015, 2014 and 2013, approximately 1.7 million shares, 2.0 million shares and 0.9 million shares underlying stock options, respectively, were excluded from the diluted earnings per share as such stock options were not dilutive. For the year ended December 31, 2014, we experienced a net loss from continuing operations. As such, approximately 4.0 million unvested share-based payment awards were excluded from the diluted earnings per share calculation at December 31, 2014 as such awards were not dilutive.

Note 6 - Receivables from Customers

At December 31, 2015, we had receivables of approximately \$14 million related to the Noble Max Smith, which 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 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 December 31, 2015 and 2014 for Noble-UK consisted of the following:

	2015	2014
Drilling equipment and facilities	\$13,074,804	\$13,254,240
Construction in progress	761,347	969,985
Other	220,172	218,697

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Property and equipment, at cost \$14,056,323 \$14,442,922

Capital expenditures, including capitalized interest, totaled \$423 million, \$2.1 billion and \$2.5 billion for the years ended December 31, 2015, 2014 and 2013, respectively. Capitalized interest was \$25 million, \$47 million and \$115 million for the years ended December 31, 2015, 2014 and 2013, respectively.

Capital expenditures related to Paragon Offshore for the years ended December 31, 2014 and 2013 totaled \$150 million and \$359 million, respectively. Depreciation expense for Paragon Offshore that was classified as discontinued operations totaled \$236 million and \$368 million for the years ended December 31, 2014 and 2013, respectively.

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 8 - Debt

Our debt consisted of the following at December 31, 2015 and 2014:

	December 31, 2015	December 31, 2014
Senior unsecured notes:		
3.45% Senior Notes due 2015	\$ —	\$ 350,000
3.05% Senior Notes due 2016	299,997	299,982
2.50% Senior Notes due 2017	299,956	299,920
4.00% Senior Notes due 2018	249,602	—
7.50% Senior Notes due 2019	201,695	201,695
4.90% Senior Notes due 2020	499,287	499,151
4.625% Senior Notes due 2021	399,680	399,627
3.95% Senior Notes due 2022	399,354	399,264
5.95% Senior Notes due 2025	448,814	—
6.20% Senior Notes due 2040	399,896	399,895
6.05% Senior Notes due 2041	397,719	397,681
5.25% Senior Notes due 2042	498,338	498,310
6.95% Senior Notes due 2045	394,563	—
Total senior unsecured notes	4,488,901	3,745,525
Credit facilities & commercial paper program	—	1,123,495
Total debt	4,488,901	4,869,020
Less: Current maturities of long-term debt	(299,997)	—
Total long-term debt	\$ 4,188,904	\$ 4,869,020

Credit Facilities and Commercial Paper Program

At December 31, 2015, we had 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 matured in January 2016 and was not renewed (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 December 31, 2015, we had no letters of credit issued under the facility.

Senior Unsecured Notes

In March 2015, we issued \$1.1 billion aggregate principal amount of Senior Notes, which we issued through our indirect wholly-owned subsidiary, Noble Holding International Limited (“NHIL”). These Senior Notes were issued in three separate tranches, consisting 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 may be increased if the credit rating applicable to the notes is downgraded below investment grade (up to a maximum of 200 basis points). The net proceeds of approximately \$1.08 billion, after expenses, were used to repay indebtedness outstanding under our Credit Facilities and commercial paper program.

In August 2015, we repaid our \$350 million 3.45% Senior Notes using cash on hand.

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)

Our \$300 million 3.05% Senior Notes mature during the first quarter of 2016. We anticipate using cash on hand to repay the outstanding balances.

Covenants

The Credit Facilities and commercial paper program are guaranteed by our indirect, wholly-owned subsidiaries, 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 December 31, 2015, our ratio of debt to total tangible capitalization was approximately 0.38. We were in compliance with all covenants under the credit facilities as of December 31, 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 December 31, 2015, we were in compliance with all of our debt covenants.

Other

At December 31, 2015, we had letters of credit of \$5 million, including bonds covering the temporary importation of equipment, performance bonds and expatriate visa guarantees.

Aggregate principal repayments of total debt for the next five years and thereafter are as follows:

2016	2017	2018	2019	2020	Thereafter	Total
\$299,997	\$299,956	\$249,602	\$201,695	\$499,287	\$2,938,364	\$4,488,901

Fair Value of Financial Instruments

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 15 and Note 17.

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 December 31, 2015 and 2014:

	December 31, 2015		December 31, 2014	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Senior unsecured notes:				
3.45% Senior Notes due 2015	\$—	\$—	\$350,000	\$354,992
3.05% Senior Notes due 2016	299,997	299,340	299,982	302,515
2.50% Senior Notes due 2017	299,956	284,334	299,920	287,014
4.00% Senior Notes due 2018	249,602	227,285	—	—
7.50% Senior Notes due 2019	201,695	194,273	201,695	212,068
4.90% Senior Notes due 2020	499,287	378,761	499,151	471,095
4.625% Senior Notes due 2021	399,680	289,450	399,627	363,837
3.95% Senior Notes due 2022	399,354	265,643	399,264	346,425
5.95% Senior Notes due 2025	448,814	308,870	—	—
6.20% Senior Notes due 2040	399,896	237,005	399,895	350,351
6.05% Senior Notes due 2041	397,719	239,464	397,681	343,653
5.25% Senior Notes due 2042	498,338	279,919	498,310	385,181
6.95% Senior Notes due 2045	394,563	255,887	—	—
Total senior unsecured notes	4,488,901	3,260,231	3,745,525	3,417,131
Credit facilities and commercial paper program	—	—	1,123,495	1,123,496
Total debt	\$4,488,901	\$3,260,231	\$4,869,020	\$4,540,627

Note 9 - Equity

Share Capital

As of December 31, 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. Repurchased shares are recorded at cost, and include shares repurchased 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 \$38 million (or \$0.15 per share), was declared on January 29, 2016 and paid on February 16, 2016 to holders of record on February 8, 2016.

The declaration and payment of dividends require authorization of the Board of Directors of Noble-UK, provided that such dividends on issued share capital may be paid only out of Noble-UK's "distributable reserves" on its statutory balance sheet. Noble-UK is not permitted to pay dividends out of share capital, which includes share premiums. The amount of any such dividends will depend on our results of operations, financial condition, cash requirements, future business prospects, contractual restrictions and other factors deemed relevant by our Board of Directors.

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 million ordinary shares, or approximately 15 percent of our outstanding ordinary shares at the time of the shareholder approval. The authority to make such repurchases will expire at the end of the Company's 2016 annual general meeting of shareholders. At this time, we do not expect to seek shareholder approval for further repurchases at our 2016 annual general meeting. During 2015, we repurchased 6.2 million of our ordinary shares covered by this authorization for a total cost of approximately \$101 million.

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 repurchases for each of the three years ended December 31 are as follows:

Year Ended	Total Number of Shares	Total Cost ⁽¹⁾	Average Price Paid per Share ⁽¹⁾
December 31, Purchased			
2015	6,209,400	\$ 100,630	\$ 16.21
2014	6,769,891	154,145	22.77
2013	190,187	7,653	40.24

(1)The total cost and average price paid per share includes the impact of commissions and stamp tax for share repurchases made in the open market.

Share-Based Compensation Plans

Stock Plans

On April 24, 2015 Noble Corporation plc shareholders approved a new equity plan, the Noble Corporation 2015 Omnibus Incentive Plan (the “2015 Incentive Plan”), which permits grants of options, stock appreciation rights (“SARs”), stock or stock unit awards or cash awards, any of which may be structured as a performance award, from time to time to employees who are to be granted awards under the 2015 Incentive Plan. Neither consultants nor non-employee directors are eligible for awards under the 2015 Incentive Plan. The maximum aggregate number of ordinary shares that may be granted for any and all awards under the 2015 Incentive Plan will not exceed 7.3 million shares. As of December 31, 2015, we had 7.3 million shares remaining available for grants to employees under the 2015 Incentive Plan.

The Noble Corporation 1991 Stock Option and Restricted Stock Plan, as amended (the “1991 Plan”), provides for the granting of options to purchase our shares, with or without stock appreciation rights, and the awarding of restricted shares or units to selected employees. Upon shareholder approval of the 2015 Incentive Plan, the 1991 Plan was terminated and equity based awards to employees are now made only through the 2015 Incentive Plan. Equity based awards previously granted under the 1991 Plan remain outstanding in accordance with their terms, which include the 1991 Plan.

Prior to October 25, 2007, the Noble Corporation 1992 Nonqualified Stock Option and Share Plan for Non-Employee Directors (the "1992 Plan") provided for the granting of nonqualified stock options to our non-employee directors. On October 25, 2007, the 1992 Plan was amended and restated to, among other things, eliminate grants of stock options to non-employee directors and modify the annual award of restricted shares from a fixed number of restricted shares to an annually-determined variable number of restricted or unrestricted shares. In connection with the Spin-off, the total number of shares subject to issue under existing awards under the 1992 Plan was increased from 2.0 million to 2.3 million. As of December 31, 2015, we had 0.5 million shares remaining available for award to non-employee directors under the 1992 Plan.

Stock Options

Pursuant to the EMA (see Note 2), we modified the outstanding stock options for our employees in connection with the Spin-off. As the awards contained an antidilution provision, we made certain adjustments to the exercise price and number of our stock options to preserve the economic value of the grants immediately prior to the Spin-off. Each outstanding stock option of Noble, whether or not exercisable, that was held by a current or former Noble employee was adjusted such that the holder received an additional number of stock options of Noble based on a price ratio. The exercise price was adjusted by a factor equal to exercise price of the option prior to the Spin-off divided by the price ratio. The price ratio was calculated by dividing the average closing price of our stock during the 10 trading-day period prior to the Spin-off by the average closing price of our stock during the 10 trading-day period subsequent to the Spin-off. Each outstanding stock option of Noble, whether or not exercisable, that was held by an employee transferring to Paragon Offshore was vested at the Spin-off date and the exercise price and number of awards were adjusted in the same manner as explained above for Noble employees. At the Spin-off, we recognized the remaining expense for the accelerated vesting of stock options held by Paragon Offshore employees.

As a result of the Spin-off, an additional 339,223 stock options were issued to preserve the economic value of the grants immediately prior to the Spin-off, as discussed above. As no incremental fair value was awarded as a result of the issuance of these additional awards, the modification did not result in additional compensation expense.

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)

Options have a term of 10 years, an exercise price equal to the fair market value of a share on the date of grant and generally vest over a three-year period. A summary of the status of stock options granted under both the 1991 Plan and 1992 Plan as of December 31, 2015, 2014 and 2013 and the changes during the year ended on those dates is presented below:

	2015		2014		2013	
	Number of Shares Underlying Options	Weighted Average Exercise Price	Number of Shares Underlying Options	Weighted Average Exercise Price	Number of Shares Underlying Options	Weighted Average Exercise Price
Outstanding at beginning of year	1,958,633	\$ 28.43	1,808,987	\$ 33.13	2,027,089	\$ 32.44
Exercised	—	—	(131,706)	20.08	(212,017)	26.66
Forfeited	(281,479)	22.17	(57,871)	30.18	(6,085)	31.35
Spin-off adjustment	—	—	339,223	N/A	—	—
Outstanding at end of year ⁽¹⁾	1,677,154	29.48	1,958,633	28.43	1,808,987	33.13
Exercisable at end of year ⁽¹⁾	1,677,154	\$ 29.48	1,846,465	\$ 28.35	1,510,929	\$ 32.47

(1) Options outstanding and exercisable at December 31, 2015 had no intrinsic value.

The following table summarizes additional information about stock options outstanding at December 31, 2015:

	Options Outstanding and Exercisable		
	Number of Shares Underlying Options	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price
\$20.49 to \$25.41	311,704	3.65	\$ 21.34
\$25.42 to \$30.59	593,387	4.07	29.53
\$30.60 to \$35.73	772,063	3.57	32.72

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Total 1,677,154 3.76 \$ 29.48

Besides the stock options issued as a result of the Spin-off, as discussed above, no stock options were granted during the years ended December 31, 2015, 2014 and 2013.

The fair value of each option is estimated on the date of grant using a Black-Scholes pricing model. The expected term of options granted represents the period of time that the options are expected to be outstanding and is derived from historical exercise behavior, current trends and values derived from lattice-based models. Expected volatilities are based on implied volatilities of traded options on our shares, historical volatility of our shares, and other factors. The expected dividend yield is based on historical yields on the date of grant. The risk-free rate is based on the U.S. Treasury yield curve in effect at the time of grant.

A summary of the status of our non-vested stock options at December 31, 2015 and changes during the year ended December 31, 2015 is presented below:

	Shares Under Outstanding Options	Weighted-Average Grant-Date Fair Value
Non-Vested Options at January 1, 2015	112,168	\$ 13.05
Vested	(112,168)	13.05
Non-Vested Options at December 31, 2015	—	\$ —

Compensation cost recognized during the years ended December 31, 2015, 2014 and 2013 related to stock options totaled \$0.1 million, \$2 million and \$3 million, respectively.

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)

Restricted Stock Units (“RSU’s”)

Pursuant to the EMA (see Note 2), we modified the outstanding RSU awards, both time-vested restricted stock units (“TVRSUs”) and market-based performance-vested restricted stock units (“PVRsUs”), for our employees in connection with the Spin-off. As the awards contained an antidilution provision, we made certain adjustments to the number of our share-based compensation awards to preserve the economic value of the grants immediately prior to the Spin-off. Each outstanding and unvested RSU of Noble that was held by a current or former Noble employee was adjusted such that the holder received an additional number of RSUs of Noble based on a price ratio, which was calculated as noted above in “Stock Options.”

As a result of the Spin-off, an additional 326,853 TVRSUs and 329,937 PVRsUs were issued to preserve the economic value of the grants immediately prior to the Spin-off, as discussed above. As no incremental fair value was awarded as a result of the issuance of these additional awards, the modification did not result in additional compensation expense.

We have awarded both TVRSU’s and PVRsUs under the 1991 Plan and TVRSU’s under the 2015 Incentive Plan. The TVRSU’s generally vest over a three year period. The number of PVRsUs which vest will depend on the degree of achievement of specified corporate performance criteria over a three-year performance period. These criteria are strictly market based criteria as defined by FASB standards.

The TVRSU’s are valued on the date of award at our underlying share price. The total compensation for units that ultimately vest is recognized over the service period. The shares and related nominal value are recorded when the restricted stock unit vests and additional paid-in capital is adjusted as the share-based compensation cost is recognized for financial reporting purposes.

The market-based PVRsUs are valued on the date of grant based on the estimated fair value. Estimated fair value is determined based on numerous assumptions, including an estimate of the likelihood that our stock price performance will achieve the targeted thresholds and the expected forfeiture rate. The fair value is calculated using a Monte Carlo Simulation Model. The assumptions used to value the PVRsUs include historical volatility, risk-free interest rates, and expected dividends over a time period commensurate with the remaining term prior to vesting, as follows:

	2015	2014	2013
Valuation assumptions:			
Expected volatility	34.0 %	33.0 %	34.8 %
Expected dividend yield	9.4 %	4.7 %	1.3 %

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Risk-free interest rate 0.8 % 0.7 % 0.4 %

Additionally, similar assumptions were made for each of the companies included in the defined index and the peer group of companies in order to simulate the future outcome using the Monte Carlo Simulation Model.

A summary of the RSU awards for each of the years in the period ended December 31 is as follows:

	2015	2014	2013
TVRSU			
Units awarded (maximum available)	2,004,311	1,617,534	1,033,009
Weighted-average share price at award date	\$15.90	\$31.56	\$41.32
Weighted-average vesting period (years)	3.0	3.0	3.0
PVRSU			
Units awarded (maximum available)	1,205,130	740,364	565,650
Weighted-average share price at award date	\$15.94	\$31.66	\$41.42
Three-year performance period ended December 31	2017	2016	2015
Weighted-average award-date fair value	\$9.12	\$19.66	\$24.97

In October 2014, our Board of Directors approved a modification of certain PVRSU awards. The modification related to the composition of our peer groups for a portion of the 2013 and 2014 grants currently in place. The value of the modification was determined by taking the fair value of the modified award as compared to the fair value of the previous award immediately prior to modification, using a Monte Carlo Simulation Model to value both grants.

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 award shares under the 1992 Plan. During the years ended December 31, 2015, 2014 and 2013, we awarded 99,063, 50,796 and 57,095 shares to non-employee directors, resulting in related compensation cost of \$2 million in each of the three years.

A summary of the status of non-vested RSU's at December 31, 2015 and changes during the year ended December 31, 2015 is presented below:

	TVRSU's Outstanding	Weighted Average Award-Date Fair Value	PVRSU's Outstanding ⁽¹⁾	Weighted Average Award-Date Fair Value
Non-vested RSU's at January 1, 2015	1,881,179	\$ 34.66	1,942,969	\$ 21.44
Awarded	2,004,311	15.90	1,205,130	9.12
Vested	(842,396)	35.52	—	—
Forfeited	(333,419)	22.84	(601,962)	19.52
Non-vested RSU's at December 31, 2015	2,709,675	\$ 21.97	2,546,137	\$ 16.06

(1) The number of PVRSU's shown equals the units that would vest if the "maximum" level of performance is achieved.

The minimum number of units is zero and the "target" level of performance is 50 percent of the amounts shown. At December 31, 2015 there was \$30 million of total unrecognized compensation cost related to the TVRSU's which is expected to be recognized over a remaining weighted-average period of 1.7 years. The total award-date fair value of TVRSU's vested during the year ended December 31, 2015 was \$30 million.

At December 31, 2015, there was \$11 million of total unrecognized compensation cost related to the PVRSU's which is expected to be recognized over a remaining weighted-average period of 1.6 years. The total potential compensation for PVRSU's is recognized over the service period regardless of whether the performance thresholds are ultimately achieved. During the year ended December 31, 2015, 517,223 PVRSU's for the 2012-2014 performance period were forfeited. In January 2016, 273,357 PVRSU's for the 2013-2015 performance period were forfeited.

Share-based amortization recognized during the years ended December 31, 2015, 2014 and 2013 related to all restricted stock totaled \$39 million (\$31 million net of income tax), \$46 million (\$37 million net of income tax) and \$44 million (\$36 million net of income tax), respectively. Included in share-based amortization for the years ended December 31, 2014 and 2013 was approximately \$7 million and \$10 million, respectively, related to Paragon Offshore

that was classified as discontinued operations. Capitalized share-based amortization totaled approximately \$1 million per year in 2015, 2014 and 2013, respectively.

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 10 - Accumulated Other Comprehensive Loss

The following tables set forth the components of “Accumulated other comprehensive loss” (“AOCL”) for the years ended December 31, 2015 and 2014 and changes in AOCL by component for the year ended December 31, 2015. 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 (loss) before				
reclassifications	(4,286)	(30,952)	(118)	(35,356)
Amounts reclassified from AOCL	4,286	9,338	—	13,624
Net other comprehensive income (loss)	—	(21,614)	(118)	(21,732)
Spin-off of Paragon Offshore ⁽³⁾	—	21,772	12,706	34,478
Balance at December 31, 2014	\$ —	\$(58,440)	\$(10,978)	\$(69,418)
Activity during period:				
Other comprehensive income (loss) before				
reclassifications	2,414	7,099	(5,278)	4,235
Amounts reclassified from AOCL	(2,414)	4,422	—	2,008
Net other comprehensive income (loss)	—	11,521	(5,278)	6,243
Balance at December 31, 2015	\$ —	\$(46,919)	\$(16,256)	\$(63,175)

(1) Gains 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 16 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 15 for additional information.

- (3) Reclassifications for the Spin-off of Paragon Offshore represent accumulated balances in AOCL that were transferred as part of the Spin-off.

Note 11 - Loss on Impairment

Asset impairments

In connection with the preparation of the consolidated financial statements included in this Annual Report, consistent with our accounting policies discussed in Note 1, we evaluate our drilling fleet assets for impairment on an annual basis or whenever there are changes in facts which suggest that the value of the asset is not recoverable.

In the fourth quarter of 2015, in connection with our annual impairment analysis, we decided that we would no longer market one of our drillships, the Noble Discoverer. The decision was a result of the termination of the contract for this rig by Shell in December 2015 and the decreased opportunities for rigs of this type in the current marketplace. We also reviewed assumptions on the future marketability of one of our jackups, the Noble Charles Copeland, after its contract completion in late September 2015, with consideration given to its years in service, limited technical features and anticipated capital requirements in light of the current market conditions. As a result of this analysis, we have decided to discontinue marketing this unit. Additionally, as a result of a fourth quarter review of capital spare equipment, we elected to retire certain capital spare equipment. We evaluated these units and certain capital spare equipment for impairment and recorded an impairment charge of \$406 million for the year ended December 31, 2015.

Also in 2015, we determined that certain corporate assets were partially impaired due to a declining market for, and the potential disposal of, the assets. We estimated the fair value of the assets based on quotes from brokers of similar assets (Level 2). Based on these estimates, we recorded an impairment charge of approximately \$13 million for the year ended December 31, 2015.

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)

During the fourth quarter of 2014, we reviewed assumptions on the future marketability of the Noble Driller, the Noble Jim Thompson and the Noble Paul Wolff with consideration given to their years in service, limited technical features and anticipated capital requirements in light of the market conditions and decided to discontinue marketing these units. We evaluated these units for impairment and recorded an impairment charge of approximately \$685 million on these rigs for the year ended December 31, 2014. The total remaining book value of \$47 million at December 31, 2014 represented the equipment present on the rigs, which was available for redeployment within our fleet. The remaining book value was a Level 3 fair value measurement under accounting literature as it contained significant estimation and non-observable inputs.

In 2012, we determined that our submersible rig fleet, consisting of two cold stacked rigs, was partially impaired due to the declining market outlook for drilling services for that rig type. We estimated the fair value of the rigs based on the salvage value of the rigs and a then recent transaction involving a similar unit owned by a peer company (Level 2 fair value measurement). Based on these estimates, we recognized an impairment charge of approximately \$13 million for the year ended December 31, 2012. During 2013, we recorded an additional impairment charge of approximately \$4 million on these rigs arising from the potential disposition of these assets to an unrelated third party. In January 2014, we completed the sale of the submersibles for a total sales price of \$7 million.

Goodwill

In connection with our acquisition of FDR Holdings Limited (“Frontier”) in 2010, we recognized goodwill in our Contract Drilling Services reporting unit. In connection with the preparation of the consolidated financial statements included in this Annual Report, as discussed in Note 1, we conduct goodwill impairment testing annually in the fourth quarter of each year and when events occur that would potentially reduce the fair value of our reporting unit below its carrying amount.

As part of our annual test completed in 2014, we noted a significant decline in the market value of our stock, coupled with a decrease in oil and gas prices, significant reductions in the projected dayrates for new contracts and reduced utilization forecasts. These factors drove our fair value of the reporting unit below the book value, and we concluded that the goodwill in the Contract Drilling Services reporting unit was impaired. We deemed this to be a Level 3 fair value measurement under accounting literature as it contains significant estimation and non-observable inputs. During 2014, we fully impaired the \$60 million of goodwill.

Note 12 - Gain on Disposal of Assets, net

During the third quarter of 2013, we completed the sale of the Noble Lewis Dugger for \$61 million to an unrelated third party in Mexico. In connection with the sale, we recorded a pre-tax gain of approximately \$36 million.

Note 13 - Gain on Contract Settlements/Extinguishments, Net

In 2013, we received \$45 million related to the settlement of all claims against the former shareholders of Frontier, which we acquired in July 2010, relating to alleged breaches of various representations and warranties contained in the purchase agreement. A portion of the settlement, totaling approximately \$14 million, was allocated to discontinued operations as it related to certain standard specification rigs.

Note 14 - Income Taxes

Noble-UK is a company which is tax resident in the UK and, as such, will be subject to UK corporation tax on its taxable profits and gains. A UK tax exemption is available in respect of qualifying dividends income and capital gains related to the sale of qualifying participations. We operate in various countries throughout the world, including the United States. The income of the non-UK subsidiaries is not expected to be subject to UK corporation tax. Prior to the redomiciliation, Noble-Swiss was the group holding company and was exempt from Swiss cantonal and communal income tax on its worldwide income, and was also granted participation relief from Swiss federal tax for qualifying dividend income and capital gains related to the sale of qualifying participations. It is expected that the participation relief will result in a full exemption of participation income from Swiss federal income tax. We do not expect the redomiciliation from Switzerland to the UK to have a material impact on our effective tax rate.

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)

Consequently, we have taken account of those tax exemptions and provided for income taxes based on the laws and rates in effect in the countries in which operations are conducted, or in which we or our subsidiaries have a taxable presence for income tax purposes.

The components of the net deferred taxes are as follows:

	2015	2014
Deferred tax assets		
United States		
Deferred pension plan amounts	\$22,858	\$23,497
Accrued expenses not currently deductible	20,041	14,250
Other	3,069	11,267
Non-U.S.		
Net operating loss carry forwards	3,800	6,907
Deferred pension plan amounts	2,347	3,096
Other	2,064	—
Deferred tax assets	54,179	59,017
Less: valuation allowance	(3,800)	(6,907)
Net deferred tax assets	\$50,379	\$52,110
Deferred tax liabilities		
United States		
Excess of net book basis over remaining tax basis	\$(126,096)	\$(166,959)
Other	(10,277)	(4,969)
Non-U.S.		
Excess of net book basis over remaining tax basis	(200)	(200)
Other	(4,366)	(397)
Deferred tax liabilities	(140,939)	(172,525)
Net deferred tax liabilities	\$(90,560)	\$(120,415)

Income (loss) from continuing operations before income taxes consists of the following:

Year Ended December 31,

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	2015	2014	2013
United States	\$4,031	\$38,206	\$178,090
Non-U.S.	738,402	(8,741)	460,331
Total	\$742,433	\$29,465	\$638,421

The income tax provision for continuing operations consists of the following:

	Year Ended December 31,		
	2015	2014	2013
Current- United States	\$113,648	\$50,829	\$83,302
Current- Non-U.S.	81,756	74,288	23,836
Deferred- United States	(38,103)	(18,655)	(14,032)
Deferred- Non-U.S.	1,931	189	(989)
Total	\$159,232	\$106,651	\$92,117

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 is a reconciliation of our reserve for uncertain tax positions, excluding interest and penalties:

	2015	2014	2013
Gross balance at January 1,	\$108,812	\$115,969	\$115,009
Additions based on tax positions related to current year	31,022	16,880	2,318
Additions for tax positions of prior years	47,561	12,928	18,906
Reductions for tax positions of prior years	(11,945)	(8)	(7,910)
Expiration of statutes	(1,237)	(2,852)	(2,633)
Reduction due to Spin-off	—	(26,870)	—
Tax settlements	(4,526)	(7,235)	(9,721)
Gross balance at December 31,	169,687	108,812	115,969
Related tax benefits	(14,369)	(1,064)	(2,038)
Net reserve at December 31,	\$155,318	\$107,748	\$113,931

The liabilities related to our reserve for uncertain tax positions are comprised of the following:

	2015	2014
Reserve for uncertain tax positions, excluding interest and penalties	\$155,318	\$107,748
Interest and penalties included in "Other liabilities"	10,961	8,039
Reserve for uncertain tax positions, including interest and penalties	\$166,279	\$115,787

If these reserves of \$166 million are not realized, the provision for income taxes will be reduced by \$166 million.

We include, as a component of our "Income tax provision," potential interest and penalties related to recognized tax contingencies within our global operations. Interest and penalties resulted in an income tax expense of \$3 million in 2015, an income tax benefit of \$1 million in 2014 and an income tax benefit of \$7 million in 2013.

It is reasonably possible that our existing liabilities related to our reserve for uncertain tax positions may increase or decrease in the next twelve 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.

We conduct business globally and, as a result, we file numerous income tax returns in the U.S. and non-U.S. jurisdictions. In the normal course of business we are subject to examination by taxing authorities throughout the world, including major jurisdictions such as Brazil, Mexico, Norway, Saudi Arabia, Argentina, Australia, Denmark, Gabon, Malaysia, the Netherlands, Turkey, United Arab Emirates, Switzerland, the United Kingdom and the United States. We are no longer subject to U.S. Federal income tax examinations for years before 2010 and non-U.S. income tax examinations for years before 2000.

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)

Noble-UK conducts substantially all of its business through Noble-Cayman and its subsidiaries. The income of our non-UK subsidiaries is not subject to UK income tax. Earnings are taxable in the United Kingdom at the UK statutory rate of 20.25 percent. Ongoing consultative process in the United Kingdom and a possible change in law could materially impact our tax rate on operations in the United Kingdom continental shelf. A reconciliation of tax rates outside of the United Kingdom and the Cayman Islands to our Noble-UK effective rate for continuing operations is shown below:

	Year Ended December 31,		
	2015	2014	2013
Effect of:			
Tax rates which are different than the UK and Cayman			
Island rates	14.4%	19.3 %	15.5%
Tax impact of asset impairment	5.3 %	344.0%	0.0 %
Reserve for (resolution of) tax authority audits	1.7 %	(1.3)%	(1.1)%
Total	21.4%	362.0%	14.4%

We generated and fully utilized U.S. foreign tax credits of \$15 million, \$17 million and \$15 million in 2015, 2014 and 2013, respectively.

At December 31, 2014 and December 31, 2015, we have no undistributed earnings of our subsidiaries for which deferred income taxes have not been provided.

Note 15 - Employee Benefit Plans

Defined Benefit Plans

Noble maintains two pension plans for certain of our employees whose most recent date of employment is prior to April 1, 2014 operating in the North Sea, the Noble Drilling (Land Support) Limited (“NDLS”) and the Noble

Resources Limited (“NRL”), both indirect, wholly-owned subsidiaries of Noble-UK. Prior to the Spin-off of Paragon Offshore, Noble also maintained two benefit plans whose assets and liabilities were assumed by Paragon Offshore as part of our MSA (see Note 2). Benefits for all of the above plans are based on credited service and employees’ compensation near retirement, as defined by the respective plan. Reference to our “non-U.S. plans” included throughout this report relates to both the NDLS and NRL plans, as well as the activity for the two legacy plans for the periods prior to the Spin-off.

In addition to the non-U.S. plans discussed above, we have two U.S. noncontributory defined benefit pension plans: one which covers certain salaried employees and one which covers certain hourly employees, whose initial date of employment is prior to August 1, 2004 (collectively referred to as our “qualified U.S. plans”). These plans are governed by the Noble Drilling Employees’ Retirement Trust (the “Trust”). The benefits from these plans are based primarily on years of service and, for the salaried plan, employees’ compensation near retirement. These plans qualify under the Employee Retirement Income Security Act of 1974 (“ERISA”), and our funding policy is consistent with funding requirements of ERISA and other applicable laws and regulations. We make cash contributions, or utilize credit balances available to us under the plan, for the qualified U.S. plans when required. The benefit amount that can be covered by the qualified U.S. plans is limited under ERISA and the Internal Revenue Code (“IRC”) of 1986. Therefore, we maintain an unfunded, nonqualified excess benefit plan designed to maintain benefits for specified employees at the formula level in the qualified salary U.S. plan. We refer to the qualified U.S. plans and the excess benefit plan collectively as the “U.S. plans.”

Employees participating in the U.S. plans that transferred to Paragon Offshore at the time of the Spin-off terminated under these plans as of July 31, 2014. In connection with the termination of these employees, we recognized a curtailment expense of \$0.2 million for the year ended December 31, 2014. Additionally in 2014, we recognized a settlement expense of \$10 million related to those terminated employees that elected to receive their accumulated benefits as a lump sum distribution.

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)

A reconciliation of the changes in projected benefit obligations (“PBO”) for our non-U.S. and U.S. plans is as follows:

	Year Ended December 31,			
	2015		2014	
	Non-U.S.	U.S.	Non-U.S.	U.S.
Benefit obligation at beginning of year	\$72,553	\$238,072	\$161,591	\$223,938
Service cost	3,344	8,596	4,777	8,901
Interest cost	2,546	9,198	4,650	10,546
Actuarial loss (gain)	(2,778)	(21,631)	6,145	51,524
Plan amendments	—	—	1,595	—
Benefits paid	(2,971)	(5,845)	(2,819)	(4,262)
Settlement	—	—	—	(34,397)
Curtailment	—	—	—	(18,178)
Plan participants’ contributions	363	—	266	—
Foreign exchange rate changes	(3,685)	—	(7,071)	—
Spin-off adjustment	—	—	(96,581)	—
Benefit obligation at end of year	\$69,372	\$228,390	\$72,553	\$238,072

A reconciliation of the changes in fair value of plan assets is as follows:

	Year Ended December 31,			
	2015		2014	
	Non-U.S.	U.S.	Non-U.S.	U.S.
Fair value of plan assets at beginning of year	\$77,714	\$172,119	\$174,257	\$201,011
Actual return on plan assets	2,270	1,125	6,717	7,750
Employer contributions	2,182	548	6,863	2,017
Benefits and expenses paid	(2,971)	(5,845)	(2,819)	(4,262)
Settlement	—	—	—	(34,397)
Plan participants’ contributions	363	—	266	—
Foreign exchange rate changes	(3,703)	—	(11,068)	—
Spin-off adjustment	—	—	(96,502)	—
Fair value of plan assets at end of year	\$75,855	\$167,947	\$77,714	\$172,119

The funded status of the plans is as follows:

	Year Ended December 31,			
	2015		2014	
	Non-U.S.	U.S.	Non-U.S.	U.S.
Funded status	\$6,483	\$(60,443)	\$5,161	\$(65,953)

Amounts recognized in the Consolidated Balance Sheets consist of:

	Year Ended December 31,			
	2015		2014	
	Non-U.S.	U.S.	Non-U.S.	U.S.
Other assets (noncurrent)	\$9,121	\$1,134	\$7,725	\$—
Other liabilities (current)	—	(3,441)	—	(3,037)
Other liabilities (noncurrent)	(2,638)	(58,136)	(2,564)	(62,916)
Net amount recognized	\$6,483	\$(60,443)	\$5,161	\$(65,953)

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)

Amounts recognized in AOCL consist of:

	Year Ended December 31,			
	2015		2014	
	Non-U.S.	U.S.	Non-U.S.	U.S.
Net actuarial loss	\$10,017	\$57,937	\$11,793	\$73,705
Prior service cost	1,378	326	1,531	468
Deferred income tax asset	(2,347)	(20,392)	(3,096)	(25,961)
Accumulated other comprehensive loss	\$9,048	\$37,871	\$10,228	\$48,212

Pension cost includes the following components:

	Year Ended December 31,					
	2015		2014		2013	
	Non-U.S.	U.S.	Non-U.S.	U.S.	Non-U.S.	U.S.
Service Cost	\$3,344	\$8,596	\$4,777	\$8,901	\$5,496	\$10,724
Interest Cost	2,546	9,198	4,650	10,546	5,085	9,049
Return on plan assets	(3,673)	(13,146)	(6,117)	(15,499)	(5,836)	(13,102)
Amortization of prior service cost	104	142	46	196	—	227
Recognized net actuarial loss	315	6,158	769	2,857	1,670	7,639
Curtailment expense	—	—	—	241	—	—
Settlement expense	—	—	—	9,872	—	—
Net pension expense	\$2,636	\$10,948	\$4,125	\$17,114	\$6,415	\$14,537

Included in net pension expense for the years ended December 31, 2014 and 2013 for non-U.S. plans was approximately \$2 million and \$4 million, respectively, related to Paragon Offshore that was classified as discontinued operations. Included in net pension expense for the years ended December 31, 2014 and 2013 for U.S. plans was approximately \$11 million and \$4 million, respectively, related to Paragon Offshore that was classified as discontinued operations.

The estimated prior service cost and net actuarial loss that will be amortized from AOCL into net periodic pension cost in 2016 are \$0.1 million and \$0.2 million, respectively, for non-U.S. plans and \$0.1 million and \$4.4 million, respectively, for U.S. plans.

During 2015, we adopted the Retirement Plan (“RP”) 2015 mortality tables with the Mortality Projection (“MP”) scale as issued by the Society of Actuaries. The RP 2015 mortality tables represent the new standard for defined benefit mortality assumptions due to adjusted life expectancies. The adoption of the updated mortality tables and the mortality improvement scales decreased our pension liability on our U.S. plans by approximately \$3 million as of December 31, 2015.

During 2014, we adopted the RP 2014 mortality tables with the MP scale as issued by the Society of Actuaries. The RP 2014 mortality tables represent the new standard for defined benefit mortality assumptions due to longer life expectancies. The adoption of the updated mortality tables and the mortality improvement scales increased our pension liability on our U.S. plans by approximately \$14 million as of December 31, 2014.

Defined Benefit Plans—Disaggregated Plan Information

Disaggregated information regarding our non-U.S. and U.S. plans is summarized below:

	Year Ended December 31,			
	2015		2014	
	Non-U.S.	U.S.	Non-U.S.	U.S.
Projected benefit obligation	\$69,372	\$228,390	\$72,553	\$238,072
Accumulated benefit obligation	65,136	199,928	68,902	202,716
Fair value of plan assets	75,855	167,947	77,714	172,119

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 information related to those plans in which the PBO exceeded the fair value of the plan assets at December 31, 2015 and 2014. The PBO is the actuarially computed present value of earned benefits based on service to date and includes the estimated effect of any future salary increases.

	Year Ended December 31,			
	2015		2014	
	Non-U.S.U.S.		Non-U.S.U.S.	
Projected benefit obligation	\$4,317	\$202,566	\$3,157	\$238,072
Fair value of plan assets	1,679	140,988	592	172,119

The PBO for the unfunded excess benefit plan was \$23 million at December 31, 2015 as compared to \$20 million in 2014, and is included under “U.S.” in the above tables.

The following table provides information related to those plans in which the accumulated benefit obligation (“ABO”) exceeded the fair value of plan assets at December 31, 2015 and 2014. The ABO is the actuarially computed present value of earned benefits based on service to date, but differs from the PBO in that it is based on current salary levels.

	Year Ended December 31,			
	2015		2014	
	Non-U.S.U.S.		Non-U.S.U.S.	
Accumulated benefit obligation	\$1,853	\$174,105	\$1,355	\$202,716
Fair value of plan assets	1,679	140,988	592	172,119

The ABO for the unfunded excess benefit plan was \$15 million at December 31, 2015 as compared to \$13 million in 2014, and is included under “U.S.” in the above tables.

Defined Benefit Plans—Key Assumptions

The key assumptions for the plans are summarized below:

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	Year Ended December 31, 2015		2014	
	Non-U.S.	U.S.	Non-U.S.	U.S.
Weighted-average assumptions used to determine benefit obligations:				
Discount Rate	2.93%-3.90%	3.09%-4.48%	2.60%-3.70%	3.00%-4.10%
Rate of compensation increase	3.60%-4.20%	2.00%-5.00%	3.60%-4.10%	5.00%

	Year Ended December 31, 2015		2014		2013	
	Non-U.S.	U.S.	Non-U.S.	U.S.	Non-U.S.	U.S.
Weighted-average assumptions used to determine periodic benefit cost:						
Discount Rate	2.60%-3.70%	2.98%-4.38%	2.70%-4.70%	3.90%-5.10%	2.50%-4.50%	3.10%-4.20%
Expected long-term return on assets	1.60%-4.90%	7.50%	2.30%-6.00%	7.80%	2.30%-5.70%	7.80%
Rate of compensation increase	3.60%-4.10%	2.00%-5.00%	3.60%-4.50%	5.00%	3.60%-4.10%	5.00%

The discount rate used to calculate the net present value of future benefit obligations for our U.S. plan is based on the average of current rates earned on long-term bonds that receive a Moody's rating of "Aa" or better. We have determined that the timing and amount of expected cash outflows on our plan reasonably match this index. For non-U.S. plans, the discount rates used to calculate the net present value of future benefit obligations are determined by using a yield curve of high quality bond portfolios with an average maturity approximating that of the liabilities.

In developing the expected long-term rate of return on assets, we considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of risk premium associated with the other asset classes in which the

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)

portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long-term rate of return on assets for the portfolio. To assist us with this analysis, we employ third-party consultants for our U.S. and non-U.S. plans that use a portfolio return model.

Defined Benefit Plans—Plan Assets

Non-U.S. Plans

The NRL pension plan has a targeted asset allocation of 100 percent debt securities. The investment objective for the NRL Plan assets is to earn a favorable return against the Barclays Capital Euro-Treasury AAA index. We evaluate the performance of this plan on an annual basis.

The NDLS pension plan has a target asset allocation of 70 percent equity securities and 30 percent debt securities. The investment objective of the plan, as adopted by the plan's trustees, is to achieve a favorable return against a benchmark of blended United Kingdom market indices. By achieving this objective, the trustees believe the plan will be able to avoid significant volatility in the contribution rate and provide sufficient plan assets to cover the plan's benefit obligations were the plan to be liquidated. To achieve these objectives, the trustees have given the plan's investment managers full discretion in the day-to-day management of the plan's assets. The plan's assets are invested with two investment managers. The performance objective communicated to one of these investment managers is to exceed a blend of FTSE A Over 15 Year Gilts index and iBoxx Sterling Non Gilts index by 1.25 percent per annum. The performance objective communicated to the other investment manager is to exceed a blend of FTSE's All Share index, North America index, Europe index and Pacific Basin index by 1.00 to 2.00 percent per annum. This investment manager is prohibited by the trustees from investing in real estate. The trustees meet with the investment managers periodically to review and discuss their investment performance.

The actual fair values of Non-U.S. pension plans as of December 31, 2015 and 2014 are as follows:

	December 31, 2015		
	Estimated Fair Value		
	Measurements		
	Quoted	Significant	
	Prices in	Other	Significant
	Active	Observable	Unobservable
Carrying	Markets	Inputs	Inputs

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	Amount	(Level 1)	(Level 2)	(Level 3)
Cash and cash equivalents	\$ 893	\$ 893	\$ —	\$ —
Equity securities:				
International companies	56,926	56,926	—	—
Fixed income securities:				
Corporate bonds	16,357	—	16,357	—
Other	1,679	—	—	1,679
Total	\$ 75,855	\$ 57,819	\$ 16,357	\$ 1,679

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)

	Carrying Amount	December 31, 2014 Estimated Fair Value Measurements		
		Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	\$87	\$87	\$ —	\$ —
Equity securities:				
International companies	53,261	53,261	—	—
Fixed income securities:				
Corporate bonds	23,774	—	23,774	—
Other	592	—	—	592
Total	\$77,714	\$53,348	\$ 23,774	\$ 592

At December 31, 2015, assets of NRL were invested in instruments that are similar in form to a guaranteed insurance contract. There are no observable market values for these assets (Level 3); however, the amounts listed as plan assets were materially similar to the anticipated benefit obligations that were anticipated under the plans. Amounts were therefore calculated using actuarial assumptions completed by third-party consultants employed by Noble. The following table details the activity related to these investments during the year.

	Market Value
Balance as of December 31, 2014	\$592
Assets purchased	1,982
Assets sold/benefits paid	(350)
Return on plan assets	(356)
Loss on exchange rate	(189)
Balance as of December 31, 2015	\$1,679

U.S. Plans

The Trust invests in equity securities, fixed income debt securities, and cash equivalents and other short-term investments. The Trust may invest in these investments directly or through pooled vehicles, including mutual funds.

The Company's overall investment strategy, or target range, is to achieve a mix of approximately 66.5 percent in equity securities, 32 percent in debt securities and 1.5 percent in cash holdings. Actual results may deviate from the target range, however any deviation from the target range of asset allocations must be approved by the Trust's governing committee.

The performance objective of the Trust is to outperform the return of the Total Index Composite as constructed to reflect the target allocation weightings for each asset class. This objective should be met over a market cycle, which is defined as a period not less than three years or more than five years. U.S. equity securities (common stock, convertible preferred stock and convertible bonds) should achieve a total return (after fees) that exceeds the total return of an appropriate market index over a full market cycle of three to five years. Non-U.S. equity securities (common stock, convertible preferred stock and convertible bonds), either from developed or emerging markets, should achieve a total return (after fees) that exceeds the total return of an appropriate market index over a full market cycle of three to five years. Fixed income debt securities should achieve a total return (after fees) that exceeds the total return of an appropriate market index over a full market cycle of three to five years.

Cash equivalent and short-term investments should achieve relative performance better than the 90-day Treasury bills. When mutual funds are used by the Trust, those mutual funds should achieve a total return that equals or exceeds the total return of each fund's appropriate Lipper or Morningstar peer category over a full market cycle of three to five years. Lipper and Morningstar are independent mutual fund rating and information services.

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)

For investments in equity securities, no individual options or financial futures contracts are purchased unless approved in writing by the Trust's governing committee. In addition, no private placements or purchases of venture capital are allowed. The target amount in international equities is 20 percent of plan assets and may not exceed 23 percent of plan assets. Of the international equities amount, no more than 30 percent can be related to any particular country. The Trust's equity managers vote all proxies in the best interest of the Trust without regards to social issues. The Trust's governing committee reserves the right to comment on and exercise control over the response to any individual proxy solicitation.

For fixed income debt securities, corporate bonds purchased are primarily limited to investment grade securities as established by Moody's or Standard & Poor's. The total fixed income exposure from any single non-government or government agency issuer shall not exceed 42 percent of the Trust's fixed income holdings. The average duration of the total portfolio shall not exceed the Barclays Capital Aggregate Bond Index by 1.5 years. All interest and principal receipts are swept, as received, into an alternative cash management vehicle until reallocated in accordance with the Trust's core allocation.

For investments in mutual funds, the assets of the Trust are subject to the guidelines and limits imposed by such mutual fund's prospectus and the other governing documentation at the fund level.

For investments in cash equivalent and short-term investments, the Trust utilizes a money market mutual fund which invests in U.S. government and agency obligations, repurchase agreements collateralized by U.S. government or agency securities, commercial paper, bankers' acceptances, certificate of deposits, delayed delivery transactions, reverse repurchase agreements, time deposits and Euro obligations. Bankers' acceptances shall be made in larger banks (ranked by assets) rated "Aa" or better by Moody's and in conformance with all FDIC regulations concerning capital requirements.

No shares of Noble were included in equity securities at either December 31, 2015 or 2014.

The actual fair values of U.S. pension plan assets as of December 31, 2015 and 2014 are as follows:

December 31, 2015		
Estimated Fair Value		
Measurements		
Quoted	Significant	
Prices in	Other	Significant
Active	Observable	Unobservable

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	Carrying Amount	Markets (Level 1)	Inputs (Level 2)	Inputs (Level 3)
Cash and cash equivalents	\$2,097	\$—	\$ 2,097	\$ —
Equity securities:				
United States	77,611	77,611	—	—
International	33,517	33,517	—	—
Fixed income securities:				
Corporate bonds	54,722	54,722	—	—
Total	\$167,947	\$165,850	\$ 2,097	\$ —

91

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)

	Carrying Amount	December 31, 2014 Estimated Fair Value Measurements		
		Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	\$5,998	\$—	\$ 5,998	\$ —
Equity securities:				
United States	80,823	80,823	—	—
International	33,392	33,392	—	—
Fixed income securities:				
Corporate bonds	51,906	51,906	—	—
Total	\$172,119	\$166,121	\$ 5,998	\$ —

While the underlying investments related to the equity securities are traded in active markets, which is a Level 1 measurement, the funds we own the investments through are not themselves actively traded, and therefore are being presented as a Level 2 measurement at December 31, 2014.

As of December 31, 2015, no single security made up more than 10 percent of total assets of either the U.S. or the Non-U.S. plans.

Defined Benefit Plans—Cash Flows

In 2015, we made total contributions of \$2.2 million and \$0.5 million to our non-U.S. and U.S. pension plans, respectively. In 2014, we made total contributions of \$7 million and \$2 million to our non-U.S. and U.S. pension plans, respectively. In 2013, we made total contributions of \$9 million and \$6 million to our non-U.S. and U.S. pension plans, respectively. We expect our aggregate minimum contributions to our non-U.S. and U.S. plans in 2016, subject to applicable law, to be \$2 million and \$3 million, respectively. We continue to monitor and evaluate funding options based upon market conditions and may increase contributions at our discretion.

The following table summarizes our estimated benefit payments at December 31, 2015:

	Total	Payments by Period					Thereafter
		2016	2017	2018	2019	2020	
Estimated benefit payments							
Non U.S. plans	\$28,225	\$2,344	\$2,436	\$2,533	\$2,635	\$2,742	\$ 15,535
U.S. plans	118,727	8,970	7,096	8,077	9,028	9,958	75,598
Total estimated benefit payments	\$146,952	\$11,314	\$9,532	\$10,610	\$11,663	\$12,700	\$ 91,133

Other Benefit Plans

We sponsor a 401(k) Restoration Plan, which is a nonqualified, unfunded employee benefit plan under which specified employees may elect to defer compensation in excess of amounts deferrable under our 401(k) savings plan. The 401(k) Restoration Plan has no assets, and amounts withheld for the 401(k) Restoration Plan are kept by us for general corporate purposes. The investments selected by employees and associated returns are tracked on a phantom basis. Accordingly, we have a liability to the employee for amounts originally withheld plus phantom investment income or less phantom investment losses. We are at risk for phantom investment income and, conversely, benefit should phantom investment losses occur. At December 31, 2015 and 2014, our liability for the 401(k) Restoration Plan was \$8 million and \$7 million, respectively, and is included in "Accrued payroll and related costs."

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 2005 we enacted a profit sharing plan, the Noble Drilling Services Inc. Profit Sharing Plan, which covers eligible employees, as defined. Participants in the plan become fully vested in the plan after three years of service. Profit sharing contributions are discretionary, require Board of Directors approval and are made in the form of cash. Contributions recorded related to this plan totaled \$6 million, \$6 million and \$5 million in 2015, 2014 and 2013, respectively.

We sponsor other retirement, health and welfare plans and a 401(k) savings plan for the benefit of our employees. The cost of maintaining these plans for continuing operations aggregated approximately \$55 million, \$70 million and \$80 million in 2015, 2014 and 2013, respectively. We do not provide post-retirement benefits (other than pensions) or any post-employment benefits to our employees.

Note 16 - 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 regions, including our operations in the North Sea, Australia and Brazil, 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. During 2015 and 2014, we entered into forward contracts of approximately \$88 million and \$195 million, respectively, all of which settled during their respective years. At both December 31, 2015 and 2014, we had no outstanding derivative contracts.

Financial Statement Presentation

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To supplement the fair value disclosures in Note 17, the following summarizes the recognized gains and losses of cash flow hedges and non-designated derivatives through AOCL or through “other income” for the years ended December 31, 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	\$ (2,414)	\$ 4,286	\$ 2,414	\$ (4,286)	\$ —	\$ —

Note 17 - Financial Instruments and Credit Risk

The following tables present the carrying amount and estimated fair value as of December 31, 2015 and 2014 of our financial instruments recognized at fair value on a recurring basis:

	December 31, 2015		Estimated Fair Value Measurements		
	Carrying Amount	Markets (Level 1)	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets—					
Marketable securities	\$ 6,352	\$ 6,352	\$ —	\$ —	\$ —

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)

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

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.

Concentration of Credit Risk

The market for our services is the offshore oil and gas industry, and our customers consist primarily of major integrated oil companies, government-owned oil companies and independent oil and gas producers. We perform ongoing credit evaluations of our customers and do not require material collateral. We maintain reserves for potential credit losses when necessary. Our results of operations and financial condition should be considered in light of the fluctuations in demand experienced by drilling contractors as changes in oil and gas producers' expenditures and budgets occur. These fluctuations can impact our results of operations and financial condition as supply and demand factors directly affect utilization and dayrates, which are the primary determinants of our net cash provided by operating activities.

Revenues from Shell and its affiliates accounted for approximately 49 percent, 55 percent and 67 percent of our consolidated operating revenues in 2015, 2014 and 2013, respectively. Revenues from Freeport-McMoRan Inc. ("Freeport") accounted for approximately 14 percent of our consolidated operating revenues in 2015. Freeport did not account for more than 10 percent of our consolidated operating revenues in either 2014 or 2013. Revenues from Saudi Aramco accounted for approximately 10 percent of our consolidated operating revenues in 2013. Saudi Aramco did not account for more than 10 percent of our consolidated operating revenues in either 2015 or 2014. No other customer accounted for more than 10 percent of our consolidated operating revenues in 2015, 2014 or 2013.

Note 18 - Commitments and Contingencies

The Noble Homer Ferrington was under contract with a subsidiary of ExxonMobil Corporation (“ExxonMobil”), 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 ExxonMobil. In August 2010, BP attempted to terminate the assignment agreement claiming that the rig was not in the required condition, and ExxonMobil 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 dayrate revenues plus interest and fees. During 2015, BP paid us \$150 million and Exxon paid us \$27 million under the award, of which approximately \$137 million was recognized as contract drilling services revenues, \$30 million as interest income, and \$10 million for the reimbursement of costs and fees as a reduction of contract drilling services costs.

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, a rig we were providing contract labor services for, 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.

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 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. In November 2015, this agent pled guilty in Brazil in connection with the award of a drilling contract to a competitor and implicated a Petrobras official as part of a wider investigation of Petrobras’ business practices. Following news reports relating to the agent’s involvement in the Brazil investigation in connection with his activities with other companies, we have been conducting a review of our relationship with the agent and with Petrobras. We are in contact with the U.S. Securities and Exchange Commission, the Brazilian federal prosecutor’s office and the DOJ about this matter. We are cooperating with these agencies and they are aware of our internal review. To our knowledge, neither the agent, nor the government authorities investigating the matter, has alleged that the agent or Noble acted improperly in connection with our contracts with Petrobras.

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 December 31, 2015, there were 43 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 and Mississippi. 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. 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.

During 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 IRS examination will not have a material adverse effect on our consolidated financial statements.

Under the TSA entered into at the time of the Spin-off, Noble and Paragon Offshore are each responsible for the taxes that relate to their respective business and provide a corresponding indemnity. In addition, in February 2016, we entered into an agreement in principle with Paragon Offshore (the “Agreement in Principle”) relating to tax matters in

Mexico described below in exchange for a full and unconditional release of any claims by Paragon Offshore in connection with the Spin-off (including any claims that could be brought on behalf of its creditors).

Audit claims of approximately \$174 million attributable to income and other business taxes have been assessed against us in Mexico, as detailed below. Under our Agreement in Principle, we agreed to assume the administration of Paragon Offshore's Mexican income and value-added taxes for the years 2005 through 2010 and for Paragon Offshore's Mexican customs taxes through 2010, as well as the related bonding obligations and certain of the tax related liabilities. In addition, under the Agreement in Principle, we would (i) pay all of the ultimate resolved amount of Mexican income and value-added taxes related to Paragon Offshore's business that were incurred through a Noble-retained entity, (ii) pay 50 percent of the ultimate resolved amount of Mexican income and value-added taxes related to Paragon Offshore's business that were incurred through a Paragon Offshore-retained entity, (iii) pay 50 percent of the ultimate resolved amount of Mexican custom taxes related to Paragon Offshore's business, and (iv) be required to post any tax appeal bond that may be required to challenge a final assessment. Tax assessments of approximately \$50 million for income and value-added taxes have been made against Noble entities in Mexico. Tax assessments for income and value-added taxes of approximately \$202 million have been made against Paragon Offshore entities in Mexico, of which approximately \$46 million relates to Noble's business that operated through Paragon Offshore-retained entities in Mexico prior to the Spin-off. We will only be obligated to post a tax appeal bond in the event a final assessment is made by Mexican authorities. As of February 12, 2016, there have only been \$3 million in final assessments that have been bonded.

In January, 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,

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)

does not establish the depreciation rate applicable to the assets of other Noble subsidiaries. Under the Agreement in Principle, we would be responsible for any tax liability ultimately incurred because these depreciation liabilities would be incurred by Noble-retained entities, and such amounts are reflected in the discussion of Mexican audit claims in the preceding paragraph. We will continue to contest future assessments received, and do not believe we are liable for additional tax.

Paragon Offshore has received tax assessments of approximately \$122 million attributable to income, customs and other business taxes in Brazil, of which \$38 million relates to Noble's business that operated through a Paragon Offshore-retained entity in Brazil prior to the Spin-off. Under the TSA, we must indemnify Paragon Offshore for all assessed amounts that are related to Noble's Brazil business, approximately \$38 million, if and when such payments become due.

We have contested, or intend to contest or cooperate with Paragon Offshore in Brazil 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 or the Agreement in Principle.

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 \$20 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. Damage caused by hurricanes has negatively impacted certain aspects of the energy insurance market, resulting in more restrictive and expensive coverage for U.S. named windstorm perils. Accordingly, we have elected to significantly reduce the named windstorm insurance on our rigs operating in the U.S. Gulf of Mexico. Presently, we insure the Noble Amos Runner for "total loss only" when caused by a named windstorm. For the Noble Bully I, our customer assumes the risk of loss due to a named windstorm event, pursuant to the terms of the drilling contract, through the purchase of insurance coverage (provided that we are responsible for any deductible under such policy) or, at its option, the assumption of the risk of loss up to the insured value in lieu of the purchase of such insurance. The remaining 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 \$598 million at December 31, 2015.

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.

Note 19 - Segment and Related Information

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 industry. The mobile offshore drilling units comprising our offshore rig fleet operate in a single, global market for contract drilling services and are often redeployed globally due to changing demands of our customers, which consist largely of major non-U.S. and government owned/controlled oil and gas companies throughout the world. As of December 31, 2015, our contract drilling services segment conducts contract drilling operations in the United States, Brazil, Argentina, the North Sea, the Mediterranean, West Africa, the Middle East, Asia and Australia.

The following table presents revenues and identifiable assets by country based on the location of the service provided:

	Revenues			Identifiable Assets	
	Year Ended December 31,			As of December 31,	
	2015	2014	2013	2015	2014
United States	\$1,941,485	\$1,639,509	\$1,338,634	\$6,668,879	\$6,739,636
Argentina	111,589	97,743	—	273,397	304,131
Australia	204,822	146,474	133,214	944,277	541,655
Benin	—	66,077	41,251	—	—
Brazil	78,683	447,266	527,706	697,638	799,599
Denmark	77,934	28,980	—	501,747	272,788
Gabon	90,082	72,562	6,314	684,243	—
Libya	136,406	—	—	—	—
Malaysia	149,597	11,126	—	890,991	1,144,498
New Zealand	—	56,911	11,995	—	—

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Saudi Arabia	226,251	260,544	246,083	495,501	479,525
Singapore ⁽¹⁾	—	—	—	775,962	982,731
The Netherlands	67,765	82,026	—	—	249,074
Turkey	97,065	13,960	—	—	740,362
United Arab Emirates	67,117	108,044	71,896	352,546	331,812
United Kingdom	87,896	84,078	87,908	430,058	248,835
Other	15,560	117,204	73,142	176,745	452,176
Total	\$3,352,252	\$3,232,504	\$2,538,143	\$12,891,984	\$13,286,822

- (1) Singapore consists primarily of asset values for newbuild rigs under construction in shipyards.

Note 20 - Supplemental Cash Flow Information (Noble-UK)

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

	December 31,		
	2015	2014	2013
Accounts receivable	\$70,165	\$29,730	\$(165,233)
Other current assets	61,514	(3,201)	(47,848)
Other assets	106,354	(96,941)	34,757
Accounts payable	(30,771)	63,546	50,731
Other current liabilities	(57,496)	(28,644)	61,644
Other liabilities	(26,219)	86,037	2,731
	\$123,547	\$50,527	\$(63,218)

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)

Additional cash flow information is as follows:

	Year Ended December 31,		
	2015	2014	2013
Cash paid during the period for:			
Interest, net of amounts capitalized	\$ 190,917	\$ 159,835	\$ 81,897
Income taxes (net of refunds)	\$ 89,292	\$ 132,527	\$ 219,088
Non-cash activities during the period:			
Spin-off of Paragon Offshore	N/A	\$ 1,409,400	N/A

Note 21 - Supplemental Cash Flow Information (Noble-Cayman)

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

	December 31,		
	2015	2014	2013
Accounts receivable	\$ 70,165	\$ 29,730	\$ (165,233)
Other current assets	23,047	(12,670)	(48,186)
Other assets	89,877	(96,925)	35,103
Accounts payable	(28,538)	60,488	49,980
Other current liabilities	(36,580)	(21,921)	62,516
Other liabilities	(25,562)	86,038	2,728
	\$ 92,409	\$ 44,740	\$ (63,092)

Additional cash flow information is as follows:

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	Year Ended December 31,		
	2015	2014	2013
Cash paid during the period for:			
Interest, net of amounts capitalized	\$ 190,917	\$ 159,835	\$ 81,897
Income taxes (net of refunds)	\$ 88,948	\$ 130,356	\$ 216,391
Non-cash activities during the period:			
Spin-off of Paragon Offshore	N/A	\$ 1,409,400	N/A

Note 22 - Information about Noble-Cayman

Guarantees of Registered Securities

In May 2014, as part of the separation of Paragon Offshore, NHC assumed all of the obligations of Noble Drilling Corporation (“NDC”) under the Senior Notes due 2019, and NDC was released from all obligations under the Senior Notes due 2019. As such, we removed NDC from the guarantor financial statements and NHC is no longer combined with Noble Drilling Holding, LLC (“NDH”), as they are now issuers and guarantors on separate debt instruments. We have recast prior periods presented to conform to the guarantor structure as it existed at December 31, 2015.

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)

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 December 31, 2015 as follows:

Notes	Issuer (Co-Issuer(s))	Guarantor(s)
\$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 NDH Noble Drilling Services 6 LLC ("NDS6")	Noble-Cayman
\$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
\$400 million 6.95% Senior Notes due 2045	NHIL	Noble-Cayman

The following 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.

NOBLE CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATING BALANCE SHEET

December 31, 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	\$1,627	\$—	\$2,101	\$—	\$—	\$508,067	\$—	\$511,795
Accounts receivable	—	—	9,381	—	—	489,550	—	498,931
Taxes receivable	—	12,124	27	—	—	43,291	—	55,442
Short-term notes receivable from affiliates	—	—	119,476	—	—	171,925	(291,401)	—
Accounts receivable from affiliates	626,305	451,201	128,457	811,785	67,684	3,445,590	(5,531,022)	—
Prepaid expenses and other current assets	246	—	1,696	—	—	166,527	—	168,469
Total current assets	628,178	463,325	261,138	811,785	67,684	4,824,950	(5,822,423)	1,234,637
Property and equipment, at cost	—	—	1,877,520	—	—	12,177,038	—	14,054,558
Accumulated depreciation	—	—	(344,591)	—	—	(2,227,740)	—	(2,572,331)
Property and equipment, net	—	—	1,532,929	—	—	9,949,298	—	11,482,227
Notes receivable from affiliates	3,304,652	—	236,921	1,587,927	5,000	2,435,154	(7,569,654)	—
	5,159,064	2,174,480	3,001,327	9,752,912	7,438,397	—	(27,526,180)	—

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Investments in affiliates								
Other assets	5,954	—	7,496	25,944	395	118,869	—	158,658
Total assets	\$9,097,848	\$2,637,805	\$5,039,811	\$12,178,568	\$7,511,476	\$17,328,271	\$(40,918,257)	\$12,875,522
LIABILITIES AND EQUITY								
Current liabilities								
Short-term notes payables from								
affiliates	\$—	\$171,925	\$—	\$—	\$—	\$119,476	\$(291,401)) \$—
Current maturities of long-term debt								
Accounts payable	—	—	10,676	—	—	210,401	—	221,077
Accrued payroll and related costs	—	—	6,584	—	—	74,780	—	81,364
Accounts payable to affiliates	868,046	60,100	2,440,965	96,543	6,426	2,058,942	(5,531,022)) —
Taxes payable	—	917	—	—	—	87,191	—	88,108
Interest payable	—	—	—	68,549	4,412	—	—	72,961
Other current liabilities	40	—	4,108	—	—	92,183	—	96,331
Total current liabilities	868,086	232,942	2,462,333	465,089	10,838	2,642,973	(5,822,423)) 859,838
Long-term debt								
Notes payable to affiliates	1,518,363	—	461,379	2,086,480	124,216	3,379,216	(7,569,654)) —
Deferred income taxes	—	—	1,529	—	—	91,268	—	92,797
Other liabilities	19,929	—	25,312	—	—	274,271	—	319,512
Total liabilities	2,406,378	232,942	2,950,553	6,538,778	336,749	6,387,728	(13,392,077)) 5,461,051
Commitments and contingencies								
Total shareholder equity								
Noncontrolling interests	—	—	—	—	—	1,159,259	(436,258)) 723,001
Total equity	6,691,470	2,404,863	2,089,258	5,639,790	7,174,727	10,940,543	(27,526,180)) 7,414,471
	\$9,097,848	\$2,637,805	\$5,039,811	\$12,178,568	\$7,511,476	\$17,328,271	\$(40,918,257)) \$12,875,522

Total liabilities
and equity

100

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 from affiliates	3,304,654	—	236,921	1,980,391	5,000	1,581,429	(7,108,395)	—
	4,567,335	1,318,239	2,921,452	8,266,444	6,290,918	—	(23,364,388)	—

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Investments in affiliates								
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								
Noncontrolling interests	—	—	—	—	—	1,125,523	(403,219)	722,304
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

NOBLE CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATING STATEMENT OF INCOME

Year Ended December 31, 2015

(in thousands)

	Noble- Cayman	NHC	NDH	NHIL	NDS6	Other Non-guarantor Subsidiaries of Noble	Consolidating Adjustments	Total
Operating revenues								
Contract drilling services	\$—	\$—	\$354,657	\$—	\$—	\$3,325,608	\$(418,655)	\$3,261,610
Reimbursables	—	—	18,529	—	—	72,113	—	90,642
Revenue from affiliates	—	—	—	—	—	200	—	200
Total operating revenues	—	—	373,186	—	—	3,397,921	(418,655)	3,352,452
Operating costs and expenses								
Contract drilling services	3,611	19,160	395,365	84,005	—	1,142,891	(418,655)	1,226,377
Reimbursables	—	—	13,686	—	—	56,590	—	70,276
Depreciation and amortization	—	—	77,187	—	—	556,057	—	633,244
General and administrative	1,138	8,683	—	38,167	1	7,446	—	55,435
Loss on impairment	—	—	13	—	—	418,285	—	418,298
Total operating costs and expenses	4,749	27,843	486,251	122,172	1	2,181,269	(418,655)	2,403,630
Operating income (loss)	(4,749)	(27,843)	(113,065)	(122,172)	(1)	1,216,652	—	948,822
Other income (expense)								
Income (loss) of unconsolidated affiliates	591,297	73,319	190,335	936,429	647,856	—	(2,439,236)	—
	(75,925)	(4,932)	(12,110)	(224,894)	(25,578)	(68,670)	198,255	(213,854)

Interest
expense, net of
amounts

capitalized

Interest income and other, net	24,188	4,852	52,026	71,617	5,165	75,071	(198,255)	34,664
Income before income taxes	534,811	45,396	117,186	660,980	627,442	1,223,053	(2,439,236)	769,632
Income tax provision	—	(77,929)	(4,466)	—	—	(80,225)	—	(162,620)
Net Income	534,811	(32,533)	112,720	660,980	627,442	1,142,828	(2,439,236)	607,012
Net income attributable to								
noncontrolling interests	—	—	—	—	—	(105,240)	33,039	(72,201)
Net income attributable to Noble								
Corporation	534,811	(32,533)	112,720	660,980	627,442	1,037,588	(2,406,197)	534,811
Other comprehensive income, net	6,243	—	—	—	—	6,243	(6,243)	6,243
Comprehensive income attributable to								
Noble								
Corporation	\$541,054	\$(32,533)	\$112,720	\$660,980	\$627,442	\$1,043,831	\$(2,412,440)	\$541,054

NOBLE CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATING STATEMENT OF INCOME

Year Ended December 31, 2014

(in thousands)

	Noble- Cayman	NHC	NDH	NHIL	NDS6	Other Non-guarantor Subsidiaries of Noble	Consolidating Adjustments	Total
Operating revenues								
Contract drilling services	\$—	\$—	\$327,070	\$—	\$—	\$3,067,195	\$(246,406)	\$3,147,859
Reimbursables	—	—	6,239	—	—	78,405	—	84,644
Other	—	—	—	—	—	1	—	1
Total operating revenues	—	—	333,309	—	—	3,145,601	(246,406)	3,232,504
Operating costs and expenses								
Contract drilling services	30,885	39,039	120,971	115,909	—	1,447,073	(246,406)	1,507,471
Reimbursables	—	—	4,687	—	—	61,691	—	66,378
Depreciation and amortization	—	—	65,164	—	—	559,114	—	624,278
General and administrative	2,437	11,376	—	31,620	1	7,560	—	52,994
Loss on impairment	—	—	—	—	—	745,428	—	745,428
Total operating costs and expenses	33,322	50,415	190,822	147,529	1	2,820,866	(246,406)	2,996,549
Operating income (loss)	(33,322)	(50,415)	142,487	(147,529)	(1)	324,735	—	235,955
Other income (expense)								
Income (loss) of unconsolidated affiliates—continuing operations	(2,885,628)	157,648	(80,080)	604,419	448,785	—	1,754,856	—
Income (loss) of unconsolidated affiliates—discontinued operations	223,083	50,565	28,580	170,845	6,240	—	(479,313)	—

affiliates—discontinued

operations,

net of tax

Total income (loss) of
unconsolidated

affiliates	(2,662,545)	208,213	(51,500)	775,264	455,025	—	1,275,543	—
Interest expense, net of amounts								
capitalized	(93,536)	(3,046)	(24,974)	(169,666)	(33,671)	(3,148,822)	3,318,536	(155,179)
Interest income and other, net	2,913,631	—	249,005	89,449	3,308	64,267	(3,318,536)	1,124
Income from continuing operations								
before income taxes	124,228	154,752	315,018	547,518	424,661	(2,759,820)	1,275,543	81,900
Income tax provision	—	(68,805)	(3,574)	—	(1,546)	(32,005)	—	(105,930)
Net income (loss) from continuing operations	124,228	85,947	311,444	547,518	423,115	(2,791,825)	1,275,543	(24,030)
Net income from discontinued operations,								
net of tax	—	(18,655)	6,634	—	—	235,104	—	223,083
Net Income	124,228	67,292	318,078	547,518	423,115	(2,556,721)	1,275,543	199,053
Net income attributable to								
noncontrolling interests	—	—	—	—	—	(98,603)	23,778	(74,825)
Net income attributable to Noble								
Corporation	124,228	67,292	318,078	547,518	423,115	(2,655,324)	1,299,321	124,228
Other comprehensive loss, net	(21,732)	—	—	—	—	(21,732)	21,732	(21,732)
Comprehensive income attributable to								
Noble Corporation	\$ 102,496	\$ 67,292	\$ 318,078	\$ 547,518	\$ 423,115	\$ (2,677,056)	\$ 1,321,053	\$ 102,496

NOBLE CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATING STATEMENT OF INCOME

Year Ended December 31, 2013

(in thousands)

	Noble- Cayman	NHC	NDH	NHIL	NDS6	Other Non-guarantor Subsidiaries of Noble	Consolidating Adjustments	Total
Operating revenues								
Contract drilling services	\$—	\$—	\$240,631	\$—	\$—	\$2,291,475	\$(77,361)	\$2,454,745
Reimbursables	—	—	8,498	—	—	57,794	—	66,292
Labor contract drilling services	—	—	—	—	—	17,095	—	17,095
Other	—	—	—	—	—	11	—	11
Total operating revenues	—	—	249,129	—	—	2,366,375	(77,361)	2,538,143
Operating costs and expenses								
Contract drilling services	24,039	22,195	70,359	110,138	—	1,009,801	(77,361)	1,159,171
Reimbursables	—	—	6,850	—	—	43,560	—	50,410
Labor contract drilling services	—	—	—	—	—	11,601	—	11,601
Depreciation and amortization	—	—	62,778	—	—	446,563	—	509,341
General and administrative	7,380	7,396	—	36,050	1	14,032	—	64,859
Loss on impairment	—	—	—	—	—	3,585	—	3,585
Gain on disposal of assets, net	—	—	—	—	—	(35,646)	—	(35,646)
Gain on contract settlements/extinguishments, net	(45,000)	—	—	—	—	14,382	—	(30,618)
Total operating costs and expenses	(13,581)	29,591	139,987	146,188	1	1,507,878	(77,361)	1,732,703
Operating income (loss)	13,581	(29,591)	109,142	(146,188)	(1)	858,497	—	805,440
Other income (expense)								
Income (loss) of unconsolidated affiliates—continuing operations	653,815	65,868	(53,235)	641,155	(1,136,831)	—	(170,772)	—
Income (loss) of unconsolidated	321,804	45,098	308,188	431,149	63,235	—	(1,169,474)	—

affiliates—discontinued
operations,

net of tax

Total income (loss) of
unconsolidated

affiliates	975,619	110,966	254,953	1,072,304	(1,073,596)	—	(1,340,246)	—
Interest expense, net of amounts								
capitalized	(127,995)	(1,081)	(23,156)	(139,784)	(45,897)	(1,852,423)	2,084,036	(106,300)
Interest income and other, net	6,609	—	262,717	154,442	1,569,003	94,821	(2,084,036)	3,556
Income from continuing operations								
before income taxes	867,814	80,294	603,656	940,774	449,509	(899,105)	(1,340,246)	702,696
Income tax provision	—	(24,592)	3,655	—	—	(68,040)	—	(88,977)
Net income from continuing operations	867,814	55,702	607,311	940,774	449,509	(967,145)	(1,340,246)	613,719
Net income from discontinued operations,								
net of tax	—	(16,569)	24,529	(55)	—	313,899	—	321,804
Net Income	867,814	39,133	631,840	940,719	449,509	(653,246)	(1,340,246)	935,523
Net income attributable to								
noncontrolling interests	—	—	—	—	—	(114,314)	46,605	(67,709)
Net income attributable to Noble								
Corporation	867,814	39,133	631,840	940,719	449,509	(767,560)	(1,293,641)	867,814
Other comprehensive income, net	33,285	—	—	—	—	33,285	(33,285)	33,285
Comprehensive income attributable to								
Noble Corporation	\$901,099	\$39,133	\$631,840	\$940,719	\$449,509	\$(734,275)	\$(1,326,926)	\$901,099

NOBLE CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

Year Ended December 31, 2015

(in thousands)

	Noble- Cayman	NHC	NDH	NHIL	NDS6	Other Non-guarantor Subsidiaries of Noble	Consolidating Adjustments	Total
Cash flows from operating activities								
Net cash from operating activities	\$(31,562)	\$(53,686)	\$15,207	\$(267,735)	\$(20,292)	\$2,105,575	\$—	\$1,747,507
Cash flows from investing activities								
Capital expenditures	—	—	(116,594)	—	—	(320,557)	—	(437,151)
Proceeds from disposal of assets	—	—	—	—	—	4,614	—	4,614
Notes receivable from affiliates	124,951	—	—	608,771	—	—	(733,722)	—
Net cash from investing activities	124,951	—	(116,594)	608,771	—	(315,943)	(733,722)	(432,537)
Cash flows from financing activities								
Net change in borrowings outstanding								
on bank credit facilities	(1,123,495)	—	—	—	—	—	—	(1,123,495)
Repayment of long-term debt	—	—	—	(350,000)	—	—	—	(350,000)
Issuance of senior notes	—	—	—	1,092,728	—	—	—	1,092,728
Debt issuance costs on senior	(6,450)	—	—	(9,620)	—	—	—	(16,070)

notes and credit facilities								
Dividends paid to noncontrolling interests	—	—	—	—	—	(71,504)	—	(71,504)
Distributions to parent company, net	(400,614)	—	—	—	—	—	—	(400,614)
Advances (to) from affiliates	2,047,563	53,686	103,234	(1,074,144)	20,292	(1,150,631)	—	—
Notes payable to affiliates	(608,771)	—	—	—	—	(124,951)	733,722	—
Net cash from financing activities	(91,767)	53,686	103,234	(341,036)	20,292	(1,347,086)	733,722	(868,955)
Net change in cash and cash equivalents	1,622	—	1,847	—	—	442,546	—	446,015
Cash and cash equivalents, beginning of period	5	—	254	—	—	65,521	—	65,780
Cash and cash equivalents, end of period	\$ 1,627	\$—	\$ 2,101	\$—	\$—	\$ 508,067	\$—	\$ 511,795

NOBLE CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

Year Ended December 31, 2014

(in thousands)

	Noble- Cayman	NHC	NDH	NHIL	NDS6	Other Non-guarantor Subsidiaries of Noble	Consolidating Adjustments	Total
Cash flows from operating activities								
Net cash from operating activities	\$2,825,524	\$(151,987)	\$366,583	\$(232,605)	\$(31,788)	\$(903,811)	\$—	\$1,871,916
Cash flows from investing activities								
Capital expenditures	—	—	(1,404,560)	—	—	(704,574)	—	(2,109,134)
Notes receivable from affiliates	50	—	—	273,744	—	—	(273,794)	—
Net cash from investing activities	50	—	(1,404,560)	273,744	—	(704,574)	(273,794)	(2,109,134)
Cash flows from financing activities								
Net change in borrowings outstanding								
on bank credit facilities	(437,647)	—	—	—	—	—	—	(437,647)
Repayment of long-term debt	—	—	—	(250,000)	—	—	—	(250,000)
Long-term borrowings of Paragon								
Offshore	—	—	—	—	—	1,710,550	—	1,710,550
Financing costs on	—	—	—	—	—	(14,676)	—	(14,676)

long-term borrowings of Paragon Offshore								
Cash balances of Paragon Offshore in								
Spin-Off	—	—	—	—	—	(104,152)	—	(104,152)
Dividends paid to noncontrolling interests	—	—	—	—	—	(79,966)	—	(79,966)
Debt issuance costs on senior notes and credit facilities	(398)	—	—	—	—	—	—	(398)
Distributions to parent company, net	(631,095)	—	—	—	—	—	—	(631,095)
Advances (to) from affiliates	(1,482,686)	151,987	1,037,829	208,857	31,788	52,225	—	—
Notes payable to affiliates	(273,744)	—	—	—	—	(50)	273,794	—
Net cash from financing activities	(2,825,570)	151,987	1,037,829	(41,143)	31,788	1,563,931	273,794	192,616
Net change in cash and cash equivalents	4	—	(148)	(4)	—	(44,454)	—	(44,602)
Cash and cash equivalents, beginning of								
period	1	—	402	4	—	109,975	—	110,382
Cash and cash equivalents, end of period	\$5	\$—	\$254	\$—	\$—	\$65,521	\$—	\$65,780

NOBLE CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

Year Ended December 31, 2013

(in thousands)

	Noble- Cayman	NHC	NDH	NHIL	NDS6	Other Non-guarantor Subsidiaries of Noble	Consolidating Adjustments	Total
Cash flows from operating activities								
Net cash from operating activities	\$(117,993)	\$(133,595)	\$424,147	\$(128,315)	\$1,523,225	\$201,161	\$—	\$1,768,630
Cash flows from investing activities								
Capital expenditures	—	—	(1,594,449)	—	—	(949,755)	—	(2,544,204)
Notes receivable from affiliates	—	—	—	—	—	294,798	(294,798)	—
Proceeds from disposal of assets	—	—	—	—	—	61,000	—	61,000
Net cash from investing activities	—	—	(1,594,449)	—	—	(593,957)	(294,798)	(2,483,204)
Cash flows from financing activities								
Net change in borrowings outstanding on bank credit facilities	1,221,333	—	—	—	—	—	—	1,221,333
Repayment of long-term debt	(300,000)	—	—	—	—	—	—	(300,000)
Dividends paid to noncontrolling	—	—	—	—	—	(105,388)	—	(105,388)

interests								
Debt issuance costs on senior notes and credit facilities	(2,484)	—	—	—	—	—	—	(2,484)
Distributions to parent company, net	(265,880)	—	—	—	—	—	—	(265,880)
Advances (to) from affiliates	(241,180)	133,595	1,169,800	128,317	(1,523,225)	332,693	—	—
Notes payable to affiliates	(294,798)	—	—	—	—	—	294,798	—
Net cash from financing activities	116,991	133,595	1,169,800	128,317	(1,523,225)	227,305	294,798	547,581
Net change in cash and cash equivalents	(1,002)	—	(502)	2	—	(165,491)	—	(166,993)
Cash and cash equivalents, beginning of period	1,003	—	904	2	—	275,466	—	277,375
Cash and cash equivalents, end of period	\$1	\$—	\$402	\$4	\$—	\$109,975	\$—	\$110,382

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 23 - Unaudited Interim Financial Data

Unaudited interim consolidated financial information from continuing operations for Noble-UK for the years ended December 31, 2015 and 2014 is as follows:

Quarter Ended	
Mar.	Sep.
31	30