Noble Corp plc
Form 10-K
February 28, 2014
Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 2013

¨ **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 83549545)	**98-0619597**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. employer 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	**Name of each exchange on which registered**
Shares, Nominal Value $0.01 per Share	**New York Stock Exchange**

Commission file number: 001-31306

Noble Corporation

(Exact name of registrant as specified in its charter)

Cayman Islands	**98-0366361**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. employer 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 x   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 x

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 x   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 x   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. ¨

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 plc:	Large accelerated filer x	Accelerated filer ¨	Non-accelerated filer ¨	Smaller reporting company ¨

Noble Corporation:	Large accelerated filer ¨	Accelerated filer ¨	Non-accelerated filer x	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 x

As of June 28, 2013, the aggregate market value of the registered shares of Noble Corporation plc held by non-affiliates of the registrant was $9.5 billion based on the closing sale price as reported on the New York Stock Exchange.

Number of shares outstanding and trading at February 14, 2014: Noble Corporation plc   254,138,833

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

DOCUMENTS INCORPORATED BY REFERENCE

The proxy statement for the 2014 annual general meeting of the shareholders of Noble Corporation plc (England and Wales) 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 company registered 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

TABLE OF CONTENTS

This combined Annual Report on Form 10-K is separately filed by Noble Corporation plc, a company registered 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.

Table of Contents

PART I

Item 1. Business.

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 Corporation plc, a company registered under the laws of England and Wales (Noble-UK or we), 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. As a result of the Transaction, Noble-UK owns and conducts the same businesses through the Noble group as Noble-Swiss conducted prior to the Transaction, except that Noble-UK is the parent company of the Noble group of companies.

Noble Corporation, a Cayman Islands company (Noble-Cayman), is a direct, wholly-owned subsidiary of Noble-UK. 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.

General

Noble-UK is a leading offshore drilling contractor for the oil and gas industry. We perform contract drilling services with our fleet of mobile offshore drilling units located worldwide. We also own one floating production storage and offloading unit (FPSO). Currently, our fleet consists of 14 semisubmersibles, 14 drillships and 49 jackups, including six units under construction as follows:

- two dynamically positioned, ultra-deepwater, harsh environment drillships; and
- four high-specification, heavy-duty, harsh environment jackups.

For additional information on the specifications of our fleet, see Item 2. Properties. Drilling Fleet. Our fleet is located in the United States, Mexico, Brazil, the North Sea, the Mediterranean, West Africa, the Middle East, India, Asia and Australia. Noble and its predecessors have been engaged in the contract drilling of oil and gas wells since 1921.

Proposed Spin-off Transaction

In September 2013, we announced that our Board of Directors approved a plan to reorganize our business by means of a separation and spin-off of a newly formed wholly-owned subsidiary, Paragon Offshore Limited (Paragon Offshore), whose assets and liabilities would consist of most of our standard specification drilling units and related assets, liabilities and business (the Separation), resulting in the creation of two separate and highly focused offshore drilling companies. The drilling units to be owned and operated by Paragon Offshore consist of five drillships, three semisubmersibles and 34 jackups. Paragon Offshore would also be responsible for the Hibernia platform operations offshore Canada and one FPSO. Following the Separation, we will continue to own and operate our high-specification assets with particular operating focus in deepwater and ultra-deepwater markets for drillships and semisubmersibles and harsh environment and high-specification markets for jackups.

The Separation of the standard specification business will be effected through the distribution of the shares of Paragon Offshore to Noble-UK shareholders in a spin-off that would be tax-free to shareholders. Subject to business, market, regulatory and other considerations, the Separation may be preceded by an initial public offering (IPO) of up to 20 percent of the shares of Paragon Offshore. The Separation is subject to several conditions, including final approval by our Board of Directors and approval by our shareholders, which we anticipate seeking in the second quarter of 2014. We have received a private letter ruling from the U.S. Internal Revenue Service stating that the Separation is expected to qualify as a tax-free transaction under sections 368(a)(1)(D) and 355, and related provisions, of the Internal Revenue Code of 1986, as amended. We anticipate that the Separation would be completed by the end of 2014. We expect that Paragon Offshore would use the net proceeds from borrowings and the IPO, if undertaken, to repay its indebtedness to Noble. We expect that, in turn, Noble would use such proceeds to repay outstanding third-party debt of Noble-Cayman and its subsidiaries. There can be no assurance that our proposed plan will lead to an IPO or Separation of Paragon Offshore or any other transaction, or that if any transaction is pursued, that it will be consummated.

Table of Contents

Business Strategy

Our goal is to be the preferred offshore drilling contractor for the oil and gas industry based upon the following overriding 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 exceptional customer service through a diverse and technically advanced fleet operated by competent personnel.

Our business strategy also focuses on the following:

- the active expansion of our worldwide deepwater and high-specification jackup capabilities through construction, modifications and acquisitions;
- divestitures of our standard specification drilling units; and
- the deployment of our drilling assets in important oil and gas producing areas throughout the world.

We have actively expanded our offshore deepwater drilling and high specification jackup capabilities in recent years through the construction and acquisition of rigs. As part of this technical and operational expansion, we plan to continue pursuing opportunities to upgrade our fleet to achieve greater technological capability, which we believe will lead to increased drilling efficiencies and the ability to complete the increasingly more complex programs required by our customers. During 2013, we continued to execute our newbuild program, completing the following milestones:

- we commenced operations on the *Noble Don Taylor*, a dynamically positioned, ultra-deepwater, harsh environment drillship, under a long-term contract in the U.S. Gulf of Mexico in the third quarter of 2013;
- we commenced operations on the *Noble Globetrotter II*, a dynamically positioned, ultra-deepwater, harsh environment *Globetrotter*-class drillship, under a long-term contract in West Africa in the third quarter of 2013;
- we commenced operations on the *Noble Mick O Brien*, a high-specification, heavy duty, harsh environment jackup, under a 150-day contract in the Middle East in the fourth quarter of 2013;

- we commenced operations on the *Noble Bob Douglas*, a dynamically positioned, ultra-deepwater, harsh environment drillship, under a three-year contract in the fourth quarter of 2013. The rig is currently performing a 120-day assignment in New Zealand, after which it will mobilize and operate in the U.S. Gulf of Mexico for the remainder of its contract;

- we completed construction of the *Noble Regina Allen*, a high-specification, heavy duty, harsh environment jackup, which left the shipyard during the fourth quarter of 2013 and began operations under an 18-month contract in the North Sea in January 2014;

- we continued construction of two additional dynamically positioned, ultra-deepwater, harsh environment drillships at Hyundai Heavy Industries Co. Ltd.;

- we continued construction of four high-specification, heavy duty, harsh environment jackups; and

- we began construction of one ultra-high specification jackup.

Subsequent to December 31, 2013, the newbuild jackup, *Noble Houston Colbert*, was delivered from the shipyard. This unit underwent contract-related winterization upgrades, and is currently mobilizing and undergoing final commissioning and customer acceptance testing before commencing its contract in Argentina.

Table of Contents

Demand for our services is a function of the worldwide supply of mobile offshore drilling units. In recent years, there has been a significant expansion of industry supply of both jackups and ultra-deepwater units, many of which are currently under construction without a contract. The introduction of non-contracted newbuild rigs into the marketplace will increase the supply of rigs which compete for drilling service contracts, and could negatively impact the dayrates we are able to achieve. Our historical strategy on newbuild construction has typically been to expand our drilling fleet in connection with a long-term drilling contract that covers a substantial portion of our capital investment and provides an acceptable return on our capital employed. However, in response to the addition of a significant number of new, technologically advanced units in the global fleet, changes in customer requirements and preferences and our strong backlog, we have determined that in order to maintain long-term competitiveness, it is both necessary and desirable for us to engage in building high specification jackups and floating units on a speculative basis. While our current newbuild program, which dates back to 2011 and includes four drillships and six jackups, was initiated without long-term drilling contracts, of the units we currently have under construction, only two of the heavy-duty, harsh environment jackups are currently being constructed without customer contracts. We will continue our efforts to secure contracts for these units, and believe that we will have these rigs contracted prior to their shipyard completion. Depending on market conditions, we may continue to conduct new speculative building in the future.

In previous years, the drilling industry has experienced significant increases in dayrates for drilling services in most markets, coupled with higher demand for drilling equipment and shortages of personnel. This environment drove operating costs higher and magnified the importance of recruiting, training and retaining skilled personnel.

In recognition of the importance of our offshore operations personnel in achieving a safety record that has historically outperformed the offshore drilling industry sector and to retain such personnel, we have implemented a number of key personnel retention programs. We believe these programs are necessary to complement our other short and long-term incentive programs to attract and retain the skilled personnel we need to maintain a safe and efficient operating environment.

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;

- 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 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);

payment by us of the operating expenses of the drilling unit, including labor costs and the cost of incidental supplies; and

provisions that allow us to recover certain cost increases from our customers in certain long-term contracts.

The terms of some of our drilling contracts permit early termination of the contract by the customer, without cause, generally exercisable upon advance notice to us and in some cases without requiring an early termination payment to us. Our drilling contracts with Petróleos Mexicanos (Pemex) in Mexico, for example, allow early cancellation with 30 days notice to us without Pemex making an early termination 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.

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.

Table of Contents

Offshore Drilling Operations

Contract Drilling Services

We conduct offshore contract drilling operations, which accounted for over 97 percent of our operating revenues for the years ended December 31, 2013, 2012 and 2011. We conduct our contract drilling operations principally in the United States, Mexico, Brazil, the North Sea, the Mediterranean, West Africa, the Middle East, India, Asia and Australia. Revenues from Royal Dutch Shell, PLC (Shell) and its affiliates accounted for approximately 41 percent, 32 percent and 24 percent of our total operating revenues in 2013, 2012 and 2011, respectively. Revenues from Petróleo Brasileiro S.A. (Petrobras) accounted for approximately 12 percent, 14 percent and 18 percent of our total operating revenues in 2013, 2012 and 2011, respectively. Revenues from Pemex accounted for approximately 15 percent of our total operating revenues in 2011. Pemex did not account for more than 10 percent of our total operating revenues in either 2013 or 2012. No other single customer accounted for more than 10 percent of our total operating revenues in 2013, 2012 or 2011.

Labor Contracts

We perform services for drilling and workover activities covering one platform with two drilling units off the east coast of Canada; this contract extends through July 2018. We do not own or lease these platforms. Under our labor contracts, we provide the personnel necessary to manage and perform the drilling operations from a drilling platform owned by the operator.

During 2011, we commenced a refurbishment project with our customer, Shell, for one of its rigs. 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 Shell s delay of the Alaskan Arctic drilling project, our contract was terminated. As with the Canadian labor contract noted above, we provided labor personnel and management services on the project but did not own or lease the related rig.

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, industry standing and client relations. We believe that we compete favorably with respect to all of these factors. 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 at any particular time. Demand for offshore drilling equipment also depends on the exploration and development programs of oil and gas producers, which in turn are influenced by the financial condition of such producers, by general economic conditions, prices of oil and gas and by political considerations and policies.

In addition, industry-wide shortages of supplies, services, skilled personnel and equipment necessary to conduct our business have historically occurred. We cannot assure that any such shortages experienced in the past will not happen again in the future.

Table of Contents

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, 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 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 action, 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 governmental activity has adversely affected the amount of exploration and development work done by oil and gas companies and their need for 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 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 have made, and will continue to make, expenditures to comply with environmental requirements. To date we have not expended material amounts in order to comply, and we do not believe that our compliance with such requirements will have a material adverse effect upon our results of operations or 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 to certain key jurisdictions, 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 (CERCLA), and similar state 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. The U.S. government has indicated that before any recipient of a deepwater drilling permit may commence drilling, (i) the operator must demonstrate that containment resources are available promptly in the event of a deepwater blowout, (ii) the chief executive officer of the operator seeking to perform deepwater drilling must certify that the operator has complied with all applicable regulations and (iii) the Bureau of Ocean Energy

Management (BOEM) and the Bureau of Safety and Environmental Enforcement (BSEE) will conduct inspections of such deepwater drilling operation for compliance with the applicable regulations. We cannot predict when the applicable government agency will determine that any deepwater driller is in compliance with the new regulations. Third party challenges to industry operations in the U.S. Gulf of Mexico may also serve to further delay or restrict activities. Further, in 2010 and 2011, the BSEE and its predecessor agency issued initial regulations on the design and operation of well control and other equipment at offshore production sites, implementation of safety and environmental management systems (SEMS), and mandatory third-party compliance audits. On August 22, 2012, BSEE published a final rule amending the regulations regarding design and operation of well control and other equipment. In addition, BSEE issued revised regulations in 2013 to require, among other things, increased employee involvement in certain safety measures and third-party audits of operators SEMS. BSEE has also proposed stricter requirements for subsea drilling production equipment and has indicated that there will be an additional, separate rulemaking to govern the design, performance and maintenance of blowout preventers but that rule has not yet been published. BSEE has also published a draft statement of policy on safety culture with nine proposed characteristics of a robust safety culture. Finally, together with BOEM, BSEE is drafting new standards governing drilling in the Arctic. 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, thereby adversely affecting our operations by limiting drilling opportunities or imposing materially increased costs.

Table of Contents

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 domestic implementing 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. The 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. The 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. 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 the OPA require owners and operators of rigs in United States waters to maintain certain levels of financial responsibility. The failure to comply with the 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 the OPA, and we believe that compliance with the 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 and local 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, stora or disposal facility. RCRA specifically excludes 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. A similar exemption is contained in many of the state counterparts to RCRA. As a result, we are not required to comply with a substantial portion of RCRA s requirements as our operations generate minimal quantities of 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, a petition is currently before the EPA to revoke the oil and natural gas exploration and production exemption. 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. In December 2009, the EPA determined that current and projected concentrations of six key GHG s in the atmosphere threaten public health and welfare. The EPA subsequently finalized GHG standards for motor vehicles, the effect of which could reduce demand for motor fuels refined from crude oil, and a final rule to address 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. EPA regulations known as the Tailoring Rule also require the PSD program to address GHG emissions from relatively smaller stationary sources in the future. 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 greenhouse gases, became binding on all countries that had ratified it. Recent international discussions in advance of the United Nations Climate Change Conference in Paris in 2015 are exploring options to replace the Kyoto Protocol. 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.

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 will be 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.

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% GHG reduction from these sectors between 2005 and 2020. More generally, the EU Commission has proposed a roadmap for reducing emissions by 80% by 2050 compared to 1990 levels. Some EU member states have enacted additional and more long-term legally binding targets. For example, the U.K. has committed to reduce greenhouse gas emissions by 80% 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.

Entities operating under the cap must either reduce their GHG emissions, 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. 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. Both backloading and wider structural reforms are aimed at reviving the EU carbon price.

In addition, the U.K. government, which implements ETS in the U.K. 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 primary source of greenhouse gas 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 in 2014.

For the year ended December 31, 2013, our estimated carbon dioxide equivalent (CO2e) gas emissions were 792,783 tonnes as compared to 722,155 tonnes for the year ended December 31, 2012 due to fleet expansion. When expressed as an intensity measure of tonnes of C02e gas emissions per dollar of contract drilling revenues, both the 2012 and 2013 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 SANGEÆmissions 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 greenhouse gas emissions independently assured in the future.

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.

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. 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% sulfur. The North American ECA became effective in August 2012, capping the sulfur limit in marine fuel at 1%, 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% by January 1, 2020 for non-ECA areas and 0.1% by 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.

Table of Contents

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 will not become effective until 12 months after it has been adopted by 30 states, the combined merchant fleets of which represent not less than 35% of the gross tonnage of the world s merchant shipping. Though this has not occurred to date, 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. 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. 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.

On July 15, 2011, the IMO approved mandatory measures to reduce emissions of greenhouse gases from international shipping. The amendments to MARPOL Annex VI Regulations for the prevention of air pollution from ships add a new Chapter 4 on energy efficiency requiring compliance with the Energy Efficiency Design Index, or EEDI, for new ships, and the Ship Energy Efficiency Management Plan, or SEEMP, for all ships. Other amendments to Annex VI add new definitions and requirements for survey and certification, including the format for the International Energy Efficiency Certificate. The regulations apply to all ships of 400 gross tonnage and above and entered into force on January 1, 2013. These new rules will likely affect 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. The implementation of the EEDI and SEEMP standards could cause us to incur additional compliance costs. The IMO is also considering the development of market-based mechanisms to reduce greenhouse gas emissions from ships.

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.

Table of Contents

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 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, 2013, we had approximately 6,000 employees, excluding approximately 2,400 persons engaged through labor contractors or agencies. Approximately 83 percent of our employees are located offshore. Of our shorebased employees, approximately 71 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 17 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 17 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 (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:

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

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 depends on the level of activity in the oil and gas industry. Adverse developments affecting the industry, including a decline in oil or gas prices, 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. Commodity prices, and market expectations of potential changes in these prices, may significantly affect this level of activity, as well as dayrates 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. Oil and gas prices 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;

potential acceleration in the development, and the price and availability, of alternative fuels;

increased supply of oil and gas resulting from growing onshore hydraulic fracturing activity and shale development;

worldwide production and demand for oil and gas, which are impacted by changes in the rate of economic growth in the global economy;

worldwide financial instability or recessions;

regulatory restrictions or any moratorium on offshore drilling;

expectations regarding future energy prices;

the discovery rate of new oil and gas reserves;

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;

advances in exploration, development and production technology;

technical advances affecting energy consumption;

merger and divestiture activity among oil and gas producers;

the availability of, and access to, suitable locations from which our customers can produce hydrocarbons;

rough seas and adverse weather conditions, including hurricanes and typhoons;

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;

the ability of the Organization of Petroleum Exporting Countries, or OPEC, to set and maintain production levels and pricing;

the level of production in non-OPEC countries; 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 a decline in oil or gas prices, a global recession, reduced demand for oil and gas products and increased regulation of drilling and production, particularly if several developments were to occur in a short period of time as in 2008 and 2009, could have a material adverse effect on our business, financial condition 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 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, it could have an adverse effect on our operations.

In addition to intense competition, our industry has historically been cyclical. There have been periods of high demand, short rig supply and high dayrates, followed by periods of lower demand, excess rig supply and low dayrates. 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 time.

An over-supply of jackup rigs may lead to a reduction in dayrates and demand for our rigs and therefore may materially impact our profitability.

During the recent period of high utilization and high dayrates, industry participants have increased the supply of drilling rigs by building new drilling rigs, including some drilling rigs that have not yet entered service. Historically, this has often resulted in an oversupply of drilling rigs, which has contributed to a decline in utilization and dayrates, sometimes for extended periods of time.

The increase in supply created by the number and types of rigs being built, as well as changes in our competitors drilling rig fleets, could intensify price competition and require higher capital investment to keep our rigs competitive. To the extent that the drilling rigs currently under construction or on order have not been contracted for future work, there may be increased price competition as such vessels become operational, which could lead to a reduction in dayrates. We are experiencing competition from newbuild rigs that are scheduled to enter the market in 2014 and beyond. The entry of these rigs into the market may result in lower dayrates for rigs than currently expected. Lower utilization and dayrates would adversely affect our revenues and profitability. Prolonged periods of low utilization or low dayrates could result in the recognition of impairment charges on certain of our drilling rigs if future cash flow estimates, based upon information available to management at the time, indicate that the carrying value of these rigs may not be recoverable.

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;

Table of Contents

- mechanical or technological failures;
- failure of our employees 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.

On Friday, February 28, 2014, the *Noble Paul Wolff*, a dynamically positioned semisubmersible rig operating off the coast of Brazil, experienced a ballast control incident. While the event did not result in any reported pollution or injury, we will incur costs to resolve it and we have stopped operations on the rig until we can resume them safely. Because the incident occurred so recently and is ongoing, we cannot at this time determine the final effects of the incident.

We may not be able to renew or replace expiring contracts or obtain contracts for our uncontracted newbuilds.

We have a number of customer contracts that will expire in 2014 and 2015. 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. Also, of the units we currently have under construction as part of our newbuild program, two of the heavy-duty, harsh environment jackups are being constructed without customer contracts. We will attempt to secure contracts for these units prior to their completion. We may be unable to renew our expiring contracts or obtain new contracts for our newbuilds or the rigs under contracts that have expired or been terminated, and the dayrates under any new contracts may be below, perhaps substantially below, the existing dayrates, which could have a material adverse effect on our results of operations and cash flows. We may continue speculative building, even in the absence of contracts for our units already under construction.

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 specified notice periods by tendering contractually specified termination amounts. These termination payments may not fully compensate us for the loss of a contract. Our drilling contracts with Pemex allow early cancellation with 30 days or less notice to us without any early termination payment. Petrobras has the right to terminate its contracts in the event of downtime that exceeds certain thresholds. 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, we may be subject to an increased risk of our customers seeking to repudiate their contracts. Our customers ability to perform their obligations under drilling contracts with us may also be adversely affected by restricted credit markets and economic downturns. If our customers cancel or are unable to renew some of their contracts and we are unable to secure new contracts on a timely basis and on substantially similar terms, if contracts are disputed or suspended for an extended period of time or if a number of our contracts are renegotiated, it could 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, Petrobras and Freeport-McMoRan Copper & Gold (Freeport), and the loss of these customers could 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. We estimate Shell, Petrobras and Freeport represented approximately 50 percent, 9 percent and 9 percent, respectively, of our backlog at December 31, 2013 and revenues from Shell and Petrobras accounted for approximately 41 percent and 12 percent, respectively, of our total operating revenue for the year ended December 31, 2013. For the year ended December 31, 2013, no revenue was recognized related to Freeport. This concentration of customers increases the risks associated with any possible termination or nonperformance of contracts in addition to our exposure to credit risk. Our floaters working for Petrobras are under contracts that expire in 2017. Petrobras has announced a program to construct 29 newbuild floaters, which may reduce or eliminate its need for our rigs. These new drilling units, if built, would compete with, and could displace, our floaters completing contracts and could materially adversely affect our utilization rates, particularly in Brazil. 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.

Table of Contents

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:

- potential restrictions presented by local content regulations in Nigeria;
- 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; and
- the effect of certain temporary import permit regimes, such as in Nigeria, where the duration of the permit does not coincide with the general term of the drilling contract.

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. For example, in the past, we have experienced delays in Nigeria in receiving permits to operate as an oil industry service company, licenses to operate our rigs and temporary import permits for our rigs. For additional information regarding our completed internal investigation of our Nigerian operations and the status of certain legal actions in Nigeria, see Part II Item 8. Financial Statements and Supplementary Data, Note 16 Commitments and Contingencies. 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 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.

Table of Contents

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.

The proposed Separation of our standard specification business is contingent upon the satisfaction of a number of conditions, may require significant time and attention of our management, may not achieve the intended results, and difficulties in connection with the Separation could have an adverse effect on us.

As previously disclosed, our Board of Directors has approved a plan to reorganize our business by means of a separation and spin-off of a newly formed subsidiary whose assets would consist of most of our standard specification drilling units. For more information, please read Proposed Spin-Off Transaction in Part I, Item 1 of this Annual Report on Form 10-K. The Separation, including any related potential IPO of our subsidiary that would own and operate most of our standard specification business, is contingent upon the final approval of our Board of Directors, the approval of our shareholders, and other conditions, some of which are beyond our control. We may also choose to abandon the Separation at any time. For these and other reasons, the Separation may not be completed in the expected timeframe or at all. Additionally, execution of the proposed Separation will continue to require significant expense, time and attention of our management. The Separation could distract management from the operation of our business and the execution of our other strategic initiatives. Our employees may also be uncertain about their future roles within the separate companies pending the completion of the Separation, which could lead to departures. Further, if the Separation is completed, we may not realize the benefits we expect to realize. Any such difficulties could have an adverse effect on our business, results of operations and financial condition. If completed, the Separation may also expose us to certain risks that could have an adverse effect on our results of operations and financial condition.

Governmental laws and regulations, including environmental laws and regulations, may add to our costs 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 greenhouse gases.

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 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.

Table of Contents

In November 2012, the U.S. Coast Guard in Alaska conducted an inspection of our drillship, the *Noble Discoverer*, and cited a number of deficiencies that needed to be remediated, including issues relating to the main propulsion and safety management system. We began an internal investigation in conjunction with the Coast Guard inspection, and the Coast Guard began its own investigation. We reported certain potential violations of applicable law to the Coast Guard identified as a result of our internal investigation. These related to what we believe were certain unauthorized disposals of collected deck and sea water from the *Noble Discoverer,* collected, treated deck water from the *Kulluk* and potential record-keeping issues with the oil record books for the *Noble Discoverer, Kulluk* and other rigs, and with the garbage log for the *Kulluk*. The Coast Guard referred the *Noble Discoverer* and *Kulluk* matters to the U.S. Department of Justice (DOJ) for further investigation. For additional information regarding these actions relating to the Alaska investigation, see Part II, Item 8. Financial Statements and Supplementary Data, Note 16 Commitments and Contingencies.

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 multiple new construction and conversion projects underway and we may undertake additional projects in the future. In addition, we make significant upgrade, refurbishment and repair expenditures to our fleet from time to time, particularly as our rigs become older. Some of these expenditures are unplanned. Our customers may also require certain shipyard reliability upgrade projects for our drillships. 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;
- 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, our rigs undergoing upgrade, refurbishment and repair 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.

Table of Contents

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 for which definitive agreements have not yet been, but are expected to be, executed. In addition, we may not receive some or all of the bonuses that we include in our backlog. 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. Our inability to perform under our contractual obligations or to execute definitive agreements or our customers inability or unwillingness to fulfill their contractual commitments to us may have a material adverse effect on our business, financial condition and results of operations.

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 2007, we began, and voluntarily contacted the SEC and the U.S. Department of Justice, or DOJ, to advise them of, an internal investigation of the legality under the FCPA and local laws of certain reimbursement payments made by our Nigerian affiliate to our customs agents in Nigeria. In 2010, we finalized settlements of this matter and paid fines and penalties to the DOJ and the SEC. 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.

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.

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, either 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, recently proposed legislation in the U.K. could restrict deductions on certain related party transactions and, if enacted, could result in a higher effective tax rate on our operations on the U.K. continental shelf. Changes in existing or new tax laws or regulations may increase our cost of operating in certain countries.

Tax laws and regulations are highly complex and subject to interpretation. Consequently, we are subject to changing tax laws, treaties and regulations in and between countries in which we operate. 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.

Table of Contents

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:

- committed capital expenditures, including expenditures for newbuild projects currently underway;
- normal recurring operating expenses;
- discretionary capital expenditures, including various capital upgrades;
- payments of dividends; and
- repayment of maturing debt.

In order to fund our capital expenditures, we may need funding 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 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, 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.

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 in recent years has negatively impacted 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 Jim Thompson*, *Noble Amos Runner* and *Noble Driller* 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. Our remaining rigs, including those in the Mexico portion of the Gulf of Mexico, continue to be covered by commercial insurance for windstorm damage. If one or more future significant weather-related events occur in the Gulf of Mexico, or in any other geographic area in which we operate, we may experience increases in insurance costs, additional coverage restrictions or unavailability of certain insurance products.

Table of Contents

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.

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.

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

Prolonged periods of low utilization or low dayrates, the cold stacking of idle assets, the sale of assets below their then carrying value or the decline in market value of our assets may cause us to experience losses. These events could result in the recognition of impairment charges on our fleet, as we have previously recorded on our submersibles, if future cash flow estimates, based upon information available to management at the time, indicate that the carrying value of these rigs may not be recoverable or if we sell assets at below their then carrying value.

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;

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.

Table of Contents

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.

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. As the demand for drilling services and the size of the worldwide industry fleet increases, shortages of qualified personnel have occurred from time to time. These shortages could result in our loss of qualified personnel to competitors, impair our ability to attract and retain 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 closing of this offering, 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.

Our operations present hazards and risks that require significant and continuous oversight, and we depend upon the security and reliability of our technologies, systems and networks in numerous locations where we conduct business.

Our floaters and high-specification units utilize certain technologies that make us vulnerable to cyber-attacks that we may not be able to adequately protect against. These cyber security risks could disrupt certain of our operations for an extended period of time and result in the loss of critical data and in higher costs to correct and remedy the effects of such incidents. If our systems for protecting against information technology and cyber security risks prove to be insufficient, we could be materially adversely affected by having our business and financial systems compromised, our proprietary information altered, lost or stolen, or our business operations and safety procedures disrupted.

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

We may experience currency exchange losses where revenues are received or expenses are paid in nonconvertible currencies or where we do not hedge an exposure to a foreign currency. We may also incur losses as a result of an inability to collect revenues because of 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 both U.S. and foreign 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 cash from our subsidiaries that we require to pay our debt service obligations. Applicable tax laws may also subject such payments to us by our subsidiaries to further taxation.

The inability of our subsidiaries to transfer cash to us may mean that, even though we may have sufficient resources on a consolidated basis to meet our obligations, we may not be permitted to make the necessary transfers from subsidiaries to us in order to provide funds for the payment of our obligations.

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 contract backlog, fleet status, our financial position, business strategy, timing or results of acquisitions or dispositions, a potential Separation, including any related potential IPO, of our standard specification business (including form, timing and fleet composition), repayment of debt, borrowings under our credit facilities or other instruments, completion, delivery dates and acceptance of our newbuild rigs, 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, 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: semisubmersibles, drillships and jackups. Each type of drilling rig is described further below. We also own one FPSO. 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.

Table of Contents

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 depth of at least 200 feet in order to conduct operations. Our semisubmersibles are capable of drilling in water depths of up to 12,000 feet.

The semisubmersible fleet consists of 14 units, including:

- five Noble EVA-4000 semisubmersibles;
- three Friede & Goldman 9500 Enhanced Pacesetter semisubmersibles;
- two Pentagone 85 semisubmersibles;
- two Bingo 9000 design unit semisubmersibles;
- one Aker H-3 Twin Hull S1289 Column semisubmersible; and
- one Offshore Co. SCP III Mark 2 semisubmersible.

Drillships

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

The drillship fleet consists of 14 units, including:

- three dynamically positioned Gusto Engineering Pelican Class drillships;
- two dynamically positioned, ultra-deepwater, harsh environment drillships;
- two dynamically positioned, ultra-deepwater, harsh environment drillships currently under construction, the first of which is estimated to be delivered from the shipyard in the second quarter of 2014;

two dynamically positioned *Bully*-class drillships operated by us through a 50 percent joint venture with a subsidiary of Shell;

two dynamically positioned *Globetrotter*-class drillships;

one conventionally moored Sonat Discoverer Class drillship capable of drilling in Arctic environments;

one dynamically positioned NAM Nedlloyd-C drillship; and

one conventionally moored conversion class drillship.

Jackups

We currently have 49 jackups in our fleet, including four high-specification, heavy duty, harsh environment jackups currently under construction. 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 492 feet.

Table of Contents

Offshore Fleet Table

The following table sets forth certain information concerning our offshore fleet at February 13, 2014. The table does not include any units owned by operators for which we had labor contracts. 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]
Semisubmersibles 14						
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	Australia	Active
Noble Danny Adkins	Bingo 9000 DP	2009R	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 Driller	Aker H-3 Twin Hull S1289 Column	2007 R	5,000	30,000	U.S. Gulf of Mexico	Active
Noble Homer Ferrington	F&G 9500 Enhanced Pacesetter	2004 R	7,200	30,000	Malta	Active
Noble Jim Day	Bingo 9000 DP	2010 R	12,000	35,000	U.S. Gulf of Mexico	Active
Noble Jim Thompson	Noble EVA-4000	1999 R/2006 M	6,000	32,500	U.S. Gulf of Mexico	Active
Noble Lorris Bouzigard	Pentagone 85	2003 R	4,000	25,000	U.S. Gulf of Mexico	Stacked
Noble Max Smith	Noble EVA-4000	1999 R	7,000	30,000	Brazil	Active
Noble Paul Romano	Noble EVA-4000	1998 R/2007 M	6,000	32,500	Malta	Active
Noble Paul Wolff	Noble EVA-4000 DP	2006 R	9,200	30,000	Brazil	Active
Noble Therald Martin	Pentagone 85	2004 R	4,000	25,000	Brazil	Active
Noble Ton van Langeveld [3]	Offshore Co. SCP III Mark 2	2000 R	1,500	25,000	U.K.	Active
Drillships 14						
Noble Bob Douglas	Hyundai Gusto P 10000	2013 N	12,000	40,000	New Zealand	Active
Noble Bully I [3][5]	GustoMSC Bully PRD 12000	2011 N	8,200	40,000	U.S. Gulf of Mexico	Active
Noble Bully II [3][5]	GustoMSC Bully PRD 12000	2011 N	10,000	40,000	Brazil	Active
Noble Discoverer [3]	Sonat Discoverer Class	2009 R	1,000	20,000	South Korea	Active
Noble Don Taylor[3]	Hyundai Gusto P 10000	2013 N	12,000	40,000	U.S. Gulf of Mexico	Active
Noble Duchess	Conversion	2012 R	1,500	25,000	India	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	Benin	Active
Noble Leo Segerius	Gusto Engineering Pelican Class	2012 R	5,600	20,000	Brazil	Active
Noble Muravlenko	Gusto Engineering Pelican Class	1997 R	4,900	20,000	U.S. Gulf of Mexico	Stacked
Noble Phoenix	Gusto Engineering Pelican Class	2009 R	5,000	25,000	Brazil	Active
Noble Roger Eason	NAM Nedlloyd C	2013 R	7,200	25,000	Brazil	Active

Noble Sam Croft[3]	Hyundai Gusto P 10000	2014 N	12,000	40,000	South Korea	Shipyard
Noble Tom Madden[3]	Hyundai Gusto P 10000	2014 N	12,000	40,000	South Korea	Shipyard
Independent Leg Cantilevered Jackups 49 (Continued to next page)						
Dhabi II	Baker Marine BMC 150	2006 R	150	20,000	U.A.E.	Active
Noble Al White [3]	CFEM T-2005-C	2005 R	360	30,000	U.K.	Active
Noble Alan Hay	Levingston Class 111-C	2005 R	300	25,000	U.A.E.	Active
Noble Bill Jennings	MLT Class 84 E.R.C.	1997 R	390	25,000	Mexico	Active
Noble Byron Welliver [3]	CFEM T-2005-C	1982	300	30,000	U.K.	Active
Noble Carl Norberg	MLT Class 82-C	2003 R	250	20,000	Mexico	Active
Noble Charles Copeland	MLT Class 82-SD-C	2001 R	280	20,000	Saudi Arabia	Active
Noble Charlie Yester	MLT Class 116-C	1980	300	25,000	U.A.E.	Active
Noble Chuck Syring	MLT Class 82-C	1996 R	250	20,000	Qatar	Active
Noble David Tinsley	Modec 300C-38	2010 R	300	25,000	Oman	Active
Noble Dick Favor	Baker Marine BMC 150	2004 R	150	20,000	U.A.E.	Active
Noble Don Walker	Baker Marine BMC 150-SD	1992 R	150	20,000	Cameroon	Stacked
Noble Earl Frederickson	MLT Class 82-SD-C	1999 R	250	20,000	Mexico	Active
Noble Ed Holt	Levingston Class 111-C	2003 R	300	25,000	India	Active
Noble Ed Noble	MLT Class 82-SD-C	2003 R	250	20,000	Cameroon	Active
Noble Eddie Paul	MLT Class 84 E.R.C.	1995 R	390	25,000	Mexico	Active
Noble Gene House	Modec 300C-38	1998 R	300	25,000	Saudi Arabia	Active
Noble Gene Rosser	Levingston Class 111-C	1996 R	300	25,000	Mexico	Active
Noble George McLeod	F&G L-780 MOD II	1995 R	300	25,000	Malaysia	Active
Noble George Sauvageau [3]	NAM Nedlloyd-C	1981	250	25,000	Germany	Active
Noble Gus Andrоes	Levingston Class 111-C	2004 R	300	30,000	Qatar	Active
Noble Hans Deul [3]	F&G JU-2000E	2009 N	400	30,000	U.K.	Active
Noble Harvey Duhaney	Levingston Class 111-C	2001 R	300	25,000	Qatar	Active

See footnotes on the following page.

Table of Contents

Name	Make	Year Built or Rebuilt [1]	Water Depth Rating (feet)	Drilling Depth Capacity (feet)	Location	Status [2]
Independent Leg Cantilevered Jackups 49 (Continued from previous page)						
Noble Houston Colbert [3]	F&G JU-3000N	2013 N	400	30,000	Singapore	Shipyard
Noble Jimmy Puckett	F&G L-780 MOD II	2002 R	300	25,000	Qatar	Active
Noble Joe Beall	Modec 300C-38	2004 R	300	25,000	Saudi Arabia	Active
Noble John Sandifer	Levingston Class 111-C	1995 R	300	25,000	Mexico	Active
Noble Johnnie Hoffman	Baker Marine BMC 300	1993 R	300	25,000	Mexico	Active
Noble Julie Robertson [3] [4]	BMC 300 Harsh Weather Class	2001 R	390	25,000	U.K.	Active
Noble Kenneth Delaney	F&G L-780 MOD II	1998 R	300	25,000	India	Active
Noble Leonard Jones	MLT Class 53 E.R.C.	1998 R	390	25,000	Mexico	Active
Noble Lloyd Noble	MLT Class 82-SD-C	1990 R	250	20,000	Cameroon	Active
Noble Lynda Bossler [3]	MSC/CJ-46	1982	250	25,000	The Netherlands	Active
Noble Mick O Brien [3]	F&G JU-3000N	2013 N	400	30,000	U.A.E.	Active
Noble Percy Johns	F&G L-780 MOD II	1995 R	300	25,000	Cameroon	Active
Noble Piet van Ede [3]	MSC/CJ-46	1982	250	25,000	The Netherlands	Active
Noble Regina Allen [3]	F&G JU-3000N	2013 N	400	30,000	The Netherlands	Active
Noble Roger Lewis	F&G JU-2000E	2007	400	30,000	Saudi Arabia	Active
Noble Ronald Hoope [3]	MSC/CJ-46	1982	250	25,000	The Netherlands	Active
Noble Roy Butler	F&G L-780 MOD II	1998 R	300	25,000	Mexico	Active
Noble Roy Rhodes	MLT Class 116-C	2009 R	300	25,000	U.A.E.	Active
Noble Sam Hartley [3]	F&G JU-3000N	2014 N	400	30,000	Singapore	Shipyard
Noble Sam Noble	Levingston Class 111-C	1982	300	25,000	Mexico	Active
Noble Sam Turner [3]	F&G JU-3000N	2014 N	400	30,000	Singapore	Shipyard
Noble Scott Marks [3]	F&G JU-2000E	2009 N	400	30,000	Saudi Arabia	Active
Noble Tom Jobe	MLT Class 82-SD-C	1982	250	25,000	Mexico	Active
Noble Tom Prosser [3]	F&G JU-3000N	2014 N	400	30,000	Singapore	Shipyard
Noble Tommy Craighead	F&G L-780 MOD II	2003 R	300	25,000	Benin	Active
Noble Newbuild Jackup #7 [3]	Gusto MSC CJ70-x150-ST	2016 N	492	32,000	Singapore	Shipyard
Other 1						
Noble Seillean (FPSO)	Harland & Wolf Shipbuilding	2008 R	N/A	N/A	U.S. Gulf of Mexico	Stacked

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 were either operating under contract or were 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 are not actively marketed in present market conditions.

3. Harsh environment capability.
4. Although designed for a water depth rating of 390 feet of water in a non-harsh environment, the rig is currently equipped with legs adequate to drill in approximately 200 feet of water in a harsh environment. We own the additional leg sections required to extend the drilling depth capability to 390 feet of water.
5. 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.

Table of Contents

Facilities

Our corporate headquarters is located in London, England. We also maintain office space in Sugar Land, Texas, where significant worldwide global support activity occurs. In addition, we own and lease administrative and marketing offices, and sites used primarily for 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 16 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:

	High	Low	Dividends Declared and Paid
2013			
Fourth quarter	$ 40.41	$ 36.11	$ 0.25
Third quarter	41.14	37.04	0.25
Second quarter	42.26	34.67	0.13
First quarter	41.42	34.84	0.13
2012			
Fourth quarter	$ 39.81	$ 33.51	$ 0.13
Third quarter	38.60	32.21	0.13
Second quarter	38.82	29.13	0.14
First quarter	41.25	30.29	0.14

The declaration and payment of dividends or returns of capital require authorization of the shareholders of Noble-UK. The amount of such dividends, distributions and returns of capital 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 and our shareholders.

On February 14, 2014, there were 254,138,833 shares outstanding held by 581 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.

Table of Contents

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 U.K. 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 authorizing the repurchase of 6,769,891 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. The company may only fund the purchase of its own shares out of distributable reserves or the proceeds of a new issue of shares made expressly for that purpose. The company currently has adequate distributable reserves to fund its currently approved repurchase plan. If any premium above the nominal value of the purchased shares is paid, it must be paid out of distributable reserves. Any shares purchased by the company out of distributable reserves may be held as treasury shares. The following table sets forth for the periods indicated certain information with respect to repurchases by Noble-UK of its shares:

Maximum Number

Period	Total Number of Shares Purchased (2)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	of Shares that May Yet Be Purchased Under the Plans or Programs (1)
October 2013	384	$ 38.10		6,769,891
November 2013	2,043	$ 39.33		6,769,891
December 2013		$		6,769,891

(1) Our repurchase program has no date of expiration.

(2) Amounts represent shares surrendered by employees for withholding taxes payable upon the vesting of restricted stock or exercise of stock options.

Table of Contents

Stock Performance Graph

This graph shows the cumulative total shareholder return of our shares over the five-year period from January 1, 2009 to December 31, 2013. 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, 2009 and that all dividends or distributions and returns of capital were reinvested on the date of payment.

	INDEXED RETURNS Year Ended December 31,				
Company Name / Index	**2009**	**2010**	**2011**	**2012**	**2013**
Noble Corporation	$ 185.26	$ 167.38	$ 143.67	$ 168.06	$ 184.54
S&P 500 Index	126.46	145.51	148.59	172.37	228.19
Dow Jones U.S. Oil Equipment & Services	165.15	210.29	184.16	184.76	237.25

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.

Table of Contents

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, 2013, 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,				
	2013	2012	2011	2010	2009
	(In thousands, except per share amounts)				
Statement of Income Data					
Operating revenues	$ 4,234,290	$ 3,547,012	$ 2,695,832	$ 2,807,176	$ 3,640,784
Net income attributable to Noble Corporation	782,697	522,344	370,898	773,429	1,678,642
Net income per share:					
Basic	3.05	2.05	1.46	3.03	6.44
Diluted	3.05	2.05	1.46	3.02	6.42
Balance Sheet Data (at end of period)					
Cash and marketable securities	$ 114,458	$ 282,092	$ 239,196	$ 337,871	$ 735,493
Property and equipment, net	14,558,090	13,025,972	12,130,345	10,213,158	6,815,637
Total assets	16,217,957	14,607,774	13,495,159	11,302,387	8,396,896
Long-term debt	5,556,251	4,634,375	4,071,964	2,686,484	750,946
Total debt(1)	5,556,251	4,634,375	4,071,964	2,766,697	750,946
Total equity	9,050,028	8,488,290	8,097,852	7,287,634	6,788,432
Other Data					
Net cash from operating activities	$ 1,702,317	$ 1,381,693	$ 740,240	$ 1,636,902	$ 2,131,267
Net cash from investing activities	(2,485,107)	(1,790,888)	(2,521,546)	(2,896,469)	(1,489,610)
Net cash from financing activities	615,156	452,091	1,682,631	861,945	(419,475)
Capital expenditures	2,487,520	1,669,811	2,621,235	1,406,010	1,426,049
Working capital(2)	339,020	393,876	232,432	110,347	1,049,243
Cash distributions declared per share(3)	0.76	0.54	0.60	0.88	0.18

(1) Consists of Long-Term Debt and Current Maturities of Long-Term Debt.
(2) Working capital is calculated as current assets less current liabilities.
(3) Amounts in 2010 include a special dividend of approximately $0.56.

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, 2013 and 2012, and our results of operations for each of the years in the three-year period ended December 31, 2013. You should read the accompanying consolidated financial statements and related notes in conjunction with this discussion.

Executive Overview

Our 2013 financial and operating results include:

operating revenues totaling $4.2 billion;

net income of $783 million or $3.05 per diluted share;

net cash from operating activities totaling $1.7 billion; and

an increase in debt to 38.0 percent of total capitalization at the end of 2013, up from 35.3 percent at the end of 2012, primarily from the funding of our capital expenditure program.

Table of Contents

Overall, the business environment for offshore drillers in 2013 was positive. The price of Brent Crude, a key factor in determining customer activity levels, remained generally steady throughout the year, ending slightly higher than it began. Drilling activity was steady during most of 2013, particularly for ultra-deepwater and jackup rigs. Nevertheless, as the year progressed, we observed a number of factors that have led to a decrease in contracting activity, especially for ultra-deepwater and deepwater rigs. These factors include a projected decrease in the rate of global exploration and development spending increases relative to previous years, a significant number of newbuild units announced which is expected to increase the supply of both floating and jackup rigs and a reduction of deepwater drilling activity in some regions, including Brazil. However, while we believe the short-term outlook may have some downside risks, we have confidence in the long-term outlook for the industry as we witnessed positive developments, including the energy reform legislation in Mexico which could potentially lead to an increase in drilling activity in Mexican waters.

Our business strategy also focuses on the active expansion of our worldwide deepwater and high specification jackup capabilities through construction, modifications and acquisitions, the deployment of our drilling assets in important oil and gas producing areas throughout the world and the potential divestiture of our standard specification drilling units.

We have actively expanded our offshore deepwater drilling and high specification jackup capabilities in recent years through the construction and acquisition of rigs. As part of this technical and operational expansion, we plan to continue to evaluate opportunities to enhance our fleet to achieve greater technological capability, which we believe will lead to increased drilling efficiencies and the ability to complete the increasingly more complex programs required by our customers. During 2013, we continued to execute our newbuild program, completing the following milestones:

- we commenced operations on the *Noble Don Taylor*, a dynamically positioned, ultra-deepwater, harsh environment drillship, under a long-term contract in the U.S. Gulf of Mexico in the third quarter of 2013;

- we commenced operations on the *Noble Globetrotter II*, a dynamically positioned, ultra-deepwater, harsh environment *Globetrotter*-class drillship, under a long-term contract in West Africa in the third quarter of 2013;

- we commenced operations on the *Noble Mick O Brien*, a high-specification, heavy duty, harsh environment jackup, under a 150-day contract in the Middle East in the fourth quarter of 2013;

- we commenced operations on the *Noble Bob Douglas*, a dynamically positioned, ultra-deepwater, harsh environment drillship, under a three-year contract in the fourth quarter of 2013. The rig is currently performing a 120-day assignment in New Zealand, after which it will mobilize and operate in the U.S. Gulf of Mexico for the remainder of its contract;

- we completed construction of the *Noble Regina Allen*, a high-specification, heavy duty, harsh environment jackup, which left the shipyard during the fourth quarter of 2013 and began operations under an 18-month contract in the North Sea in January 2014;

- we continued construction of two additional dynamically positioned, ultra-deepwater, harsh environment drillships at Hyundai Heavy Industries Co. Ltd.;

- we continued construction of four high-specification, heavy duty, harsh environment jackups; and

- we began construction of one ultra-high specification jackup.

Subsequent to December 31, 2013, the newbuild jackup, *Noble Houston Colbert*, was delivered from the shipyard. This unit underwent contract-related winterization upgrades, and is currently mobilizing and undergoing final commissioning and customer acceptance testing before commencing its contract in Argentina.

While we cannot predict the future level of demand or dayrates for our drilling services or future conditions in the offshore contract drilling industry, we continue to believe we are well positioned within the industry and that our newbuild activity will further strengthen our position.

Proposed Spin-off Transaction

In September 2013, we announced that our Board of Directors approved a plan to reorganize our business by means of a separation and spin-off of a newly formed wholly-owned subsidiary, Paragon Offshore Limited (Paragon Offshore), whose assets and liabilities would consist of most of our standard specification drilling units and related assets, liabilities and business (the Separation), resulting in the creation of two separate and highly focused offshore drilling companies. The drilling units to be owned and operated by Paragon Offshore consist of five drillships, three semisubmersibles and 34 jackups. Paragon Offshore would also be responsible for the Hibernia platform operations offshore Canada and one FPSO. Following the Separation, we will continue to own and operate our high-specification assets with particular operating focus in deepwater and ultra-deepwater markets for drillships and semisubmersibles and harsh environment and high-specification markets for jackups.

Table of Contents

The plan involves the separation of the standard specification business through the distribution of the shares of Paragon Offshore to Noble-UK shareholders in a spin-off that would be tax-free to shareholders. Subject to business, market, regulatory and other considerations, the Separation may be preceded by IPO of up to 20 percent of the shares of Paragon Offshore. The Separation is subject to several conditions, including final approval by our Board of Directors and approval by our shareholders, which we anticipate seeking in the second quarter of 2014. We have received a private letter ruling from the U.S. Internal Revenue Service stating that the Separation is expected to qualify as a tax-free transaction under sections 368(a)(1)(D) and 355, and related provisions, of the Internal Revenue Code of 1986, as amended. We anticipate that the spin-off would be completed by the end of 2014. We expect that Paragon Offshore would use the net proceeds from borrowings and the IPO, if undertaken, to repay its indebtedness to Noble. We expect that, in turn, Noble would use such proceeds to repay outstanding third-party debt of Noble-Cayman and its subsidiaries. There can be no assurance that our proposed plan will lead to an IPO or spin-off of Paragon Offshore or any other transaction, or that if any transaction is pursued, that it will be consummated.

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, 2013 the amount of our contract drilling services backlog and the percent of available operating days committed for the periods indicated:

		Year Ending December 31,				
	Total	**2014**	**2015**	**2016**	**2017**	**2018-2024**
			(In millions)			
Contract Drilling Services Backlog						
Semisubmersibles/Drillships [1] [5]	$ 11,623	$ 3,042	$ 2,756	$ 1,964	$ 1,195	$ 2,666
Jackups [2]	3,755	1,675	996	417	230	437
Total [3]	$ 15,378	$ 4,717	$ 3,752	$ 2,381	$ 1,425	$ 3,103
Percent of Available Days Committed[4]						
Semisubmersibles/Drillships		78%	61%	40%	24%	9%
Jackups		75%	38%	11%	4%	2%
Total		73%	44%	21%	11%	4%

(1) Our drilling contracts with Petrobras provide an opportunity for us to earn performance bonuses based on downtime experienced for our rigs operating offshore Brazil. Our backlog includes an amount equal to 50 percent of potential performance bonuses for such rigs, or $88 million.

The drilling contracts with Shell for the *Noble Globetrotter I*, *Noble Globetrotter II*, *Noble Jim Thompson*, *Noble Clyde Boudreaux, Noble Max Smith*, *Noble Don Taylor* and the *Noble Jim Day*, provide opportunities for us to earn performance bonuses based on key performance indicators as defined by the contract. With respect to these contracts, we have included in our backlog an amount equal to 25 percent of the potential performance bonuses for these rigs. Our backlog for these rigs includes approximately $187 million attributable to these performance bonuses.

(2) Pemex has the ability to cancel its drilling contracts on 30 days or less notice without Pemex s making an early termination payment. At December 31, 2013, we had 10 rigs contracted to Pemex in Mexico, and our backlog includes approximately $472 million related to such contracts.

(3) Some of our drilling contracts provide the customer with certain early termination rights. For example, Petrobras has the right to terminate its contracts in the event of excessive downtime. While we have exceeded downtime thresholds in the past on certain rigs contracted with Petrobras, we have not received any notification concerning contract cancellations nor do we anticipate receiving any such notifications.

(4) Percent of available days committed is calculated by dividing the total number of days our rigs are operating under contract for such period by the product of the number of our rigs and the number of calendar days in such period. Percentages take into account additional capacity from the estimated dates of deployment of our newbuild rigs that are scheduled to commence operations during 2014 through 2016.

(5) 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 vessels. As of December 31, 2013, the combined amount of backlog for these rigs totals $2.0 billion, all of which is included in our backlog. Noble s proportional interest in the backlog for these rigs was $1.0 billion.

Table of Contents

Our contract drilling services backlog reflects estimated future revenues attributable to both signed drilling contracts and letters of intent that we expect to realize. 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.

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, achievement of bonuses, weather conditions 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

2013 Compared to 2012

General

Net income attributable to Noble-UK for 2013 was $783 million, or $3.05 per diluted share, on operating revenues of $4.2 billion, compared to net income for 2012 of $522 million, or $2.05 per diluted share, on operating revenues of $3.5 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 2013 and 2012, are the same as the information presented below regarding Noble-UK in all material respects, except operating income for Noble-Cayman for the year ended December 31, 2013 and 2012 was $83 million and $58 million, respectively, higher than operating income for Noble-UK for the same period. The operating income difference is primarily a result of executive costs directly attributable to Noble-UK for operations support and stewardship related services.

Rig Utilization, Operating Days and Average Dayrates

Operating results 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 2013 and 2012 (dollars in thousands):

	Average Rig Utilization [1]		**Operating Days [2]**			**Average Dayrates**		
	2013	**2012**	**2013**	**2012**	**% Change**	**2013**	**2012**	**% Change**
Jackups	91%	82%	14,187	12,966	9%	$ 112,441	$ 96,696	16%
Semisubmersibles	80%	86%	4,112	4,382	-6%	368,424	349,205	6%
Drillships	81%	69%	2,876	2,023	42%	333,788	279,432	19%
Other	0%	0%						
Total	**84%**	**78%**	**21,175**	**19,371**	**9%**	**$ 192,210**	**$ 172,904**	**11%**

(1) We define utilization for a specific period as the total number of days our rigs, including cold stacked rigs, are operating under contract, divided by the product of the number of our 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 for our contract drilling services segment for 2013 and 2012 (dollars in thousands):

			Change	
	2013	**2012**	**$**	**%**
Operating revenues:				
Contract drilling services	$ 4,070,070	$ 3,349,362	$ 720,708	22%
Reimbursables [1]	109,071	112,956	(3,885)	-3%
Other	105	265	(160)	-60%
	$ 4,179,246	$ 3,462,583	$ 716,663	21%
Operating costs and expenses:				
Contract drilling services	$ 2,014,217	$ 1,769,428	$ 244,789	14%
Reimbursables [1]	83,548	91,646	(8,098)	-9%
Depreciation and amortization	865,126	745,027	120,099	16%
General and administrative	116,334	97,967	18,367	19%
Incremental spin-off related costs	17,453	7,053	10,400	147%

Loss on impairment	43,688	12,710	30,978	244%
Gain on disposal of assets, net	(35,646)		(35,646)	**
Gain on contract settlements/extinguishments, net	(46,800)	(33,255)	(13,545)	41%
	3,057,920	2,690,576	367,344	14%
Operating income	$ 1,121,326	$ 772,007	$ 349,319	45%

(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 increases in both average dayrates and operating days. The 11 percent increase in average dayrates increased revenues by approximately $409 million while the 9 percent increase in operating days increased revenues by an additional $312 million.

The increase in contract drilling services revenues relates to our drillships and jackups, which generated approximately $395 million and $341 million more revenue, respectively, in 2013. These amounts were offset by decreases in revenues for our semisubmersibles, which declined $15 million from the prior year.

Table of Contents

The increase in drillship revenues was driven by a 42 percent increase in operating days and a 19 percent increase in average dayrates, resulting in a $239 million and a $156 million increase in revenues, respectively, from the prior year. The increase in both average dayrates and operating days was the result of the timing of contract commencements of our newbuilds during the period. Additionally, the *Noble Leo Segerius* and the *Noble Duchess* operated during the current year after being off contract for a portion of the prior year. These increases were partially offset by the *Noble Roger Eason*, which received a reduced dayrate while it was in the shipyard to undergo its reliability upgrade project.

The 16 percent increase in jackup average dayrates resulted in a $223 million increase in revenues, which was coupled with a 9 percent increase in jackup operating days, resulting in a $118 million increase in revenues from the prior year. The increase in average dayrates resulted from improved market conditions in the global shallow water market. Additionally, revenue of $18 million was recognized in connection with the cancellation of a contract by our customer on the *Noble Houston Colbert*. The increase in utilization primarily related to rigs in Mexico, West Africa and the Middle East, which experienced increased operating days after being uncontracted for portions of the prior year.

The decrease in semisubmersible revenues of $15 million primarily relates to the *Noble Paul Romano,* which was off contract during the current year but operated during the prior year, the *Noble Homer Ferrington,* which was off contract for a portion of the current year but experienced full utilization during the prior year, and increased downtime on the *Noble Paul Wolff* and the *Noble Therald Martin* during the current year. These decreases were partially offset by favorable dayrate changes on new contracts across the semisubmersible fleet, as well as the *Noble Max Smith,* which experienced full utilization during the current year after being off contract during the prior year.

Operating Costs and Expenses. Contract drilling services operating costs and expenses increased $245 million for the current year as compared to the prior year. A portion of the increase is due to the crew-up and operating expenses for our newbuild rigs as they commenced operating under contracts, which added approximately $134 million in expense in the current year. Excluding the additional expenses related to these rigs, our contract drilling costs increased $111 million in the current year from the prior year. This change was primarily driven by a $61 million increase in rig and operations support labor due to rigs returning, or preparing to return, to work and salary increases effective in the second and third quarters of the prior year, a $51 million increase in shorebase support due to increased project-related costs, an $8 million increase in agency and other miscellaneous expenses and a $2 million increase in insurance costs related to increased premiums on our policy renewed in March 2013. These increases were partially offset by an $11 million decrease in maintenance and rig-related expense.

Depreciation and amortization increased $120 million in 2013 over 2012, which is primarily attributable to newbuild rigs placed in service since the beginning of 2012.

Loss on impairment during the current year primarily relates to a $40 million charge on our FPSO, *Noble Seillean*, as a result of our annual impairment test and the current market outlook for this unit. Loss on impairment during the prior year related to an impairment charge on our submersible fleet, primarily as a result of the declining market for drilling services for that rig type. During the current year, 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.

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

Gain on contract settlements/extinguishments during the current year was primarily attributable to the settlement of all claims against the former shareholders of FDR Holdings, Ltd., which we acquired in July 2010, relating to alleged breaches of various representations and warranties contained in the purchase agreement. During the prior year, we recognized a $28 million gain on the settlement of an action with certain vendors for damages sustained during Hurricane Ike. Additionally, we recognized a $5 million gain from a claims settlement on the *Noble David Tinsley*, which had experienced a punch-through while being positioned on location in 2009.

Table of Contents

Other

The following table sets forth the operating results for our other services for 2013 and 2012 (dollars in thousands):

	2013	2012	Change $	Change %
Operating revenues:				
Labor contract drilling services	$ 52,241	$ 81,890	$ (29,649)	-36%
Reimbursables [(1)]	2,803	2,539	264	10%
	$ 55,044	$ 84,429	$ (29,385)	-35%
Operating costs and expenses:				
Labor contract drilling services	$ 36,604	$ 46,752	$ (10,148)	-22%
Reimbursables [(1)]	2,000	2,450	(450)	-18%
Depreciation and amortization	14,296	13,594	702	5%
General and administrative	1,663	2,023	(360)	-18%
Incremental spin-off related costs	249	143	106	74%
Loss on impairment		7,674	(7,674)	**
	54,812	72,636	(17,824)	-25%
Operating income	$ 232	$ 11,793	$ (11,561)	-98%

(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 and Costs and Expenses. The change in both revenues and expenses for our labor contract drilling services primarily relates to the cancellation of a project with our customer, Shell, for one of its rigs operating under a labor contract in Alaska. The project was cancelled on March 31, 2013.

Loss on impairment during the prior year related to an impairment charge on certain corporate assets, as a result of a declining market for, and the potential disposal of, the assets.

Other Income and Expenses

General and administrative expenses. Overall, general and administrative expenses increased $18 million in 2013 from 2012 primarily as a result of increased legal and tax expenses related to ongoing projects of $9 million, coupled with increases in employee-related costs of $9 million.

Incremental spin-off related costs. Incremental spin-off related costs increased $11 million in 2013 from 2012 for professional fees and other costs incurred related to the proposed Separation of most of our standard specification assets.

Interest Expense, net of amount capitalized. Interest expense, net of amount capitalized, increased $21 million in 2013 from 2012. The increase is a result of a reduction in capitalized interest in the current year as compared to the prior year due primarily to the completion of construction on three of our newbuild drillships and two of our newbuild jackups, coupled with increased borrowings outstanding under our credit facilities and commercial paper program. During the current year, we capitalized approximately 52 percent of total interest charges versus approximately 61 percent during the prior year.

Income Tax Provision. Our income tax provision increased $21 million in 2013 compared to 2012, of which $13 million is related to the sale of the *Noble Lewis Dugger*. Excluding the sale of the *Noble Lewis Dugger*, an $8 million increase in our income tax provision was driven by higher pre-tax earnings, which resulted in a $58 million increase in income tax expense. This was partially offset by a lower effective tax rate in the current year as a result of favorable changes in the geographic mix of pre-tax earnings and the recognition of certain discrete benefits during the current year.

Table of Contents

2012 Compared to 2011

General

Net income attributable to Noble-UK for 2012 was $522 million, or $2.05 per diluted share, on operating revenues of $3.5 billion, compared to net income for 2011 of $371 million, or $1.46 per diluted share, on operating revenues of $2.7 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 2012 and 2011, are the same as the information presented below regarding Noble-UK in all material respects, except operating income for Noble-Cayman for the year ended December 31, 2012 and 2011 was $58 million and $49 million, respectively, higher than operating income for Noble-UK for the same period. The operating income difference is primarily a result of executive costs directly attributable to Noble-UK for operations support and stewardship related services.

Rig Utilization, Operating Days and Average Dayrates

Operating results 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 2012 and 2011 (dollars in thousands):

	Average Rig Utilization (1)		Operating Days (2)			Average Dayrates		
	2012	**2011**	**2012**	**2011**	**% Change**	**2012**	**2011**	**% Change**
Jackups	82%	75%	12,966	11,794	10%	$ 96,696	$ 85,510	13%
Semisubmersibles	86%	82%	4,382	4,176	5%	349,205	296,331	18%
Drillships	69%	59%	2,023	1,284	58%	279,432	242,019	15%
Other	0%	0%						
Total	**78%**	**72%**	**19,371**	**17,254**	**12%**	**$ 172,904**	**$ 148,185**	**17%**

(1) We define utilization for a specific period as the total number of days our rigs, including cold stacked rigs, are operating under contract, divided by the product of the number of our 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.

Table of Contents

Contract Drilling Services

The following table sets forth the operating results for our contract drilling services segment for 2012 and 2011 (dollars in thousands):

	2012	2011	Change $	Change %
Operating revenues:				
Contract drilling services	$ 3,349,362	$ 2,556,758	$ 792,604	31%
Reimbursables (1)	112,956	77,278	35,678	46%
Other	265	875	(610)	-70%
	$ 3,462,583	$ 2,634,911	$ 827,672	31%
Operating costs and expenses:				
Contract drilling services	$ 1,769,428	$ 1,384,200	$ 385,228	28%
Reimbursables (1)	91,646	56,589	35,057	62%
Depreciation and amortization	745,027	647,142	97,885	15%
General and administrative	97,967	90,262	7,705	9%
Incremental spin-off related costs	7,053		7,053	**
Loss on impairment	12,710		12,710	**
Gain on contract settlements/extinguishments, net	(33,255)	(21,202)	(12,053)	57%
	2,690,576	2,156,991	533,585	25%
Operating income	$ 772,007	$ 477,920	$ 294,087	62%

(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 2012 as compared to 2011 were driven by increases in both average dayrates and operating days. The 17 percent increase in average dayrates increased revenues by approximately $479 million while the 12 percent increase in operating days increased revenues by an additional $314 million.

The increase in contract drilling services revenues relates to our semisubmersibles, drillships and jackups, which generated approximately $293 million, $255 million and $245 million more revenue, respectively, in 2012.

The 18 percent increase in semisubmersible average dayrates resulted in a $232 million increase in revenues from 2011 while the increase in operating days of 5 percent resulted in an additional $61 million increase in revenues. The increase in semisubmersibles revenue is a result of our rigs returning to standard operating dayrates after experiencing lower standby rates due to drilling restrictions in the U.S. Gulf of Mexico in 2011, as well as the *Noble Paul Romano* returning to work after being stacked for most of 2011. The increase in operating days is primarily from the *Noble Jim Day,* the *Noble Homer Ferrington,* the *Noble Paul Romano,* the *Noble Clyde Boudreaux* and the *Noble Amos Runner*, which all operated during 2012 after being off contract for the majority of 2011.

The increase in drillship revenues was driven by a 58 percent increase in operating days and a 15 percent increase in average dayrates, resulting in a $179 million and a $76 million increase in revenues, respectively, from 2011. The increase in both average dayrates and operating days was the result of the *Noble Bully I*, *Noble Bully II* and *Noble Globetrotter I*, which commenced their contracts with Shell in March 2012, April 2012 and July 2012, respectively. These increases were partially offset by the *Noble Phoenix*, which completed its shipyard project and was substituted for the *Noble Muravlenko* in Brazil during 2012, and a reduced rate on the *Noble Roger Eason* while it is in the shipyard to undergo its reliability upgrade project.

The 13 percent increase in jackup average dayrates resulted in a $145 million increase in revenues, which was coupled with a 10 percent increase in jackup operating days, resulting in a $100 million increase in revenues from 2011. The increase in average dayrates resulted from improved market conditions in the global shallow water market throughout the jackup fleet. The increase in utilization primarily related to rigs in Mexico, West Africa and the Middle East, which experienced less downtime during 2012.

Table of Contents

Operating Costs and Expenses. Contract drilling services operating costs and expenses increased $385 million for 2012 as compared to 2011. A portion of the increase is due to the crew-up and operating expenses for the recently completed rigs noted above, which have added approximately $139 million in expense in 2012. Excluding the additional expenses related to these rigs, our contract drilling costs increased $246 million in 2012 from 2011. This change was primarily driven by a $75 million increase in labor due to rigs returning, or preparing to return, to work and salary increases effective in the second and third quarters of 2011, a $44 million increase in maintenance and rig-related expense, a $40 million increase in shorebase support due to salary increases in 2012 and increased project-related costs, a $26 million increase in mobilization due to the amortization of certain rig moves and the demobilization of rigs primarily in Mexico, a $20 million increase in insurance costs related to increased premiums on our policy renewed in March 2012, a $14 million increase in rig catering and communications, a $13 million increase in safety, training and regulatory inspections, a $6 million increase in agency and other miscellaneous expenses, a $5 million increase in fuel and transportation costs and a $3 million increase in rotation costs.

Depreciation and amortization increased $98 million in 2012 over 2011, which is primarily attributable to assets placed in service during 2012, including the *Noble Bully I*, *Noble Bully II* and the *Noble Globetrotter I*.

Loss on impairment during 2012 related to an impairment charge on our submersible fleet, primarily as a result of the declining market outlook for drilling services for that rig type.

Gain on contract settlements/extinguishments during 2012 related to a $28 million gain on the settlement of an action with certain vendors for damages sustained during Hurricane Ike. Additionally, we received $5 million from a claims settlement on the *Noble David Tinsley*, which had experienced a punch-through while being positioned on location in 2009.

Other

The following table sets forth the operating results for our other services for 2012 and 2011 (dollars in thousands):

	2012	2011	Change $	Change %
Operating revenues:				
Labor contract drilling services	$ 81,890	$ 59,004	$ 22,886	39%
Reimbursables (1)	2,539	1,917	622	32%
	$ 84,429	$ 60,921	$ 23,508	39%
Operating costs and expenses:				
Labor contract drilling services	$ 46,752	$ 33,885	$ 12,867	38%
Reimbursables (1)	2,450	1,850	600	32%
Depreciation and amortization	13,594	11,498	2,096	18%
General and administrative	2,023	1,115	908	81%
Incremental spin-off related costs	143		143	**
Loss on impairment	7,674		7,674	**
	72,636	48,348	24,288	50%

Operating income	$ 11,793	$ 12,573	$ (780)	-6%

(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 and Costs and Expenses. The increase in both revenues and expenses for our labor contract drilling services primarily relates to a project with our customer, Shell, for one of its rigs operating under a labor contract in Alaska.

Loss on impairment during 2012 related to an impairment charge on certain corporate assets, as a result of a declining market for, and the potential disposal of, the assets.

Table of Contents

Other Income and Expenses

General and administrative expenses. Overall, general and administrative expenses increased $9 million in 2012 from 2011 primarily as a result of increased legal and tax expenses related to ongoing projects of $5 million, coupled with increases in employee-related costs of $4 million.

Incremental spin-off related costs. Incremental spin-off related costs of $7 million in 2012 relate to professional fees and other costs incurred for the proposed Separation of most of our standard specification assets.

Interest Expense, net of amount capitalized. Interest expense, net of amount capitalized, increased $30 million in 2012 from 2011. The increase is a result of the $1.2 billion of senior notes issued in February 2012, coupled with lower capitalized interest due primarily to the completion of construction on three of our newbuild drillships. During 2012, we capitalized approximately 61 percent of total interest charges versus approximately 69 percent during 2011.

Income Tax Provision. Our income tax provision increased $74 million in 2012 compared to 2011 primarily as a result of a higher pre-tax earnings and effective tax rate during 2012. Pre-tax earnings increased approximately 61 percent in 2012 compared to 2011 resulting in a $45 million increase in income tax expense. The higher effective tax rate, which was 20.9 percent in 2012 compared to 16.7 percent in 2011, contributed to the increase in income tax expense by approximately $29 million. The increase in the effective tax rate was a result of a change in our geographic mix of our revenues and the resolution of certain discrete tax items.

LIQUIDITY AND CAPITAL RESOURCES

Overview

Net cash from operating activities in 2013 was $1.7 billion, which compared to $1.4 billion and $740 million in 2012 and 2011, respectively. The increase in net cash from operating activities in 2013 compared to 2012 was primarily attributable to a significant increase in net income. We had working capital of $339 million and $394 million at December 31, 2013 and 2012, respectively. Our total debt as a percentage of total debt plus equity increased to 38.0 percent at December 31, 2013 from 35.3 percent at December 31, 2012 as a result of an increase in commercial paper outstanding as of December 31, 2013.

Our principal sources of capital in 2013 were cash generated from operating activities noted above and borrowings through our commercial paper program. Cash generated during the current year was primarily used to fund our capital expenditure program.

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

- committed capital expenditures, including expenditures for newbuild projects currently underway;
- normal recurring operating expenses;
- discretionary capital expenditures, including various capital upgrades;

payments of dividends; and

repayment of maturing debt.

We currently expect to fund these cash flow needs with cash generated by our operations, cash on hand, borrowings under our existing or future credit facilities and commercial paper program, 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 as necessary.

At December 31, 2013, we had a total contract drilling services backlog of approximately $15.4 billion. Our backlog as of December 31, 2013 reflects a commitment of 73 percent of available days for 2014. See Contract Drilling Services Backlog for additional information regarding our backlog.

Capital Expenditures

Our primary use of available liquidity during 2014 will be for capital expenditures. Capital expenditures, including capitalized interest, totaled $2.5 billion, $1.7 billion and $2.6 billion for 2013, 2012 and 2011, respectively.

Table of Contents

At December 31, 2013, we had seven rigs under construction, and capital expenditures, excluding capitalized interest, for new construction during 2013 totaled $1.5 billion, as follows (in millions):

Rig type/name	
Currently under construction	
Drillships	
Noble Sam Croft	$ 89.6
Noble Tom Madden	71.9
Jackups	
Noble Jackup VII (CJ70-Mariner)	182.1
*Noble Houston Colbert***	13.9
Noble Sam Turner	6.1
Noble Tom Prosser	3.8
Noble Sam Hartley	3.3
Recently completed construction projects	
Noble Bob Douglas	403.4
Noble Don Taylor	377.8
Noble Mick O Brien	135.6
Noble Regina Allen	125.8
Noble Globetrotter II	105.4
Other	7.8
Total Newbuild Capital Expenditures	$ 1,526.5

** This unit was delivered from the shipyard subsequent to December 31, 2013.

In addition to the newbuild expenditures noted above, capital expenditures during 2013 consisted of the following:

- $846 million for major projects, subsea related expenditures and upgrades and replacements to drilling equipment; and
- $115 million in capitalized interest.

Our total capital expenditures budget for 2014 is approximately $2.6 billion, which is currently anticipated to be spent as follows:

- approximately $1.4 billion in newbuild expenditures; and
- $1.2 billion for major projects, subsea related expenditures and upgrades and replacements to drilling equipment.

In addition to the amounts noted above, we anticipate incurring capitalized interest, which 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 $2.0 billion at December 31, 2013, of which we expect to spend approximately $1.6 billion in 2014.

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 $97 million (or $0.375 per share), was declared on January 30, 2014 and paid on February 20, 2014 to holders of record on February 10, 2014. This payment represented the third tranche ($0.25 per share) of our previously approved annual dividend payment to shareholders, and includes an increase of $0.125 per share that was approved by the Board of Directors in January 2014. Including the increase approved in January 2014, our current dividend is $1.50 per share on an annualized basis.

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.

Credit Facilities and Senior Unsecured Notes

Credit Facilities and Commercial Paper Program

We currently have three separate credit facilities with an aggregate maximum available capacity of $2.9 billion (together, the Credit Facilities). Our total debt related to the Credit Facilities and commercial paper program was $1.6 billion at December 31, 2013 as compared to $340 million at December 31, 2012. At December 31, 2013, we had approximately $1.3 billion of available capacity under the Credit Facilities. During 2013, we undertook a series of transactions related to our Credit Facilities, which are summarized by the following:

- in August 2013, we entered into a $600 million 364-day unsecured revolving credit agreement;

- in November 2013, we increased our commercial paper program by $900 million. As a result, we are able to issue up to an aggregate of $2.7 billion in unsecured commercial paper notes. Amounts issued under the commercial paper program are supported by our Credit Facilities and, therefore, are classified as long-term on our Consolidated Balance Sheet. Commercial paper issued reduces availability under our Credit Facilities; and

- in December 2013, we extended the maturity date of the $800 million credit facility maturing in 2015 for a one-year period to February 11, 2016. During the extended period, availability under this credit facility will be reduced by $36 million.

In addition to the above transactions, we continue to maintain a $1.5 billion credit facility that matures in 2017.

The Credit Facilities provide us with the ability to issue up to $375 million in letters of credit in the aggregate. The issuance of letters of credit does not increase our borrowings outstanding under the Credit Facilities, but it does reduce the amount available. At December 31, 2013, we had no letters of credit issued under the Credit Facilities.

Senior Unsecured Notes

Our total debt related to senior unsecured notes was $4.0 billion at December 31, 2013 as compared to $4.3 billion at December 31, 2012. The decrease in senior unsecured notes outstanding is a result of the maturity of our $300 million 5.875% Senior Notes during the second quarter of 2013, which was repaid using proceeds from our commercial paper program.

In February 2012, we issued, through our indirect wholly-owned subsidiary, Noble Holding International Limited (NHIL), $1.2 billion aggregate principal amount of senior notes in three separate tranches, comprising $300 million of 2.50% Senior Notes due 2017, $400 million of 3.95% Senior Notes due 2022, and $500 million of 5.25% Senior Notes due 2042. The weighted average coupon of all three tranches is 4.13%. The net proceeds of approximately $1.19 billion, after expenses, were primarily used to repay the then outstanding balance on our Credit Facilities.

Our $250 million 7.375% Senior Notes mature during the first quarter of 2014. We anticipate using availability under our Credit Facilities or commercial paper program to repay the outstanding balance; therefore, we continue to report the balance as long-term at December 31, 2013.

Table of Contents

Covenants

The Credit Facilities and commercial paper program are guaranteed by our indirect wholly-owned subsidiaries, NHIL and Noble Drilling Corporation (NDC). The covenants and events of default under the 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, 2013, 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, 2013.

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 sale and lease-back transactions. At December 31, 2013, 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 2014.

Other

At December 31, 2013, we had letters of credit of $314 million and performance and temporary import bonds totaling $131 million supported by surety bonds outstanding. Certain of our subsidiaries issue guarantees to the temporary import status of rigs or equipment imported into certain countries in which we operate. These guarantees are issued in-lieu of payment of custom, value added or similar taxes in those countries.

Summary of Contractual Cash Obligations and Commitments

The following table summarizes our contractual cash obligations and commitments at December 31, 2013 (in thousands):

				Payments Due by Period				
	Total	**2014**	**2015**	**2016**	**2017**	**2018**	**Thereafter**	**Other**
Contractual Cash Obligations								
Long-term debt obligations [1]	$ 5,556,251	$ 1,811,105	$ 350,000	$ 299,967	$ 299,886	$	$ 2,795,293	$
Interest payments	2,743,902	186,765	177,902	161,252	153,240	149,177	1,915,566	
Operating leases	113,498	33,109	26,425	15,157	8,535	7,248	23,024	
Pension plan contributions	148,141	9,671	8,995	11,269	11,309	12,439	94,458	
Purchase commitments [2]	2,046,079	1,632,169		413,910				
Dividends	128,249	128,249						

Tax reserves (3)	127,121							127,121
Total contractual cash obligations	$ 10,863,241	$ 3,801,068	$ 563,322	$ 901,555	$ 472,970	$ 168,864	$ 4,828,341	$ 127,121

(1) In 2014, our $250 million 7.375% Senior Notes and amounts outstanding under our commercial paper program mature. We anticipate using availability on our Credit Facilities or commercial paper program to repay these outstanding balances; therefore, we have shown the entire $250 million Senior Notes balance and $1.6 billion commercial paper program balance as long-term on our December 31, 2013 Consolidated Balance Sheet.

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

(3) 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 12 to our accompanying consolidated financial statements.

At December 31, 2013, we had other commitments that we are contractually obligated to fulfill with cash if the obligations are called. These obligations include letters of credit and surety bonds that guarantee our performance as it relates to our drilling contracts, tax and other obligations in various jurisdictions. These letters of credit and surety bond 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, 2013 (in thousands):

		Amount of Commitment Expiration Per Period					
	Total	2014	2015	2016	2017	2018	Thereafter
Contractual Cash Obligations							
Letters of Credit	$ 313,915	$ 152,655	$ 160,988	$	$	$	$ 272
Surety bonds	131,047	24,006	46,443	21,945	38,653		
Total commercial commitments	$ 444,962	$ 176,661	$ 207,431	$ 21,945	$ 38,653	$	$ 272

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, 2013 totaled $1.4 billion, which was primarily funded through partner equity contributions. During 2012, these rigs commenced the operating phases of their contracts. For 2013, operating revenues and net income related to these joint ventures totaled $355 million and $145 million, respectively, as compared to operating revenues and net income of $237 million and $72 million in 2012.

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, 2013 and 2012, we had $1.9 billion and $2.7 billion 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 twenty-five years.

Interest is capitalized on construction-in-progress at the weighted average cost of debt outstanding during the period of construction. Capitalized interest for the years ended December 31, 2013, 2012 and 2011 was $115 million, $136 million and $122 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 $400 million and $303 million at December 31, 2013 and 2012, respectively. Depreciation expense related to overhauls and asset replacement totaled $140 million, $113 million and $103 million for the years ended December 31, 2013, 2012 and 2011, respectively.

Table of Contents

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.

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 December 31, 2013 and 2012, loss reserves for personal injury and protection claims totaled $29 million and $20 million, respectively, and such amounts are included in Other current liabilities in the accompanying Consolidated Balance Sheets.

Revenue Recognition

Revenues generated from our dayrate-basis drilling contracts and labor contracts are recognized as services are performed and begin upon the contract commencement, as defined under the specified drilling or labor contract. Revenues from bonuses are recognized when earned.

It is typical, in our dayrate drilling contracts, to receive compensation for mobilization, equipment modification, or other activities prior to the commencement of the contract. These payments take either the form of a lump-sum payment or other daily compensation. We defer pre-contract compensation and related costs over the term of the initial contract period to which the compensation and costs relate. Upon completion of our drilling contracts, any demobilization revenues received are recognized as income, as are any related expenses.

Deferred revenues under drilling contracts totaled $303 million and $252 million at December 31, 2013 and 2012, respectively. Such amounts are included in either Other current liabilities or Other liabilities in our Consolidated Balance Sheets, based upon our expected time of recognition. Related expenses deferred under drilling contracts totaled $157 million at December 31, 2013 as compared to $150 million at December 31, 2012, and are included in either Other current assets or Other assets in our 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. The U.S. Internal Revenue Service (IRS) has completed its examination of our tax reporting for the taxable year ended December 31, 2008. In June 2013, the IRS examination team notified us that they were no longer proposing any adjustments with respect to our tax reporting for the taxable year ended December 31, 2008. We are due a refund for the 2008 tax year. In November 2013, the congressional Joint Committee on Taxation completed its review of this refund with no exception to the conclusions reached by the IRS. The IRS began its examination of our tax reporting for the taxable year ended December 31, 2009. We believe that we have accurately reported all amounts in our 2009 tax returns. Furthermore, we are currently contesting several non-U.S. tax assessments and may contest future assessments. We believe the ultimate resolution of the outstanding assessments, for which we have not made any accrual, will not have a material adverse effect on our consolidated financial statements. We recognize uncertain tax positions that we believe have a greater than 50 percent likelihood of being sustained. We cannot predict or provide assurance as to the ultimate outcome of any existing or future assessments.

Table of Contents

During the second quarter of 2013, we reached an agreement with the tax authorities in Mexico resolving certain previously disclosed tax assessments. This settlement removed potential contingent tax exposure of $502 million for periods prior to 2007, which includes the assessments for years 2002 through 2005 of approximately $348 million, as well as settlement for 2006. The settlement of these assessments did not have a material impact on our consolidated financial statements.

Audit claims of approximately $320 million attributable to income, customs and other business taxes have been assessed against us. We have contested, or intend to contest, these assessments, 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.

Applicable income and withholding taxes have not been provided on undistributed earnings of our subsidiaries. We do not intend to repatriate such undistributed earnings except for distributions upon which incremental income and withholding taxes would not be material.

In certain jurisdictions we have recognized deferred tax assets and liabilities. Judgment and assumptions are required in determining whether deferred tax assets will be fully or partially utilized. When we estimate that all or some portion of certain deferred tax assets such as net operating loss carryforwards will not be utilized, we establish a valuation allowance for the amount ascertained to be unrealizable. We continually evaluate strategies that could allow for future utilization of our deferred assets. Any change in the ability to utilize such deferred assets will be accounted for in the period of the event affecting the valuation allowance. If facts and circumstances cause us to change our expectations regarding future tax consequences, the resulting adjustments could have a material effect on our financial results or cash flow.

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.

Certain Significant Estimates and Contingent Liabilities

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 16- Commitments and Contingencies.

New Accounting Pronouncements

In February 2013, the FASB issued Accounting Standards Update (ASU) No. 2013-02, which amends FASB Accounting Standards Codification (ASC) Topic 220, Comprehensive Income. This amended guidance requires additional information about reclassification adjustments out of comprehensive income, including changes in comprehensive income balances by component and significant items reclassified out of comprehensive income. This guidance is effective for reporting periods beginning after December 15, 2012. The adoption of this guidance did not have a material impact on our financial condition, results of operations, cash flows or financial disclosures.

In March 2013, the FASB issued ASU No. 2013-05, which amends ASC Topic 830, Foreign Currency Matters. This ASU provides guidance on foreign currency translation adjustments when a parent entity ceases to have a controlling interest on a previously consolidated subsidiary or group of assets. The guidance is effective for fiscal years beginning on or after December 15, 2013. We are still 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 July 2013, the FASB issued ASU No. 2013-11, which amends ASC Topic 740, Taxes. This ASU provides guidance on the presentation of tax benefits when a net operating loss carryforward or other tax credit carryforward exists. The guidance is effective for fiscal years beginning on or after December 15, 2013. We are still 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 agreement. At December 31, 2013, we had $1.6 billion in borrowings outstanding under our commercial paper program, which is supported by the Credit Facilities. Assuming our current level of debt, a change in LIBOR rates of 1 percent would increase our interest charges by approximately $16 million per year.

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 $5.7 billion and $5.1 billion at December 31, 2013 and 2012, respectively. The increase in fair value was primarily a result of increased indebtedness outstanding under our commercial paper program coupled with changes in interest rates and market perceptions of our credit risk, partially offset by the repayment of our $300 million fixed rate senior note.

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, some 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.

Our North Sea and Brazil operations have a significant amount of their cash operating expenses payable in local currencies. To limit the potential risk of currency fluctuations, we periodically enter into forward contracts, all of which have a maturity of less than 12 months. At December 31, 2013, we had no outstanding derivative contracts. Depending on market conditions, we may elect to utilize short-term forward currency contracts in the future.

Table of Contents

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 Corporation 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 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 all 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, Noble Enterprises Limited and Noble Drilling (Nederland) B.V., all indirect, wholly-owned subsidiaries of Noble-UK, maintains a pension plan that covers all of its salaried, non-union employees (collectively referred to as our non-U.S. plans). Benefits are based on credited service and employees compensation near retirement, as defined by the plans.

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

Table of Contents

Item 8. Financial Statements and Supplementary Data.

The following financial statements are filed in this Item 8:

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, equity, and cash flows present fairly, in all material respects, the financial position of Noble Corporation plc and its subsidiaries at December 31, 2013 and 2012, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2013 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, 2013, based on criteria established in *Internal Control - Integrated Framework* (1992) 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 28, 2014

Table of Contents

NOBLE CORPORATION PLC AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

(In thousands)

	December 31, 2013	December 31, 2012
ASSETS		
Current assets		
Cash and cash equivalents	$ 114,458	$ 282,092
Accounts receivable	949,069	743,673
Taxes receivable	140,269	112,423
Prepaid expenses and other current assets	187,139	167,137
Total current assets	1,390,935	1,305,325
Property and equipment, at cost	19,198,767	16,971,666
Accumulated depreciation	(4,640,677)	(3,945,694)
Property and equipment, net	14,558,090	13,025,972
Other assets	268,932	276,477
Total assets	$ 16,217,957	$ 14,607,774
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable	$ 347,214	$ 350,147
Accrued payroll and related costs	151,161	132,728
Taxes payable	125,119	135,257
Dividends payable	128,249	66,369
Other current liabilities	300,172	226,948
Total current liabilities	1,051,915	911,449
Long-term debt	5,556,251	4,634,375
Deferred income taxes	225,455	226,045
Other liabilities	334,308	347,615
Total liabilities	7,167,929	6,119,484
Commitments and contingencies		
Equity		
Shares	2,534	710,130
Treasury shares		(21,069)

Additional paid-in capital	810,286	83,531
Retained earnings	7,591,927	7,066,023
Accumulated other comprehensive loss	(82,164)	(115,449)
Total shareholders equity	8,322,583	7,723,166
Noncontrolling interests	727,445	765,124
Total equity	9,050,028	8,488,290
Total liabilities and equity	$ 16,217,957	$ 14,607,774

See accompanying notes to the consolidated financial statements.

Table of Contents

NOBLE CORPORATION PLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except per share amounts)

	Year Ended December 31,		
	2013	**2012**	**2011**
Operating revenues			
Contract drilling services	$ 4,070,070	$ 3,349,362	$ 2,556,758
Reimbursables	111,874	115,495	79,195
Labor contract drilling services	52,241	81,890	59,004
Other	105	265	875
	4,234,290	3,547,012	2,695,832
Operating costs and expenses			
Contract drilling services	2,014,217	1,769,428	1,384,200
Reimbursables	85,548	94,096	58,439
Labor contract drilling services	36,604	46,752	33,885
Depreciation and amortization	879,422	758,621	658,640
General and administrative	117,997	99,990	91,377
Incremental spin-off related costs	17,702	7,196	
Loss on impairment	43,688	20,384	
Gain on disposal of assets, net	(35,646)		
Gain on contract settlements/extinguishments, net	(46,800)	(33,255)	(21,202)
	3,112,732	2,763,212	2,205,339
Operating income	1,121,558	783,800	490,493
Other income (expense)			
Interest expense, net of amount capitalized	(106,300)	(85,763)	(55,727)
Interest income and other, net	2,754	5,188	1,484
Income before income taxes	1,018,012	703,225	436,250
Income tax provision	(167,606)	(147,088)	(72,625)
Net income	850,406	556,137	363,625
Net loss (income) attributable to noncontrolling interests	(67,709)	(33,793)	7,273
Net income attributable to Noble Corporation	$ 782,697	$ 522,344	$ 370,898
Net income per share attributable to Noble Corporation			
Basic	$ 3.05	$ 2.05	$ 1.46
Diluted	3.05	2.05	1.46

Weighted-Average Shares Outstanding:			
Basic	253,288	252,435	251,405
Diluted	253,547	252,791	251,989

See accompanying notes to the consolidated financial statements.

Table of Contents

NOBLE CORPORATION PLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands)

	Year Ended December 31,		
	2013	**2012**	**2011**
Net income	$ 850,406	$ 556,137	$ 363,625
Other comprehensive income (loss), net of tax			
Foreign currency translation adjustments	(3,188)	(8,076)	(2,566)
Foreign currency forward contracts		3,061	(4,665)
Interest rate swaps			(366)
Net pension plan gain (loss) (net of tax provision (benefit) of $14,155 in 2013, ($3,777) in 2012 and ($12,845) in 2011)	29,861	(41,658)	(18,551)
Amortization of deferred pension plan amounts (net of tax provision of $2,924 in 2013, $2,841 in 2012 and $1,146 in 2011)	6,612	5,545	2,047
Other comprehensive income (loss), net	33,285	(41,128)	(24,101)
Total comprehensive income	883,691	515,009	339,524
Net comprehensive loss (income) attributable to noncontrolling interests	(67,709)	(33,793)	7,273
Noncontrolling portion of gain on interest rate swaps			183
Comprehensive income attributable to Noble Corporation	$ 815,982	$ 481,216	$ 346,980

See accompanying notes to the consolidated financial statements.

Table of Contents

NOBLE CORPORATION PLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

	Year Ended December 31,		
	2013	**2012**	**2011**
Cash flows from operating activities			
Net income	$ 850,406	$ 556,137	$ 363,625
Adjustments to reconcile net income to net cash from operating activities:			
Depreciation and amortization	879,422	758,621	658,640
Loss on impairment	43,688	20,384	
Gain on disposal of assets, net	(35,646)		
Gain on contract extinguishments, net			(21,202)
Deferred income taxes	(15,955)	(20,119)	(82,325)
Amortization of share-based compensation	43,620	35,930	31,904
Net change in other assets and liabilities	(63,218)	30,740	(210,402)
Net cash from operating activities	1,702,317	1,381,693	740,240
Cash flows from investing activities			
Capital expenditures	(2,487,520)	(1,669,811)	(2,621,235)
Change in accrued capital expenditures	(58,587)	(121,077)	81,047
Refund from contract extinguishments			18,642
Proceeds from disposal of assets	61,000		
Net cash from investing activities	(2,485,107)	(1,790,888)	(2,521,546)
Cash flows from financing activities			
Net change in borrowings outstanding on bank credit facilities	1,221,333	(635,192)	935,000
Repayment of long-term debt	(300,000)		
Proceeds from issuance of senior notes, net of debt issuance costs		1,186,636	1,087,833
Dividends paid to noncontrolling interests	(105,388)		
Contributions from noncontrolling interests		40,000	536,000
Payments of joint venture debt			(693,494)
Settlement of interest rate swaps			(29,032)
Financing costs on credit facilities	(2,484)	(5,221)	(2,835)
Proceeds from employee stock transactions	4,261	14,677	9,924
Repurchases of employee shares surrendered for taxes	(7,653)	(10,516)	(10,233)
Par value reduction/dividend payments	(194,913)	(138,293)	(150,532)
Net cash from financing activities	615,156	452,091	1,682,631

Net change in cash and cash equivalents	(167,634)	42,896	(98,675)
Cash and cash equivalents, beginning of period	282,092	239,196	337,871
Cash and cash equivalents, end of period	**$ 114,458**	**$ 282,092**	**$ 239,196**

See accompanying notes to the consolidated financial statements.

Table of Contents

NOBLE CORPORATION PLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EQUITY

(In thousands)

	Shares		Capital in Excess of	Retained	Treasury	Noncontrolling	Accumulated Other Comprehensive	Total
	Balance	**Par Value**	**Par Value**	**Earnings**	**Shares**	**Interests**	**Loss**	**Equity**
Balance at December 31, 2010	**262,415**	**$ 917,684**	**$ 39,006**	**$ 6,630,500**	**$ (373,967)**	**$ 124,631**	**$ (50,220)**	**$ 7,287,634**
Employee related equity activity								
Amortization of share-based compensation			31,904					31,904
Issuance of share-based compensation shares	252	848	(838)					10
Exercise of stock options	501	1,661	7,303					8,964
Tax benefit of stock options exercised			950					950
Restricted shares forfeited or repurchased for taxes	(413)	(1,401)	1,401		(10,233)			(10,233)
Retirement of treasury shares	(10,116)	(33,035)		(340,612)	373,647			
Settlement of FIN 48 provision				15,658				15,658
Net income				370,898		(7,273)		363,625
Contributions from noncontrolling interests						573,973		573,973
Par value reduction payments		(119,162)	(31,370)					(150,532)

Other comprehensive loss, net							(24,101)	(24,101)
Balance at December 31, 2011	**252,639**	**$ 766,595**	**$ 48,356**	**$ 6,676,444**	**$ (10,553)**	**$ 691,331**	**$ (74,321)**	**$ 8,097,852**
Employee related equity activity								
Amortization of share-based compensation			35,930					35,930
Issuance of share-based compensation shares	437	1,307	(1,299)					8
Exercise of stock options	646	1,836	11,705					13,541
Tax benefit of stock options exercised			1,128					1,128
Restricted shares forfeited or repurchased for taxes	(374)	(1,138)	1,138		(10,516)			(10,516)
Net income				522,344		33,793		556,137
Contributions from noncontrolling interests								