# Noble Corporation plc

**U.K. Annual Report and Financial Statements**
**Registered number 08354954**
**31 December 2017**

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**NOBLE CORPORATION PLC AND SUBSIDIARIES**
**STRATEGIC REPORT**

The directors present their strategic report on the group for the year ended 31 December 2017. Noble Corporation plc is a public limited company incorporated under the laws of England and Wales, and listed on the New York Stock Exchange. The terms "Noble," "Noble plc," "Noble-UK," "Company," "we," "our" and "Group" refer to Noble Corporation plc and its consolidated subsidiaries, unless the context otherwise requires. The address of the registered office is Devonshire House, 1 Mayfair Place, London, England, W1J 8AJ. The Company registration number is 08354954.

## I. STRATEGY AND OUTLOOK

***Overview***

Noble Corporation plc, a public limited company incorporated under the laws of England and Wales, ("Noble-UK"), is a leading offshore drilling contractor for the oil and gas industry. We provide contract drilling services with our global fleet of mobile offshore drilling units. We report our contract drilling operations as a single reportable segment, Contract Drilling Services, which reflects how we manage our business. The mobile offshore drilling units comprising our offshore rig fleet operate in a global market for contract drilling services and are often redeployed to different regions due to changing demands of our customers, which consist primarily of large, integrated, independent and government-owned or controlled oil and gas companies throughout the world. As of 20 February 2018, our 28-rig fleet consisted of eight drillships, six semisubmersibles and 14 jackups.

At 31 December 2017, our fleet was located in Canada, Far East Asia, the Middle East, the North Sea, Oceania, South America and the Gulf of Mexico. Noble and its predecessors have been engaged in the contract drilling of oil and gas wells since 1921.

***Business Strategy***

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

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

Our business strategy focuses on a balanced, high-specification fleet of floating and jackup rigs and the deployment of our drilling rigs in oil and gas basins around the world.

We have expanded our drilling and fleet through our newbuild program. We took delivery of our last remaining newbuild, the heavy-duty, harsh environment jackup, the *Noble Lloyd Noble*, in July 2016. The *Noble Lloyd Noble* commenced operations in November 2016 under a four-year contract in the North Sea. Although we plan to prioritise capital preservation and liquidity based on current market conditions, from time to time we will also continue to evaluate opportunities to enhance our fleet, particularly focusing on higher specification rigs, to execute the increasingly complex drilling programs required by our customers.

***Outlook for 2018 and Beyond***

The challenging business environment for offshore drillers continued during 2017 and is expected to continue into 2018. An industry-wide rig supply imbalance has remained in place, as curtailed offshore spending by customers contributed to a growing number of rigs without drilling programs. In addition, newbuild rigs ordered prior to the decline in industry activity continue to exit shipyards, while the delivery of other newbuild rigs have been delayed into the future. In either case, these rigs add to the supply imbalance. Since 2015, the industry has experienced a higher level of fleet attrition, as rigs are removed from the global supply due to a number of factors, including advanced service life, high maintenance and reactivation costs and limited customer appeal. However, the pace of attrition has been significantly less than what is required to ameliorate the capacity imbalance. In addition, our customers have adopted a cautious approach to offshore spending as crude oil prices have declined from approximately $112 per barrel for Brent crude on 30 June 2014 to as low as approximately $30 per barrel in January 2016, before improving to $65 per barrel on 20 February 2018 and is expected to continue. Although crude oil prices have been less volatile during 2017, we expect that the offshore drilling programs of operators will remain curtailed, until higher crude oil prices are sustained and our customers' capital spending increases. Until then, further decline in rig utilisation and dayrates is possible.

We expect the business environment for the remainder of 2018 to remain challenged. The uncertainty of the viability and length of reductions in production agreed to by the Organization of Petroleum Exporting Countries ("OPEC"), the incremental production capacity in non-OPEC countries, including growing production from U.S. shale activity, the current U.S. political environment and fluid sentiment in oil markets are contributing to an uncertain oil price environment, leading to considerable uncertainty in our customers' production spending plans. However, steady demand growth, the lack of production investments in various countries around the world and the production limits agreed to by OPEC have helped to establish market conditions supporting higher sustained crude prices recently. In general, recent contract awards have been subject to a77n extremely competitive bidding process. As a result, the contracts have been for dayrates that are substantially lower than rates were for the same class of rigs before this period of imbalance. We cannot give any assurances as to when conditions in the offshore drilling market will improve, or when the oversupply of available drilling rigs will end. While current market conditions persist, we will continue to focus on fleet utilisation improvements, cost control initiatives and financial discipline, including preserving liquidity. The current business environment could lead to us stacking or retiring additional rigs.

We cannot predict the future level of demand or dayrates for our services, or future conditions in the offshore contract drilling industry. However, we believe in the long-term fundamentals for the industry and believe we are strategically well positioned during this market downturn as a result of our substantial backlog, modern fleet of high-specification rigs and strong operational capability. We also believe that these strengths will help us take advantage of any future market upcycle. Also, we expect the ultimate recovery to benefit from any sustained under-investment by customers during this current phase of the market cycle. Acceleration in customers' offshore spending, in combination with further fleet attrition, should contribute to a balanced rig supply over time.

***Contract Drilling Services Backlog***

We maintain a backlog of commitments for contract drilling services. Our contract drilling services backlog reflects estimated future revenues attributable to signed drilling contracts. While backlog did not include any letters of intent as of 31 December 2017, in the past we have included in backlog certain letters of intent that we expect to result in binding 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, and for the three rigs contracted with Shell mentioned below, we utilise the idle period and floor rates as described in Footnote (4) to the backlog table below. The reported contract drilling services backlog does not include amounts representing revenues for mobilisation, demobilisation 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 table below presents the amount of our contract drilling services backlog and the percent of available operating days committed for the periods indicated:

| | | Year Ending December 31, (1) | | | | |
|---|---|---|---|---|---|---|
| | **Total** | **2018** | **2019** | **2020** | **2021** | **2022-2023** |
| | | **(In thousands)** | | | | |
| **Contract Drilling Services Backlog** | | | | | | |
| Semisubmersibles/Drillships (2)(3) | $ 1,881,777 | $ 504,447 | $ 400,140 | $ 381,560 | $ 338,800 | $ 256,830 |
| Jackups (4) | 1,077,545 | 391,041 | 304,700 | 222,963 | 116,070 | 42,771 |
| Total (5) | $ 2,959,322 | $ 895,488 | $ 704,840 | $ 604,523 | $ 454,870 | $ 299,601 |
| **Percent of Available Days Committed (6)** | | | | | | |
| Semisubmersibles/Drillships | | 36% | 30% | 29% | 23% | 9% |
| Jackups | | 53% | 28% | 19% | 14% | 3% |
| Total | | 44% | 29% | 24% | 19% | 6% |

(1) Represents a twelve-month period beginning 1 January 2018.

(2) As previously reported, three of our long-term drilling contracts with Shell, the *Noble Bully II*, *Noble Globetrotter I* and *Noble Globetrotter II* contain a dayrate adjustment mechanism that utilises an average of market rates that match a set of distinct technical attributes and is subject to a modest discount, beginning on the fifth-year anniversary of the contract and continuing

every six months thereafter. On 12 December 2016, we amended those drilling contracts with Shell. As a result of the amendments, each of the contracts now has a contractual dayrate floor. The contract amendments for the *Noble Globetrotter I* and *Noble Globetrotter II* provide a dayrate floor of $275,000 per day. The *Noble Bully II* contract contains a dayrate floor of $200,000 per day plus daily operating expenses. The amendment also provided Shell the right to idle the *Noble Bully II* for up to one year and *Noble Globetrotter II* for up to two years, each at a special stacking rate. Shell has exercised its right and, beginning late December 2016, we idled the *Noble Globetrotter II* at a rate of $185,000 per day. The *Noble Bully II* was idled at a rate of $200,000 per day, effective 3 April 2017. Once the dayrate adjustment mechanism becomes effective and following any idle periods, the dayrate for these rigs will not be lower than the higher of (i) the contractual dayrate floor or (ii) the market rate as calculated under the adjustment mechanism. The impact to contract backlog from these amendments has been reflected in the table above and the backlog calculation assumes that, after any idle period at the contractual stacking rate, each rig will work at their respective dayrate floor for the remaining contract term.

(3) 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*. Pursuant to these agreements, each party has an equal 50 percent share in both vessels. As of 31 December 2017, the combined amount of backlog for these rigs totaled $515.0 million.

(4) Our Saudi Arabian Oil Company ("Saudi Aramco") contract rates for the *Noble Joe Beall* and the *Noble Gene House* were adjusted downward in 2016. We expect the contract rates to be in the general range of the amended rates in 2016 through the end of each respective contract. Backlog for these contracts has been prepared assuming the reduced rates from 2016 apply for the remainder of the contract.

(5) Some of our drilling contracts provide the customers with certain early termination rights and, in limited cases, those termination rights require minimal or notice and financial penalties. As of 20 February 2018, no new notifications of contract terminations have been received.

(6) 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.

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 presented in the table above due to various factors, including, but not limited to, shipyard and maintenance projects, unplanned downtime, the operation of market benchmarks for dayrate resets, achievement of bonuses, weather conditions, reduced standby or mobilisation rates and other factors that result in applicable dayrates lower than the full contractual operating dayrate. In addition, amounts included in the backlog may change because drilling contracts may be varied or modified by mutual consent or customers may exercise early termination rights contained in some of our drilling contracts or decline to enter into a drilling contract after executing a letter of intent. As a result, our backlog as of any particular date may not be indicative of our actual operating results for the periods for which the backlog is calculated.

As at 31 December 2017, Royal Dutch Shell plc ("Shell"), Saudi Arabian Oil ("Saudi Aramco") and Statoil ASA ("Statoil") represented approximately 57.7 percent, 18.6 percent and 14.3 percent of our backlog, respectively.

## II. BUSINESS OVERVIEW

### *History*

Noble-UK, a public limited company incorporated under the laws of England and Wales, is a leading offshore drilling contractor for the oil and gas industry. We provide contract drilling services with our global fleet of mobile offshore drilling units. The mobile offshore drilling units comprising our offshore rig fleet operate in a global market for contract drilling services and are often redeployed to different regions due to changing demands of our customers, which consist primarily of large, integrated, independent and government-owned or controlled oil and gas companies throughout the world. As of 20 February 2018, our 28-rig fleet consisted of eight drillships, six semisubmersibles and 14 jackups.

### Drilling Fleet

Noble is a leading offshore drilling contractor for the oil and gas sector. Noble owns and operates one of the most modern, versatile and technically advanced fleets of mobile offshore drilling units in the offshore drilling industry. Noble provides, through its subsidiaries, contract drilling services with a fleet of 28 offshore drilling units, consisting of eight drillships, six semisubmersibles and 14 jackups, focused largely on ultra-deepwater and high-specification drilling opportunities in both established and emerging regions worldwide. Each type of drilling rig is described further below. Several factors determine the type of unit most suitable for a particular job, the most significant of which include the water depth and the environment of the intended drilling location, whether the drilling is being done over a platform or other structure, and the intended well depth.

**Drillships**

A drillship is a type of floating drilling unit that is based on the ship-based hull of the vessel and equipped with modern drilling equipment that gives it the capability of easily transitioning from various worldwide locations and carrying high capacities of equipment while being able to drill ultra-deepwater oil and gas wells in up to 12,000 feet of water. Drillships can stay directly over the drilling location without anchors in open seas using a dynamic positioning system ("DPS"), which coordinates position references from satellite signals and acoustic seabed transponders with the drillship's six to eight thrusters to keep the ship directly over the well that is being drilled. Drillships are selected to drill oil and gas wells for programs that require a high level of simultaneous operations, where drilling loads are expected to be high, or where there are occurrences of high ocean currents, where the drillship's hull shape is the most efficient. There are currently eight drillships in Noble's fleet, capable of water depths from 8,200 feet to 12,000 feet.

**Semisubmersibles**

Semisubmersible drilling units are designed as a floating drilling platform incorporating one or several pontoon hulls, which are submerged in the water to lower the center of gravity and make this type of drilling unit exceptionally stable in the open sea. Semisubmersible drilling units are generally categorised in terms of the water depth in which they are capable of operating, from the mid-water range of 300 feet to 4,000 feet, the deepwater range of 4,000 feet to 7,500 feet, to the ultra-deepwater range of 7,500 feet to 12,000 feet as well as their generation, or date of construction. This type of drilling unit typically exhibits excellent stability characteristics, providing a stable platform for drilling in even rough seas. Semisubmersible drilling units hold their position over the drilling location using either an anchored mooring system or a DPS and may be self-propelled. Noble's fleet consists of six semisubmersible drilling units, three of which are equipped with mooring systems and three of which utilise DPS, with fleet diversity to operate in mid-water, deepwater and ultra-deepwater depth ranges with high levels of efficiency.

**Jackups**

Noble's fleet of modern, high-specification jackup drilling units give us the flexibility to provide drilling solutions to our customers who have drilling requirements in the shallower waters of the continental shelf, in depths ranging from less than 100 feet to as deep as 500 feet. Jackup rigs can be used in open water exploration locations, as well as over fixed, bottom-supported platforms. A jackup drilling unit is a towed mobile vessel consisting of a floating hull equipped with three or four legs, which are lowered to the seabed at the drilling location. The hull is then elevated out of the water by the jacking system using the legs to support weight of the hull and drilling equipment against the seabed. Once the hull is elevated to the desired level, or jacked up, the drilling package can be extended out over an existing production platform or the open water location and drilling can commence. Noble's fleet of 14 jackups varies from three standard units capable of drilling in up to 300 feet of water to premium and high-specification units capable of drilling in up to 500 feet of water with drilling hookloads greater than 2,500,000 pounds.

***Offshore Drilling Operations***

**Contract Drilling Services**

Offshore contract drilling operations, accounted for approximately 98 percent of our operating revenues for the years ended 31 December 2017 and 2016. During the two years ended 31 December 2017, we principally conducted our contract drilling operations in Canada, Far East Asia, the Middle East, the North Sea, Oceania, South America and the Gulf of Mexico. Revenues from Shell, Statoil and Saudi Aramco accounted for approximately 45.0 percent, 13.2 percent, and 11.4 percent, respectively, of our consolidated operating revenues for the year ended 31 December 2017. Revenues from Shell and Freeport-McMoRan Inc. ("Freeport") accounted for approximately 37.5 percent and 24.5 percent, respectively, of our consolidated operating revenues for the year ended 31 December 2016. No other customer accounted for more than 10 percent of our consolidated operating revenues in 2017 or 2016.

**Competition**

The offshore contract drilling industry is a highly competitive and cyclical business characterised by large capital expenditures and high operating and maintenance costs. We compete with other providers of offshore drilling rigs, and 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. Price competition, rig availability, location and rig suitability and technical specifications are the primary factors in determining which contractor is awarded a job, although other factors are important, including experience of the workforce, efficiency, safety performance record, condition of equipment, operating integrity, reputation, industry standing and client relations. In addition to having one of the newest fleets in the industry among our peer companies, we follow a policy of keeping our equipment well-maintained and technologically competitive. However, our rigs could be made obsolete by the development of new techniques and equipment, regulations or customer preferences.

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

**III. PRINCIPAL RISKS AND UNCERTAINTIES**

You should carefully consider the following risk factors and uncertainties in addition to the other information included in this 2017 Annual Report. Each of these risk factors could affect our business, operating results and financial condition, as well as affect an investment in our shares.

- Our business and results of operations have been materially hurt and our enterprise value has substantially declined due to current depressed market conditions which are the result of the dramatic drop in the oil price and the oversupply of offshore drilling rigs.
- Our business depends on the level of activity in the oil and gas industry. Adverse developments affecting the industry, including a decline in the price of oil or gas, reduced demand for oil and gas products and increased regulation of drilling and production, could have a material adverse effect on our business, financial condition and results of operations.
- The contract drilling industry is a highly competitive and cyclical business with intense price competition. If we are unable to compete successfully, our profitability may be materially reduced.
- The over-supply of rigs is contributing to a reduction in dayrates and demand for our rigs, which reduction may continue for some time and, therefore, is expected to further adversely impact our revenues and profitability.
- We may record impairment charges on property and equipment, including rigs and related capital spares.
- We may not be able to renew or replace expiring contracts, and our customers may terminate or seek to renegotiate or repudiate our drilling contracts or may have financial difficulties which prevents them from meeting their obligations under our drilling contracts.
- Our current backlog of contract drilling revenue may not be ultimately realized.
- We are substantially dependent on several of our customers, including Shell, Statoil and Saudi Aramco, and the loss of any of these customers would have a material adverse effect on our financial condition and results of operations.
- Paragon Offshore has formed and funded a litigation trust as part of its bankruptcy proceedings and the litigation trust has filed claims against us and certain of our officers and directors. In addition, Paragon Offshore has rejected in the bankruptcy proceedings certain separation agreements entered into with us, and as a result, we will be responsible for those liabilities for which we would have otherwise sought indemnification under the separation agreements.

- Our business involves numerous operating hazards.
- We may experience downgrades in our credit ratings, which could increase our borrowing costs and potentially reduce our access to additional liquidity.
- We are exposed to risks relating to operations in international locations.
- Operating and maintenance costs of our rigs may be significant and may not correspond to revenue earned.
- Drilling contracts with national oil companies may expose us to greater risks than we normally assume in drilling contracts with non-governmental clients.
- Governmental laws and regulations may add to our costs, result in delays, or limit our drilling activity.
- 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.
- 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.
- 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.
- 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.
- 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 the risks and hazards we face.
- Our information technology systems and those of our service providers are subject to cybersecurity risks and threats.
- A loss of a major tax dispute or a successful tax challenge to our operating structure, intercompany pricing policies or the taxable presence of our subsidiaries in certain countries could result in a higher tax rate on our worldwide earnings, which could result in a material adverse effect on our financial condition and results of operations.
- Our consolidated effective income tax rate may vary substantially from one reporting period to another.
- 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.
- Reactivation, refurbishment, 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.
- Acts of terrorism, piracy and political and social unrest could affect the markets for drilling services, which may have a material adverse effect on our results of operations.
- Failure to attract and retain skilled personnel or an increase in personnel costs could adversely affect our operations.
- Supplier capacity constraints or shortages in parts or equipment, supplier production disruptions, supplier quality and sourcing issues or price increases could increase our operating costs, decrease our revenues and adversely impact our operations.
- Unionization efforts and labor regulations in certain countries in which we operate could materially increase our costs or limit our flexibility.
- Any failure to comply with the complex laws and regulations governing international trade could adversely affect our operations.

- Pension expenses associated with our retirement benefit plans may fluctuate significantly depending upon changes in actuarial assumptions, future investment performance of plan assets and legislative or other regulatory actions.
- Fluctuations in exchange rates and nonconvertibility of currencies could result in losses to us.
- We are subject to litigation that could have an adverse effect on us.
- We are a holding company, and we are dependent upon cash flow from subsidiaries to meet our obligations.

Responsibility for risk oversight that does not specifically fall within the scope of authority of our standing Board of Directors ("Board") committees rests with our entire Board. Our Board also provides overall risk management oversight rather than a single committee. Our Board has the responsibility for confirming the risk tolerance of the Company and monitoring and assessing any potential material risks identified by its committees, or otherwise ensuring management has an effective and ongoing program in place for monitoring and assessing, and, to the extent appropriate, mitigating such risks to be within the risk tolerance of the Company. Risks falling within this area include but are not limited to general business and industry risks, operating risks, financial risks and compliance risks that we face. We have not concentrated within our executive management responsibility for all risk management in a single risk management officer within our executive management, but rather we rely on a management steering committee to administer an enterprise risk management (“ERM”) system that is designed to ensure that the most significant risks to the Company, on a consolidated basis, are being identified, managed and monitored appropriately, and that due care is exercised in considering such risks in the management of the Company.

## IV. MARKET OVERVIEW

### *Current Business Environment*

The challenging business environment for offshore drillers continued during 2017 and into 2018. An industry-wide rig supply imbalance has remained in place, as curtailed offshore spending by customers contributed to a growing number of rigs without drilling programs. In addition, newbuild rigs ordered prior to the decline in industry activity continue to exit shipyards, while the delivery of other newbuild rigs have been delayed into the future. In either case, these rigs add to the supply imbalance. Since 2015, the industry has experienced a higher level of fleet attrition, as rigs are removed from the global supply due to a number of factors, including advanced service life, high maintenance and reactivation costs and limited customer appeal. However, the pace of attrition has been significantly less than what is required to ameliorate the capacity imbalance. In addition, our customers have adopted a cautious approach to offshore spending as crude oil prices have declined from approximately $112 per barrel for Brent crude on 30 June 2014 to as low as approximately $30 per barrel in January 2016, before improving to $65 per barrel on 20 February 2018. Although crude oil prices have been less volatile during 2017, we expect that the offshore drilling programs of operators will remain curtailed, until higher crude oil prices are sustained and our customers' capital spending increases. Until then, further decline in rig utilisation and dayrates is possible.

We expect the business environment for the remainder of 2018 to remain challenging. The uncertainty of the viability and length of reductions in production agreed to by OPEC, the incremental production capacity in non-OPEC countries, including growing production from U.S. shale activity, the current U.S. political environment and fluid sentiment in oil markets are contributing to an uncertain oil price environment, leading to considerable uncertainty in our customers’ production spending plans. However, steady demand growth, the lack of production investments in various countries around the world and the production limits agreed to by OPEC have helped to establish market conditions supporting higher sustained crude prices recently. In general, recent contract awards have been subject to an extremely competitive bidding process. As a result, the contracts have been for dayrates that are substantially lower than rates were for the same class of rigs before this period of imbalance. We cannot give any assurances as to when conditions in the offshore drilling market will improve, or when the oversupply of available drilling rigs will end. While current market conditions persist, we will continue to focus on fleet utilization improvements, cost control initiatives and financial discipline, including the preservation of liquidity. The current business environment could lead to us stacking or retiring additional rigs.

We cannot predict the future level of demand or dayrates for our services, or future conditions in the offshore contract drilling industry. However, we believe in the long-term fundamentals for the industry and believe we are strategically well positioned during this market downturn as a result of our substantial backlog, modern fleet of high-specification rigs and strong operational capability. We also believe that these strengths will help us take advantage of any future market upcycle. Also, we expect the ultimate recovery to benefit from any sustained under-investment by customers during this current phase of the market cycle. Acceleration in customers' offshore spending, in combination with further fleet attrition, should contribute to a balanced rig supply over time.

Our business strategy focuses on a balanced, high-specification fleet of both floating and jackup rigs and the deployment of our drilling rigs in important oil and gas basins around the world.

***Impairment***

See "Note 10— Property and Equipment" for information on our impairment testing.

## V. KEY PERFORMANCE INDICATORS

Operating results for our contract drilling services segment are dependent on three primary key performance metrics:

1) operating days;
2) day rates; and
3) operating costs.

We also track rig utilisation, which is a function of operating days and the number of rigs in our fleet. For more information on operating costs, see— "Contract Drilling Services," below.

The following table presents the average rig utilisation, operating days and average dayrates for our rig fleet for 2017 and 2016:

| | Average Rigs Utilisation [1] | | Operating Days [2] | | | Average Dayrates | | |
|---|---|---|---|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 | % Chang | 2017 | 2016 | % Chang |
| | | | | | | $'000 | $'000 | |
| Jackups | 85 % | 83 % | 4,367 | 3,966 | 10 % | 126,109 | 126,279 | — % |
| Semisubmersibles | 17 % | 22 % | 365 | 649 | (44 )% | 155,919 | 256,122 | (39 )% |
| Drillships | 59 % | 82 % | 1,716 | 2,408 | (29 )% | 349,244 | 654,074 [3] | (47 )% |
| **Total** | **63%** | **66%** | **6,448** | **7,023** | **(8)%** | **187,181** | **319,256** | **(41)%** |

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

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

(3) Average dayrates include a $14.4 million loss in the year ended 31 December 2017 and a $14.4 million gain in the year ended 31 December 2016, in respect of the termination date valuation of certain contingent payments for the *Noble Sam Croft* and *Noble Tom Madden* related to the FCX Settlement. The loss in 2017 had a negative impact and the gain in 2016 had a positive impact on the drillships average dayrates.

See the— "Results of Operations," section below for a review of our 3rd primary key performance indicator, operating costs.

## VI. RESULTS OF OPERATIONS

**2017 Compared to 2016**

### Contract Drilling Services

The following table presents the operating results for our contract drilling services segment for 2017 and 2016 (dollars in thousands):

| | 2017 | 2016 | Change $ | Change % |
|---|---|---|---|---|
| | $'000 | $'000 | $'000 | |
| **Revenues** | 1,236,915 | 2,302,065 | (1,065,150) | (46)% |
| **Operating costs and expenses:** | | | | |
| Contract drilling services | (639,663) | (877,734) | 238,071 | (27)% |
| Reimbursables [1] | (18,435) | (45,499) | 27,064 | (59)% |
| Depreciation and amortisation | (368,662) | (421,036) | 52,374 | (12)% |
| General and administrative | (72,569) | (70,969) | (1,600) | 2 % |
| Loss on impairment | (883,175) | (1,344,295) | 461,120 | (34)% |
| | (1,982,504) | (2,759,533) | 777,029 | (28)% |
| **Operating loss** | (745,589) | (457,468) | (288,121) | 63 % |

(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.

***Operating Revenues.*** The $1.0 billion decline in contract drilling services revenues for the year ended 31 December 2017 as compared to 2016 was composed of an $851.6 million decline from lower dayrates and a $183.6 million decline due to fewer operating days. The contract drilling services revenues decline was primarily due to our drillship and semisubmersible fleets, which experienced declines in revenues of $975.7 million and $109.3 million, respectively, and was partially offset by revenue increases in our jackup fleet of $49.8 million.

The $975.7 million revenue decline in our drillship fleet for the year ended 31 December 2017 as compared to 2016 consists of a $523.1 million decline from lower dayrates and $452.6 million decline due to fewer operating days. The decline in average dayrates was primarily related to the payment of the $393.0 million FCX Settlement in 2016. Of the decline in revenue attributable to operating days, $281.5 million is related to the *Noble Bully I* and *Noble Bob Douglas* operating for all of 2016, but being idle for the majority of 2017. The remainder of the decline in operating days and the decline in average dayrates was attributable to the *Noble Tom Madden* and *Noble Sam Croft,* whose contracts were terminated in May 2016.

The $109.3 million revenue decline in our semisubmersible fleet for the year ended 31 December 2017 as compared to 2016, consists of a $36.6 million decline from lower dayrates and a $72.7 million decline due to fewer operating days. The decline in both average dayrates and operating days as compared to 2016 was attributable to contract completions for the *Noble Clyde Boudreaux*, *Noble Jim Day, Noble Dave Beard*, *Noble Danny Adkins* and *Noble Amos Runner*, none of which have returned to work since their respective contract completions.

The $49.8 million revenue increase in our jackup fleet is primarily attributable to an increase in operating days on the *Noble Mick O'Brien* and *Noble Regina Allen* as well as the startup of the newbuild *Noble Lloyd Noble.*

***Operating Costs and Expenses.*** Contract drilling services costs decreased $238.7 million for the year ended 31 December 2017 as compared to 2016. Of the decrease, $179.0 million was due to rigs that operated during 2016 being idle during 2017. An additional $113.1 million decrease in cost was due to continuing cost control measures, yielding reductions in labour and training related costs of approximately $53.8 million, operations support costs of $29.7 million, repair and maintenance costs of $28.1 million, and rig mobilisation costs of $3.0 million. These cost decreases were partially offset by the startup of the *Noble Lloyd Noble*, a greater number of operating days for contracted rigs during 2017 and the write-off of a $14.4 million customer receivable during 2017.

***Critical Accounting Policies and Estimates***

See Note 3— Critical Accounting Judgments, Estimates and Assumptions to the Consolidated Financial Statements for our critical accounting policies and estimates.

***Legal Proceedings***

See Note 19— Commitments and Contingencies to the Consolidated Financial Statements for information on our legal proceedings.

***Selected Financial Data.***

The selected financial data presented below is derived, in part, from the "Consolidated Financial Statements". This data should be read in conjunction with the "Consolidated Financial Statements" and related notes, as well as with this Strategic Report.

| | Year Ended December 31, | |
|---|---|---|
| | 2017 | 2016 |
| | $'000 | $'000 |
| | (In thousands, except per share amounts) | |
| **Consolidated Income Statement Data** | | |
| Revenue | 1,236,915 | 2,302,065 |
| Net loss attributable to Noble Corporation plc (1) | (1,047,046) | (561,501) |
| Net loss from continuing operations per share attributable to Noble-UK: | | |
| Basic | (4.27) | (2.31) |
| Diluted | (4.27) | (2.31) |
| **Consolidated Statement of Financial Position Data** | | |
| Cash and cash equivalents | 662,829 | 725,722 |
| Property and equipment | 4,690,455 | 5,840,484 |
| Total assets | 5,878,134 | 7,227,561 |
| Non-current interest bearing loans and borrowings | 3,795,867 | 4,040,238 |
| Total liabilities | 4,699,898 | 4,996,699 |
| Total liabilities and equity | 5,878,134 | 7,227,561 |
| **Other Data** | | |
| Net cash generated from operating activities | 453,943 | 1,126,076 |
| Net cash used in investing activities | (155,588) | (669,931) |
| Net cash used in financing activities | (361,248) | (242,668) |
| Capital expenditures | (111,140) | (659,925) |
| Working capital (2) | 449,769 | 563,136 |
| Cash distributions declared per share | — | 0.20 |

(1) Results for 2017 and 2016 include impairment charges of $883 million and $1.3 billion, respectively.

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

## VII. LIQUIDITY AND CAPITAL RESOURCES

***Overview***

Net cash generated from operating activities in 2017 was $453.9 million, compared to $1.1 billion in 2016, respectively. The decrease in net cash generated from operating activities is primarily attributable to a reduction in operating income. We had working capital of $449.8 million and $563.1 million at 31 December 2017 and 2016, respectively.

Net cash used in investing activities in 2017 was $155.6 million, which compared to $669.9 million in 2016. The decrease in net cash used is primarily attributable to the conclusion of the newbuild expenditures.

Net cash used in financing activities in 2017 and 2016 was $361.2 million and $242.7 million, respectively. During the current period, our primary uses of cash included the repayment of the Senior Notes due 2017 (the "2017 Notes") for $300.0 million and dividends paid to noncontrolling interests of approximately $56.9 million.

Our principal source of capital in the current period was cash generated from operating activities and cash on hand. Cash on hand during the current period was primarily used for the following:

- normal recurring operating expenses;
- repayment of the 2017 Notes; and
- capital expenditures.

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

- normal recurring operating expenses;
- planned and discretionary capital expenditures; and
- repayment of debt and interest.

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

***Capital Expenditures***

Capital expenditures, including capitalised interest, totaled $111.1 million and $659.9 million for the years ended 31 December 2017 and 2016, respectively. Capital expenditures during 2017 consisted of the following:

- $58.6 million for sustaining capital and upgrades and replacements to drilling equipment;
- $39.3 million in major projects; and
- $13.2 million in subsea related expenditures.

Our total capital expenditure estimate for 2018 is approximately $148.0 million, which is currently anticipated to be spent as follows:

- $83.0 million for sustaining capital; and
- $65.0 million for major projects, subsea related expenditures and upgrades and replacements to drilling equipment.

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 labour 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.

See Note 11— Trade and other receivables to the Consolidated Financial Statements for more information on our capital expenditures.

***Share Repurchases***

See the Directors' Report, which begins on page 13 of this report, for information on share repurchases.

***Interest Bearing Loans and Borrowings***

See Note 14— Interest Bearing Borrowings to the Consolidated Financial Statements for information on our interest bearing loans and borrowings.

***Summary of Contractual Cash Obligations and Commitments***

See Note 19— Commitments and Contingencies to the Consolidated Financial Statements for information on our contractual cash obligations and commitments.

**VIII. Employees**

At 31 December 2017, we had approximately 2,000 employees, excluding approximately 600 persons we engaged through labour contractors or agencies. Approximately 83 percent of our workforce is located offshore. Of our shorebased employees, approximately 69 percent are male. We are not a party to any material collective bargaining agreements, and we consider our employee relations to be satisfactory.

The following table summarises our employee diversity data at 31 December 2017:

| Gender Diversity Data | Total | Men | Women |
|---|---|---|---|
| Directors of the Company | 8 | 62% | 38% |
| Senior Managers [1] | 4 | 100% | —% |
| Shorebased Employees | 392 | 69% | 31% |
| Offshore Workforce | 1,554 | 99% | 1% |

(1) Senior manager is defined in section 414C(9) of the Companies Act 2006 and accordingly the number disclosed comprises the Executive Committee members who were not Directors of the Company.

We strive to be the employer of choice and respect the dignity and worth of all employees. We expect each individual to demonstrate a strong work ethic and contribute to Noble's success. Noble is an equal opportunity employer. It is our policy not to discriminate against employees and people who apply to work for Noble. Noble has operations in many countries and endeavors to employ a skilled workforce that reflects the diverse populations of the communities where we operate. We will train employees to steadily develop and improve their competence and skills so they are fully prepared to meet the highest industry standards, customer expectations, and demands of modern offshore drilling. We will foster a culture where our employees reach their highest potential and create an environment that provides a safe place to work, structured career development, encourages open communication, promotes teamwork, and rewards performance.

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, and issue periodic publications of Company activities and other matters of interest, and offer a variety of in-house training, including through NobleAdvances, our state of the art training facility in Sugar Land, Texas.

We are committed to a policy of recruitment and promotion based upon merit without discrimination. 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.

*Learning and Development*

Noble is committed to empowering our employees with the proper tools and training to meet our objectives. Noble provides training and development to help our employees reach their highest potential so we can support Noble's goals of sustainability and industry leadership. It is critical that Noble continue to attract, develop and retain a highly skilled and motivated workforce.

On behalf of the Board of Directors,

Julie J. Robertson

Julie J. Robertson
Executive Director
23 March 2018

The Directors present their report and the audited financial statements for the year ended 31 December 2017. Noble Corporation plc is a public limited company incorporated under the laws of England and Wales, and listed on the New York Stock Exchange. References in this Annual Report to "Noble," "Noble plc," "Noble-UK," "Company," "we," "our" and "Group" refer to Noble Corporation plc and its consolidated subsidiaries. The address of the registered office is Devonshire House, 1 Mayfair Place, London, England, W1J 8AJ.

**Directors and Corporate Governance.**

The Company's Articles of Association and Governance Guidelines are posted on our company website at www.noblecorp.com, located in the "Governance" area. The U.K. Directors' Remuneration Report, Remuneration Policy and directors' interests in the shares of the Company are set out in the Company's "Directors' Remuneration Report and Policy".

The Directors' Remuneration Report was approved by the Board of Directors on 23 March 2018.

***Board of Directors***

The following table presents certain information as of 23 March 2018 with respect to our board of directors who held office during the period and up to the date of signing the financial statements, unless otherwise stated:

| Name | Effective | Retired |
|---|---|---|
| David Williams | 2008 | 11 January 2018 |
| Ashley Almanza | 2013 | |
| Julie Edwards | 2006 | |
| Gordon Hall | 2009 | |
| Scott Josey | 2014 | |
| Jon Marshall | 2009 | |
| Mary Ricciardello | 2003 | |
| Michael Cawley | 1985 | 11 August 2017 |
| Julie Robertson | 2017 | |

In line with the Company's Articles of Association ("the Articles"), all Directors will retire at the 2018 Annual General Meeting and seek reappointment by shareholders. Details of the Executive Directors' contracts can be found in the "Directors' Remuneration Report and Policy," and copies are available for on the Company's website. The terms and conditions of appointment of Non-executive Directors are set out in their letters of appointment with the Company which are available for inspection from the Company Secretary.

***Board of Directors Interest***

No Director is, or was, materially interested in any contract subsisting during or at the end of the year that was significant in relation to the Company's business. See also "Related Party Transactions" below. The interests of the Directors in office at the end of the year, including any interests of a connected persons, can be found in the "Directors' Remuneration Report and Policy."

***Dividends***

Our Board of Directors eliminated our quarterly cash dividend of $0.02 per share, beginning in the fourth quarter of 2016.

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

See Note 20— Dividends to the Consolidated Financial Statements for more information on dividends.

On 20 February 2018, there were 246,776,217 shares outstanding held by 215 shareholder accounts of record.

***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. At 31 December 2017 we do not have shareholder authority to repurchase shares. During the years ended 31 December 2017 and 2016, no shares were repurchased.

***Going Concern Basis***

The group’s business activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report beginning on page 1 of this Annual Report. The directors have considered the use of the going concern basis in the preparation of the financial statements of the company and the group in light of the current market conditions and conclude that the use of the going concern basis is appropriate. In coming to their conclusion, the directors have considered the financial position and cash requirements of the company and the group for the period of 12 months from the date of signing of these financial statements.

The directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Thus, the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

***Financial Risk Management and Financial Instruments***

Information related to the use of financial instruments and Noble’s financial risk management objectives and policies, and exposure to market risk (including price risk), credit risk and liquidity risk can be found in Note 25— Financial Instruments and Risk Management to the Consolidated Financial Statements.

***Qualifying Third-Party Indemnities***

The Company has granted a qualifying third party indemnity to each of its Directors against liability in respect of proceedings brought by third parties, which is in force as at the date of approving the Directors' report and will remain in force throughout 2018.

***Related Party Transactions***

See Note 24— Related Party Transactions to the Consolidated Financial Statements. There were no transactions or proposed transactions that were material to either the Company or any related party.

***Future Developments***

See the “Strategy and Outlook,” section of the Strategic Report, which begins on page 1 of this Annual Report, for information about future developments including our backlog.

***Recent Developments and Post Balance Sheet Events***

Material recent developments and post-balance sheet events can be found in Note 29— Post Balance Sheet Events to the Consolidated Financial Statements.

***Research and Development***

The company did not engage in research and development activities. For more information on the Company’s business overview and activities see the “Strategic Report,” which begins on page 1 of this Annual Report.

***Political Contributions***

No donations were made by the Company or any of its subsidiaries to political parties or organisations during the year.

***Greenhouse Gas Emissions***

The U.S. Environmental Protection Agency regulates the permitting of greenhouse gas (“GHG”) emissions from stationary sources under the Clean Air Act’s Prevention of Significant Deterioration (“PSD”) and Title V permitting programs and has also adopted rules requiring the annual 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. Further, proposed U.S. legislation and certain governmental protocols, treaties and conventions could establish prescribed reductions or a cap on GHG emissions in the United States and use of GHG emission “allowances” corresponding to annual emissions.

European Union ("EU") member states have implemented rules in connection with the U.N.'s Kyoto Protocol on GHG emissions, through the EU Emissions Trading System ("ETS") which 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 emissions "cap and trade" system for certain industry sectors, including power generation at some offshore facilities. Total GHG emissions from these sectors is capped, and the cap will reduce over time to achieve a 21 percent GHG reduction from these sectors through 2020 and the EU has proposals for further reducing emissions in the future. Some EU member states have enacted additional and more long-term reduction targets that may also be affected by future legislation and EU protocols, treaties or conventions. Under such requirements, entities operating over the cap must either reduce their GHG emissions or purchase tradable emissions allowances, the cost for which could influenced by regulatory changes and market trading, and may increase over time.

While it is not possible at this time to predict how new laws 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. In addition, incentives to conserve energy or use alternative energy sources could also have a negative impact on our business.

Combustion of diesel fuel (Scope 1) aboard all of our vessels worldwide is the Company's primary source of GHG emissions, including carbon dioxide, methane and nitrous oxide. Procedures to collect and report indirect emissions from generation of purchased (Scope 2) will be implemented in the future. For the year ended 31 December 2017, our estimated carbon dioxide equivalent ("CO2e") gas emissions were 918,439 tonnes as compared to 985,384 tonnes for the years ended 31 December 2016. When expressed as an intensity measure of tonnes of CO2e gas emissions per dollar of contract drilling revenues from continuing operations, the intensity measure for 31 December 2017 and 2016 was .0008 and .0004, respectively. The increase in emissions is due to the *Noble Lloyd Noble* operating for the full year of 2017, as well as the *Noble Tom Madden* and *Noble Sam Croft* activating and now also including helicopter emissions. 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 organisational level for quantification and reporting of greenhouse gas emissions and removals (2006)." We have used SANGEA™ Emissions Estimation Software is used to estimate CO2e gas of Scope 1 emissions based on diesel fuel consumption.

**DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE PREPARATION OF THE ANNUAL REPORT AND ACCOUNTS**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 “Reduced Disclosure Framework”, and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of the profit or loss of the group and parent company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed for the group financial statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and parent company's transactions and disclose with reasonable accuracy at any time the financial position of the group and parent company and enable them to ensure that the financial statements and the Directors’ Remuneration Report comply with the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

The directors are also responsible for safeguarding the assets of the group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the parent company’s website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The directors consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the group and parent company’s performance, business model and strategy.

Each of the directors, whose names and functions are listed in Board of Directors confirm that, to the best of their knowledge:

- the parent company financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 “Reduced Disclosure Framework”, and applicable law), give a true and fair view of the assets, liabilities, financial position and loss of the company;
- the group financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and loss of the group; and
- the Directors' Report includes a fair review of the development and performance of the business and the position of the group and parent company, together with a description of the principal risks and uncertainties that it faces.
- In the case of each director in office at the date the Directors’ Report is approved:
- so far as the director is aware, there is no relevant audit information of which the group and parent company’s auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group and parent company’s auditors are aware of that information.

**Disclosure of information to auditors**

In accordance with Section 418 of the Companies Act 2006, each Director in office at the date the Directors’ report is approved confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company’s auditor is unaware; and
- he/she has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company’s auditor is aware of that information.

**Independent auditors**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution that they be re-appointed will be proposed at the annual general meeting.

On behalf of the Board of Directors,

Julie J. Robertson

Julie J. Robertson
Executive Director
23 March 2018

**Directors' Remuneration Report**
**For the Year Ended 31 December 2017**

## *Compensation Committee Chairman's Annual Statement:*

**Dear Shareholders:**

I am pleased to present our Company's remuneration report for 2017. This remuneration report is divided into three sections:

(A) this statement;
(B) the Directors' remuneration policy setting out our policy on Directors' compensation, which was approved by a binding vote of our shareholders at our 2017 Annual General Meeting of Shareholders for a three year period; and
(C) the annual report on remuneration which sets out Director compensation and details the link between Company performance and compensation for the financial year ended 31 December 2017. The annual report on remuneration, together with this statement, is subject to an advisory vote at our 2018 Annual General Meeting.

***Current Challenging Market Conditions***

The challenging business environment for offshore drillers continued during 2017 and into 2018. An industry-wide rig supply imbalance has remained in place, as curtailed offshore spending by customers contributed to a growing number of rigs without drilling programs. In addition, newbuild rigs ordered prior to the decline in industry activity continue to exit shipyards, while the delivery of other newbuild rigs have been delayed into the future. In either case, these rigs add to the supply imbalance. Since 2015, the industry has experienced a higher level of fleet attrition, as rigs are removed from the global supply due to a number of factors, including advanced service life, high maintenance and reactivation costs and limited customer appeal. However, the pace of attrition has been significantly less than what is required to ameliorate the capacity imbalance. In addition, our customers have adopted a cautious approach to offshore spending as crude oil prices have declined from approximately $112 per barrel for Brent crude on 30 June 2014 to as low as approximately $30 per barrel in January 2016, before improving to $65 per barrel on 20 February 2018. Although crude oil prices have been less volatile during 2017, we expect that the offshore drilling programs of operators will remain curtailed, until higher crude oil prices are sustained and our customers' capital spending increases. Until then, further decline in rig utilisation and dayrates is possible.

Noble's business is highly correlated and dependent on the overall demand for offshore contract drilling services, which is principally tied to the market price of oil and our customers' capital spending. Reflecting these market factors, our share price since the middle of 2014 has tracked the decline in oil prices, falling from $27 on 4 August 2014 to $4 on 20 February 2018, a decline of 85%, following the decline in the price of oil during this period.

***Recent Management Change***

David W. Williams resigned as Noble's Chairman, President and Chief Executive Officer on 11 January 2018, and Julie J. Robertson, formerly Executive Vice President and Corporate Secretary, was named Chairman, President and Chief Executive Officer on the same date. Ms. Robertson is now the sole Executive Director on the Company's Board. We are excited to have Ms. Robertson at the helm as we continue to navigate the challenging market environment.

***Recent Compensation Decisions***

Against the difficult offshore drilling market background, your Compensation Committee has made a number of changes in respect of compensation over the past few years:

- ***Reducing Overall CEO Compensation.*** We have made changes in our compensation program which significantly reduced our former CEO's overall compensation. As reported in our 2018 proxy statement, these changes, which are highlighted below, reduced the total reported 2017 compensation paid to our former CEO by more than 8% from 2016 levels, 22% from 2015 levels and more than 37% from 2014 levels.

- ***Reduction in CEO LTIP Award; Refocus of LTIP Goals.*** In 2017, we reduced the value of the aggregate LTIP award to our former CEO by 11% from 2016 award levels. Combined with the 10% reduction in value beginning in 2015, our 2017 CEO LTIP grant value decreased by 20% from 2014 levels. Also in 2017, we introduced a new LTIP performance goal: contract drilling margin (less G&A) relative to our driller peer group. We believe this new LTIP goal, along with the existing relative Total Shareholder Return ("TSR") performance goal, will drive performance on a key success metric for the Company.

- ***Freezing Base Salaries; Reducing CEO Salary.*** We continued to hold the base salaries of all of our named executive officers at 2014 levels through 2018. In addition, our former CEO's 2017 base salary reflected a reduction of 10% from the 2016 level.

- ***New CEO Compensation Package***. Our new CEO's 2018 compensation package consists of a base salary of $850,000, or 10% lower than the 2017 CEO base salary, the same target bonus percentage and a 2018 CEO LTIP award value 23% lower than the 2017 CEO LTIP award value.

***Outlook for 2018***

We believe our compensation program's components and levels are appropriate for our industry and provide a direct link to enhancing shareholder value and advancing the core principles of our compensation philosophy and objectives to ensure the long-term success of the Company. We will continue to monitor current trends and issues in our industry, as well as the effectiveness of our program with respect to our executives, and properly consider, from time to time, whether to modify our program as appropriate.

**Jon A. Marshall**

**Chairman of the Compensation Committee**

23 March 2018

## Directors' Compensation Policy

Our Directors' Compensation Policy applies to our Executive Director, as Chairman, President and Chief Executive Officer (as well as any individual that may become an Executive Director while this policy is in effect) and our Non-Executive Directors.

Our Compensation Policy for our Executive Directors is primarily designed to:

- Attract and retain individuals with the skills and experience necessary to successfully execute Noble's strategic business plan;
- Motivate individuals to achieve key strategic, operational, safety and financial goals that will drive shareholder value while not subjecting the Company to excessive or unnecessary risk; and
- Align our Executive Directors' interests with those of our shareholders.

Consistent with this philosophy, we seek to provide total compensation packages that are competitive with those of the companies against which we compete on an operational basis and for key talent. In establishing our Compensation Policy, the Compensation Committee (or "Committee") has reviewed and considered various benchmarks and market reference points. A substantial portion of total compensation for our Executive Directors is subject to Company, individual and share price performance and is at risk of forfeiture.

### Future Compensation Policy - Executive Directors

The Compensation Policy set out in this report was approve by a binding vote of shareholders at the Company's 2017 Annual General Meeting of Shareholders and will continue in effect until 31 December 2020 unless amended and approved by shareholders prior to such date.

| Compensation Component | Purpose / Link to Noble's Business Strategy | How Component Operates | Maximum Opportunity |
|---|---|---|---|
| **Base Salary** | -Attract and retain high performing individuals<br>-Reflect an individual's skills, experience and performance<br>-Align with market value of role | -Reviewed annually by Committee<br>-In establishing base salary levels and determining increases, the Committee considers a variety of factors including: (1) our compensation philosophy, (2) market compensation data, (3) competition for key Director-level talent, (4) the Director's experience, leadership and contributions to the Company's success, (5) the Company's overall annual budget for merit increases and (6) the Director's individual performance in the prior year<br>-If any adjustments are made, annual salary increases generally take effect in January or February of each year, but could occur throughout the year if circumstances merit such an adjustment. Base salary is not subject to any clawback measures | -Annual increase not to exceed 15% of prior year's highest annualised base salary rate<br>-For recruitment purposes, the base salary limit set forth in this policy will not apply to any individual hired from outside of Noble<br>-Committee reserves discretion to set base salary at a level it deems appropriate to reflect a material job promotion or a material increase in responsibility, provided that the base salary level set in these circumstances will not exceed 115% of the annualised salary of the person who previously held such similar position for a period of at least 12 months |

| | | | |
|---|---|---|---|
| **Annual Bonus pursuant to Short Term Incentive Plan ("STIP") or other Cash Awards** | -Drive achievement of annual financial, safety and strategic goals<br>-Align interests and wealth creation with those of shareholders<br>-Align with market value of role | -Funding mechanism for the aggregate STIP pool linked directly to objective financial and/or operational performance (e.g., EBITDA, safety, environmental, etc.) determined annually.<br>-Individual payouts will be based on a fixed pro rata share (based on an annually fixed bonus opportunity percentage) or other share of the aggregate funding pool and may also be subject to individual increase or decrease through the application of discretionary factors or financial, operational and/or other company, team or individual metrics key to the success of Noble.<br>-Performance metrics and actual results used to determine STIP payouts will be disclosed in the Implementation Report of the Directors' --Compensation. Report in the year in which corresponding STIP payouts are made unless the metrics are considered commercially sensitive.<br>-All metrics will be measured on a no longer than one year basis.<br>-Performance below a threshold level for operational or financial goals will result in a $0 payout for these goals.<br>-Payouts between a threshold and maximum level will be interpolated. The Committee reserves the right in its discretion to adjust earned awards up or down, including to reduce any award to zero.<br>-Payments are intended to be made in cash, but can be settled in Company shares or a combination of cash and shares at the Committee's discretion.<br>-The Committee will assess the performance of our CEO and in the case of Executive Directors other than the CEO, if any, it will consider input from the CEO.<br>-The treatment of STIP awards will differ from this policy if a change in control were to occur. This treatment is summarised in the Directors' Remuneration Report.<br>-STIP awards are subject to recoupment under the provisions of Section 304 of the Sarbanes-Oxley Act and any other policy adopted by the Company, and would also be subject to any applicable legislation adopted during the time in which this policy is in effect. See "Clawback Provisions" below.<br>-Cash awards outside the STIP will only be made in connection with recruitment, promotion, special | -250% of the highest annualised base salary in effect for the fiscal year to which the performance targets relate<br>-In exceptional circumstances, which would be limited to where a cash award, under a Company incentive plan or otherwise, is used to facilitate recruitment of individuals via the buy-out of awards, the limit set forth in this policy will not apply. The Committee will consider market-based and individual-specific factors in these circumstances<br>-In select cases (promotion or recruitment), to secure the services of certain individuals, cash inducement awards may be granted at the Committee's discretion. These inducement awards may exceed the limit set forth in this policy, but will not exceed 250% of such individual's annualised base salary |

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| **Long-term Incentives ("LTI")** | -Equity awards currently awarded under Noble Corporation 2015 Omnibus Incentive Plan, as may be amended from time to time ("2015 Plan")<br>-Drive achievement of long-term financial and strategic goals<br>-Align interests and wealth creation with those of shareholders<br>-Attract and retain high performing individuals<br>-Align with market value of role | -Annual equity grant will include at least 50% performance-based awards. At present, these are performance vested restricted stock units ("PVRSUs"), but in the future, could include other type of incentive awards<br>-For performance-based awards, including PVRSUs, the Committee will use TSR, contract drilling margin (absolute or relative) and/or other or performance metrics set forth in the ("2015 Plan")<br>-Payout schedule for relative TSR performance or other financial metrics will be established by the Committee and will range from 0% for below-threshold performance to 100% of maximum for superior performance. Percentile ranks, performance levels and corresponding payout levels will be set by the Committee in its discretion<br>-Performance targets for financial metrics and actual results used to determine payouts (if applicable) for performance-contingent awards will be disclosed in the Implementation Report of the Directors' Remuneration Report in the year in which corresponding payouts are made, unless the metrics are considered commercially sensitive<br>-Time-vested restricted stock unit awards ("TVRSUs") are used by the Committee to (1) promote retention, (2) reward individual and team achievement and (3) align individual's with the interests of shareholders<br>-Vesting/performance period for all LTI awards consisting of restricted stock and restricted stock units will be over at least three-years from grant date, except in exceptional circumstances, such as recruitment awards, where such vesting period may be less, or upon the occurrence of certain events<br>-Earned/vested amounts are intended to be delivered in shares of Company stock, but can be settled in a combination of cash and stock at the Committee's discretion, subject to the terms of the ("2015 Plan")<br>-Any outstanding LTI awards made prior to the approval and implementation of this Compensation Policy will continue to vest and be subject to the same performance conditions (if applicable) and other terms/conditions prevailing at the time of grant of such awards<br>-Performance-based LTI awards are subject to recoupment under the provisions of Section 304 of the Sarbanes-Oxley Act and any other policy adopted by the Company, and would also be subject to any applicable legislation adopted during the time in which this policy is in effect. See "Clawback Provisions" below. | -Value at grant (based on commonly used valuation methods) not to exceed 750% of base salary<br>-In exceptional circumstances, which would be limited to where the plan is used to facilitate recruitment of certain individuals, including the buy-out of previously-granted incentive awards and inducement awards, the limit set forth in this policy will not apply. The Committee will consider market-based and individual-specific factors in these circumstances<br>-To secure the services of individuals in the case of a promotion, inducement awards may be granted at the Committee's discretion. These inducement grants may exceed the limit set forth in this policy, but will not exceed 115% of the annual target equity award value of the person who previously held such similar position for a period of at least 12 months<br>-For performance-contingent awards, such as PVRSUs, maximum payout not to exceed 200% of target number of units/shares (or cash amount, if applicable) at end of performance period, plus any earned dividends or cash equivalents (if applicable, on vested awards)<br>-For all other LTI awards, maximum payout not to exceed 100% of the original number of units/shares/options (or similar) granted at the end of vesting period plus any earned dividends or cash equivalents (if applicable, on vested awards) |
| **Benefits** | -Attract and retain high performing individuals<br>-Align with market value of role<br>-Align with market practice in country of residence | -Executive Directors are provided with healthcare, life and disability insurance and other employee benefit programs. These employee benefits plans are provided on a non-discriminatory basis to all employees.<br>-These and additional programs are established to align with market practice/levels and, as such, may be adjusted in the discretion of the Committee from time to time. | -Taxable benefits not to exceed 10% of base salary |

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| **Pension** | -Attract and retain high performing individuals<br>-Align with market value of role | ***Salaried Employees' Retirement Plan***<br>-Defined benefits provided in accordance with the terms of the previously-adopted Salaried Employees' Retirement Plan<br>-Benefits are accrued in the form of an annuity, providing for payments to an individual during retirement and in select cases to a designated beneficiary<br>-Payments may be made in a single lump-sum, a single life annuity and several forms of joint and survivor elections<br>-Benefits are determined in accordance with the plan's terms and consider an individual's average compensation and years of service at Noble<br>-Only available to employees hired originally on or before 31 July 2004<br>-Plan amended effective 31 December 2016 to cease future benefit accruals<br><br>***Retirement Restoration Plan***<br>-Unfunded, nonqualified plan that provides the benefits under the Salaried Employees' Retirement Plan's benefit formula that cannot be provided by --the Salaried Employees' Retirement Plan because of the annual compensation and annual benefit limitations applicable to the Salaried Employees' -Retirement Plan under the Code<br>-Only available to employees hired originally on or before 31 July 2004<br>-Plan amended effective 31 December 2016 to cease future benefit accruals | -The maximum benefit under the pension plans is determined pursuant to the terms of the pension plans in effect as of the effective date of this policy (subject to adjustment as provided in the applicable plan) |
| **Other Retirement Programs** | -Attract and retain high performing individuals<br>-Align with market value of role | ***401(k) Savings Plan***<br>-Qualified plan that enables qualified employees, including Directors, to save for retirement through a tax-advantaged combination of employee and Company contributions<br>-Matched at the rate of $0.70 to $1.00 per $1.00 (up to 6% of Basic Compensation) depending on years of service. Fully vested after three years of service or upon retirement, death or disability<br><br>***401(k) Savings Restoration Plan***<br>-Unfunded, nonqualified employee benefit plan under which specified employees may defer compensation in excess of 401(k) plan limits<br><br>***Profit Sharing Plan***<br>-Qualified defined contribution plan available for U.S. employees<br>-Any contribution at Board of Directors' discretion. Fully vested after three years of service or upon retirement, death or disability | -401(k) plans: Maximum amounts governed by the applicable laws and regulations of the United States of America<br>-Profit sharing plan: Not to exceed 10% of covered compensation |

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| **Relocation / Expatriate Assistance (if applicable)** | -Ensure Noble is able to attract high calibre talent regardless of business location<br>-Provide career and/or personal development options and potentially help retain the services of individuals already employed by the Company<br>-Align with market value of role<br>-Align with market practice in country of residence | -Executive expatriate benefits will be paid if determined to be required for competitive purposes and will be set to be consistent with those of comparable companies. These benefits may consist of:<br>-Housing allowance<br>-Foreign service premium<br>-Goods and services differential allowance<br>-Car allowance<br>-Reimbursement or payment of school fees for eligible<br>-dependents to age 19<br>-Annual home leave allowance<br>-Tax equalisation payments<br>-Tax preparation services<br>-Relocation assistance for expatriates will be provided comparable to those provided by other similar companies. Assistance includes (provided to non-Director level employees also):<br>-Standard outbound services, such as “house hunting” trips and shipment of personal effects<br>-Temporary housing<br>-Temporary relocation assistance<br><br>-Future expatriate benefits and relocation assistance could include other components not included in the above | -There are a number of variables affecting the amount that may be payable, but the Committee would pay no more than it judged reasonably necessary in light of all applicable circumstances<br>-Maximum expatriate/relocation assistance not to exceed types of benefits described and/or used by comparable companies. The maximum tax equalisation payment shall not exceed the payment that would be due if the Director was paid at the maximum amount permitted under this policy for each other component of compensation (except upon a change in control, in which case amounts would be calculated in accordance with the terms of the applicable agreement) |

**Share Ownership Policy**

The purpose of the share ownership policy is to align executive interests and wealth creation with the interests of shareholders. Under the current share ownership policy, an Executive Director must meet the following stock ownership requirements: (1) CEO = 5x base salary; (2) Executive Vice Presidents and Senior Vice Presidents = 4x base salary; and (3) Vice Presidents = 2x base salary. For Non-Executive Directors, the stock ownership requirement is 6x the Director’s annual retainer. A Director may not sell or dispose of shares for cash unless the above share ownership policy is satisfied.

**Performance Measure Selection**

The measures used under the STIP and LTIP are selected annually to reflect the Company’s key short-term and long-term strategic initiatives and reflect both financial and non-financial objectives. Performance targets are set to be challenging but achievable, taking into account the Company’s business, financial and strategic priorities.

**Compensation Policy for Other Employees**

The Company’s approach to annual compensation reviews is consistent across the Company, with consideration given to the scope of the role, level of experience, responsibility, individual performance and pay levels at comparable companies. Non-Director level employees are eligible to participate in the Company’s annual and long-term incentive programs. Participation, award opportunities and specific performance conditions vary by level within the Company, with corporate and business division metrics incorporated as appropriate.

**Illustration of Application of Compensation Policy for Executive Directors**

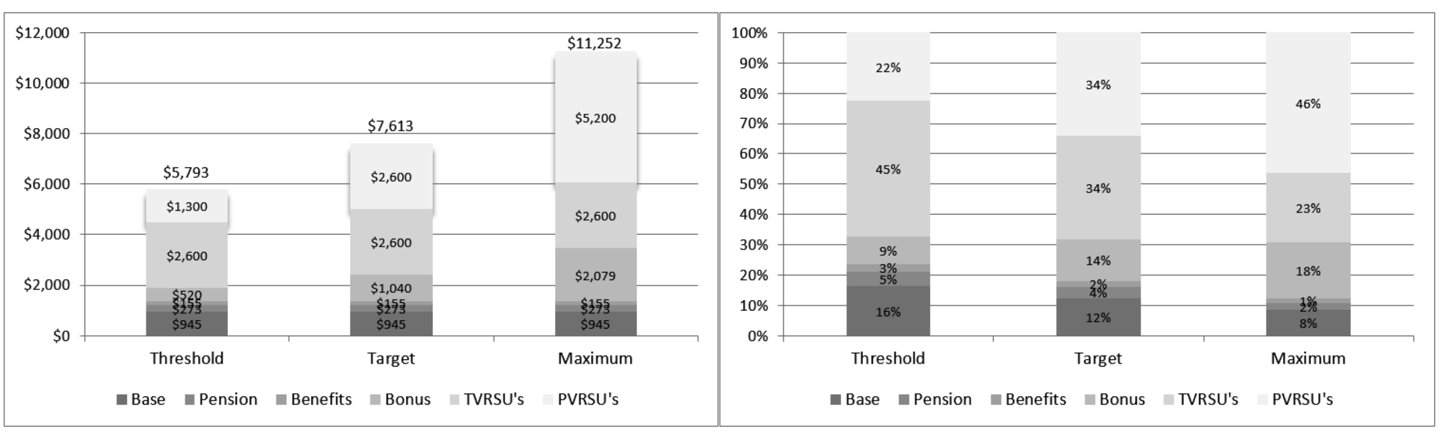
The estimated compensation amounts received by the Executive Directors, which group currently includes only our Chairman, President and Chief Executive Officer, for the first full year (e.g., 2018) in which the Compensation Policy applies are shown in the following graphs. These amounts reflect three levels of performance as defined below:

- ***Threshold***: Includes sum of salary, benefits, pension, time vested restricted stock units ("TVRSUs") at grant date fair value, performance vested restricted stock units ("PVRSUs") at grant date fair value, and threshold payout (assuming no share price appreciation)
- ***Target (at expectation)***: Includes sum of: (1) fixed compensation plus annual bonus paid at target amount and (2) PVRSUs at grant date fair value and target payout (assuming no share price appreciation)
- ***Maximum***: Includes sum of: (1) fixed compensation plus annual bonus paid at maximum amount and (2) PVRSUs at grant date fair value and maximum payout (assuming no share price appreciation)

Additional assumptions used in compiling the chart illustrations are:

- ***Salary***: Reflects 2018 annualised rate.
- ***Pension***: Reflects aggregate change in the actuarial present value of accumulated benefits under the Salaried Employees' Retirement Plan and the Retirement Restoration Plan for the year. These amounts do not include any amounts that are above-market or preferential earnings on deferred compensation.
- ***Benefits***: Sum of Company-paid benefits include: (1) foreign tax payments; (2) 401(k) Savings Plan matching contributions; (3) health and welfare benefits; and (4) tax preparation services;
- ***Bonus***: Reflects potential payments under the STIP based solely upon financial metrics (1) minimum = below threshold performance, so no payout would occur; (2) target = "at expectation" performance, so 100% of target amount would be paid; and (3) maximum = "stretch" performance where 200% of target amount would be paid.
- ***Long-term Incentive (LTI) Awards***: TVRSUs are shown at grant date fair value; PVRSUs reflect grant date fair value at "target" or "maximum," as applicable. In all scenarios, LTI values assume no share price change relative to the closing price of Noble shares on grant date. These values do not represent actual amounts that an Executive Director will receive as the (1) TVRSUs vest ratably over a three-year period and (2) PVRSUs vest, only to the extent earned, at the end of a three-year performance period.

***Illustrative Compensation of Chairman, President & CEO***




**Recruitment of Executive Directors**

The compensation package for a new Executive Director will be set in accordance with the terms of the Compensation Policy in force at the time of appointment or hiring. To successfully facilitate recruitment of high calibre talent from outside of Noble, the limits in this policy, if any, with respect to annual base salary, STIP or other cash awards, and LTI awards do not apply except as presented above. With respect to inducement-related STIP or other cash awards, amounts will not exceed 250% of such individual's annualised base salary; no such limit will apply with respect to base salary amounts and LTI awards used to help facilitate recruitment. In addition, to facilitate the recruitment of an individual to an Executive Director position, the Committee can use cash and/or LTI awards to buy-out previously-granted incentive awards and no limits will apply under this policy.

In the case of an internal appointment/promotion of an individual to an Executive Director position, the Committee reserves discretion to set base salary at a level it deems appropriate to reflect the material increase in scope and responsibility, provided that the base salary level set in these circumstances will not exceed 115% of the annualised salary of the person who previously held such similar position for a period of at least 12 months. In addition, STIP, cash awards or LTI awards may be granted as inducement awards at the Committee’s discretion. These STIP, cash awards or LTI grants used as inducement awards may exceed the limit set forth in this policy, but will not exceed the following amounts: for STIP or cash awards, 250% of such individual’s annualised base salary, and for LTI awards, 115% of the annual target equity award value of the person who previously held such similar position for a period of at least 12 months.

For external hires and internal appointments, the Committee may agree that the Company will meet certain relocation expenses, as appropriate and within the limits set by the Committee. The Committee believes it needs to retain the flexibility set forth in this policy to ensure that it can successfully secure the services of individuals with the background, experience and skill-set needed to lead a company of the size and scope of Noble. In all cases, the Committee will consider market-based and individual-specific factors when making its final decisions.

**Executive Directors' Service Agreements and Loss of Office Payments**

The Company's general policy is that Executive Directors should be employed on an “at will” basis such that no notice provision applies and no termination payments are payable. Executive Directors working in the United Kingdom will, however, benefit from the statutory minimum notice period. This is enshrined in a written statement of particulars provided to relevant individuals, which states that the amount of notice of termination of employment that they are entitled to receive is one week. After two years’ continuous service they will be entitled to an extra week per year of service, up to a maximum of 12 weeks’ notice.

The Committee may vary these terms if the particular circumstances surrounding the appointment of a new Executive Director require it (in accordance with the policy on the appointment of new Executive Directors above). In particular, the Committee may determine that these terms may vary substantially where it is necessary or desirable to recruit in a market in which “at will” employment terms are not competitive.

An exception to the policy stated above will arise if the Change of Control Employment Agreements become effective. Details of the terms of these Agreements are set out below.

**Change of Control Employment Agreements**

Certain of the executive officers serving at 31 December 2017 are parties to change of control employment agreements which we have offered to certain senior executives since 1998. These agreements become effective only upon a change of control (within the meaning set forth in the agreement). If a defined change of control occurs and the employment of the executive officer is terminated either by us (for reasons other than death, disability or cause) or by the officer (for good reason or upon the officer’s determination to leave without any reason during the 30-day period immediately following the first anniversary of the change of control), which requirements can be referred to as a “double trigger”, the executive officer will receive payments and benefits set forth in the agreement. The terms of the agreements are summarised in the Company’s 2015 Proxy Statement under the heading “Potential Payments on Termination or Change of Control - Change of Control Employment Agreements.” We believe a “double trigger” requirement, rather than a “single trigger” requirement (which would be satisfied simply if a change of control occurs), increases shareholder value because it prevents an immediate unintended windfall to the executive officers in the event of a friendly (non-hostile) change of control.

Julie J. Robertson, our new CEO, is the only currently serving Director to have entered into such an agreement. A copy of any Change of Control Agreement for a Director will be available for inspection at the registered office of the Company.

The Company may, at the discretion of the Committee, enter into a Change of Control Employment Agreement with any newly recruited or appointed Executive Director. It would be the policy of the Company that the terms of such agreement would be substantially similar to those summarised in the Company’s 2018 Proxy Statement under the heading “Potential Payments on Termination or Change of Control - Change of Control Employment Agreements” in the most recent version approved by the Board.

**Clawback Provisions**

The Company has adopted a clawback provision which provides that at any time there is a material and negative restatement of the Company's reported financial results, the cash equity compensation awarded or paid to any executive officer during the previous three years would be subject to recoupment, if the Board determines that the executive officer's intentional misconduct or gross negligence materially contributed to such restatement. In addition, Section 304 of the Sarbanes-Oxley Act of 2002, generally requires U.S.-listed public company chief executive officers and chief financial officers to disgorge bonuses, other incentive- or equity-based compensation and profits on sales of company stock that they receive within the 12-month period following the public release of financial information if there is a restatement because of material noncompliance, due to misconduct, with financial reporting requirements under the federal securities laws. The compensation of Directors of the Company would also be subject to any clawback provision adopted under any applicable legislation.

**Consideration of Employment Conditions and Consultation with Employees**

Although the Committee does not consult directly with the broader employee population on the Company's executive compensation program, the Committee considers a variety of factors when determining the Directors' Compensation Policy, including but not limited to (1) the average and range of base salary increases provided to non-Director employees, (2) compensation arrangements covering variable pay and benefits for all employees, (3) recent trends in talent attraction and retention affecting the Company and the broader energy industry and (4) employment conditions for the broader employee population. In addition to these considerations, the Committee believes that the Compensation Policy for Executive Directors is necessary to reflect the increased qualifications and level of responsibility of the position relative to the typical employee. The primary area of policy differentiation is the increased emphasis on performance-based compensation for Executive Directors relative to the broader employee population.

**Consideration of Shareholder Views**

In the past few years, we have conducted an extensive shareholder outreach effort regarding executive compensation matters through a wide-ranging dialogue between management and numerous shareholders. We also took into consideration certain proxy advisory firms' reports regarding our compensation program. The Committee considered all of such feedback in designing and making changes to our compensation program. Our current compensation program is largely a reflection of this shareholder input.

We are committed to continued engagement between shareholders and the Company to fully understand and consider shareholders' input and concerns.

**Compensation Policy for Non-Executive Directors**

As of the effective date of this Policy, all of our Directors, with the exception of our Chairman, President and Chief Executive Officer, are Non-Executive Directors. The Company believes that the following program and levels of compensation are necessary to secure and retain the services of individuals possessing the skills, knowledge and experience to successfully support and oversee the Company as a member of our Board of Directors. Our Non-Executive Directors receive no compensation from the Company for their service as Directors other than as presented below.

| Compensation Component | Purpose / Link to Noble's Business Strategy | How Component Operates | Maximum Opportunity |
|---|---|---|---|
| **Annual Retainer** | Attract and retain Non-Executive Directors with a diverse set of skills, background and experience<br>Align with market value of role | Reviewed annually by the Board<br>Market data from the peers serves as the primary benchmark<br>Paid quarterly, in cash, with up to 100% paid in shares (or a combination of cash and shares) at the Director's election | Not to exceed $125,000 per year<br>Not to exceed an additional $500,000 per year for a Non-ExecutiveChairperson (to the extent one were to be |
| **Board and Committee Meeting Fees** | Attract and retain Non-Executive Directors with a specialised set of skills, background and experience<br>Recognise time devoted to serving Company<br>Align with market value of role | Reviewed annually by the Board<br>Market data from the peers serves as the primary benchmark<br>Paid in cash | Not to exceed $3,000 per meeting |
| **Lead Director and Committee Chairperson Fees** | Attract and retain Non-Executive Directors with a specialised set of skills, background and experience<br>Recognise additional time and responsibility associated with role<br>Align with market value of role | Reviewed annually by the Board<br>Market data from the peers serves as the primary benchmark<br>Paid in cash | Lead Director: not to exceed $50,000 per year<br>Committee Chairperson: not to exceed $50,000 per year |
| **Annual Equity Award** | Attract and retain Non-Executive Directors with a diverse set of skills, background and experience<br>Align with market value of role | Reviewed annually by the Board<br>Market data from the peers serves as the primary benchmark<br>Paid in shares | Not to exceed $350,000 per year at time of grant (based on commonly used valuation methods) |
| **Benefits** | Facilitate Non-Executive Directors' attendance at meetings<br>Align with market value of role | Includes travel and other relevant out-of-pocket expenses incurred in conjunction with meeting attendance | Limited to out-of-pocket expenses incurred. These amounts will vary based on meeting location and duration |

Our Non-Executive Directors will only receive compensation for those services outlined in this Policy. There are no contracts or agreements that provide guaranteed amounts payable for service as a Non-Executive Director of Noble, and there are no similar arrangements that provide for any guaranteed compensation (other than for any accrued amounts, if applicable, for services rendered as a Non-Executive Director) upon a Non-Executive Director's termination of service from our Board of Directors.

### Annual Report on Compensation

**The following is provided on an audited basis.**

**Compensation of Executive Director**

The following table presents the compensation of David Williams, our former Chairman, President and CEO, who retired effective 28 February 2018. Mr. Williams was our only Executive Director for the year ended 31 December 2017.

| Base Salary | STIP [(1)] | LTIP [(2)] | Pensions [(3)] | All Other Compensation [(4)] | 2017 Total | 2016 Total |
|---|---|---|---|---|---|---|
| $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| 945,000 | 1,621,620 | 2,506,858 | 273,105 | 155,351 | 5,501,934 | 5,082,017 |

(1) STIP payment attributable to 2017 performance.

| 2017 | | | 2016 |
|---|---|---|---|
| PVRSU [(5)] | TVRSU | Total | Total |
| $'000 | $'000 | $'000 | $'000 |
| 851,069 | 1,655,789 | 2,506,858 | 1,855,489 |

(2) The amounts disclosed in this column represent the vesting date fair market value of awards as follows:

(3) The amounts in this column represent the aggregate change in the actuarial present value of the Executive Director's accumulated benefit under the Salaried Employees' Retirement Plan and the Retirement Restoration Plan for the year. Does not include any amounts that are above-market or preferential earnings on deferred compensation.

| Benefits and Other | 2017 Total | 2016 Total |
|---|---|---|
| $'000 | $'000 | $'000 |
| 155,351 | 155,351 | 371,802 |

(4) The table below summarises all other compensation received by our CEO for the years ended 31 December 2017 and 2016:

(5) PVRSU's awarded for the 2014-2016 performance period vested 50.35% and the remaining 49.65% were forfeited in February 2017.

**Compensation of Non-Executive Directors**

The following table presents the compensation of our Non-Executive Directors during 2017:

| | Annual Retainer | Board/Committee Meeting Fees | Lead Director / Committee Chairman | Total Fees | Annual Equity Award [(1)] | Other Compensation | 2017 Total | 2016 Total |
|---|---|---|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| Ashley Almanza | 50,000 | 38,500 | — | 88,500 | — | — | 88,500 | 412,089 |
| Michael Cawley | 37,500 | 20,500 | 16,250 | 74,250 | 95,416 | 282 | 169,948 | 343,294 |
| Julie Edwards | 50,000 | 45,500 | 11,250 | 106,750 | — | — | 106,750 | 325,794 |
| Gordon Hall | 50,000 | 45,500 | 34,375 | 129,875 | — | — | 129,875 | 364,544 |
| Scott Josey | 50,000 | 30,500 | 2,500 | 83,000 | — | — | 83,000 | 315,794 |
| Jon Marshall | 50,000 | 41,000 | 13,750 | 104,750 | — | — | 104,750 | 338,294 |
| Mary Ricciardello | 50,000 | 30,000 | 21,250 | 101,250 | — | — | 101,250 | 343,294 |
| Total | 337,500 | 251,500 | 99,375 | 688,375 | 95,416 | 282 | 784,073 | 2,443,103 |

(1) The amounts disclosed in this column represent the aggregate grant-date fair value of the unrestricted shares awarded, which is measured using the market value of our shares on the date of grant.

**Option Exercises and Outstanding Options at Fiscal Year End**

The following table presents certain information about exercises of options during 2017 and outstanding options at 31 December 2017 held by the Directors:

| | Outstanding at 1/1/2017 [1] | Expired | Outstanding at 31/12/2017 | Exercisable | Unexercisable | Exercise Price | Expiry Date |
|---|---|---|---|---|---|---|---|
| | | | | | | $ | |
| David Williams | 33,056 | (33,056) | — | — | — | 29.74 | 13 February 2017 |
| | 61,907 | — | 61,907 | 61,907 | — | 35.73 | 7 February 2018 |
| | 121,695 | — | 121,695 | 121,695 | — | 20.49 | 25 February 2019 |
| | 83,603 | — | 83,603 | 83,603 | — | 32.78 | 6 February 2020 |
| | 109,023 | — | 109,023 | 109,023 | — | 31.33 | 4 February 2021 |
| | 107,502 | — | 107,502 | 107,502 | — | 30.59 | 3 February 2022 |
| **Total** | **516,786** | (33,056) | 483,730 | 483,730 | — | | |

(1) In 2013, we discontinued the use of stock option awards.

The market price of the company's shares at the end of the financial year was $4.52. The range of market prices during the year was between $3.16 and $7.69.

**Performance Against Performance Targets for STIP for our Executive Director**

Cash awards under the STIP are earned by reference to the achievement of annual financial, operational, individual and team performance goals and other key accomplishments, and are paid in February following the end of the financial year. The calculation of the performance components of the STIP and the aggregate STIP award paid to the Executive Director for 2017 are shown below. All amounts paid under the STIP are performance-based.

| Components of Performance Bonus | How Determined | Weighting | 2017 Results | Component Payout |
|---|---|---|---|---|
| | | | | $ |
| EBITDA | EBITDA relative to target | 0.65 | 163% | 1.06 |
| Safety results | Total Recordable Incident Rate relative to goal | 0.25 | 200% | 0.50 |
| Environmental compliance | Conducts audits and achieve audit findings equivalent to or better than prior audit findings | 0.10 | — | — |
| | | | Goal Achievement | 1.56 |
| | | | Amount funded | 1.56 |
| | | | Aggregate STIP Award | 1,621.62 |

**Performance Against Performance Targets for LTIP Vesting for our Executive Director**

The following presents the aggregate grant date fair value of the restricted stock units granted in 2017 and 2016 to our Executive Director:

| Year | TVRSU | PVRSU | Total |
|---|---|---|---|
| | $'000 | $'000 | $'000 |
| 2017 | 2,667,792 | 3,202,817 | 5,870,609 |
| 2016 | 2,988,299 | 3,414,819 | 6,403,118 |

*Time-Vested Restricted Stock Unit Awards*

The following table presents information regarding the TVRSUs outstanding at the beginning and end of the year ended 31 December 2017 for our Executive Director:

| Award Date | End of Vesting Period (1) | Unvested RSU's Outstanding on 1/1/2017 | RSU's Granted | RSU's Vested | Unvested RSU's Outstanding on 31/12/2017 (2) | Market Price Per Share on Grant Date | Market Value Per Share on Vesting Date | Value on Vesting Date |
|---|---|---|---|---|---|---|---|---|
| | | | | | | $ | $ | $ |
| 1/29/2014 | 1/29/2017 | 40,920 | — | 40,920 | — | 31.66 | 7.18 | 293,806 |
| 1/29/2015 | 1/29/2018 | 123,967 | — | 61,983 | 61,984 | 15.94 | 7.18 | 444,728 |
| 1/29/2016 | 1/29/2019 | 383,607 | — | 127,869 | 255,738 | 7.79 | 7.18 | 918,099 |
| 3/2/2017 | 3/2/2020 | — | 366,455 | — | 366,455 | 7.28 | n/a | n/a |
| Totals | | 548,494 | 366,455 | 230,772 | 684,177 | | | 1,656,633 |

(1) TVRSUs awards vest at a rate of 1/3 per year on each anniversary of the grant date.

(2) Mr. Williams retired from the Company effective February 28, 2018. Upon his retirement, his TVRSUs were cancelled and his PVRSUs were subject to a pro-rata cutback based on the number of months of service in the applicable measurement period.

*Performance-Vested Restricted Stock Unit Awards*

The following table presents information regarding the PVRSUs outstanding at the beginning and end of the year ended 31 December 2017 for our Executive Director:

| Measurement Period | Vesting Date (1) | Unvested RSU's Outstanding at 1/1/2017 | RSU's Granted | RSU's Vested | RSU's Forfeited | Unvested RSU's Outstanding at 12/31/2017 (2)(3) | Fair Value Per Share on Grant Date | Market Value Per Share on Vesting Date | Value on Vesting Date |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | $ | $ | $ |
| 2014-2016 | February | 245,520 | — | 123,612 | 121,908 | — | 19.66 | 6.89 | 851,069 |
| 2015-2017 | February | 371,900 | — | — | — | 371,900 | 9.12 | n/a | n/a |
| 2016-2018 | February | 896,278 | — | — | — | 896,278 | 3.81 | n/a | n/a |
| 2017-2019 | February | — | 732,910 | — | — | 732,910 | 7.28 | n/a | n/a |
| | | 1,513,698 | 732,910 | 123,612 | 121,908 | 2,001,088 | | | 851,069 |

(1) PVRSUs vest, if at all, at the end of the three-year measurement period to which they relate.

(2) Performance share units are awarded at the maximum level. Expressed at target, awards are 185,950, 448,139 and 366,455 for the measurement periods of 2015-2017, 2016-2018 and 2017-2019, respectively.

(3) Mr. Williams retired from the Company effective February 28, 2018. Upon his retirement, his TVRSUs were cancelled and his PVRSUs were subject to a pro-rata cutback based on the number of months of service in the applicable measurement period.

The performance thresholds presented in the table below were applicable for the portion of the 2014-2016 performance cycle that preceded the Paragon Spin-off:

| | Performance Table | |
|---|---|---|
| **Level** | **TSR Relative to Peer Group (Percentile)** | **Percentage of Maximum Vesting** |
| Maximum | 90 and greater | 200% |
| Above Target | 75 | 150% |
| Target | 51 | 100% |
| Threshold | 25 | 50% |
| Below Threshold | Below 25 | 0% |

The performance thresholds presented in the table immediately below were applicable for the portion of the 2014-2016 performance cycle that followed the Paragon Spin-off and for the 2015-2017 performance cycles.

| **Noble Ranking Among Peer Group** | **Vesting Percentage** |
|---|---|
| 1st of 9 (Maximum Level) | 200 % |
| 2nd of 9 | 175 % |
| 3rd of 9 | 150 % |
| 4th of 9 | 125 % |
| 5th of 9 | 100 % |
| 6th of 9 | 75 % |
| 7th of 9 | 50 % |
| 8th of 9 | 25 % |
| 9th of 9 | 0 % |

The performance thresholds presented in the table immediately below were applicable for the 2016-2018 and 2017-2019 performance cycles.

| Noble TSR Ranking Amoung Driller Peer Group | Vesting Percentage of Awarded Units |
|---|---|
| 1st of 7 (Maximum Level) | 200.00 % |
| 2nd of 7 | 166.66 % |
| 3rd of 7 | 133.34 % |
| 4th of 7 | 100.00 % |
| 5th of 7 (Target Level) | 66.67 % |
| 6th of 7 | 33.34 % |
| 7th of 7 | 0.00 % |

PVRSUs awarded for the 2014-2016 performance period vested 100.7%, and the remaining amounts were forfeited in February 2017.

## Pensions

The following table presents certain information about retirement programs and benefits under the defined benefit plans for our Executive Director:

| Plan Name | Years of Credited Service[(1)] | Present Value of Accumulated Benefit[(1)(2)] | Payments During 2017 | Change in Pension Value and Non-Qualified Deferred Compensation Earnings[(3)] |
|---|---|---|---|---|
| | | $'000 | $'000 | $'000 |
| Salaried Employees' Retirement Plan[(4)] | 10.281 | 445,512 | — | 48,394 |
| Retirement Restoration Plan[(4)] | 10.281 | 4,406,011 | — | 224,711 |

(1) Computed as of 31 December 2017.

(2) For purposes of calculating the amounts in this column, retirement age was assumed to be the normal retirement age of 65, as defined in the Salaried Employees' Retirement Plan.

(3) The amounts in this column represent the aggregate change in the actuarial present value of the Executive Director's accumulated benefit under the Salaried Employees' Retirement Plan and the Retirement Restoration Plan for the year. Does not include any amounts that are above-market or preferential earnings on deferred compensation.

(4) The Plan was amended effective 31 December 2016 to cease future benefit accruals.

## Payments to past / former Directors

There were no payments to past / former Directors for the year ended 31 December 2017.

## Payments for loss of office

There were no payments for loss of office for the year ended 31 December 2017.

## Statement of the Directors shareholding and share interests

We have a share ownership policy that applies to our Directors and Executive Officers and provides for minimum share ownership requirements. The share ownership policy requirement for our Executive Director is five times his base salary and for our Non-Executive Directors is six times their annual retainer. Until the policy holding requirements are satisfied, a Director may not sell or dispose of shares for cash. Once a Director meets the applicable stock ownership requirements, the share ownership policy requirements are satisfied even if there is a subsequent drop in the stock price that would result in a shareholding value that is below the threshold, as long as no shares are sold. A Director may not sell or dispose of shares for cash thereafter until the threshold is met. All of our Directors are in compliance with share ownership requirements.

The following table provides details on the Directors' shareholdings as at 31 December 2017:

| Director | Beneficially Owned Shares | Vested but Unexercised Options | Restricted Stock Unit Awards Subject to Performance or Vesting Conditions [(1)] | Weighted Average Exercise Price of Vested Options |
|---|---|---|---|---|
| | | | | $ |
| David Williams | 845,548 | 483,730 | 2,685,265 | 29.25 |
| Ashley Almanza | 59,916 | — | — | — |
| Julie J. Robertson | 824,550 | 181,092 | 1,099,392 | 29.18 |
| Julie Edwards | 124,107 | — | — | — |
| Gordon Hall | 103,870 | — | — | — |
| Scott Josey | 63,870 | — | — | — |
| Jon Marshall | 119,252 | — | — | — |
| Mary Ricciardello | 150,851 | — | — | — |

(1) TVRSUs are counted for purposes of our ownership guidelines.

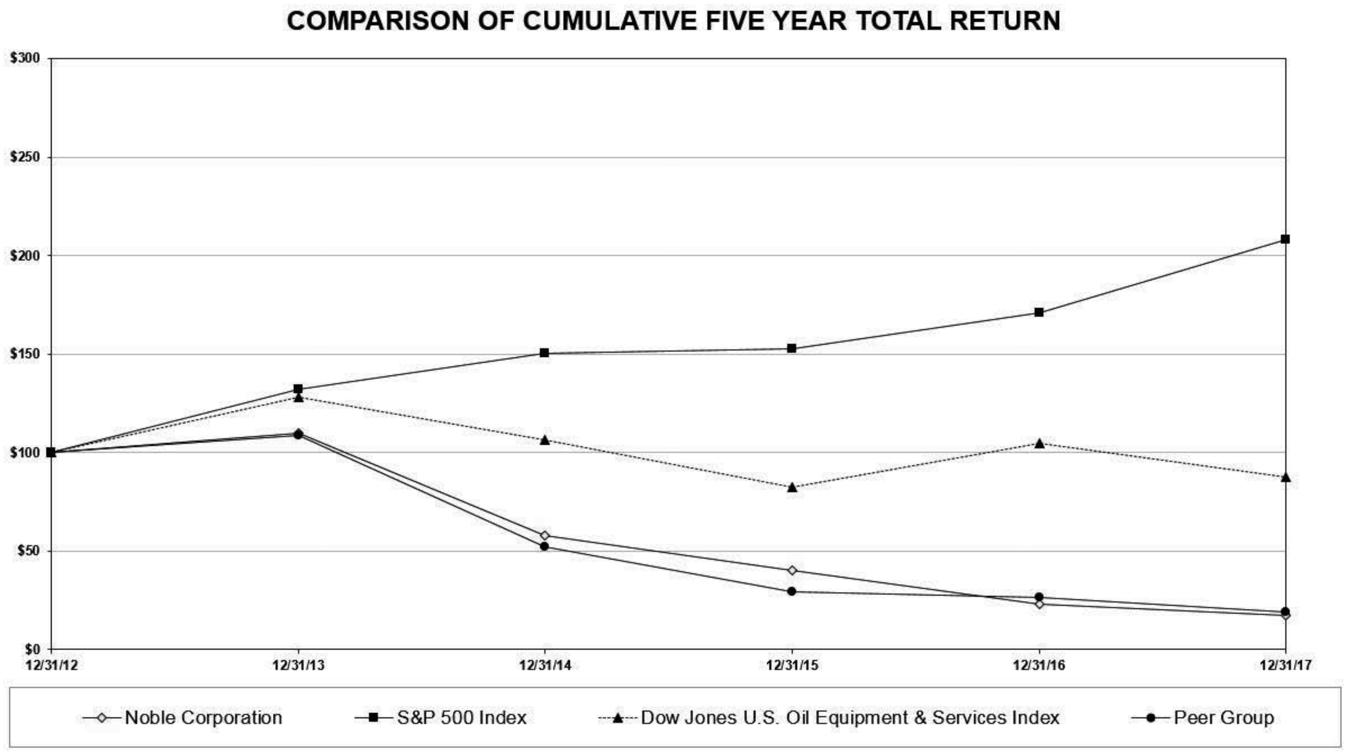
**Gains made by the Directors on Option Exercises**

No options were exercised by the Directors during the year ended 31 December 2017.

**The following information is unaudited.**

**Stock Performance graph**

The chart below presents a comparison of the five-year cumulative total return, assuming $100 was invested on 31 December 2012 for Noble-UK, the Standard & Poor's 500 Index, Dow Jones U.S. Oil Equipment and Services and a self-determined offshore drillers peer group. Total return assumes the reinvestment of dividends, if any, in the security on the ex-dividend date.




| Company / Index | INDEXED RETURNS Year Ended December 31, 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|
| Noble Corporation plc | 109.81 | 57.94 | 40.19 | 23.06 | 17.61 |
| S&P 500 Index | 132.39 | 150.51 | 152.59 | 170.84 | 208.14 |
| Dow Jones U.S. Oil Equipment & Services | 128.41 | 106.29 | 82.40 | 104.91 | 87.38 |
| Offshore Drillers Peer Group (1) | 108.90 | 52.00 | 29.30 | 26.75 | 18.80 |

(1) Our self-determined peer group is weighted according to market capitalisation and consists of the Company and the following companies: Atwood Oceanics (through October 5, 2017), Diamond Offshore Drilling Inc., Ensco plc, Rowan Companies plc, Seadrill Ltd. and Transocean Ltd.

**Chief Executive Officer's compensation in the past five years**

| | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|
| CEO single figure [(1)] ($'000) | 7,039,906 | 11,046,727 | 6,615,399 | 5,082,017 | 5,501,934 |
| Bonus (% of maximum awarded) | 71% | 92% | 61% | 50% | 78% |
| Performance-based LTI (% of maximum vesting) | 0% | 90% | 0% | 112.66% | 100.7% |

(1) CEO compensation is composed of base salary, STIP attributable to the performance year, value of LTIP awards on vesting and all other compensation, as defined on page 20.

**Percentage change in the Chief Executive Officer's compensation**

The table below shows the percentage year-on-year change in salary, STIP and LTIP award earned between the years ended 31 December 2017 and 2016 for the CEO compared to the average of such compensation for the U.S. shorebased administrative employees who were STIP eligible during each year. This comparative employee group was chosen as the make-up and calculation of their compensation for the categories in the table below most closely resembles that of our CEO.

| % | Base Salary | STIP | LTIP[(1)] |
|---|---|---|---|
| CEO | -10% | 40% | 62% |
| Average of U.S. shorebased administrative employees[(2)] | 3% | 56% | 75% |

(1) For comparability, this is calculated using the TVRSU award vestings in 2016 and 2017. PVRSU vestings are excluded as the majority of the comparable group are not eligible for these awards.

(2) Reflects the change in average pay for U.S. shorebased administrative employees who are STIP eligible employed in both the year ended 31 December 2016 and the year ended 31 December 2017.

**Relative importance of spend on pay**

The table below shows the total pay for all employees compared to other key financial metrics and indicators:

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2017 | 2016 | % change |
| Employee costs ($'000) | 330,871 | 485,139 | (32)% |
| Dividends paid ($000) | — | 47,534 | -100% |
| Average number of employees | 2,550 | 2,762 | (8)% |
| Revenues from continuing operations ($000) | 1,236,915 | 2,302,065 | (46)% |
| Loss from continuing operations before income taxes ($000) | (449,812) | (967,029) | (53)% |

Additional information on the average number of employees, total revenues and income before income taxes has been provided for context. The majority of our workforce (approximately 83%) are located offshore.

**Consideration by the Directors of matters relating to Directors' compensation**

The compensation committee of our Board is responsible for determining the compensation of our Directors and Executive Officers and for establishing, implementing and monitoring adherence to our compensation policy. The compensation committee operates independently of management and receives compensation advice and data from outside independent advisors.

The compensation committee charter authorises the committee to retain and terminate, as the committee deems necessary, independent advisors to provide advice and evaluation of the compensation of Directors or Executive Officers, or other matters relating to compensation, benefits, incentive and equity-based compensation plans and corporate performance. The compensation committee is further authorised to approve the fees and retention terms of any independent advisor that it retains. The compensation committee has engaged Mercer (US) Inc., a leading global human capital consulting firm, to serve as the committee's compensation consultant.

The compensation consultant reports to and acts at the direction of the compensation committee and is independent of management, provides comparative market data regarding Executive and Director compensation to assist in establishing reference points for the principal components of compensation and provides information regarding compensation trends in the general marketplace, compensation practices of the Peer Group described below, and regulatory and compliance developments. The compensation consultant regularly participates in the meetings of the compensation committee and meets privately with the committee at each committee meeting.

**Statement of voting at general meeting**

At the Annual General Meeting in April 2017, the shareholder advisory vote on executive compensation received the following votes:

| | Votes | % of Total Votes |
|---|---|---|
| Votes Cast in Favor | 108,938,981 | 68 % |
| Votes Cast Against | 50,528,425 | 32 % |
| Total Votes Cast in Favor or Against | 159,467,406 | 100% |
| Votes Withheld | 45,715,754 | |

# *Independent auditors' report to the members of Noble Corporation PLC*

Report on the audit of the financial statements

## Opinion

In our opinion:

- Noble Corporation PLC's group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2017 and of the group's loss and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the UK Annual Report and Financial Statements (the "Annual Report"), which comprise: the consolidated statement of financial position and parent company statement of financial position as at 31 December 2017; the consolidated income statement and consolidated statement of comprehensive income, the consolidated statement of cash flows, the consolidated statement of changes in equity and parent company statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Independence*

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

## Our audit approach

*Overview*

| | |
|---|---|
| ***Materiality*** | • Overall group materiality: $25 million (2016: $28 million), based upon our professional judgement, the rationale for the benchmark applied has been set out in detail on page 43.<br>• Overall parent company materiality: $14.5 million (2016: $28 million), based upon our professional judgement, the rationale for the benchmark applied has been set out in detail on page 43. |
| ***Audit Scope*** | • Noble Corporation PLC is a public limited company incorporated under the laws of England and Wales and is listed on the New York Stock Exchange, thus the company is subject to group financial statement audits in both the United Kingdom (UK) and the United States of America (US).<br>• The company's headquarters are in London, however it maintain offices in Sugar Land, Texas, where significant worldwide global support activity occurs. We have thus used a component team to perform the on-site testing in the US, with the group team performing the remainder of the audit work. (Further detail relating to the scope of the audit has been set out on page 42). |
| ***Key Audit Matters*** | *Group Key Audit Matters*<br>• Revenue recognition for non-standard customer contracts |

| | |
|---|---|
| ***Key Audit Matters (continued)*** | • Recognition of unbilled revenue<br>• Uncertain tax positions or exposures<br>• Fixed asset impairment<br>• First time adoption of International Financial Reporting Standards (IFRS) as adopted by the EU<br>• Valuation of opening Property Plant and Equipment (PPE) in accordance with IFRS<br><br>*Parent Company Key Audit Matters*<br>• Valuation of investments in subsidiaries<br>• Valuation of intercompany loans and balances |

*The scope of our audit*

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

*Key audit matters*

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

| ***Key audit matter*** | ***How our audit addressed the key audit matter*** |
|---|---|
| *Revenue recognition for non-standard customer contracts*<br><br>Non-standard contracts either relate to contracts where revenue is recognised on a percentage of completion basis where the directors make certain assumptions regarding the downtime and future expenses to determine the percentage of completion of the contract, or where a modification to the contract has occurred which impacts the future day-rates recognised over the remaining life of the contract.<br><br>Our audit focused on the risk that revenue from non-standard customer contracts may not be correctly calculated due to the complexity involved in the calculation and the exercise of management judgement. | We performed audit work to ensure that the company has properly identified all such contracts by agreeing the list of new contracts and amendments to existing contracts to the Monthly Fleet Status Reports published on the company website.<br><br>We read any new contracts signed during the year, as well as any amendments and extensions to existing contracts to identify any unusual and non-standard terms including fluctuating day rates.<br><br>We reviewed the key assumptions of estimated utilisation and unpaid downtime for each associated rig for reasonableness and obtained corroborating evidence to support these assumptions as appropriate.<br><br>For all non-standard contracts identified for the year ended 31 December 2017, we recalculated the revenue recognised to confirm it was mathematically accurate. |

| | |
|---|---|
| *Recognition of unbilled revenue*<br><br>Unbilled revenue is revenue earned and recognised by the group in advance of being invoiced. The group performs detailed calculations based on the percentage of completion of the contract to determine the amount of revenue that should be recognised.<br><br>Our audit focused on the risk that unbilled revenue recorded may not have occurred. | We selected a sample of high value unbilled revenue items for each geographical location and traced these items back to supporting invoices that have been issued in the month following the recognition of the revenue.<br><br>We selected a sample of unbilled revenue items for each geographical location and traced them back to supporting invoices to confirm these items were recognised in the correct accounting period. |
| *Uncertain tax positions or exposures*<br><br>Noble has a provision for uncertain tax positions of \$174.6m.<br><br>Estimates have to be made by the directors on the tax treatment of a number of transactions in advance of the ultimate tax determination being certain.<br><br>The group operates in multiple tax jurisdictions and the rules in some jurisdictions can be complex to interpret.<br><br>There is significant judgment and estimation required in determining uncertain tax positions and a risk that all potential tax exposures may not be identified. | We evaluated the process by which the directors calculated each tax exposure and assessed whether the assumptions used in developing the estimated exposure were reasonable in the context of the available evidence.<br><br>We tested the completeness of uncertain tax provisions by comparing the schedule of uncertain tax positions by tax jurisdiction to the territories in which Noble operates, including consideration of existing tax audits and issues, settlements and tax law changes which may create new uncertainties.<br><br>We also compared the significant permanent and temporary differences in the current provision to the previous provisions to search for uncertainties that could lead to an uncertain tax position.<br><br>We held discussions with Noble's tax specialist team throughout the year, in order to keep track of new jurisdictions in which Noble operates or has a material presence. We consulted with our tax specialists in order to identify the impact of any relevant tax law changes. |
| *Fixed Asset Impairment*<br><br>Noble has 28 rigs and related assets with a carrying amount of \$4,622.2 million as at 31 December 2017.<br><br>Due to the current market environment there have been several indicators of impairment of the rigs and related assets thus fixed assets have been subject to impairment testing.<br><br>An impairment charge of \$883.2 million has been recorded against these balances in the current year.<br><br>Certain assumptions used in the impairment review are subjective and require estimates to be made to calculate the recoverable amount, determined by value in use, of its rigs and related assets.<br><br>The key estimates and assumptions assessed include:<br>• day rates charged by Noble for the use of the rigs<br>• forecast utilisation of the rigs<br>• the discount rate applied to future cash flows (future day rates)<br>• daily operating cost associated with the rigs | We applied the following scoping criteria to identify those rigs requiring additional audit procedures:<br><br>1) Rigs with a short remaining useful life (< 5 years) and a headroom greater than \$75m.<br><br>2) Rigs with a short remaining useful life (< 5 years) and a net book value greater than \$25m, overall materiality.<br><br>3) Rigs that are currently cold stacked or preparing for cold stack which were not impaired.<br><br>4) Three rigs that do not meet the criteria above for unpredictable procedures.<br><br>5) Six rigs with a long remaining useful life (> 5 years) which have been impaired in 2017.<br><br>This identified the following rigs for further consideration: Alan Hay, Jim Day, Danny Adkins, Amos Runner, Dave Beard, David Tinsley, Bully 1, Clyde Boudreaux, Tom Madden, Regina Allen, Paul Romano, Bob Douglas, Sam Hartley, Don Taylor, Mick O'Brien and Sam Croft.<br><br>We evaluated the directors' value in use model and the process by which it was constructed and tested the integrity of the underlying discounted cash flow model. |

| | |
|---|---|
| *Fixed Asset Impairment (continued)* | In respect of the 16 rigs that we focused our additional audit procedures on, we assessed the directors' assumptions for future cash flow growth in the plan, by:<br><br>• agreeing contracted day rates to the historical contracted day rate per the contract summaries for each rig selected for testing.<br>• comparing forecast day rates from current and historical external market reports where possible to the day rates used in the cash flow model.<br>• comparing the daily operating cost and utilisation of rigs assumptions to historical performance and based on our knowledge of the industry.<br><br>We used our internal valuation specialists and external market data to assess the assumptions used to build the discount rates and observed them to be within a reasonable range. We verified the use of discount rates across all rigs and ensured the mathematical accuracy of its application in the value in use calculations. |
| *First time adoption of International Financial Reporting Standards (IFRS) as adopted by the EU*<br><br>On conversion to IFRS, there was a risk of incomplete identification, or incorrect interpretation of the required accounting policy changes. In addition there was a risk of incorrect calculation of the resultant differences. | We reviewed management's assessment of differences between US GAAP and IFRS as adopted in the EU and considered whether their assessment had identified all potential differences.<br><br>We reviewed the company's interpretation of IFRS and audited the underlying calculation of GAAP differences to be recorded back to supporting evidence.<br><br>We tested the integrity of all underlying spreadsheets and calculations that supported the transitional adjustments and found the calculations to be mathematically correct.<br><br>We obtained corroborating evidence to support the data used in determining the transitional adjustments. |
| *Valuation of opening Property Plant and Equipment (PPE) in accordance with IFRS*<br><br>Noble has applied IFRS 1 deemed cost exemption and treated the fair value of property, plant and equipment as the deemed cost at the transition date of 1 January 2016.<br><br>Certain assumptions used in the determination of fair value are subjective and require estimates to be made. This increased the risk that the fair value and hence the deemed cost on transition might be calculated incorrectly. | We evaluated the directors' fair value using income approach model and the process by which it was constructed and tested the integrity of the underlying discounted cash flow model.<br><br>We target tested 29 rigs for which we assessed the directors' assumptions for future cash flow growth in the plan, by:<br><br>• agreeing contracted day rates to the historical contracted day rate per the contract summaries for each rig selected for testing.<br>• comparing forecast day rates from current and historical external market reports where possible to the day rates used in the cash flow model.<br>• comparing the daily operating cost and utilisation of rigs assumptions to historical performance and based on our knowledge of the industry.<br><br>We used our internal valuation specialists and external market data to assess the assumptions used to build the discount rates and observed them to be within a reasonable range. We verified the use of discount rates across all rigs and ensured the mathematical accuracy of its application in the value in use calculations. |
| *Valuation of investments in subsidiaries*<br><br>The parent company has an investment in the Noble group subsidiaries, with a carrying value of $1,453.3 million after | We evaluated the directors' value in use model and the process by which it was drawn up and ensured that the model was properly constructed and tested the integrity of the underlying discounted cash flow model. |

| | |
|---|---|
| *Valuation of investments in subsidiaries (continued)*<br><br>an impairment charge of $1,373.6 million has been recorded against these balances in the current year.<br><br>Due to the current market environment there have been several indicators of impairment of the investment in the Noble group subsidiaries thus investment in subsidiaries have been subject to impairment testing.<br><br>Our audit focused on the risk that the carrying value of investments in subsidiaries could be overstated. | We assessed the directors' assumptions for future cash flow growth in the plan, by testing the sample of rigs as noted above in "Fixed Asset Impairment", by:<br><br>• agreeing contracted day rates to the historical contracted day rate per the contract summaries for each rig selected for testing.<br>• comparing forecast day rates from current and historical external market reports where possible to the day rates used in the cash flow model.<br>• comparing the daily operating cost and utilisation of rigs assumptions to historical performance and on our knowledge of the industry.<br><br>We reviewed the reconciliation of the market capitalisation of the group to the recoverable amount of the investment.<br><br>We used our internal valuation specialists and external market data to assess the assumptions used to build the discount rates and observed them to be within a reasonable range. We verified the use of discount rates across all rigs and ensured the mathematical accuracy of its application in the value in use calculations. |
| *Valuation of intercompany loans and balances*<br><br>The group continued to reorganise its internal company structure in 2017, which resulted in changes to intercompany loan balances within the group as well as several distributions made within the group which affected the parent company's financial statements.<br><br>Our audit focused on the risk that these transactions and balances could be inappropriately recorded in the parent company's financial statements. | We reviewed the detailed step plan prepared by the directors to support the group reorganisation and agreed with the accounting treatment for each step.<br><br>We confirmed that all new intercompany loan balances were initially recognised at fair value. Where interest rates were applied to intercompany loans, we confirmed that the loans were made on market terms. Where interest rates were not applied to intercompany loans, we confirmed that these loans were repayable on demand by the issuer of the loan.<br><br>We assessed whether gains/losses arising as part of the reorganisation and debt restructure were appropriately treated in the income statement. |

### *How we tailored the audit scope*

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the parent company, the accounting processes and controls, and the industry in which they operate.

Our component team performed a financial statement audit on the US group financial statements prepared under US GAAP under our direction and supervision. Any additional work required to comply with the statutory requirements in the UK, which include reporting in accordance with IFRSs as adopted by the European Union and the Companies Act 2006, has been carried out by the group team.

The Company has several different regional locations which serve as shore-based rig and accounting support centres. The component regions are United States, Europe and Mediterranean, Middle East and India, Africa, Far East, Central America, South America, Oceania, Canada and a separate Corporate region which provides oversight.

We identified 3 components (United States, Europe and Mediterranean, Middle East and India), which, in our view, required an audit of the complete financial information based on its contribution to group revenue and assets and associated risk relating to the component.

In determining the nature, timing, and extent of audit procedures to be performed at non-significant components, we performed analytical procedures at a group level.

Based on the results of the analytical procedures, we determined that specified audit procedures were required at selected components, not identified as significant components, to address specific risk characteristics or to provide sufficient overall group coverage of particular financial statement line items.

*Materiality*

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

| | ***Group financial statements*** | ***Parent company financial statements*** |
|---|---|---|
| ***Overall materiality*** | $25 million (2016: $28 million). | $14.5 million (2016: $28 million). |
| ***How we determined it*** | see below | 1% of Total assets. |
| ***Rationale for benchmark applied*** | Based on the highly cyclical nature of Noble's business, we have concluded that pre-tax income for the current year is not the most meaningful benchmark for determining overall materiality.<br>Thus, we have considered alternative benchmarks including total revenues, EBITDA, total assets and a three year weighted average of pre-tax income (loss) adjusted for non-recurring items.<br>These benchmarks yielded materiality levels ranging from $5 million to $110 million. We used our professional judgement to determine an overall materiality level of $25 million. | We believe that total assets is the primary measure used by shareholders in assessing the performance of the entity. The parent company is primarily a holding company with investments in subsidiary companies. The parent company's materiality was historically based on total assets but limited to group materiality. In the current year no limitation was required as the parent company materiality did not exceed group materiality. |

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between $6.8 million and $23.7 million.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above $2.5 million (Group audit) (2016: $2.8 million) and $1.5 million (Parent company audit) (2016: $2.8 million) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

## Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and parent company's ability to continue as a going concern.

## Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006 and ISAs (UK) require us also to report certain opinions and matters as described below.

| |
|---|
| ***Strategic Report and Directors' Report***<br>In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.<br>In light of the knowledge and understanding of the group and parent company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report. |
| ***Directors' Remuneration***<br>In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006. |

## Responsibilities for the financial statements and the audit

*Responsibilities of the directors for the financial statements*

As explained more fully in the Directors' Responsibilities in respect of the preparation of the Annual Report and Accounts set out on page 16, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

*Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

*Use of this report*

This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Other required reporting

### Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Miles Saunders

Miles Saunders (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading
23 March 2018

**NOBLE CORPORATION PLC AND SUBSIDIARIES**
**CONSOLIDATED INCOME STATEMENT**
**FOR THE YEAR ENDED 31 DECEMBER 2017**

| | | Year Ended | |
|---|---|---|---|
| | **Note** | **31 December 2017** | **31 December 2016** |
| | | **$'000** | **$'000** |
| **REVENUE** | | 1,236,915 | 2,302,065 |
| **EXPENDITURES** | | | |
| Operating costs pre-impairment loss | 5 | (1,099,329) | (1,415,238) |
| Impairment loss | 5 | (883,175) | (1,344,295) |
| | 5 | (1,982,504) | (2,759,533) |
| **OPERATING LOSS** | | (745,589) | (457,468) |
| Finance costs | 6 | (296,483) | (225,966) |
| Finance income | 6 | 5,449 | 17,832 |
| **Net finance costs** | | (291,034) | (208,134) |
| **LOSS BEFORE INCOME TAX** | | (1,036,623) | (665,602) |
| Income tax benefit | 13 | 9,803 | 136,819 |
| Net loss from continuing operations | | (1,026,820) | (528,783) |
| Net loss from discontinued operations, net of tax | 7 | (1,486) | — |
| **NET LOSS FOR THE YEAR** | | (1,028,306) | (528,783) |
| Net (income) attributable to non-controlling interests | 9 | (18,740) | (32,718) |
| **NET LOSS ATTRIBUTABLE TO NOBLE CORPORATION plc** | | (1,047,046) | (561,501) |
| **Net loss attributable to Noble Corporation plc:** | | | |
| Loss from continuing operations, less non-controlling interest | | (1,045,560) | (561,501) |
| Net loss from discontinued operations, net of tax | 7 | (1,486) | — |
| **Net loss attributable to Noble Corporation plc** | | (1,047,046) | (561,501) |
| **Basic and diluted loss per share:** | | | |
| Loss from continuing operations | | (4.27) | (2.31) |
| Loss from discontinued operations | | (0.01) | — |
| Net loss attributable to Noble Corporation plc | | (4.28) | (2.31) |
| Weighted average shares | | 244,743 | 243,127 |

See accompanying notes to the consolidated financial statements.

**NOBLE CORPORATION PLC AND SUBSIDIARIES**
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**
**FOR THE YEAR ENDED 31 DECEMBER 2017**

| | | Year Ended | |
|---|---|---|---|
| | Note | 31 December 2017 | 31 December 2016 |
| | | $'000 | $'000 |
| **Net Loss For The Year** | | (1,028,306) | (528,783) |
| **Other Comprehensive Income, net of tax** | | | |
| *Items that will be reclassified to income statement in subsequent periods:* | | | |
| Foreign currency translation adjustments | 18 | 990 | (19) |
| *Items that will not to be reclassified to income statement in subsequent periods:* | | | |
| Re-measurements of retirement benefit obligations | 13 | 5,897 | 5,069 |
| Total Other Comprehensive Loss, net of tax | 18 | 6,887 | 5,050 |
| Total Comprehensive Loss for the year, net of tax | | (1,021,419) | (523,733) |
| Total Comprehensive Loss for the year attributable to Non-controlling interests | 9 | (18,740) | (32,718) |
| **Total Comprehensive Loss for the year attributable to Noble Corporation plc** | | **(1,040,159)** | **(556,451)** |

See accompanying notes to the consolidated financial statements.

## NOBLE CORPORATION PLC AND SUBSIDIARIES
## CONSOLIDATED STATEMENT OF FINANCIAL POSITION
## AS AT 31 DECEMBER 2017

| | Notes | As at 31 December 2017 | As at 31 December 2016 | As at 1 January 2016 |
|---|---|---|---|---|
| | | $'000 | $'000 | $'000 |
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Property and equipment | 10 | 4,690,455 | 5,840,484 | 6,961,712 |
| Deferred tax assets | 13 | 42,449 | 103,658 | 2,903 |
| Trade and other receivables | 11 | 106,255 | 90,805 | 128,910 |
| **Total Non-Current Assets** | | 4,839,159 | 6,034,947 | 7,093,525 |
| **Current assets** | | | | |
| Cash and cash equivalents | 12 | 662,829 | 725,722 | 512,245 |
| Trade and other receivables | 11 | 270,801 | 411,412 | 672,848 |
| Taxes receivable | 13 | 105,345 | 55,480 | 55,525 |
| **Total Current Assets** | | 1,038,975 | 1,192,614 | 1,240,618 |
| **Total Assets** | | **5,878,134** | **7,227,561** | **8,334,143** |
| **LIABILITIES** | | | | |
| **Non-current liabilities** | | | | |
| Interest bearing loans and borrowings | 14 | 3,795,867 | 4,040,238 | 4,162,590 |
| Deferred tax liabilities | 13 | 402 | 4,505 | 117,150 |
| Trade and other payables | 15 | 283,677 | 276,080 | 285,257 |
| Retirement benefit obligations | 16 | 30,746 | 46,398 | 53,960 |
| **Total Non-current Liabilities** | | 4,110,692 | 4,367,221 | 4,618,957 |
| **Current liabilities** | | | | |
| Interest bearing loans and borrowings | 14 | 249,843 | 299,882 | 299,924 |
| Trade and other payables | 15 | 305,398 | 283,035 | 472,279 |
| Taxes payable | 13 | 33,965 | 46,561 | 87,940 |
| **Total Current Liabilities** | | 589,206 | 629,478 | 860,143 |
| **Total Liabilities** | | **4,699,898** | **4,996,699** | **5,479,100** |
| **EQUITY** | | | | |
| Share capital | 18 | 2,450 | 2,432 | 2,420 |
| Share premium | 18 | — | — | 3,508 |
| Other reserves | 18 | 669,846 | 637,270 | 595,528 |
| Retained Earnings | | 216,147 | 1,263,226 | 1,872,427 |
| Equity attributable to equity holders of the parent | | 888,443 | 1,902,928 | 2,473,883 |
| Non-controlling interests | | 289,793 | 327,934 | 381,160 |
| **Total Equity** | | **1,178,236** | **2,230,862** | **2,855,043** |
| **Total Liabilities and Equity** | | **5,878,134** | **7,227,561** | **8,334,143** |

See accompanying notes to the consolidated financial statements.

The financial statements of Noble Corporation plc (registered number 08354954) were approved by the Board of Directors on 23 March 2018. They were signed on behalf of the Board by:

Julie J. Robertson

**Julie J. Robertson**
Executive Director

**NOBLE CORPORATION PLC AND SUBSIDIARIES**
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**
**FOR THE YEAR ENDED 31 DECEMBER 2017**

| | Share Capital | Share Premium | Other Reserves | Retained earnings | Non-Controlling Interest | Total Equity |
|---|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Balance as at 1 January 2016** | **2,420** | **3,508** | **595,528** | **1,872,427** | **381,160** | **2,855,043** |
| Net (loss)/income for the year | — | — | — | (561,501) | 32,718 | (528,783) |
| Other comprehensive income | — | — | 5,050 | — | — | 5,050 |
| Total comprehensive (loss)/income | — | — | 5,050 | (561,501) | 32,718 | (523,733) |
| Amortisation of share-based compensation | — | — | 36,431 | — | — | 36,431 |
| Issuance of share-based compensation shares | 12 | 1,314 | (4,940) | — | — | (3,614) |
| Tax benefit of equity transactions | — | (4,822) | 5,201 | — | — | 379 |
| Dividends | — | — | — | (47,700) | — | (47,700) |
| Dividends paid to non-controlling interests | — | — | — | — | (85,944) | (85,944) |
| **Balance as at 31 December 2016** | **2,432** | **—** | **637,270** | **1,263,226** | **327,934** | **2,230,862** |
| Net (loss)/income for the year | — | — | | (1,047,046) | 18,740 | (1,028,306) |
| Other comprehensive income | — | — | 6,887 | — | — | 6,887 |
| Total comprehensive (loss)/income | — | — | 6,887 | (1,047,046) | 18,740 | (1,021,419) |
| Amortisation of share-based compensation | — | — | 30,050 | — | — | 30,050 |
| Issuance of share-based compensation shares | 18 | — | (23) | — | — | (5) |
| Shares withheld from taxes on equity activity | — | — | (4,338) | — | — | (4,338) |
| Dividends | — | — | — | (33) | — | (33) |
| Dividends paid to non-controlling interests | — | — | — | — | (56,881) | (56,881) |
| **Balance as at 31 December 2017** | **2,450** | **—** | **669,846** | **216,147** | **289,793** | **1,178,236** |

See accompanying notes to the consolidated financial statements.

**NOBLE CORPORATION PLC AND SUBSIDIARIES**
**CONSOLIDATED STATEMENT OF CASH FLOWS**
**FOR THE YEAR ENDED 31 DECEMBER 2017**

| | Note | Year Ended 31 December 2017 | 31 December 2016 |
|---|---|---|---|
| | | $'000 | $'000 |
| **OPERATING ACTIVITIES** | | | |
| Net loss for the year | | (1,028,306) | (528,783) |
| Adjustments to reconcile net loss to net cash from operating activities: | | | |
| Depreciation and amortisation | 5 | 368,662 | 421,036 |
| Loss on impairment | 5 | 883,175 | 1,344,295 |
| Gain on extinguishment of debt | 6 | — | (17,814) |
| Deferred income tax provision | 13 | (5,355) | (254,734) |
| Share-based compensation expense | 17 | 30,051 | 36,431 |
| Other long-term asset write-off | | 29,032 | — |
| Other changes in assets and liabilities | 11,15 | 176,684 | 125,645 |
| Net cash generated from operating activities | | 453,943 | 1,126,076 |
| **INVESTING ACTIVITIES** | | | |
| Capital expenditures | 10 | (111,140) | (659,925) |
| Change in accrued capital expenditures | | (46,830) | (34,814) |
| Proceeds from disposal of assets | 10 | 2,382 | 24,808 |
| Net cash used in investing activities | | (155,588) | (669,931) |
| **FINANCING ACTIVITIES** | | | |
| Repayments of long-term debt | 14 | (300,000) | (1,073,987) |
| Issuance of senior notes | 14 | (42) | 980,100 |
| Deferred financing costs on credit facilities & senior notes | 14 | — | (12,111) |
| Net outflow from employee stock transactions | 17 | (4,325) | (3,192) |
| Return of Capital- Dividends paid | 20 | — | (47,534) |
| Dividends paid to joint venture partners | 9 | (56,881) | (85,944) |
| Net cash used in financing activities | | (361,248) | (242,668) |
| **Net change in cash and cash equivalents** | | (62,893) | 213,477 |
| **Cash and cash equivalents, Beginning of period** | 12 | 725,722 | 512,245 |
| **Cash and cash equivalents, End of period** | **12** | **662,829** | **725,722** |

See accompanying notes to the consolidated financial statements.

## NOTE 1— GENERAL INFORMATION

Noble Corporation plc ("Noble-UK" or "Group" or "Company" or "we"), is a public limited company incorporated in the United Kingdom under the Companies Act and listed on the New York Stock Exchange. The address of the registered office is Devonshire House, 1 Mayfair Place, London, England, W1J 8AJ.

We are a leading offshore drilling contractor for the oil and gas industry. We provide contract drilling services with our global fleet of mobile offshore drilling units. As of the filing date of this Annual Report, our 28 rig fleet consisted of eight drillships, six semisubmersibles and 14 jackups .

At 31 December 2017, our fleet was located in Canada, Far East Asia, the Middle East, the North Sea, Oceania, South America and the Gulf of Mexico. Noble has been engaged in the contract drilling of oil and gas wells since 1921.
The Company's registration number is 08354954.

## NOTE 2— SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented.

### 2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and interpretations issued by the IFRS Interpretations Committee ("IFRS IC"). For all periods up to and including the year ended 31 December 2016, the Group prepared its financial statements in accordance with generally accepted accounting principles in the United States of America ("US GAAP"). These financial statements for the year ended 31 December 2017 are the first the Group has prepared in accordance with IFRS.

The transition to IFRS has been carried out in accordance with IFRS 1 First-time Adoption of International Financial Reporting Standards. An explanation of how the transition to IFRS affected the reported consolidated financial position, consolidated income statement and consolidated cash flows of the Group is set out in "Note 4— First-Time Adoption of IFRS."
The consolidated financial statements were authorised for issue by the Board of Directors on 23 March 2018.

The consolidated financial statements have been prepared under the historical cost convention, except for derivative financial instruments which are measured at fair value and where the fair value has been used as deemed cost for certain assets at the date of transition to IFRS "(Note 4— First-Time Adoption of IFRS)." Historical cost is generally based on the fair value of the consideration given in exchange for assets.

### 2.2 Going Concern

In light of current market conditions, Management has considered whether the use of the going concern basis is appropriate for the preparation of these consolidated financial statements, based upon the financial position and cash requirements of the Company for the period of 12 months from the date of signing of these financial statements. We have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. As a result we continue to adopt the going concern basis in preparing the consolidated financial statements.

### 2.3 Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective. The Group is currently assessing the potential impact of adopting these new standards and interpretations, on the financial statements of the Group and the Company.

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

| | |
|---|---|
| IFRS 9 | Financial Instruments |
| IFRS 15 | Revenue from Contracts with Customers |
| IFRS 16 | Leases |
| Amendments to IFRS 2 | Share-based Payments |
| Amendments to IFRS 10 and IAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture |
| IFRS IC Interpretation 23 | Uncertainty over Income Tax Treatments |

*IFRS 9 Financial Instruments*

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. The Group plans to adopt the new standard on the required effective date. During 2017, the Group has performed a high-level impact assessment of all three aspects of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analysis or additional reasonable and supportable information being made available to the Group in the future. Overall, the Group expects no significant impact on its balance sheet and equity except for the effect of applying the impairment requirements of IFRS 9.

*(a) Classification and measurement*

The Group does not expect a significant impact on its balance sheet or equity on applying the classification and measurement requirements of IFRS 9. It expects to continue measuring at fair value all financial assets currently held at fair value.

Loans as well as trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. Thus, the Group expects that these will continue to be measured at amortised cost under IFRS 9.

*(b) Impairment*

IFRS 9 requires the Group to record expected credit losses on all of its trade receivables, either on a 12-month or lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses on all trade receivables. Overall, the Group expects no significant impact on its financial position and income statement for the effect of applying the impairment requirements of IFRS 9.

*(c) Hedge accounting*

The Group believes that all existing hedge relationships that are currently designated in effective hedging relationships will still qualify for hedge accounting under IFRS 9. As IFRS 9 does not change the general principles of how an entity accounts for effective hedges, the Group does not expect a significant impact as a result of applying IFRS 9.

*IFRS 15 Revenue from Contracts with Customers*

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018, with early adoption permitted. We have formed an implementation work team, completed training on IFRS 15 and are finishing a project to review relevant contracts. We plan to adopt the new standard effective 1 January 2018 under the modified retrospective approach. With respect to our revenue recognised, as of 31 December 2017, we have qualitatively assessed that the effect of adoption will have an impact to deferred revenues in either "other current liabilities" or "other liabilities", to revenues recorded in excess of billings recorded in "Prepaid expenses and other current assets," and the net impact recorded to "Retained earnings" on our accompanying Consolidated Statement of Financial Position. Quantitatively, we estimate that the effect of our retrospective adoption will be immaterial. Therefore, with respect to our modified retrospective adoption, we do not anticipate a change to our financial presentation on our Consolidated Statement of Financial Position as of 31 December 2017.

*IFRS 16 Leases*

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRS IC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

Under the updated accounting standards, we have preliminarily determined that our drilling contracts contain a lease component, and our adoption, therefore, will require that we separately recognise revenues associated with the lease and services components. Our adoption, and the ultimate effect on our consolidated financial statements, will be based on an evaluation of the contract-specific facts and circumstances.The Group plans to adopt the new standard on the required effective date using the modified retrospective approach to our adoption. Our adoption will have an impact on how our consolidated financial statements and related disclosures will be presented. We are currently evaluating the impact IFRS 16 will have on our consolidated financial statements, and to complete that evaluation we have formed an implementation team and started the review and documentation of contracts.

*IFRS 2 Classification and Measurement of Share-based Payment Transactions — Amendments to IFRS 2*

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The amendments are effective for annual periods beginning on or after 1 January 2018, with early application permitted. Overall, the Group expects no significant impact on its balance sheet and equity requirements of IFRS 2.

*IFRS IC Interpretation 23 Uncertainty over Income Tax Treatments*

In June 2017, the IASB issued IFRS IC Interpretation 23 Uncertainty over Income Tax Treatments (the Interpretation) which clarifies application of the recognition and measurement requirements in IAS 12 Income Taxes when there is uncertainty over income tax treatments. The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The Interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available.

The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. These amendments are not expected to have any significant impact on the Group.

*Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively. These amendments are not expected to have any significant impact on the Group.

**2.4 Basis of consolidation**

(a) Acquisitions of entities controlled by Noble

Subsidiaries and joint ventures are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

We maintain a 50 percent interest in five joint ventures. Two of the joint ventures are with a subsidiary of Royal Dutch Shell plc ("Shell"), that own and operate the two *Bully*-class drillships. The group also has three joint ventures, Sedco Dubai, Noble Drilling Arabia Company ltd and Noble Drilling Doha LLC which allows Noble to participate and operate in certain jurisdictions.We have determined that we direct and control the most relevant activities of these joint ventures and are thus exposed to a greater amount of variable returns. Accordingly, we consolidate the entities in our consolidated financial statements. See "Note 3— Critical Accounting Judgments, Estimates and Assumptions" for more information.

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquire on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the group's accounting policies.

(b) Disposal of controlled entities

When the group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

**2.5 Segment Information**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

We report our contract drilling operations as a single reportable segment, Contract Drilling Services, which reflects how we manage our business, and the fact that all of our drilling fleet is dependent upon the worldwide oil industry.

**2.6 Fair value measurement**

The Group measures certain financial instruments, such as derivatives, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

**2.7 Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

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

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

We receive reimbursements from customers for “out-of-pocket” expenses, which is recorded as revenue and included in reimbursables revenue. The related direct costs are recorded as operating expenses.

Interest income

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest method. The effective interest method is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in the income statement.

**2.8 Income taxes**

Income taxes are based on the laws and rates in effect in the countries in which operations are conducted or in which we or our subsidiaries are considered resident for income tax purposes. In certain circumstances, we expect that, due to changing demands of the offshore drilling markets and the ability to redeploy our offshore drilling units, certain of such units will not reside in a location long enough to give rise to future tax consequences. As a result, no deferred tax asset or liability has been recognised 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.

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

We operate through various subsidiaries in numerous countries throughout the world, including the United States. Consequently, we are subject to changes in tax laws, treaties or regulations or the interpretation or enforcement thereof in the U.S., UK or jurisdictions in which we or any of our subsidiaries operate or are resident. Our income tax expense is based upon our interpretation of the tax laws in effect in various countries at the time that the expense was incurred. If the U.S. Internal Revenue Service (“IRS”) or other taxing authorities do not agree with our assessment of the effects of such laws, treaties and regulations, this could have a material adverse effect on us including the imposition of a higher effective tax rate on our worldwide earnings or a reclassification of the tax impact of our significant corporate restructuring transactions. We will not recognise the benefit of income tax positions we believe are probably to be disallowed upon challenge by a tax authority. The tax and penalty associated with an uncertain income tax position are measured based on the single best estimate of the most likely outcome.

**2.9 Foreign currencies**

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency) which is US dollars. Unless otherwise stated, the consolidated financial statements are presented in US dollars, which is the Group's functional as well as presentation currency. Non-US dollar transaction gains and losses are recognised in profit or loss.

Transactions and balances

Although we are a UK company, we define foreign currency as any non-U.S. denominated currency.

In non-U.S. locations where the U.S. Dollar has been designated as the functional currency (based on an evaluation of factors including the markets in which the subsidiary operates, inflation, generation of cash flow, financing activities and intercompany arrangements), local currency transaction gains and losses are included in profit or loss.

In non-U.S. locations where the local currency is the functional currency, monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange on the reporting date, while statement of operations items denominated in foreign currencies are translated at average rates of exchange during the year. Foreign exchange gains and losses arising on transactions are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currency are translated to the functional currency of each entity at the foreign exchange rate ruling at the date of transaction with no further re-measurement in future.

Foreign operations

For the preparation of consolidated financial statements, the differences arising on translation of financial statements of foreign operations into USD are recognised in other comprehensive income and accumulated in the translation reserve except to the extent of share of non-controlling interests in such differences. Accumulated translation differences are re-cycled to profit or loss on de-recognition of foreign operations as part of the gain or loss on such derecognition. In case of partial derecognition, accumulated differences proportionate to the stake derecognised are re-cycled.

If the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, then foreign currency differences arising from such item form part of the net investment in the foreign operation. Accordingly, such differences are recognised in OCI and accumulated in the translation reserve.

**2.10 Financial assets**

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

*Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

The Group has not designated any financial assets at fair value through profit or loss.

*Loans and receivables*

This category is the most relevant to the Group. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

This category generally applies to trade and other receivables.

*Cash and Cash Equivalents*

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

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

*Impairment of financial assets*

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

*Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original EIR.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income (recorded as finance income in the statement of profit or loss) continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans, together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the income statement.

**2.11 Financial liabilities**

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

*Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

The Group has not designated any financial liabilities at fair value through profit or loss.

*Loans and borrowings*

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the income statement.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

*Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**2.12 Derivative financial instruments and hedging activities**

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair values at each reporting date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The group designates certain derivatives as either:

(a) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge);

(b) hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

We periodically enter into derivative instruments to manage our exposure to fluctuations in interest rates and foreign currency exchange rates. The group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. We do not engage in derivative transactions for speculative or trading purposes, nor are we a party to leveraged derivatives.

***Cash Flow Hedges***

Several of our regional shorebases, including our North Sea operations, have a significant amount of their cash operating expenses payable in local currencies. To limit the potential risk of currency fluctuations, we periodically enter into forward contracts, which settle monthly in the operations' respective local currencies.

For foreign currency forward contracts, hedge effectiveness is evaluated at inception based on the matching of critical terms between derivative contracts and the hedged item. Any change in fair value resulting from ineffectiveness is recognised immediately in Net income/(loss).

**2.13 Trade and Other Receivables**

Trade receivables are amounts due from customers for contract drilling services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

**2.14 Trade and Other Payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

**2.15 Property and Equipment**

Property and equipment is shown at cost less accumulated depreciation at the end of each reporting period. Property and equipment costs are recognised at the time they are incurred and include costs incurred to initially acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. In connection with the Company's first-time adoption of IFRS, IFRS 1 allows the entity to elect to treat the fair value of property and equipment at the date of transition as the deemed cost for IFRS. Noble elected to treat the fair value of certain of our property and equipment as the deemed cost at 1 January 2016, our date of transition.

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 capitalised when incurred and depreciated over an equivalent period if they meet the asset recognition criteria under IAS 16. 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 recognised.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, as well as exchange rate differences from foreign currency are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs are offset by investment income earned on those borrowings. For borrowings associated with a specific qualifying asset, actual borrowing costs are capitalised.

The basis of certain property and equipment will change at transition date via deemed cost exemption and there will be no accumulated depreciation recorded on date of transition to IFRS. On a go forward basis the Company will calculate depreciation by using the straight-line method over the estimated remaining useful life of the respective assets, on the new basis prospectively from the date of transition. Any additions made to property and equipment post transition date will be depreciated based on the respective useful lives. Component depreciation is used for components of an asset that are significant and have differing patterns of benefit.

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. Noble componentises subsequent drilling equipment, replacement upgrades (DERU) and overhauls added after the initial in-service date of the rig. The costs are recognised as part of the carrying value of the asset if they meet the recognition criteria under IAS 16 and depreciated on a straight-line basis over the useful life of the component. These items are generally capitalised and depreciated over a three or five year period depending upon the corresponding regulatory requirements for overhauling and recertifying the equipment. Noble also componentises drill pipe (tubulars), as well as its aluminum risers and depreciates them over three and seven years, respectively. Major refurbishments and improvements when completed are depreciated over the shorter of, the period benefiting from these enhancements or, remaining useful life of the rig. Other items of property and equipment are depreciated using the straight-line method over their respective useful lives ranging from three to forty years.

Construction in progress, which includes capital spares, are depreciated on the straight-line method, over their estimated useful lives as of the date placed in service.

Depreciation on assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

| Component | Useful Life |
|---|---|
| Drilling Rigs (complete unit) | 25 or 30 years |
| Major Equipment, Refurbishments & Improvements | Remaining estimated useful life of rig |
| Drilling Equipment Replacement & Upgrades (DERU) | 3 or 5 years |
| Aluminum Alloy Drilling Risers | 7 years |
| Drill pipe | 3 years |
| Other (Buildings, IT, Office equipment & furniture) | 3 - 40 years |

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount see "Note 2.16— Impairment of non-financial assets."

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Net operating costs' in the income statement.

**2.16 Impairment of non-financial assets**

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's ("CGU's") fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover the life of the rig.

Impairment losses of continuing operations are recognised in the income statement categories consistent with the function of the impaired asset

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

**2.17 Provisions and contingencies**

<u>Provisions</u>

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. Provisions are split between amounts expected to be settled within 12 months of the date of the consolidated statement of financial position (current) and amounts expected to be settled later (non-current).

Contingent liabilities

Contingent liabilities are (i) possible obligations whose existence will only be confirmed by future events not wholly within the control of the company or (ii) present obligations where it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities that are not recognised in the consolidated financial statements are disclosed, unless the possibility of an outflow of economic resources is considered remote. The Group reviews its contingent liabilities on a regular basis to re-assess its conclusions related to provisioning.

Contingent asset

Contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent asset is not recognised until their realisation is virtually certain and an asset is then recognised for the same in line with applicable IFRS. The Group reviews its contingent assets on a regular basis to re-assess its conclusions related to recognition.

**2.18 Employee benefits**

Defined benefit plan obligations

Noble maintains various post-employment schemes, including both defined benefit and defined contribution pension plans and post-employment medical plans. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised immediately in net operating costs in the income statement.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The Group recognises the following changes in the net defined benefit obligation under Net operating cost in the consolidated income statement:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements;
- Net interest expense or income; and
- Remeasurements.

The defined benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A curtailment occurs when an entity significantly reduces the number of employees covered by a plan. A curtailment may arise from an isolated event, such as the closing of a plant, discontinuance of an operation or termination or suspension of a plan.

Gains or losses on the settlement of a defined benefit plan are recognised when the settlement occurs.

The gain or loss on a settlement is the difference between:

- the present value of the defined benefit obligation being settled, as determined on the date of settlement; and
- the settlement price, including any plan assets transferred and any payments made directly by the entity in connection with the settlement.

Short-term benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. See “Note 17— Share Based Payments” for further information.

### 2.19 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 31 December 2017 and 2016, loss reserves for personal injury and protection claims totaled $22.0 million and $22.1 million, respectively, and such amounts are included in “Other current liabilities” in the accompanying consolidated statement of financial position.

### 2.20 Earnings per share

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the parent by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

Our unvested share-based payment awards, which contain non-forfeitable rights to dividends, are participating securities and are included in the computation of earnings per share pursuant to the “two-class” method. The “two-class” method allocates undistributed earnings between common shares and participating securities.

For year-to-date and annual computations, regardless of whether the period has income or loss, the number of dilutive potential ordinary shares included in the year-to-date period is not a weighted average of the dilutive potential ordinary shares included in each interim computation. Dilutive potential ordinary shares are determined independently for each period presented, including year-to-date periods. Contingently issuable shares are included in the denominator of diluted EPS from the beginning of the reporting period (or from the date of the contingent share agreement, if later) in the year-to-date diluted EPS calculation.

### 2.21 Share-based compensation plans

We record the grant date fair value of share-based compensation arrangements as compensation cost using a graded vesting method over the service period. Share-based compensation is expensed or capitalised based on the nature of the employee’s activities.

Fair value of restricted shares and restricted share units awarded to employees is based on the market price of the stock on the date of grant. At the end of each reporting period, the group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions and service conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

That cost is recognised in employee benefits expense, together with a corresponding increase in equity (other capital reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group’s best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the income statement for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is canceled by the entity or by the counter-party, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

## NOTE 3— CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

### Estimates and assumptions

Property and Equipment - Deemed Cost

The Group elected to treat the fair value of certain of our property and equipment as the deemed cost at 1 January 2016, our date of transition. Noble utilised the model that was prepared in conjunction with a third party to evaluate the fair value by using the income approach-present value of future cash flows to be generated through the asset's use. The determination of expected discounted cash flow amounts requires significant estimates, judgments and assumption, including utilisation levels, day rates, expense levels and capital requirements, as well as cash flows generated upon disposition, for each of our drilling rigs, capital spares and other property. The discount rate reflects current assessments of the time value of money and the risks specific to the asset. The use of different estimates, judgments, assumptions and expectations regarding future industry conditions and operations would likely result in materially different asset carrying values.

Depreciation of property and equipment

We depreciate our assets using the straight-line method over their estimated useful service lives after allowing for salvage values. We estimate useful lives and salvage values by applying judgments and assumptions that reflect both historical experience and expectations regarding future operations, utilisation and performance. Useful lives may be affected by a variety of factors including technological advances in methods of oil and gas exploration, changes in market or economic conditions, and changes in laws or regulations that affect the drilling industry. Applying different judgments and assumptions in establishing useful lives and salvage values may result in values that differ from recorded amounts.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on discounting the estimated future cash flows to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to property and equipment recognised by the Group. The key assumptions used to determine the recoverable amount, including a sensitivity analysis, are disclosed and further explained in "Note 10— Property and Equipment."

Income taxes

In accordance with accounting guidelines for income tax uncertainties, reserves are booked in the amount of tax expected to be paid. We evaluate each tax position to determine if it is more likely than not that the tax position will be sustained upon examination, based on its merits. Our income tax returns are subject to audit by U.S. federal, state, and foreign tax authorities. Determinations by such taxing authorities that differ materially from our recorded estimates, either favorably or unfavorably, may have a material impact on our results of operations, financial position and cash flows.

Defined benefit plans

The cost of the defined benefit pension plan and other post-employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

**Judgments**

Depreciation of property and equipment

A significant part of an item of property, plant and equipment may have a useful life and depreciation method that are the same as the useful life and the depreciation method of another significant part of that same item. Such parts may be aggregated in determining the depreciation charge. However, IAS 16 does not prescribe the unit of measure (how individual items may be identified and the extent to which items may be aggregated), but states that judgement is needed in applying the recognition criteria to an entity's particular circumstances. Such judgements might include whether individual items should be aggregated and treated as a single item of property and equipment or whether large items should be broken down into significant components, which are then treated as separate individual items with different useful lives or patterns of benefits

Since individual data does not exist for components of our rigs, Noble believes that significant estimates, judgments and inconsistency with other companies in our sector would occur should the company attempt to componentise. The standard states that judgment might include whether individual items should be aggregated and treated as a single item and does not provide specific guidance in this case. If an attempt were to be made to componentise the rig, all components would effectively have the same useful life, other than tubulars and replacements and upgrades, and be grouped together for depreciation purposes.

In addition, if materially significant parts are replaced, Noble derecognises the part being replaced using an appropriately depreciated replacement value, calculated by taking the replacement cost for the new item, less the residual value using straight-line method over the assets estimated useful life from the date the asset was placed into service, recognising the appropriate gain/loss on disposal; and records the replacement part at cost and depreciates it over the remaining useful life of the rig. Since transition date, there have been no large material replacements.

Consolidation

Determination of Group's control over entities where the Group holds less than 50% shareholding and non-consolidation of entities in which the Group holds more than 50% shareholding requires the management to consider various factors and thereby involves a high degree of judgment.

IFRS broadly distinguishes the following types of investments in entities:

- Entities controlled by the reporting entity (subsidiaries);
- Entities or activities jointly controlled by the reporting entity and one or more third parties (joint arrangements);
- Entities that, while not controlled or jointly controlled by the reporting entity, are subject to significant influence by it (associates); and
- Investments in equity instruments/ net assets classified as financial assets/ liabilities.

The first type of investment (subsidiaries) is accounted for in accordance with IFRS 10. IFRS 10 establishes a single control model that applies to all entities, including 'structured entities.' IFRS requires that an entity consolidates all entities over which it has control. A joint arrangement is classified as either a joint operation or a joint venture. The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement. In order to classify the joint arrangement as either a joint operation or a joint venture, the investor needs to consider whether it has the rights to the asset and liabilities (which would form a joint operation) or to the net assets relating to the joint arrangement (which would form a joint venture).

Our consolidated financial statements include accounts of its wholly-owned subsidiaries and entities in which we hold a controlling financial interest. This includes the accounts of two joint ventures, each of which Noble owns a 50 percent interest with a subsidiary of Royal Dutch Shell plc (Shell), that own and operate the two *Bully*-class drillships, namely the *Noble Bully I* and *Noble Bully II* (the *Bully* Joint Ventures).

In addition to the *Bully* Joint Ventures, we determined that three Middle-Eastern Joint Ventures (Sedco Dubai, Noble Drilling Arabia Company Ltd. and Noble Drilling Doha LLC) ownership interests via loans to the joint venture..

For all five joint ventures, we have the ability to direct relevant activities. The three Middle-Eastern entities are such that the third party investee has no ability to direct activity. As such, we control the entities via a straightforward assessment of our control of the relevant activities. These joint ventures are fully consolidated.

Noble and Shell both contributed equal capital to the *Bully* Joint Ventures. Under the agreements, we are exposed to variable returns from our involvement with the joint ventures and we have the ability to affect those returns through our power over the investee. We have the ability to direct the relevant activities such as marketing, operating and managing the rig. Management and marketing of the rigs directly corresponds to the investee's performance. Noble, with management authority, is the principal decision maker and can affect the relevant activities. Shell's equity interests are presented as non-controlling interests on our Consolidated Statement of Financial Position.

## NOTE 4— FIRST-TIME ADOPTION OF IFRS

These financial statements, for the year ended 31 December 2017, are the first the Group has prepared in accordance with IFRS. For periods up to and including the year ended 31 December 2016, the Group prepared its financial statements in accordance with US GAAP.

Accordingly, the Group has prepared financial statements that comply with IFRS applicable as at 31 December 2017, together with the comparative period data for the year ended 31 December 2016, as described in the summary of significant accounting policies. In preparing the financial statements, the Group's opening statement of financial position was prepared as at 1 January 2016, the Group's date of transition to IFRS. This note explains the principal adjustments made by the Group in restating its US GAAP financial statements, including the statement of financial position as at 1 January 2016 and the financial statements for the year ended 31 December 2016.

**Exemptions applied**

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS. The Group has applied the following exemptions which will be subsequently adopted:

**i. Business combinations**

IFRS 3 Business Combinations has not been applied to either acquisitions of subsidiaries that are considered businesses under IFRS, or acquisitions of interests in associates and joint ventures that occurred before 1 January 2016. Use of this exemption means that the US GAAP carrying amounts of assets and liabilities, that are required to be recognised under IFRS, is their deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with IFRS. Assets and liabilities that do not qualify for recognition under IFRS are excluded from the opening IFRS statement of financial position. The Group did not recognise or exclude any previously recognised amounts as a result of IFRS recognition requirements.

**ii. Share-based payments**

IFRS 2 Share-based Payments has not been applied to equity instruments in share-based payment transactions that were granted on or before 7 November 2002, nor has it been applied to equity instruments granted after 7 November 2002 that vested before 1 January 2016.

**iii. Property and equipment**

IFRS 1 permits a first-time adopter to elect to measure all of its property and equipment at its fair value on the date of transition to IFRS and use that as its deemed cost as at the date of transition. The Group has elected to use the valuations performed on all of its property and equipment on 31 December 2015 and regarded those values as deemed cost at the date of the valuation since they were comparable to fair value.

**iv. Leases**

The Group has applied the transitional provision in IFRS IC 4 Determining whether an Arrangement Contains a Lease and will assess all arrangements based upon the conditions in place as at the date of transition. Our adoption will have an impact on how our consolidated financial statements and related disclosures will be presented.

**v. Fair value measurement of financial assets or financial liabilities**

The company has elected to apply the IAS 39 day one gain or loss provisions prospectively to transactions occurring on or after the date of transition to IFRS. Therefore, transactions that occurred prior to the date of transition to IFRS do not need to be retrospectively restated.

**vi. Borrowing cost**

The Group has applied the transitional provisions in IAS 23 Borrowing Costs and capitalised borrowing costs relating to all qualifying assets after the date of transition. Similarly, the Group has not restated for borrowing costs capitalised under US GAAP on qualifying assets prior to the date of transition to IFRS. The group will adopt prospectively.

**vii. Derecognition of financial assets and financial liabilities**

The Group will apply the derecognition requirements in IAS 39 prospectively to transactions occurring on or after the date of transition.

**viii. Hedge accounting**

The Group will continue to recognise a hedge relationship from US GAAP that qualifies for hedge accounting under IAS 39. Transactions entered into before the date of transition to IFRS will not be retrospectively designated as hedges.

**Estimates**

The estimates at 1 January 2016 and 31 December 2016 are consistent with those made for the same dates in accordance with US GAAP (after adjustments to reflect any differences in accounting policies).

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

Reconciliation of balance sheet as at 1 January 2016 (date of transition to IFRS):

| | As at 1 January 2016 | | | |
|---|---|---|---|---|
| | $'000 | $'000 | | $'000 |
| | GAAP | ADJUSTMENT | | IFRS |
| **Non-current assets** | | | | |
| Property and equipment | 11,483,623 | (4,521,911) | (1) | 6,961,712 |
| Deferred tax assets | 2,239 | 664 | (2) | 2,903 |
| Trade and other receivables | 139,165 | (10,255) | (3) | 128,910 |
| **Current assets** | | | | |
| Cash and cash equivalents | 512,245 | — | | 512,245 |
| Trade and other receivables | 672,848 | — | | 672,848 |
| Taxes receivable | 55,525 | — | | 55,525 |
| **Total Assets** | **12,865,645** | **(4,531,502)** | | **8,334,143** |
| **Non-current liabilities** | | | | |
| Interest bearing loans and borrowings | 4,162,638 | (48) | (4) | 4,162,590 |
| Deferred tax liabilities | 92,797 | 24,353 | (5) | 117,150 |
| Trade and other payables | 263,622 | 21,635 | (6) | 285,257 |
| Retirement benefit obligation | 60,774 | (6,814) | (7) | 53,960 |
| **Current liabilities** | | | | |
| Interest bearing loans and borrowings | 299,924 | — | | 299,924 |
| Trade and other payables | 475,720 | (3,441) | (8) | 472,279 |
| Taxes payable | 87,940 | — | | 87,940 |
| **Total Liabilities** | 5,443,415 | 35,685 | | 5,479,100 |
| Share capital | 2,420 | — | | 2,420 |
| Share premium | 670,173 | (666,665) | (9) | 3,508 |
| Other reserves* | (104,865) | 700,393 | (10) | 595,528 |
| Retained Earnings | 6,131,501 | (4,259,074) | (11) | 1,872,427 |
| Equity attributable to equity holders of the parent | 6,699,229 | (4,225,346) | | 2,473,883 |
| Non-controlling interests | 723,001 | (341,841) | (12) | 381,160 |
| **Total Equity** | 7,422,230 | (4,567,187) | | 2,855,043 |
| **Total Liabilities and Equity** | **12,865,645** | **(4,531,502)** | | **8,334,143** |

*US GAAP Other Reserves balance include Accumulated Other Comprehensive Loss ("AOCI") and share base plan reserves. The latter was reclassified from US GAAP Share premium.

Adjustments are comprised of:

**(1) Property and Equipment**

The Group has elected to measure its property and equipment at fair value at the date of transition to IFRS. As a first-time adopter, Noble decided to apply the IFRS 1 deemed cost exemption and treat the fair value of property and equipment at the date of transition as the deemed cost for IFRS. Noble utilised the model that was prepared in conjunction with a third party to evaluate the fair value by using the income approach-present value of future cash flows to be generated through asset's use and eventual disposal for each rig as of 31 December 2015. The adjustment has been recognised against retained earnings.

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

| | $'000 |
|---|---|
| Remove previous GAAP carrying value | (11,483,623) |
| Add IFRS property and equipment net book value | 6,961,712 |
| | **(4,521,911)** |

**(2) Deferred Tax Assets:**

**Tax on UK share-based payments.** IFRS requires that deferred tax assets ("DTA") of unvested restricted stock units ("RSU") be valued at the estimated future deduction amount. Therefore, DTA of unvested RSUs at 1 January 2016 were revalued to the market value as of that date.

| | $'000 |
|---|---|
| Revaluation on unvested RSUs DTA to market value | (1,507) |
| Reclassify from deferred tax liability to deferred tax asset | 2,171 |
| | **664** |

**(3) Non-current Trade and Other Receivables:**

**Pension Asset.** IFRS requires a net presentation of pension assets and liabilities. As such, the deferred pension asset balance was reclassed to non-current retirement benefit obligation. See adjustment **(7)**.

| | $'000 |
|---|---|
| Adjustment to net pension asset with pension liability | (10,255) |
| | **(10,255)** |

**(4) Non-current liabilities - Interest bearing loans and borrowings:**

**Deferred financing costs.** The Group was utilising the "straight-line" method to amortise deferred financing costs under US GAAP and transitioned to the "effective interest method" under IFRS. Accordingly, the Group recorded an adjustment to current and non-current deferred financing costs with an offsetting entry to retained earnings at the transition date to IFRS.

| | $'000 |
|---|---|
| Remove GAAP straight-line amortisation of deferred financing costs | 26,266 |
| Add IFRS effective interest amortisation of deferred financing costs | (26,314) |
| | **(48)** |

**(5) Deferred tax liabilities:**

**Tax on US share-based payments.** IFRS requires the DTA of unvested RSUs be valued at the estimated future deduction amount. Therefore, DTA of unvested RSUs at 1 January 2016 were revalued to the market value as of that date.

**Deferred tax related to fixed assets.** This adjustment was not caused by any divergence between IFRS and US GAAP but by the change in the net book value under IFRS. Deferred tax was recalculated based on the tax effected difference between the tax basis and the book basis revised under IFRS.

| | $'000 |
|---|---|
| Revaluation on unvested RSUs' DTA to market value | 4,811 |
| Adjustment for change in net book value under IFRS | 17,371 |
| Reclassify from deferred tax liability to deferred tax asset | 2,171 |
| | **24,353** |

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

**(6) Non-current Trade and Other Payables:**

**Uncertain tax positions.** The Group was treating penalties associated with uncertain tax positions (**"**UTP**"**) as income tax expense under US GAAP. Under IFRS, interest is treated as a financing cost and represents the time value of potential tax liabilities. Therefore, it is treated as interest expense as opposed to income tax expense. Adjustments were made which reclassified accrued interest from Taxes payable to non-current Trade and other payables.

**Deferred tax related to fixed assets.** Under IFRS, taxes paid by the transferor on intercompany profits from the transfer of assets within a consolidated group are recognised as tax expense as incurred. Therefore, the unamortised deferred charge under US GAAP is reversed to Retained Earnings.

| | $'000 |
|---|---|
| Reverse unamortised deferred intercompany tax expense to retained earnings | 21,635 |
| | **21,635** |

**(7) Retirement Benefit Obligation:**

**Pension liability.** IFRS requires a net presentation of pension assets and liabilities. As such, the deferred pension asset balance in non-current trade and other receivables was reclassed to non-current retirement benefit obligations. See adjustment **(3)**. In addition, the pension liability in current trade and other payables was reclassed to non-current retirement benefit obligation to reflect the long-term nature of the liability. See adjustment **(8)**.

| | $'000 |
|---|---|
| Adjustment to net pension asset with pension liability | (10,255) |
| Adjustment to reclassify current pension liability to non-current retirement benefit obligation | 3,441 |
| | **(6,814)** |

**(8) Current Trade and Other Payables:**

**Pension liability.** The current pension liability was reclassed to non-current retirement benefit obligation to reflect the long-term nature of the liability. See adjustment **(7)**.

| | $'000 |
|---|---|
| Adjustment to reclassify current pension liability to non-current retirement benefit obligation | (3,441) |
| | **(3,441)** |

**(9) Share Premium:**

Under US GAAP the Group reported Share Premium of $670.2 million, also known as Additional paid-in capital (APIC). A reclassification has been made to Other Reserves to reflect the Share Premium reported by Noble Corporation plc as of 1 January 2016.

| | $'000 |
|---|---|
| Adjustment to reclassify GAAP Share Premium to IFRS Other Reserves | (666,665) |
| | **(666,665)** |

**(10) Other Reserves:**

**Share Premium:** Please see adjustment **(9)**

**Share-based payments.** Under US GAAP the Group attributed compensation costs over the vesting period by utilising the "straight-line" method to account for share-based payment awards subject to graded vesting based on a service condition. The use of the "straight-line" method resulted in less compensation cost being recognised in earlier years. Accordingly, the Group recorded an adjustment to other reserves with an offsetting entry to retained earnings.

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

**Defined benefits obligation.** The Group prepared the actuarial calculations using IAS 19 Employee benefits as at transition date and the adjustment has been recorded against retained earnings.

| | $'000 |
|---|---|
| Adjustment to reclassify GAAP Share Premium to IFRS Other Reserves | 666,665 |
| 1/1/2016 IFRS Adjustment to unamortised time-vested restricted stock units | 17,097 |
| 1/1/2016 IFRS AOCI Adjustment for remeasurement of retirement benefit obligation | 16,631 |
| | **700,393** |

**(11) Retained Earnings:**

Guidance for these adjustments are provided under adjustments **(1)** to **(10),** and also **(12).**

| | $'000 |
|---|---|
| Deemed cost adjustment | (4,521,911) |
| 1/1/2016 IFRS Adjustment to amortisation of share-based compensation | (17,097) |
| 1/1/2016 IFRS AOCI Adjustment for remeasurement of retirement benefit obligation | (16,631) |
| Remove GAAP straight-line amortisation of deferred financing costs | (26,266) |
| Add IFRS effective interest amortisation of deferred financing costs | 26,314 |
| Revaluation on unvested RSUs' DTA to market value (SBP UK) | (1,507) |
| Revaluation on unvested RSUs' DTA to market value (SBP US) | (4,811) |
| Adjustment for change in net book value under IFRS | (17,371) |
| Reverse unamortised deferred intercompany tax expense to retained earnings | (21,635) |
| IFRS adjustment for Bully JV non-controlling interest (NCI) | 341,841 |
| | **(4,259,074)** |

**(12) Non-Controlling Interest:**

A review was done by the Group to see which IFRS adjustment from US GAAP would have an impact on the non-controlling interest balances in the 1 January 2016 Balance Sheet and Income Statement. It was determined that the only adjustments that would have an impact were those made to Property and Equipment (see adjustment **(1)**).

| | $'000 |
|---|---|
| IFRS adjustment for Bully JV non-controlling interest (NCI) | (341,841) |
| | **(341,841)** |

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

Reconciliation of balance sheet as at 31 December 2016:

| | As at 31 December 2016 | | |
|---|---|---|---|
| | $'000 | $'000 | $'000 |
| | **GAAP** | **ADJUSTMENT** | **IFRS** |
| **Non-current assets** | | | |
| Property and equipment | 10,061,948 | (4,221,464) (1) | 5,840,484 |
| Deferred tax assets | 94,208 | 9,450 (2) | 103,658 |
| Trade and other receivables | 91,347 | (542) (3) | 90,805 |
| **Current assets** | | | |
| Cash and cash equivalents | 725,722 | — | 725,722 |
| Trade and other receivables | 411,412 | — | 411,412 |
| Taxes receivable | 55,480 | — | 55,480 |
| **Total Assets** | **11,440,117** | **(4,212,556)** | **7,227,561** |
| **Non- current liabilities** | | | |
| Interest bearing loans and borrowings | 4,040,187 | 51 (4) | 4,040,238 |
| Deferred tax liabilities | 2,084 | 2,421 (5) | 4,505 |
| Trade and other payables | 253,983 | 22,097 (6) | 276,080 |
| Retirement benefit obligation | 43,083 | 3,315 (7) | 46,398 |
| **Current liabilities** | | | |
| Interest bearing loans and borrowings | 299,882 | — | 299,882 |
| Trade and other payables | 286,892 | (3,857) (8) | 283,035 |
| Taxes payable | 46,561 | — | 46,561 |
| **Total Liabilities** | 4,972,672 | 24,027 | 4,996,699 |
| Share capital | 2,432 | — | 2,432 |
| Share premium | 687,728 | (687,728) (9) | — |
| Other reserves* | (85,700) | 722,970 (10) | 637,270 |
| Retained Earnings | 5,154,221 | (3,890,995) (11) | 1,263,226 |
| Equity attributable to equity holders of the parent | 5,758,681 | (3,855,753) | 1,902,928 |
| Non-controlling interests | 708,764 | (380,830) (12) | 327,934 |
| **Total Equity** | 6,467,445 | (4,236,583) | 2,230,862 |
| **Total Liabilities and Equity** | **11,440,117** | **(4,212,556)** | **7,227,561** |

*US GAAP Other Reserves balance include AOCI and share base plan reserves. The latter was reclassified from US GAAP Share premium.

Adjustments are comprised of:

**(1) Property and Equipment**

Noble has utilised the model that was prepared in conjunction with a third party to evaluate the fair value by using income approach- present value of future cash flows to be generated through asset's use and eventual disposal for each rig as of 31 December 2016. The adjustments have been recognised against depreciation expense and impairment loss.

| | $'000 |
|---|---|
| 1/1/2016 IFRS opening balance adjustment | (4,521,911) |
| IFRS adjustment to previous US GAAP impairment loss | 114,454 |
| IFRS Property and Equipment Retirement Loss/Gain Adjustment | (4,038) |
| IFRS Depreciation expense reduction | 190,031 |
| | **(4,221,464)** |

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

**(2) Deferred Tax Assets:**

**Defined benefits obligation.** Due to the IFRS remeasurement of defined benefit obligations, adjustments have been recorded to other reserves and deferred tax assets.

**Tax on UK share-based payments.** IFRS requires the DTA of RSUs be valued at the estimated future deduction amount. Therefore, DTA of unvested RSUs at 31 December 2016 were revalued to the market value as of that date.

| | $'000 |
|---|---|
| 1/1/2016 IFRS opening balance adjustment | 664 |
| Revaluation on unvested RSUs' DTA to market value as at 31 December 2016 | (335) |
| Reclassify from deferred tax liability to deferred tax asset | 9,121 |
| | **9,450** |

**(3) Non-current Trade and Other Receivables:**

**Pension Asset.**

| | $'000 |
|---|---|
| 1/1/2016 IFRS opening balance adjustment - Reclassify pension asset to liability | (542) |
| | **(542)** |

**(4) Non-current liabilities - Interest bearing loans and borrowings**

**Deferred financing costs.** The Group was utilising the “straight-line” method to amortise deferred financing costs under US GAAP and transitioned to the "effective interest method" under IFRS. Accordingly, the Group recorded an adjustment to long term debt with an offsetting entry to retained earnings at the transition date to IFRS and as at 31 December 2016.

| | $'000 |
|---|---|
| 1/1/2016 IFRS opening balance adjustment | (48) |
| Remove US GAAP 2016 straight-line amortisation of deferred financing costs | (5,763) |
| Add IFRS 2016 effective interest amortisation of deferred financing costs | 5,862 |
| | **51** |

**(5) Deferred tax liabilities**

**Tax on defined benefits obligation.** For guidance please see adjustment **(2)**

**Tax on US share-based payments.** IFRS requires the DTA of unvested RSUs be valued at the estimated future deduction amount. Therefore, DTA of unvested RSUs at 31 December 2016 were revalued to the market value as of that date.

**Deferred tax related to fixed assets.** Deferred tax was recalculated based on the tax effected difference between the tax basis and the book basis revised under IFRS as at 31 December 2016.

| | $'000 |
|---|---|
| 1/1/2016 IFRS opening balance adjustment | 24,353 |
| Revaluation on unvested RSUs' DTA to market value (SBP US), vesting/exercise deduction | (3,065) |
| Revaluation on unvested RSUs' DTA to market value (SBP US), ending balance adjustment | 3,818 |
| Adjustment for change in net book value under IFRS | (31,958) |
| IFRS translation adjustment OCI & defined benefit obligations | 152 |
| Reclassify from deferred tax liability to deferred tax asset | 9,121 |
| | **2,421** |

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

**(6) Non-current Trade and other payables:**

**Deferred tax related to fixed assets.** Under IFRS, taxes paid by the transferor on intercompany profits from the transfer of assets within a consolidated group are recognised as tax expense as incurred. Therefore, the unamortised deferred charge under US GAAP is reversed to current tax expense.

| | $'000 |
|---|---|
| 1/1/2016 IFRS opening balance adjustment | 21,635 |
| Deferred Tax related to Pension | 1,644 |
| Reverse taxes deferred on losses from intra-group sales | (1,273) |
| IFRS translation adjustment | 91 |
| | **22,097** |

**(7) Retirement Benefit Obligation:**

**Pension liability.** IFRS requires a net presentation of pension assets and liabilities. As such, the deferred pension asset balance in non-current trade and other receivables was reclassed to non-current retirement benefit obligations. See adjustment **(3)**. In addition, the pension liability in current trade and other payables was reclassed to non-current retirement benefit obligation to reflect the long-term nature of the liability. See adjustment **(8)**.

| | $'000 |
|---|---|
| Reclassify pensions assets to retirement benefit obligation | (542) |
| Reclassify current pension liability to retirement benefit obligation | 3,857 |
| | **3,315** |

**(8) Current Trade and Other Payables:**

**Pension liability.** The current pension liability was reclassed to non-current retirement benefit obligation to reflect the long-term nature of the liability. See adjustment **(7)**.

| | $'000 |
|---|---|
| Reclassify current pension liability to retirement benefit obligation | (3,857) |
| | **(3,857)** |

**(9) Share Premium**

Under US GAAP the Group reported Share Premium of $670.173 million, also known as Additional paid-in capital (APIC). A reclassification has been made to Other Reserves to reflect the Share Premium reported by Noble Corporation plc for 31 December 2016.

| | $'000 |
|---|---|
| 1/1/2016 IFRS opening balance adjustment related to deemed cost | (666,665) |
| Adjustment to reclassify 2016 GAAP Share Premium to IFRS Other Reserves | (21,063) |
| | **(687,728)** |

**(10) Other Reserves:**

**Share Premium:** Please see adjustment **(9)**

**Defined benefits obligation.** The Group prepared the actuarial calculations using IAS 19 Employee benefits as at transition date and at 31 December 2016. The adjustments related to retirement benefit costs have been recorded to other reserves against against operating costs. For further guidance please refer to adjustment **(2).**

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

**Share-based payments.** Under US GAAP the Group attributed compensation costs over the vesting period by utilising the "straight-line" method to account for share-based payment awards subject to graded vesting based on a service condition. The use of the "straight-line" method resulted in less compensation cost being recognised in earlier years. Accordingly, the Group recorded an adjustment to other reserves with an offsetting entry to share base compensation expense at 31 December 2016.

**Tax on US share-based payments.** IFRS does not have the concept of additional paid in capital (APIC) pool to record accumulative historical excess tax benefit. Therefore, the debit entry to APIC under US GAAP was reversed. The adjustment has been made to Other Reserves as the APIC has been reclassified to this account (adjustment **(8)**)

| | $'000 |
|---|---|
| 1/1/2016 IFRS opening balance adjustment | 700,393 |
| Revaluation on unvested RSUs' DTA to market value (SBP US), vesting/exercise deduction | 21,063 |
| Revaluation on unvested RSUs' DTA to market value (SBP US), ending balance adjustment | 1,711 |
| Reversal of accumultive historical tax benefit relating to (SBP US) | 5,788 |
| IFRS remeasurement of defined benefit obligations to OCI | (5,742) |
| IFRS translation adjustment OCI & defined benefit obligations | (243) |
| | 722,970 |

**(11) Retained Earnings:**

Guidance for these adjustments are provided under adjustments **(1)** to **(10)** and **(12)**

| | $'000 |
|---|---|
| 1/1/2016 IFRS opening balance adjustment (related to Deemed Cost) | (4,259,074) |
| IFRS adjustment to impairment loss | 110,416 |
| Accumulated depreciation adjustment | 190,031 |
| IFRS Adjustment to amortisation of share-based compensation | (1,711) |
| Revaluation on unvested RSUs' DTA to market value as at 31 December 2016 | (335) |
| Adjustment for retirement benefit costs under IFRS | 5,742 |
| Remove GAAP 2016 straight-line amortisation of deferred financing costs | 5,763 |
| Add IFRS 2016 effective interest amortisation of deferred financing costs | (5,862) |
| Revaluation on unvested RSUs' DTA to market value (SBP US), Deferred Tax Expense | (753) |
| Reversal of accumultive historical tax benefit relating to (SBP US) | (5,788) |
| Adjustment for the change in net book value under IFRS | 31,958 |
| Adjustment for change in net book value under IFRS | (371) |
| IFRS adjustment for Bully JV non-controlling interest (NCI) | 38,989 |
| | (3,890,995) |

**(12) Non-Controlling Interest:**

A review was done by the Group to see which IFRS adjustment from US GAAP would have an impact on the non-controlling interest balances in the 31 December 2016 Balance Sheet and Income Statement. It was determined that the only adjustments that would have an impact were those made to Property and Equipment (see adjustment **(1)**).

| | $'000 |
|---|---|
| 1/1/2016 IFRS opening balance adjustment | (341,841) |
| IFRS adjustment for Bully JV non-controlling interest (NCI) | (38,989) |
| | (380,830) |

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

Reconciliation of income statement for the year ended 31 December 2016:

| | Year Ended 31 December 2016 | | | |
|---|---|---|---|---|
| | $'000 | $'000 | | $'000 |
| | GAAP | ADJUSTMENT | | IFRS |
| **REVENUE** | 2,302,065 | — | | 2,302,065 |
| **EXPENDITURES** | | | | |
| Operating Costs | (1,605,262) | 190,024 | (1) | (1,415,238) |
| Impairment loss | (1,458,749) | 114,454 | (2) | (1,344,295) |
| | (3,064,011) | 304,478 | | (2,759,533) |
| **OPERATING LOSS** | (761,946) | 304,478 | | (457,468) |
| Finance income | 17,832 | — | | 17,832 |
| Finance costs | (222,915) | (3,051) | (3) | (225,966) |
| Net finance costs | (205,083) | (3,051) | | (208,134) |
| **LOSS BEFORE INCOME TAX** | (967,029) | 301,427 | | (665,602) |
| Income tax benefit | 109,156 | 27,663 | (4) | 136,819 |
| **NET LOSS FOR THE YEAR** | (857,873) | 329,090 | | (528,783) |
| Net (income) loss attributable to non-controlling interests | (71,707) | 38,989 | (5) | (32,718) |
| **NET LOSS ATTRIBUTABLE TO NOBLE CORPORATION plc** | **(929,580)** | **368,079** | | **(561,501)** |

Adjustments are comprised of:

**(1) Operating costs:**

**Defined benefits obligation.** The Group prepared the actuarial calculations using IAS 19 Employee benefits as at transition date and at 31 December 2016. The adjustment has been recorded as a reclassification from other comprehensive income against benefit costs.

**Property and Equipment.** In accordance with the model Noble utilised to calculate the fair value of the rigs as at 31 December 2016, an IFRS adjustment has been recognised to depreciation expense.

**Share-based payments.** Under US GAAP, the Group attributed compensation costs over the vesting period by utilising the “straight-line” method to account for share-based payment awards subject to graded vesting based on a service condition. The use of the “straight-line” method resulted in less compensation cost being recognised in earlier years. Accordingly, the Group recorded an adjustment to Other Reserves with an offsetting entry to share base compensation expense for 2016.

| | $'000 |
|---|---|
| Reduction in retirement benefit costs | 5,742 |
| IFRS Depreciation expense adjustment | 190,031 |
| IFRS Property and equipment Retirement Loss/Gain Adjustment | (4,038) |
| Increase in share-based compensation cost | (1,711) |
| | **190,024** |

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

**(2) Impairment loss:**

**Property and Equipment.** In accordance with the model Noble utilised to calculate the fair value of the rigs as at 31 December 2016, an IFRS adjustment has been recognised to reduce the impairment loss recorded for US GAAP.

| | $'000 |
|---|---|
| IFRS adjustment to impairment loss | 114,454 |
| | **114,454** |

**(3) Finance costs:**

**Deferred financing costs.** The Group was utilising the "straight-line" method to amortise deferred financing costs under US GAAP and transitioned to the "effective interest method" under IFRS. Accordingly, the Group recorded an adjustment to current and non-current deferred financing costs with an offsetting entry to retained earnings at the transition date to IFRS and as at 31 December 2016.

**Uncertain Tax Positions.** Noble's policy under US GAAP is to treat interest and penalties associated with uncertain tax positions (UTP) as income tax expense. Under IFRS, there is no specific guidance for treatment of UTP interest expense as long as an accounting policy is established and followed consistently. The Group has concluded that the interest is a financing cost and represents time value of potential tax liabilities. Therefore, it should be treated as interest expense as opposed to income tax expense. Adjustments were made to reclassify interest out of UTP.

| | $'000 |
|---|---|
| Remove GAAP 2016 straight-line amortisation of deferred financing costs | 5,763 |
| Add IFRS 2016 effective interest amortisation of deferred financing costs | (5,862) |
| Adjustment to reclassify interest incurred on uncertain tax liabilities from income tax benefit to finance cost | (2,952) |
| | **(3,051)** |

**(4) Income tax benefit:**

**Tax on UK share-based payments.** IFRS requires the DTA of unvested RSUs be valued at the estimated future deduction amount. Therefore, DTAs of unvested RSUs at 31 December 2016 were revalued to the market value as of that date. An adjustment has been recorded to other long term tax assets against deferred tax expense.

**Tax on US share-based payments.** IFRS requires that DTAs of unvested RSUs be valued at the estimated future deduction amount. Therefore, DTA of unvested RSUs at 31 December 2016 were revalued to the market value as of that date.

**Uncertain Tax Positions.** See adjustments **(3)**.

| | $'000 |
|---|---|
| Revaluation on unvested RSUs' DTA to market value (SBP UK) | (335) |
| Reversal of accumultive historical tax benefit relating to (SBP US) | (5,788) |
| Revaluation on unvested RSUs' DTA to market value (SBP US), Deferred Tax Expense | (753) |
| Adjustment to reclassify interest out of UTP | 2,952 |
| Adjustment for the change in net book value under IFRS | 31,958 |
| Other miscellaneous tax adjustments | (371) |
| | **27,663** |

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

**(5) Net income attributable to non-controlling interests**

A review was done by the Group to see which IFRS adjustment from US GAAP would have an impact on the non-controlling interest balances in the 31 December 2016 Statement of Financial Position and Income Statement. It was determined that the only adjustments that would have an impact were those made to Property and Equipment.

| | $'000 |
|---|---|
| IFRS adjustment for Bully JV non-controlling interest | 38,989 |
| | **38,989** |

## NOTE 5— OPERATING EXPENDITURES

Loss for the years ended 31 December, has been arrived at after charging (crediting):

| | 31 December 2017 | 31 December 2016 |
|---|---|---|
| | $'000 | $'000 |
| **Operating costs** | | |
| Contract drilling services | (351,067) | (435,096) |
| Employee Expenses | (328,315) | (484,350) |
| Depreciation and amortisation | (368,662) | (421,036) |
| General and administrative and other | (51,285) | (74,756) |
| **Total operating costs** | (1,099,329) | (1,415,238) |
| Loss on impairment | (883,175) | (1,344,295) |
| **Total Expenditures** | **(1,982,504)** | **(2,759,533)** |

## NOTE 6— FINANCE INCOME AND COSTS

Finance Income:

| | 31 December 2017 | 31 December 2016 |
|---|---|---|
| | $'000 | $'000 |
| Bank interest income | 5,449 | 18 |
| Gain on extinguishment of debt | — | 17,814 |
| **Total** | **5,449** | **17,832** |

Finance Costs:

| | 31 December 2017 | 31 December 2016 |
|---|---|---|
| | $'000 | $'000 |
| Commitment fee on unutilised credit facilities | (10,994) | (10,122) |
| Interest on Senior Notes | (285,489) | (215,844) |
| **Total** | **(296,483)** | **(225,966)** |

## NOTE 7— DISCONTINUED OPERATIONS

*Spin-off of Paragon Offshore plc (“Paragon Offshore”)*

During the year ended 31 December 2017, we recognised a non-cash loss of $1.5 million recorded in “Net loss from discontinued operations, net of tax” on our Consolidated Income Statement relating to Paragon Offshore's emergence from bankruptcy.

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

## NOTE 8— LOSS PER SHARE

The calculation of loss per share is based on the following data:

| | 31 December 2017 | 31 December 2016 |
|---|---|---|
| | $'000 | $'000 |
| **Net loss attributable to Noble Corporation plc:** | | |
| Loss from continuing operations, less non-controlling interest | (1,045,560) | (561,501) |
| Net loss from discontinued operations, net of tax | (1,486) | — |
| Net loss attributable to Noble Corporation plc | (1,047,046) | (561,501) |
| **Basic and diluted loss per share:** | | |
| Loss from continuing operations | (4.27) | (2.31) |
| Loss from discontinued operations | (0.01) | — |
| Net loss attributable to Noble Corporation plc | (4.28) | (2.31) |
| **Weighted average shares** | 244,743 | 243,127 |

Potentially dilutive shares, which were excluded from the diluted earnings per share computation because to do so would be anti-dilutive, include the following:

| | | |
|---|---|---|
| **Anti-dilutive shares:** | | |
| Share options | 1,313,155 | 1,420,175 |
| Non-vested restricted shares and restricted share units outstanding | 10,688,956 | 8,467,992 |
| **Total** | 12,002,111 | 9,888,167 |

## NOTE 9— NON-CONTROLLING INTEREST

The Group recognises any non-controlling interests in an acquiree at the non-controlling interest's proportionate share of the acquiree's net assets on an acquisition by acquisition basis. Subsequently, the carrying amount of non-controlling interest is the amount of the interest at initial recognition plus the non-controlling interest's subsequent share of changes in equity.

**Transactions with non-controlling interests**

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests where control is not lost are also recorded in equity. Where control is lost over a subsidiary, the gains or losses are recognised in profit or loss.

Noble's consolidated financial statements include the accounts of two joint ventures, each of which Noble owns a 50 percent interest, with a subsidiary of Shell. The two joint ventures own and operate the two *Bully*-class drillships, namely the *Noble Bully I* and *Noble Bully II* (the *Bully* Joint Ventures).

Each joint venture has its own separate entity through which all the legal, operational and financial functions for the joint arrangement are carried out. Neither party has any direct rights to the assets and obligations for liabilities based on the legal form of the joint arrangement. Furthermore no contractual agreement between the two parties or any other facts or circumstances that are not part of the joint venture agreement or management agreement give either party the rights to any assets or the obligation to offset any liabilities.

Noble has determined that it controls and directs the most relevant activities. Accordingly, Noble consolidates the entities in its consolidated financial statements after eliminating intercompany transactions. Shell's equity interests are presented as non-controlling interests on our Consolidated Statement of Financial Position.

During the years ended 31 December 2017 and 2016, the *Bully* joint ventures approved and paid dividends totaling $113.8 million and $171.9 million, respectively. Of these amounts, 50 percent was paid to our joint venture partner.

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

Gain attributable to non-controlling interests were $18.7 million and $32.7 million for the years ended 31 December 2017 and 2016, respectively.

The accounts listed below are the stand-alone accounts. Further consolidating entries are recognized on the Group's accounts. Therefore, a direct reconciliation is not obtainable with the stand-alone accounts in isolation. A summarized balance sheet is presented below:

| | Noble Bully 1 (Switzerland) GmbH, Baar As at 31 December | | Noble Bully 2 (Switzerland) GmbH, Baar As at 31 December | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | $'000 | $'000 | $'000 | $'000 |
| **Current** | | | | |
| Assets | 38,146 | 50,871 | 24,348 | 72,655 |
| Liabilities | 3,293 | 15,722 | 3,192 | 37,797 |
| **Total current net assets** | 34,853 | 35,149 | 21,156 | 34,858 |
| **Non-current** | | | | |
| Assets | 592,908 | 623,869 | 609,059 | 637,462 |
| Liabilities | 10,203 | 10,459 | 23,058 | 30,144 |
| **Total non-current net assets** | 582,705 | 613,410 | 586,001 | 607,318 |
| **Net Assets** | | | | |

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

The accounts listed below are the stand-alone accounts. Further consolidating entries are recognized on the Group's accounts. Therefore, a direct reconciliation is not obtainable with the stand-alone accounts in isolation. Summarized income statement presented below:

| | Noble Bully 1 (Switzerland) GmbH, Baar As at 31 December | | Noble Bully 2 (Switzerland) GmbH, Baar As at 31 December | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | $'000 | $'000 | $'000 | $'000 |
| Revenue | 35,121 | 15,474 | 131,621 | 169,034 |
| Profit/(loss) before income tax | (19,977) | 8,693 | 67,501 | 66,308 |
| Other expense | 135 | 183 | 149 | 423 |
| Income tax (expense)/income | (754) | (301) | (42) | (1,643) |
| Post-tax profit (loss) from continued operations | (20,596) | 8,575 | 67,608 | 65,088 |
| Other comprehensive income | — | — | — | — |
| **Total comprehensive income (loss)** | **(20,596)** | **8,575** | **67,608** | **65,088** |
| Total comprehensive income allocated to non-controlling interest | — | — | — | — |
| Dividends paid to non-controlling interests | (5,393) | (41,666) | (51,488) | (44,278) |

## NOTE 10— PROPERTY AND EQUIPMENT

2017

| | Jackups | Drillships | Semisubmersibles | Capital work in progress | Other | Total |
|---|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Cost at 1 January 2017** | 2,023,604 | 2,596,481 | 969,413 | 468,308 | 113,055 | 6,170,861 |
| Transfers | 38,616 | 32,114 | 36,034 | (107,363) | 599 | — |
| Additions | 30,771 | 28,812 | 7,693 | 43,528 | 336 | 111,140 |
| Impairments | (325,861) | (446,681) | (211,002) | (22,212) | — | (1,005,756) |
| Disposals | (6,370) | (7,473) | (17,233) | (2,640) | (814) | (34,530) |
| Currency translation adjustments | — | — | — | — | (103) | (103) |
| **Cost at 31 December 2017** | **1,760,760** | **2,203,253** | **784,905** | **379,621** | **113,073** | **5,241,612** |
| | | | | | | |
| **Accumulated depreciation at 1 January 2017** | (98,645) | (118,208) | (90,389) | (280) | (22,855) | (330,377) |
| Transfers | 31 | (31) | — | — | — | — |
| Depreciation for the year | (131,866) | (123,150) | (90,538) | (295) | (22,813) | (368,662) |
| Impairment for the year | 55,459 | 29,567 | 37,555 | — | — | 122,581 |
| Disposals | 6,356 | 7,394 | 10,738 | — | 813 | 25,301 |
| Currency translation adjustments | — | — | — | — | — | — |
| **Accumulated depreciation at 31 December 2017** | **(168,665)** | **(204,428)** | **(132,634)** | **(575)** | **(44,855)** | **(551,157)** |
| | | | | | | |
| **Net book value** | | | | | | |
| As at 1 January 2017 | 1,924,959 | 2,478,273 | 879,024 | 468,028 | 90,200 | 5,840,484 |
| **As at 31 December 2017** | **1,592,095** | **1,998,825** | **652,271** | **379,046** | **68,218** | **4,690,455** |

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

| | 2016 | | | | | |
|---|---|---|---|---|---|---|
| | **Jackups** | **Drillships** | **Semisubmersibles** | **Capital work in progress** | **Other** | **Total** |
| **Cost at 1 January 2016** | 1,119,995 | 3,011,535 | 1,632,527 | 1,085,267 | 112,388 | 6,961,712 |
| Transfers | 884,473 | 72,963 | 28,850 | (993,030) | 6,744 | — |
| Additions | 26,534 | 45,505 | 27,283 | 556,965 | 3,638 | 659,925 |
| Impairments | (4,186) | (531,834) | (714,939) | (176,314) | — | (1,427,273) |
| Disposals | (3,212) | (1,688) | (4,308) | (5,121) | (11,171) | (25,500) |
| Currency translation adjustments | — | — | — | 541 | 1,456 | 1,997 |
| **Cost at 31 December 2016** | **2,023,604** | **2,596,481** | **969,413** | **468,308** | **113,055** | **6,170,861** |
| | | | | | | |
| **Accumulated depreciation at 1 January 2016** | — | — | — | — | | — |
| Transfers | (46) | — | (18) | 16 | 48 | — |
| Depreciation for the year | (101,559) | (137,801) | (158,146) | (296) | (23,234) | (421,036) |
| Impairment for the year | 217 | 18,499 | 64,262 | — | | 82,978 |
| Disposals | 2,743 | 1,094 | 3,513 | — | 325 | 7,675 |
| Currency translation adjustments | — | — | — | — | 6 | 6 |
| **Accumulated depreciation at 31 December 2016** | **(98,645)** | **(118,208)** | **(90,389)** | **(280)** | **(22,855)** | **(330,377)** |
| | | | | | | |
| **Net book value** | | | | | | |
| As at 1 January 2016 | 1,119,995 | 3,011,535 | 1,632,527 | 1,085,267 | 112,388 | 6,961,712 |
| **As at 31 December 2016** | **1,924,959** | **2,478,273** | **879,024** | **468,028** | **90,200** | **5,840,484** |

The Group had no capitalised borrowing costs during the year ended 31 December 2017 compared to $22.4 million during the year ended 31 December 2016 on qualifying assets.

***Impairment***

In connection with the preparation of the Group's consolidated financial statements included in this Annual Report, consistent with our accounting policies discussed in “Note 2— Summary of Significant Accounting Policies,” we evaluate our drilling fleet assets for impairment whenever there are changes in facts which suggest that the value of the asset is not recoverable.

The recoverable amount of all rigs and capital spares has been determined based on value-in-use calculations. These calculations use present value of future cash flow projections based on financial budgets approved by management covering the economic useful life of the rig.

During the year ended 31 December 2017, we identified indicators that certain assets in our fleet might not be recoverable. Such indicators included additional customer suspensions of drilling programs, contract cancellations and a further reduction in the number of new contract opportunities, resulting in reduced drilling contracts.

As a result, the carrying amounts on certain of our rigs were written down to their recoverable amount resulting in an impairment charge of $861.9 million and $1.174 billion during the years ended 31 December 2017 and 2016. In addition we recorded a $21.2 million and $170.5 million impairment charge during the year ended 31 December 2017 and 2016 on certain capital spares and other property.

The range of discount rates used for the individual rigs was 12% for 2017 and 11.7% to 13.5% for 2016. There are a number of individual assumptions in the rig forecast cash flow, where any change would have a consequent impact on the recoverable amounts and impairment. These assumptions primarily relate to day rates, utilization and costs of operation. Given that these differ rig by rig, further details have not been provided.

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

| | 2017 | |
|---|---|---|
| **Rig** | **Impairment charges** | **Recoverable amount** |
| | **$'000** | **$'000** |
| Paul Romano | 40,353 | 103,739 |
| Amos Runner | 37,500 | — |
| Danny Adkins | 63,156 | 185,191 |
| Jim Day | 32,826 | 194,427 |
| David Tinsley | 18,859 | — |
| Alan Hay | 25,336 | — |
| Hans Deul | 3,070 | 103,097 |
| Globetrotter I | 61,946 | 288,545 |
| Globetrotter II | 18,977 | 301,181 |
| Bully I | 37,863 | 234,342 |
| Regina Allen | 65,207 | 105,506 |
| Mick O'Brien | 65,291 | 108,379 |
| Sam Turner | 6,151 | 124,396 |
| Don Taylor | 111,413 | 337,787 |
| Bob Douglas | 112,609 | 162,776 |
| Sam Croft | 48,810 | 198,719 |
| Tom Madden | 25,496 | 216,100 |
| Sam Hartley | 87,066 | 114,614 |
| **Subtotal** | 861,929 | 2,778,799 |
| Other | 21,246 | 85,679 |
| **Subtotal** | 21,246 | 85,679 |
| **Total** | **883,175** | **2,864,478** |

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

| | 2016 | |
|---|---|---|
| **Rig** | **Impairment charges** | **Recoverable amount** |
| | **$'000** | **$'000** |
| Dave Beard | 100,120 | 87,438 |
| Paul Romano | 79,871 | 166,617 |
| Amos Runner | 115,549 | 47,116 |
| Clyde Boudreaux | 86,523 | 114,968 |
| Danny Adkins | 21,354 | 269,399 |
| Max Smith | 160,530 | — |
| Hans Deul | 3,969 | 112,731 |
| Homer Ferrington | 92,568 | — |
| Globetrotter I | 137,877 | 354,782 |
| Globetrotter II | 119,911 | 327,703 |
| Bully I | 104,111 | 288,953 |
| Bob Douglas | 123,318 | 273,131 |
| Sam Croft | 10,983 | 257,942 |
| Tom Madden | 17,134 | 250,426 |
| **Subtotal** | 1,173,818 | 2,551,206 |
| Other | 170,477 | 274,066 |
| **Subtotal** | 170,477 | 274,066 |
| **Total** | **1,344,295** | **2,825,272** |

There are a number of individual assumptions in the rig forecast cash flow, where any change would have a consequent impact on the recoverable amounts and impairment. These assumptions primarily relate to day rates, utilisation and costs of operation. Given that these differ rig by rig, further details have not been provided.

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

## NOTE 11— TRADE AND OTHER RECEIVABLES

| | As at 31 December 2017 | As at 31 December 2016 | As at 1 January 2016 |
|---|---|---|---|
| | $'000 | $'000 | $'000 |
| **NON-CURRENT** | | | |
| Trade and other receivables | 106,255 | 90,805 | 128,910 |
| **Total Non-Current Trade and other receivables** | **106,255** | **90,805** | **128,910** |
| **CURRENT** | | | |
| Accounts Receivable, net | 204,695 | 319,152 | 498,931 |
| Prepaid Expenses & Deposits | 13,744 | 20,298 | 28,720 |
| Other Current Assets | 52,362 | 71,962 | 145,197 |
| **Total Current Trade and other receivables** | **270,801** | **411,412** | **672,848** |

As of 31 December 2017, trade receivables of $27.0 million (2016: 55.0 million) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

| | Past due but not impaired | | |
|---|---|---|---|
| | 31–90 days | >91 days | Total |
| | $'000 | $'000 | $'000 |
| As at 31 December 2017 | 25,927 | 1,100 | 27,027 |
| As at 31 December 2016 | 54,253 | 735 | 54,988 |
| As at 1 January 2016 | 138,908 | 4,385 | 143,293 |

## NOTE 12— CASH AND CASH EQUIVALENTS

| | As at 31 December 2017 | As at 31 December 2016 | As at 1 January 2016 |
|---|---|---|---|
| | $'000 | $'000 | $'000 |
| Petty Cash | 14 | 14 | 19 |
| Liquid Investments | 398,587 | 507,062 | 1,014 |
| Liquid Funds | 264,228 | 218,646 | 511,212 |
| **Total Cash and Cash Equivalents** | **662,829** | **725,722** | **512,245** |

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. All cash above is included in the statement of cash flows.

## NOTE 13— TAXES

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

We do not expect the redomiciliation from Switzerland to the UK to have a material impact on our effective tax rate.

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

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

**a.** Consolidated Income Statement:

| | Year Ended 31 December 2017 | Year Ended 31 December 2016 |
|---|---|---|
| | $'000 | $'000 |
| **Current tax:** | | |
| In respect of current year | (64,767) | 103,277 |
| In respect of prior years | 5,567 | (20,973) |
| **Deferred tax:** | | |
| In respect of current year | 51,038 | (229,421) |
| In respect of prior years | (1,641) | 10,298 |
| **Total income tax (benefit) recognised** | **(9,803)** | **(136,819)** |

**b.** Consolidated Statement of Other Comprehensive Income (OCI):

| | Year Ended 31 December 2017 | | | Year Ended 31 December 2016 | | |
|---|---|---|---|---|---|---|
| | Pre Tax | Tax impact | After Tax | Pre Tax | Tax impact | After Tax |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| *Items that will not to be reclassified to income statement in subsequent periods:* | | | | | | |
| Re-measurements of retirement benefit obligations | 13,604 | (7,707) | 5,897 | 10,794 | (5,725) | 5,069 |
| **Income tax charged to OCI** | | **(7,707)** | | | **(5,725)** | |

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

**c.** Deferred tax movement schedule:

| | 2017 | | | |
|---|---|---|---|---|
| | Opening balance | Recognised in profit (loss) | Recognised in other comprehensive income (loss) | Ending Balance |
| | $'000 | $'000 | $'000 | $'000 |
| **Deferred tax assets** | | | | |
| United States | | | | |
| Property and Equipment | 70,940 | (70,493) | — | 447 |
| Defined benefit pension obligations | 12,250 | 931 | (4,871) | 8,310 |
| Accrued expenses not currently deductible | 17,995 | (5,792) | — | 12,203 |
| Other | 6,803 | (4,652) | — | 2,151 |
| Non-U.S. | | | | |
| Property and Equipment | — | 13,769 | — | 13,769 |
| Defined benefit pension obligations | 3,120 | (150) | (2,836) | 134 |
| Accrued expenses not currently deductible | 221 | 11,866 | — | 12,087 |
| Net deferred tax assets | 111,329 | (54,521) | (7,707) | 49,101 |
| **Deferred tax liabilities** | | | | |
| United States | | | | |
| Other | (7,671) | 1,019 | — | (6,652) |
| Non-U.S. | | | | — |
| Defined benefit pension obligations | | — | | — |
| Excess of net book basis over tax basis | (200) | 200 | — | — |
| Other | (4,305) | 3,903 | — | (402) |
| Deferred tax liabilities | (12,176) | 5,122 | — | (7,054) |
| **Net deferred tax assets/(liabilities)** | **99,153** | **(49,399)** | **(7,707)** | **42,047** |
| Deferred tax assets | 103,658 | — | — | 42,449 |
| Deferred tax liabilities | 4,505 | — | — | 402 |
| **Net deferred tax assets/(liabilities)** | **99,153** | **—** | **—** | **42,047** |

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

| | 2016 | | | |
|---|---|---|---|---|
| | Opening balance | Recognised in profit (loss) | Recognised in other comprehensive income (loss) | Ending balance |
| | $'000 | $'000 | $'000 | $'000 |
| **Deferred tax assets** | | | | |
| United States | | | | |
| Property and equipment | — | 70,940 | — | 70,940 |
| Defined benefit pension obligations | 20,392 | 141 | (8,283) | 12,250 |
| Accrued expenses not currently deductible | 17,697 | 298 | — | 17,995 |
| Other | 3,069 | 3,734 | — | 6,803 |
| Non-U.S. | | | | — |
| Defined benefit pension obligations | 2,347 | (1,785) | 2,558 | 3,120 |
| Other | 556 | (335) | — | 221 |
| Net deferred tax assets | 44,061 | 72,993 | (5,725) | 111,329 |
| **Deferred tax liabilities** | | | | |
| United States | | | | |
| Excess of net book basis over tax basis | (143,465) | 143,465 | — | — |
| Other | (10,277) | 2,606 | — | (7,671) |
| Non-U.S. | | | | — |
| Defined benefit pension obligations | — | — | — | — |
| Excess of net book basis over tax basis | (200) | — | — | (200) |
| Other | (4,366) | 61 | — | (4,305) |
| Deferred tax liabilities | (158,308) | 146,132 | — | (12,176) |
| **Net deferred tax assets (liabilities)** | **(114,247)** | **219,125** | **(5,725)** | **99,153** |
| Deferred tax assets | 2,903 | — | — | 103,658 |
| Deferred tax liabilities | 117,150 | — | — | 4,505 |
| **Net deferred tax assets/(liabilities)** | **(114,247)** | **—** | **—** | **99,153** |

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

**d.** Unrecognised deductible temporary differences, unused tax losses and unused tax credits:

| | 2017 | 2016 |
|---|---|---|
| | $'000 | $'000 |
| Tax losses | — | 3,800 |
| | — | 3,800 |

**e.** The following is a reconciliation of our reserve for uncertain tax positions, excluding interest and penalties. In 2016, we released an uncertain tax position in Libya in the gross amount of $40 million coupled with a related tax benefit of $13 million:

| | 2017 | 2016 |
|---|---|---|
| | $'000 | $'000 |
| Beginning balance | 159,826 | 169,687 |
| Additions based on tax positions related to current year | 14,187 | 15,665 |
| Additions for tax positions of prior years | 1,284 | 18,662 |
| Reductions for tax positions of prior years | (860) | (43,701) |
| Expiration of statutes | — | (487) |
| Gross balance | 174,437 | 159,826 |
| Related tax benefits | (1,008) | (1,008) |
| **Ending balance** | 173,429 | 158,818 |

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

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

| | 2017 | 2016 |
|---|---|---|
| | $'000 | $'000 |
| Reserve for uncertain tax positions [1] | 173,429 | 158,818 |
| Interest included in “Non-Current Other Payables” [2] | 17,295 | 12,303 |
| Penalties included in uncertain tax position | 1,137 | 1,399 |
| **Reserve for uncertain tax positions, including interest and penalties** | 191,861 | 172,520 |

[1] See “Note 15— Non-Current Other Payables.”

[2] See “Note 15— Accrued Interest on Uncertain Tax Position.”

**g.** Taxes receivable and payables consist of the following:

| | As at 31 December 2017 | As at 31 December 2016 | As at 1 January 2016 |
|---|---|---|---|
| | $'000 | $'000 | $'000 |
| Taxes receivable | 105,345 | 55,480 | 55,525 |
| Taxes payable | 33,965 | 46,561 | 87,940 |

If these reserves of $192.0 million are not realised, the provision for income taxes, including penalties and interest, will be reduced by $192.0 million.

We include, as a component of our “Income tax provision,” potential penalties related to recognised tax contingencies within our global operations. There were no additional penalties accrued in income tax expense in 2017 and 2016. Potential interest computed on recognised tax contingencies is included as a component of interest expense in the amount of $4.5 million in 2017 and $3.0 million in 2016.

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

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

Noble-UK conducts substantially all of its business through Noble-Cayman and its subsidiaries. The income or loss of our non-UK subsidiaries is not subject to UK income tax. Earnings are taxable in the United Kingdom at the UK statutory rate of 20 percent and 19.25 percent for 2017. Ongoing consultative process in the United Kingdom and a possible change in law could materially impact our tax rate on operations in the United Kingdom continental shelf. A reconciliation of tax rates outside of the United Kingdom and the Cayman Islands to our Noble-UK effective rate for continuing operations is shown below:

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

| | 2017 | 2016 |
|---|---|---|
| | $'000 | $'000 |
| Loss from continuing operations before income tax expense | (1,036,623) | (665,602) |
| UK statutory tax rate (2016 - 20%, 2017 - 19.25%) | (199,550) | (133,120) |
| Total tax impact from asset impairment | (195,079) | (176,061) |
| Total tax impact from tax restructuring | 235,951 | — |
| Total tax impact from tax reform | (115,027) | — |
| Current tax in respect of prior years | 5,567 | (20,973) |
| Discrete tax items related to changes in uncertain tax positions | 1,660 | (7,790) |
| Difference in overseas tax rates | 256,675 | 201,125 |
| **Income tax expense** | **(9,803)** | **(136,819)** |

Changes in the tax rate are as follows:

| | 2017 | 2016 |
|---|---|---|
| Hungary | 9.0% | 19.0% |
| Luxembourg | 27.1% | 29.2% |
| Norway | 24.0% | 25.0% |
| Suriname | 36.0% | 34.5% |
| United Kingdom* | 19.3% | 20.0% |

*The UK rate provided for 2017 is a blended rate as the reduction of the rate to 19% occurred on 1 April 2017

**U.S. Federal Income Tax Reform**

On 22 December 2017, the President of the United States signed into law legislation (informally known as the Tax Cuts and Job Act (the "Act") that makes significant changes to various areas of U.S. federal income tax law by, among other things, lowering corporate income tax rates, implementing the territorial tax system, and rules limiting base erosion, and imposing a repatriation tax on deemed repatriated earnings of foreign subsidiaries of U.S. parent shareholders.

The changes to existing U.S. tax law as a result of the Act, which had an impact on the company's federal income taxes for 2017, are as follows:

- The Act reduces the federal corporate income tax rate to 21% from 35% effective 1 January 2018. Accordingly, the company recorded a financial statement benefit of $115.0 million as a result of the remeasurement of its net deferred tax liabilities during the quarter ended 31 December 2017.
- The Act provides for a Deemed Repatriation Transition Tax (the "Transition Tax") which is a one-time tax on previously untaxed accumulated earnings and profits ("E&P") of certain foreign subsidiaries. For the quarter ended 31 December 2017, no additional income taxes were provided for as the company has estimated there to be no untaxed accumulated E&P.
- The Act provides for an immediate deduction of 100% of the costs of qualified property that is placed in service after 27 September 2017 and before 1 January 2023. The deduction will phase out by 20 percentage points each calendar year for qualified property that is placed in service after 21 December 2022. The company has estimated no material impact from this provision for the quarter ended 31 December 2017.

The estimates above are provisional amounts based on information available as of 31 December 2017. These amounts are subject to changes as we refine our estimates and our interpretations of the Act.

Other provisions of the Act which are effective 1 January 2018 and could have an impact on the company's financial results for 2018 and later periods are as follows:

- The Act limits the deduction of business interest to 30% of "adjusted taxable income", which is taxable income computed without regard to (i) any items not attributable to a trade or business, (ii) business interest income and business interest expense,

(iii) any net operating loss deduction, and (iv) for taxable years beginning before 1 January 2022, deductions for depreciation, amortization and depletion. This limitation could result in a deferral or permanent reduction in the amount of interest that is deductible for U.S. federal income tax purposes after 2017.

- The Act eliminates the U.S. federal income tax carryback provision for net operating losses (NOLs) generated after 2017 and limits the taxpayer's ability to utilise NOL carryforwards to 80% of taxable income. These changes could impact the company's valuation allowance assessment for NOLs generated after 31 December 2017.
- The Act includes an anti-base erosion provision which establishes a tax on certain payments made by U.S. corporate taxpayers to related foreign persons, also referred to as Base Erosion and Anti-Abuse Tax (BEAT). The company is continuing to gather additional information to determine the ultimate impact of BEAT.
- The ACT introduces a new anti-deferral provision which subjects a U.S. parent shareholder to current tax on certain income, referred to as Global Intangible Low-Taxed Income (GILTI), of its foreign subsidiaries. The company has not made any adjustments related to potential GILTI tax in its financial statements and has adopted a policy to treat tax due on future U.S. inclusions in taxable income as period costs when incurred.

## NOTE 14— INTEREST BEARING BORROWINGS

***Credit Facility and Commercial Paper Program***

***2015 Credit Facility***

At 31 December 2017, we had a five-year $2.4 billion senior unsecured credit facility that matures in January 2020 and which is guaranteed by our indirect, wholly owned subsidiaries, Noble Holding (U.S.) LLC ("NHUS") and Noble Holding International Limited ("NHIL") (the "2015 Credit Facility"). The 2015 Credit Facility also provided us with the ability to issue up to $500.0 million in letters of credit. The issuance of letters of credit under the facility reduces the amount available for borrowing. At 31 December 2017, we had no borrowings outstanding or letters of credit issued under our 2015 Credit Facility.

On 19 December 2017, we entered into the First Amendment and Consent and Successor Agent Agreement, (the "Amendment") amending the 2015 Credit Facility. Upon certain conditions, including the entering into of the Company's 2017 Credit Facility (as defined below), the Amendment provides for, on or after 3 January 2018, among other things (i) a reduction in the aggregate principal amount of commitments under the 2015 Credit Facility to $300.0 million and (ii) the reduction of the 2015 Credit Facility's letter of credit subfacility to zero dollars. The maturity of the 2015 Credit Facility remains January 2020.

***2017 Credit Facility***

On 21 December 2017, Noble Cayman Limited, a Cayman Islands company and a wholly-owned indirect subsidiary of Noble-Cayman ("NCL"); Noble International Finance Company ("NIFCO"); and Noble Holding UK Limited, a company incorporated under the laws of England and Wales and a wholly-owned direct subsidiary of Noble-UK ("NHUK"), as parent guarantor, entered into a new senior unsecured credit agreement (the "2017 Credit Facility" and together with the 2015 Credit Facility, the "Credit Facilities"). The maximum aggregate amount of borrowings under the 2017 Credit Facility of $1.5 billion became available on 3 January 2018 upon the effectiveness of the commitment reduction under the 2015 Credit Facility. Borrowings under the 2017 Credit Facility are subject to certain conditions precedent, including there be no unused commitments to advance loans under the 2015 Credit Facility. The 2017 Credit Facility provides for a letter of credit subfacility currently in the amount of $15.0 million, with the ability to increase such amount up to $500.0 million. Borrowings may be used for working capital and other general corporate purposes. The 2017 Credit Facility has an initial maturity of up to five years from the date on which the borrowings became available, or 3 January 2023. At 31 December 2017, we had no borrowings outstanding or letters of credit issued under the 2017 Credit Facility.

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

Both of our Credit Facilities have provisions which vary the applicable interest rates for borrowings based upon our debt ratings. We also pay a facility fee under each of the Credit Facilities on the daily unused amount of the underlying commitment which varies depending on our credit ratings. At 31 December 2017, the interest rates in effect under our Credit Facilities are the highest permitted interest rates under those agreements.

***Debt Issuances***

In December 2016, we issued $1.0 billion aggregate principal amount of the 2024 Notes, which we issued through our indirect wholly-owned subsidiary, NHIL. The net proceeds of approximately $967.6 million, after estimated expenses, were primarily used to retire a portion of our near-term senior notes in a related tender offer and the remaining portion was used for general corporate purposes. In January 2018, we issued and sold $750.0 million aggregate principal amount of our Senior Notes due 2026, which is described further in "Note 29— Post Balance Sheet Events."

***Senior Notes Interest Rate Adjustments***

| | | Downgrades | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | February 2016 | | July 2016 | | December 2016 | | October 2017 | |
| Note | Original % | New rate - 1% increase | Effective | New rate - 0.25% increase | Effective | New rate - 0.50% increase | Effective | New rate - 0.25% increase | Effective |
| 2018 Senior Note | 4.00% | 5.00% | 16 Mar 2016 | 5.25% | 16 Sept 2016 | 5.75% | 16 Mar 2017 | N/A | N/A |
| 2025 Senior Note | 5.95% | 6.95% | 1 Apr 2016 | 7.20% | 1 Oct 2016 | 7.70% | 1 Apr 2017 | 7.95% | 1 Apr 2018 |
| 2045 Senior Note | 6.95% | 7.95% | 1 Apr 2016 | 8.20% | 1 Oct 2016 | 8.70% | 1 Apr 2017 | 8.95% | 1 Apr 2018 |

Our other outstanding senior notes do not contain provisions varying applicable interest rates based upon our credit rating.

***Debt Tender Offers and Repayments***

In March 2017, we repaid our 2017 Notes using cash on hand. We anticipate using cash on hand to repay the outstanding balance of our $300 million 2018 Notes, maturing in March 2018. In February 2018, we completed an optional redemption of our remaining 2019 Notes, which is described further in "Note 29— Post Balance Sheet Events."

In December 2016, we commenced cash tender offers for our 2020 Notes, 2021 Notes and 2022 Notes. On 28 December 2016, we purchased $762.3 million of these senior notes for $750.0 million, plus accrued interest, using a portion of the net proceeds of the $1.0 billion 2024 Notes issuance in December 2016. In December 2016, as a result of these tender offers, we recognised a net gain of approximately $6.7 million.

In March 2016, we commenced cash tender offers for our 2020 Notes and our 2021 Notes. On 1 April 2016, we purchased $36.0 million of these Senior Notes for $24.0 million, plus accrued interest, using cash on hand. In April 2016, as a result of these tender offers, we recognised a net gain of approximately $11.1 million.

***Covenants***

The Covenants in our Credit Facilities and for our senior notes are required to be calculated in accordance with the financial statements prepared under US GAAP.

The 2015 Credit Facility is guaranteed by NHUS and NHIL. The 2015 Credit Facility contains a covenant that limits our ratio of debt to total tangible capitalisation, as defined in the 2015 Credit Facility, to 0.60. At 31 December 2017, our ratio of debt to tangible capitalisation was approximately 0.43. We were in compliance with all covenants under the 2015 Credit Facility as of 31 December 2017.

The 2017 Credit Facility contains certain financial covenants (as defined in the 2017 Credit Facility) applicable to NHUK and its subsidiaries, including (i) a covenant restricting debt to total tangible capitalisation to not greater than 55% at the end of each fiscal quarter, (ii) a minimum Liquidity requirement of $300.0 million, (iii) a covenant that, beginning with the fiscal quarter ending 31 March

2018, the ratio of the Rig Value of Marketed Rigs to the sum of commitments under the 2017 Credit Facility plus indebtedness for borrowed money of the borrowers and guarantors, in each case, that directly own Marketed Rigs, is not less than 3:00 to 1:00 at the end of each fiscal quarter and (iv) a covenant that, beginning with the fiscal quarter ending 31 March 2018, the ratio of (A) the Rig Value of the Closing Date Rigs that are directly wholly owned by the borrowers and guarantors to (B) the Rig Value of the Closing Date Rigs owned by NHUK, subsidiaries of NHUK and certain local content affiliates, is not less than 80% at the end of each fiscal quarter (such covenants described in (iii) and (iv) of this paragraph, the "Guarantor Ratio Covenants"). The 2017 Credit Facility also includes restrictions on borrowings if, after giving effect to any such borrowings and the application of the proceeds thereof, the aggregate amount of Available Cash (as defined in the 2017 Credit Facility) would exceed $200.0 million.

NHUK has guaranteed the obligations of the borrowers under the 2017 Credit Facility. Certain other subsidiaries of Noble-UK will be required from time to time to guarantee the obligations of the borrowers under the 2017 Credit Facility in order maintain compliance with the Guarantor Ratio Covenants.

The 2017 Credit Facility contains additional covenants generally applicable to NHUK and its subsidiaries that NCL considers usual and customary for an agreement of this type, including compliance with laws (including environmental laws, ERISA and anti-corruption and sanctions laws), delivery of quarterly and annual financial statements, maintenance and operation of property, restrictions on the incurrence of liens and indebtedness, mergers and other fundamental changes, restricted payments, repurchases and redemptions of indebtedness with maturities outside of the maturity of the 2017 Credit Facility, sale and leaseback transactions and transactions with affiliates. Borrowings under the 2017 Credit Facility are subject to acceleration upon the occurrence of events of default that NCL considers usual and customary for an agreement of this type.

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 debt or assuming certain liens and on entering into sale and lease-back transactions. The indenture for the 2026 Notes that we issued in January 2018 places more limitations on us and our subsidiaries than our other senior note indentures. See "Debt Issuances" above.

At 31 December 2017, and 20 February 2018 we were in compliance with all of the debt covenants under our Credit Facilities and senior notes. We continually monitor compliance with the covenants under our Credit Facilities and senior notes and expect to remain in compliance during the remainder of 2018.

***Fair Value of Debt***

Fair value represents the amount at which an instrument could be exchanged in a current transaction between willing parties. The estimated fair value of our senior notes was based on the quoted market prices for similar issues or on the current rates offered to us for debt of similar remaining maturities (Level 2 measurement). All remaining fair value disclosures are presented in "Note 25— Financial Instruments and Risk Management."

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

The following table presents the carrying value and the estimated fair value of our total debt, not including the effect of unamortised debt issuance costs, as of 31 December 2017 and 31 December 2016, respectively:

| | As at 31 December 2017 | | As at 31 December 2016 | | As at 31 December 2015 | |
|---|---|---|---|---|---|---|
| | Carrying Value | Estimated Fair Value | Carrying Value | Estimated Fair Value | Carrying Value | Estimated Fair Value |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Senior unsecured notes:** | | | | | | |
| 3.05% Senior Note due March 2016 | | | | | 299,997 | 299,340 |
| 2.50% Senior Notes due March 2017 | — | — | 299,992 | 299,128 | 299,956 | 284,334 |
| 5.75% Senior Notes due March 2018 | 249,959 | 250,830 | 249,771 | 249,808 | 249,602 | 227,285 |
| 7.50% Senior Notes due March 2019 | 201,695 | 206,881 | 201,695 | 209,524 | 201,695 | 197,273 |
| 4.90% Senior Notes due August 2020 | 167,625 | 163,283 | 167,576 | 167,329 | 499,287 | 378,761 |
| 4.625% Senior Notes due March 2021 | 208,568 | 195,687 | 208,538 | 196,416 | 399,680 | 289,450 |
| 3.95% Senior Notes due March 2022 | 125,518 | 107,348 | 125,488 | 112,791 | 399,354 | 265,643 |
| 7.75% Senior Notes due January 2024 | 982,301 | 861,160 | 980,117 | 945,317 | — | — |
| 7.70% Senior Notes due April 2025 | 449,008 | 380,732 | 448,909 | 423,267 | 448,814 | 308,870 |
| 6.20% Senior Notes due August 2040 | 399,900 | 274,988 | 399,898 | 280,221 | 399,896 | 237,005 |
| 6.05% Senior Notes due March 2041 | 397,800 | 273,988 | 397,758 | 273,854 | 397,719 | 239,464 |
| 5.25% Senior Notes due March 2042 | 498,400 | 315,430 | 498,369 | 325,814 | 498,338 | 279,919 |
| 8.70% Senior Notes due April 2045 | 394,659 | 320,396 | 394,613 | 328,608 | 394,563 | 255,887 |
| Total debt | 4,075,433 | 3,350,723 | 4,372,724 | 3,812,077 | 4,488,901 | 3,263,231 |
| Less: Unamortised debt issuance | (29,723) | | (32,604) | | (26,387) | |
| Less: Current maturities of long-term debt | (249,843) | (250,830) | (299,882) | (299,128) | (299,924) | (299,340) |
| Long-term debt, net of debt issuance costs | 3,795,867 | 3,099,893 | 4,040,238 | 3,512,949 | 4,162,590 | 2,963,891 |

## NOTE 15— TRADE AND OTHER PAYABLES

| | As at 31 December 2017 | As at 31 December 2016 | As at 1 January 2016 |
|---|---|---|---|
| | $'000 | $'000 | $'000 |
| **NON-CURRENT** | | | |
| Accrued Interest on Uncertain Tax Position | 17,295 | 12 | 9,351 |
| Non-Current Other Payables | 266,382 | 276,068 | 275,906 |
| **Total Non-Current AP and Other Payables** | **283,677** | **276,080** | **285,257** |
| **CURRENT** | | | |
| Accounts Payable | 84,074 | 108,266 | 223,221 |
| Accrued Payroll & Related Costs | 54,607 | 48,086 | 80,738 |
| Interest Payable | 98,189 | 61,299 | 72,961 |
| Current Other Payables | 68,528 | 65,384 | 95,359 |
| **Total Current AP and Other Payables** | **305,398** | **283,035** | **472,279** |

## NOTE 16— PENSION AND OTHER POST RETIREMENT BENEFITS

### Defined Benefit Plans

The Group operates a number of pension schemes for the benefit of its employees. The nature of each scheme which has a significant impact on the financial statements is as follows:

- Operating in the North Sea, our two funded defined benefit schemes for certain of our employees whose most recent date of employment is prior to April 1, 2014, the Noble Drilling (Land Support) Limited ("NDLS") and the Noble Resources Limited ("NRL") schemes (collectively referred to as our "non-U.S. plans"). As of 31 December 2017 our NRL scheme was fully settled. The NDLS scheme is closed to new members and as of 31 December 2016 was closed to future accrual for existing members;
- Operating in the U.S., our three noncontributory defined benefit schemes: two which covers certain salaried employees and one which covers certain hourly employees, whose initial date of employment is prior to August 1, 2004 (collectively referred to as our "qualified U.S. plans"). All three schemes are closed to new members and as of 31 December 2016 were closed to future accrual for existing members.

We approved amendments, effective as of 31 December 2016, to our non-U.S. and U.S. defined benefit plans. With these amendments, employees and alternate payees will accrue no future benefits under the plans after 31 December 2016. However, these amendments will not affect any benefits earned through that date. Benefits for the affected plans are primarily based on years of service and employees' compensation near 31 December 2016.

### Nature of Benefits

The Non-U.S. plans and US plans each provide benefits to eligible participants in the form of a guaranteed lifetime pension. In the US, participants may elect either monthly payments or a lump sum distribution. The pension benefits provided depend on several factors, which include a participant's length of service, salary at retirement or average salary over employment in the final years leading up to retirement, age when participation is elected, as well as whether spousal continuation of benefits is selected at the time a participant enters into payee status. One of the U.S. plans provides a fixed benefit per month times the participant's number of years of service. As of 31 December 2016, all of the U.S. and Non-U.S. pension schemes have been frozen to future accruals.

### Non-U.S. Plans

During the third quarter of 2017, Noble fully settled the previously maintained NRL defined benefit scheme and incurred a net settlement gain of $0.6 million as a result. Noble maintains one pension plan for certain of our employees whose most recent date of employment is prior to 1 April 2014 operating in the North Sea, the NDLS scheme. NDLS and NRL are both indirect, wholly-owned subsidiaries of Noble-UK. References to our "non-U.S. plan" balances as of 31 December 2017 relate to the NDLS plan only. References to our "non-U.S. plans" for periods prior to 2017 included throughout this report relates to both the NDLS and NRL plans.

The Non-U.S pension scheme is a registered scheme and is governed by The Pension Regulator in the UK and is subject to the statutory scheme-specific funding requirements, which includes the payment of levies to the Pension Protection Fund. It is established under trust and the responsibility for its governance lies with the trustees who authorise funding arrangements held by the trust. The UK pension schemes have been frozen to future accruals as of 31 December 2016.

The NDLS pension plan has a target asset allocation of 70 percent equity securities and 30 percent debt securities. The investment objective of the plan, as adopted by the plan's trustees, is to achieve a favorable return against a benchmark of blended United Kingdom market indices. By achieving this objective, the trustees believe the plan will be able to avoid significant volatility in the contribution rate and provide sufficient plan assets to cover the plan's benefit obligations were the plan to be liquidated. To achieve these objectives, the trustees have given the plan's investment managers full discretion in the day-to-day management of the plan's assets. The plan's assets are invested with two investment managers.

The performance objective communicated to one of these investment managers is to exceed a blend of FTSE A Over 15 Year Gilts index and iBoxx Sterling Non Gilts All Stocks index by 1.25 percent per annum gross of fees over rolling three year periods. The performance objective communicated to the other investment manager is to exceed a blend of FTSE's All Share index, All World North America index, All World Europe index and All World Asia Pacific index by 1.00 to 2.00 percent per annum gross of fees over rolling five year periods. This investment manager is prohibited by the trustees from investing in real estate. The trustees meet with the investment managers periodically to review and discuss their investment performance.

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

**U.S. Plans**

In addition to the non-U.S. plans discussed above, we have two U.S. noncontributory defined benefit pension schemes: our qualified salaried and hourly U.S. plans. These plans qualify under the Employee Retirement Income Security Act of 1974 ("ERISA"), and our funding policy is consistent with funding requirements of ERISA and other applicable laws and regulations. We make cash contributions, or utilise credit balances available to us under the plan, for the qualified U.S. plans when required. The benefit amount that can be covered by the qualified U.S. plans is limited under ERISA and the Internal Revenue Code ("IRC") of 1986. Therefore, we maintain an unfunded, nonqualified excess benefit plan designed to maintain benefits for specified employees at the formula level in the qualified salary U.S. plan. We refer to the qualified U.S. plans and the excess benefit plan collectively as the "U.S. plans."

Both qualified U.S. plans are governed by the Noble Drilling Employees' Retirement Trust (the "Trust"). The Trust invests in equity securities, fixed income debt securities, and cash equivalents and other short-term investments. The Trust may invest in these investments directly or through pooled vehicles, including mutual funds. The performance objective of the Trust is to outperform the return of the Total Index Composite as constructed to reflect the target allocation weightings for each asset class. This objective should be met over a market cycle, which is defined as a period not less than three years or more than five years.

U.S. equity securities (common stock, convertible preferred stock and convertible bonds) should achieve a total return (after fees) that exceeds the total return of an appropriate market index over a full market cycle of three to five years. Non-U.S. equity securities (common stock, convertible preferred stock and convertible bonds), either from developed or emerging markets, should achieve a total return (after fees) that exceeds the total return of an appropriate market index over a full market cycle of three to five years.

Fixed income debt securities should achieve a total return (after fees) that exceeds the total return of an appropriate market index over a full market cycle of three to five years. For investments in mutual funds, the assets of the Trust are subject to the guidelines and limits imposed by such mutual fund's prospectus and the other governing documentation at the fund level. No shares of Noble were included in equity securities at either 31 December 2017 or 2016.

**a.** Amounts recognised in the income statement:

| | 2017 | 2016 |
|---|---|---|
| | $'000 | $'000 |
| **U.S. Defined benefit pension schemes:** | | |
| Service cost | — | 6,384 |
| Net interest expense on retirement benefit obligations | 1,623 | 2,559 |
| Total charge in respect of U.S. defined benefit pension schemes | 1,623 | 8,943 |
| **Non-U.S. Defined benefit pension schemes:** | | |
| Service cost | — | 2,222 |
| Past service cost | — | (5,735) |
| Net interest expense on retirement benefit obligations | 1 | 52 |
| Settlement gain | (244) | — |
| Administrative expenses | 227 | 435 |
| Total charge in respect of Non-U.S. defined benefit pension schemes | (16) | (3,026) |
| **Total charge in respect of defined benefit pension schemes** | **1,607** | **5,917** |

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

**b.** Amounts recognised in the balance sheet:

| | 2017 | | |
|---|---|---|---|
| | Non-U.S. | U.S. | Total |
| | $'000 | $'000 | $'000 |
| Present value of obligations | 61,952 | 235,175 | 297,127 |
| Fair value of plan assets | 77,141 | 189,240 | 266,381 |
| Net surplus/(deficit) on defined benefit pension plans | **15,189** | **(45,935)** | **(30,746)** |

| | 2016 | | |
|---|---|---|---|
| | Non-U.S. | U.S. | Total |
| | $'000 | $'000 | $'000 |
| Projected benefit obligation | 72,347 | 216,576 | 288,923 |
| Fair value of plan assets | 71,286 | 171,239 | 242,525 |
| Net deficit on defined benefit pension plan | **(1,061)** | **(45,337)** | **(46,398)** |

| | 2015 | | |
|---|---|---|---|
| | Non-U.S. | U.S. | Total |
| | $'000 | $'000 | $'000 |
| Present value of obligations | 69,372 | 228,390 | 297,762 |
| Fair value of plan assets | 75,855 | 167,947 | 243,802 |
| Net surplus/(deficit) on defined benefit pension plans | **6,483** | **(60,443)** | **(53,960)** |

**c.** Movements in the present value of retirement benefit obligations and the fair value of plan assets for the years ended 31 December:

| | 2017 | | | 2016 | | |
|---|---|---|---|---|---|---|
| | Liabilities (PV) | Assets (FV) | Total | Liabilities (PV) | Assets (FV) | Total |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **U.S. Plans at 1 January** | (216,577) | 171,239 | **(45,338)** | (228,390) | 167,946 | **(60,444)** |
| Service cost | — | — | — | (6,384) | — | **(6,384)** |
| Interest expense/(income) (Note 21) | (8,593) | 6,971 | **(1,622)** | (9,820) | 7,296 | **(2,524)** |
| Curtailment (gain) | — | — | — | 17,092 | — | **17,092** |
| Contributions – Group | — | 2,348 | **2,348** | — | 349 | **349** |
| Benefits paid | 9,108 | (9,108) | — | 5,748 | (5,747) | **1** |
| Remeasurement of retirement benefit obligations: | | | | | | |
| Experience (gain)/loss | (19,113) | — | **(19,113)** | 5,178 | — | **5,178** |
| Return on schemes' assets greater than discount rate | — | 17,790 | **17,790** | — | 1,395 | **1,395** |
| Total remeasurement loss/(gain) | (19,113) | 17,790 | **(1,323)** | 5,178 | 1,395 | **6,573** |
| **U.S. Plans at 31 December** | **(235,175)** | **189,240** | **(45,935)** | **(216,576)** | **171,239** | **(45,337)** |

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

| | | | | | | |
|---|---|---|---|---|---|---|
| **Non-U.S. Plans at 1 January** | (72,347) | 71,286 | **(1,061)** | (69,372) | 75,855 | **6,483** |
| Exchange rate adjustments | (6,732) | 7,263 | **531** | 12,705 | (13,564) | **(859)** |
| Service cost | — | — | **—** | (2,222) | — | **(2,222)** |
| Past service cost | — | — | **—** | 5,735 | — | **5,735** |
| Interest expense/(income) (Note 21) | (1,938) | 1,940 | **2** | (2,412) | 2,688 | **276** |
| Settlement/Curtailment (gain)/loss | 5,157 | (4,913) | **244** | — | — | **—** |
| Contributions – Group | — | 733 | **733** | — | 2,832 | **2,832** |
| Contributions – members | (6) | 6 | **—** | (307) | 307 | **—** |
| Benefits paid | 2,609 | (2,609) | **—** | 2,794 | (2,794) | **—** |
| Remeasurement of retirement benefit obligations: | | | | | | |
| Experience (gain) | 4,541 | — | **4,541** | 70 | — | 70 |
| Gain from change in demographic assumptions | 6,466 | — | **6,466** | (9) | — | (9) |
| Loss/(gain) from change in financial assumptions | 298 | — | **298** | (19,329) | — | (19,329) |
| Return on assets not included in finance costs | — | 3,662 | **3,662** | — | 6,397 | 6,397 |
| Total remeasurement loss/(gain) | 11,305 | 3,662 | **14,967** | (19,268) | 6,397 | **(12,871)** |
| Administrative expenses borne directly by schemes | — | (227) | **(227)** | — | (435) | **(435)** |
| **Non-U.S. Plans at 31 December** | **(61,952)** | **77,141** | **15,189** | **(72,347)** | **71,286** | **(1,061)** |
| **Total plans at 1 January** | (288,924) | 242,525 | **(46,399)** | (297,762) | 243,801 | **(53,961)** |
| Exchange rate adjustments | (6,732) | 7,263 | **531** | 12,705 | (13,564) | **(859)** |
| Service cost | — | — | **—** | (8,606) | — | **(8,606)** |
| Past service cost | — | — | **—** | 5,735 | — | **5,735** |
| Interest expense/(income) (Note 21) | (10,531) | 8,911 | **(1,620)** | (12,232) | 9,984 | **(2,248)** |
| Settlement/Curtailment (gain)/loss | 5,157 | (4,913) | **244** | 17,092 | — | **17,092** |
| Contributions – Group | — | 3,081 | **3,081** | — | 3,181 | **3,181** |
| Contributions – members | (6) | 6 | **—** | (307) | 307 | **—** |
| Benefits paid | 11,717 | (11,717) | **—** | 8,542 | (8,541) | **1** |
| Remeasurement of retirement benefit obligations: | | | | | | |
| Experience (gain)/loss | (14,572) | — | **(14,572)** | 5,248 | — | **5,248** |
| Gain from change in demographic assumptions | 6,466 | — | **6,466** | (9) | — | **(9)** |
| Loss/(gain) from change in financial assumptions | 298 | — | **298** | (19,329) | — | **(19,329)** |
| Return on assets not included in finance costs | — | 21,452 | **21,452** | — | 7,792 | **7,792** |
| Total remeasurement loss/(gain) | (7,808) | 21,452 | **13,644** | (14,090) | 7,792 | **(6,298)** |
| Administrative expenses borne directly by schemes | — | (227) | **(227)** | — | (435) | **(435)** |
| **Total Plans at 31 December** | **(297,127)** | **266,381** | **(30,746)** | **(288,923)** | **242,525** | **(46,398)** |

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

**d.** Analysis of the fair value of pension scheme assets:

| | 2017 | | | | 2016 | | | |
|---|---|---|---|---|---|---|---|---|
| | Quoted $'000 | Unquoted $'000 | Total $'000 | % | Quoted $'000 | Unquoted $'000 | Total $'000 | % |
| Cash | 3,033 | — | **3,033** | 1.6 % | 2,569 | — | **2,569** | 1.5 % |
| Equities | 59,452 | — | **59,452** | 31.4 % | 113,532 | — | **113,532** | 66.3 % |
| Corporate bonds | 126,566 | — | **126,566** | 66.9 % | 54,454 | — | **54,454** | 31.8 % |
| Other assets | 189 | — | **189** | 0.1 % | 685 | — | **685** | 0.4 % |
| **U.S. pension scheme** | 189,240 | — | **189,240** | 100.0 % | 171,240 | — | **171,240** | 100.0 % |
| Cash | 849 | — | **849** | 1.1 % | 337 | — | **337** | 0.5 % |
| Equities | 24,299 | — | **24,299** | 31.5 % | 46,845 | — | **46,845** | 65.7 % |
| Corporate bonds | 51,916 | — | **51,916** | 67.3 % | — | 20,462 | **20,462** | 28.7 % |
| Other assets | 81 | — | **81** | 0.1 % | — | 3,642 | **3,642** | 5.1 % |
| **Non-U.S. pension schemes** | 77,145 | — | **77,145** | 100.0 % | 47,182 | 24,104 | **71,286** | 100.0 % |
| Cash | 3,882 | — | **3,882** | 1.5 % | 2,906 | — | **2,906** | 1.2 % |
| Equities | 83,751 | — | **83,751** | 31.4 % | 160,377 | — | **160,377** | 66.1 % |
| Corporate bonds | 178,482 | — | **178,482** | 67.0 % | 54,454 | 20,462 | **74,916** | 30.9 % |
| Other assets | 270 | — | **270** | 0.1 % | 685 | 3,642 | **4,327** | 1.8 % |
| **Total pension schemes' assets** | **266,385** | **—** | **266,385** | **100.0%** | **218,422** | **24,104** | **242,526** | **100.0%** |

At 31 December 2016, assets of NRL were invested in instruments that are similar in form to a guaranteed insurance contract. There are no observable market values for these assets; however, the amounts listed as plan assets were materially similar to the anticipated benefit obligations that were anticipated under the plans. Amounts were therefore calculated using actuarial assumptions completed by third-party consultants employed by Noble.

**e.** Financial assumptions used to calculate scheme:

Retirement benefit obligation:

| | 2017 | | 2016 | |
|---|---|---|---|---|
| | Non-U.S. | U.S. | Non-U.S. | U.S. |
| Discount rate | 2.48%-2.60% | 3.09%-4.48% | 2.15%-2.70% | 3.00%-4.24% |
| Salary increases | N/A | N/A | 3.6% | N/A |

Defined benefit cost:

| | 2017 | | 2016 | |
|---|---|---|---|---|
| | Non-U.S. | U.S. | Non-U.S. | U.S. |
| Discount rate | 2.15%-2.70% | 3.00%-4.24% | 2.93%-3.90% | 3.09%-4.48% |
| Inflation Rate-CPI | 2.6% | 2.3% | 2.3 | 2.3% |
| Inflation Rate-RPI | 3.2% | 6.00%-7.00% | 1.60%-5.00% | 7% |
| Salary increases | N/A | N/A | 3.60%-4.20% | N/A |

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

**Risks**

The Group is exposed to a number of risks arising from operating its defined benefit pension schemes, the most significant of which are detailed below. The Group has not changed the process used to manage defined benefit scheme risks during the year.

*Asset volatility*

In determining the present value of schemes' defined benefit obligations, liabilities are discounted using interest rates of high quality corporate bonds. To the extent the actual return on schemes' assets is below this yield, the retirement benefit obligations recognised in the consolidated financial statements would increase. This risk is partly mitigated by funded schemes investing in matching corporate bonds, such that changes in asset values are offset by similar changes in the value of scheme liabilities. However, the Group also invests in other asset types such as equities and debt securities.

*Interest risk*

In determining the present value of schemes' defined benefit obligations, liabilities are discounted using interest rates of high quality corporate bonds. If these yields fall, the retirement benefit obligations recognised in the consolidated financial statements would increase. This risk is partly mitigated through the funded schemes investing in matching assets as described above. The Group currently does not use derivatives to mitigate this risk.

*Inflation risk*

In determining the present value of schemes' defined benefit obligations, estimates are made as to the levels of salary inflation, inflation increases that will apply to deferred benefits during deferment and pensions in payment, and healthcare cost inflation. To the extent actual inflation exceeds these estimates, the retirement benefit obligations recognised in the consolidated financial statements would increase. Salary inflation risk is partly mitigated by linking benefits in respect of future service to average salaries over a period of employment rather than final salary at retirement. Benefits in respect of certain periods of past service are still linked to final salary at retirement. Exposure to inflation risk has been mitigated by freezing contributions to all of our defined benefit plans as of 31 December 2016.

*Longevity risk*

In determining the present value of schemes' defined benefit obligations, assumptions are made as to the life expectancy of members during employment and in retirement. To the extent life expectancy exceeds this estimate, the retirement benefit obligations recognised in the consolidated financial statements would increase. The Group currently does not use derivatives to mitigate this risk.
No shares of Noble were included in equity securities at either 31 December 2017 or 2016.

As of 31 December 2017, no single security made up more than 10 percent of total assets of either the Non-U.S. or the U.S. plans.

**Other information**

We have adopted the Retirement Plan ("RP") mortality tables with the Mortality Projection ("MP") scale as issued by the Society of Actuaries. RP-2014 Mortality Table adjusted backwards to 2006 with Mortality Improvement Scale MP-2014 and projected with Mortality Improvement Scale MP-2017, with employee rates before termination and healthy annuitant rates after termination (adopted December 31, 2017). As a generational table, it reflects mortality improvements both before and after the measurement date.

Reasonably possible changes to one of the actuarial assumptions, holding other assumptions constant (in practice, this is unlikely to occur, and changes in some of the assumptions may be correlated), would have increased the net defined benefit liability as at 31 December 2017 by the amounts shown below:

| Sensitivity Analysis | $'000 |
|---|---|
| 1% reduction in discount rate | 39,351 |
| Mortality improvement of 1 year | 8,388 |

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

The following table summarises our estimated future benefit payments at 31 December 2017:

| | Non-U.S. | U.S. |
|---|---|---|
| | $'000 | |
| **Estimated Future Payments** | | |
| 2018 | 2,833 | 9,534 |
| 2019 | 2,935 | 8,904 |
| 2020 | 3,039 | 9,342 |
| 2021 | 3,148 | 13,359 |
| 2022 | 3,260 | 12,350 |
| Succeeding 5 years | 18,139 | 55,911 |
| | **33,354** | **109,400** |

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in UK. These assumptions translate into an average life expectancy in years for a retiree retiring at age 65.

| | 2017 |
|---|---|
| | UK |
| Retiring at the end of the reporting period | |
| Male retirees | 20.2 |
| Female retirees | 22.6 |
| Retiring 20 years after the end of the reporting period | |
| Male retirees | 20.3 |
| Female retirees | 22.9 |

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in US. These assumptions translate into an average life expectancy in years for a retiree retiring at age 62.

| | 2017 |
|---|---|
| | US |
| Retiring at the end of the reporting period | |
| Male retirees | 21.6 |
| Female retirees | 23.8 |
| Retiring 20 years after the end of the reporting period | |
| Male retirees | 24.8 |
| Female retirees | 27.4 |

**Other Benefit Plans**

We sponsor a 401(k) Restoration Plan, which is a nonqualified, unfunded employee benefit plan under which specified employees may elect to defer compensation in excess of amounts deferrable under our 401(k) savings plan. The 401(k) Restoration Plan has no assets, and amounts withheld for the 401(k) Restoration Plan are kept by us for general corporate purposes. The investments selected by employees and associated returns are tracked on a phantom basis. Accordingly, we have a liability to the employee for amounts originally withheld plus phantom investment income or less phantom investment losses. We are at risk for phantom investment income and, conversely, benefit should phantom investment losses occur. At both 31 December 2017 and 2016, our liability for the 401(k) Restoration Plan was $8.0 million and is included in “Accrued payroll and related costs.”

In 2005 we enacted a profit sharing plan, the Noble Drilling Services Inc. Profit Sharing Plan, which covers eligible employees, as defined. Participants in the plan become fully vested in the plan after two years of service. Profit sharing contributions are discretionary, require Board of Directors' approval and are made in the form of cash. Contributions recorded related to this plan totaled $6.0 million in each of the two years ended 31 December 2017 and 2016.

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

We sponsor other retirement, health and welfare plans and a 401(k) savings plan for the benefit of our employees. The cost of maintaining these plans for continuing operations aggregated approximately $27.6 million and $37.2 million 2017 and 2016, respectively. We do not provide post-retirement benefits (other than pensions) or any post-employment benefits to our employees.

## NOTE 17— SHARE BASED PAYMENTS

### Share-Based Compensation Plans

*Stock Plans*

During 2015 Noble Corporation plc shareholders approved a new equity plan, the Noble Corporation 2015 Omnibus Incentive Plan (the "2015 Incentive Plan"), which permits grants of options, stock appreciation rights ("SARs"), stock or stock unit awards or cash awards, any of which may be structured as a performance award, from time to time to employees who are to be granted awards under the 2015 Incentive Plan. Neither consultants nor non-employee Directors are eligible for awards under the 2015 Incentive Plan.

During 2017 and 2016, the 2015 Incentive Plan was restated and shareholders approved amendments, primarily to increase the number of ordinary shares available for issuance as long-term incentive compensation under the 2015 Incentive Plan by 3.7 million and 9.5 million shares, respectively. The maximum aggregate number of ordinary shares that may be granted for any and all awards under the 2015 Incentive Plan will not exceed 20.5 million shares and at 31 December 2017, we had 10.4 million shares remaining available for grants to employees.

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

Prior to 2017, we used the Noble Corporation 1992 Nonqualified Stock Options and Share Plan for Non-Employee Directors (the "1992 Plan") to issue stock awards to non-employee directors. During 2017, upon shareholder approval, the Noble Corporation plc 2017 Director Omnibus Plan (the "Director Plan"), replaced the 1992 Plan. At the same time, the 1992 Plan was terminated and equity based awards to non-employees directors are now made only through the Director Plan.

*Stock Options*

Options have a term of 10 years, an exercise price equal to the fair market value of a share on the date of grant and generally vest over a three-year period. A summary of the status of stock options granted under both the 1991 Plan and 1992 Plan as of 31 December 2017 and 2016 and the changes during the year ended on those dates is presented below:

| | 2017 | | 2016 | |
|---|---|---|---|---|
| | Number of Shares Underlying Options | Weighted Average Exercise Price | Number of Shares Underlying Options | Weighted Average Exercise Price |
| | | $ | | $ |
| Outstanding at beginning of year | 1,420,175 | 29.52 | 1,677,154 | 29.48 |
| Expired | (107,020) | 29.74 | (256,979) | 29.22 |
| Outstanding at end of year [(1)] | 1,313,155 | 29.51 | 1,420,175 | 29.52 |
| Exercisable at end of year [(1)] | 1,313,155 | 29.51 | 1,420,175 | 29.52 |

(1) Options outstanding and exercisable at 31 December 2017 had no intrinsic value.

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

The following table summarises additional information about stock options outstanding at 31 December 2017:

| | Options Outstanding and Exercisable | | |
|---|---|---|---|
| | Number of Shares Underlying Options | Weighted Average Remaining Life (Years) | Weighted Average Exercise Price |
| | | | $ |
| $20.49 to $26.18 | 302,854 | 2.67 | 21.37 |
| $26.19 to $31.51 | 360,936 | 5.10 | 30.59 |
| $31.52 to $35.73 | 649,365 | 3.16 | 32.70 |
| Total | 1,313,155 | 3.58 | 29.51 |

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

There were no non-vested stock option balances at 31 December 2017 or any changes during the year ended 31 December 2017. No new stock options were granted during the years ended 31 December 2017 and 2016.

There was no compensation cost recognised during the years ended 31 December 2017 and 2016 related to stock options.

*Restricted Stock Units (“RSUs”)*

We have awarded both TVRSUs and PVRSUs under the 1991 Plan and the 2015 Incentive Plan. The TVRSUs generally vest over a three-year period. The number of PVRSUs which vest will depend on the degree of achievement of specified corporate performance criteria over a three-year performance period.

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

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

| | 2017 | 2016 |
|---|---|---|
| Valuation assumptions: | | |
| Expected volatility | 56.4% | 40.7% |
| Expected dividend yield | —% | —% |
| Risk-free interest rate | 1.49% | 0.97% |

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

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

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

| TVRSU | 2017 | 2016 |
|---|---|---|
| Units awarded (maximum available) | 3,231,225 | 3,624,182 |
| Weighted-average share price at award date | $ 6.96 | $ 7.78 |
| Weighted-average vesting period (years) | 3.0 | 3.0 |
| PVRSU | | |
| Units awarded (maximum available) | 2,474,978 | 2,914,044 |
| Weighted-average share price at award date | $ 7.28 | $ 7.79 |
| Three-year performance period ended 31 December | 2019 | 2018 |
| Weighted-average award-date fair value | $ 4.37 | $ 3.81 |

During the years ended 31 December 2017 and 2016, we awarded 197,316 and 227,937 TVRSUs, respectively, to our non-employee directors.

A summary of the status of non-vested RSUs at 31 December 2017 and changes during the year ended 31 December 2017 is presented below:

| | TVRSUs Outstanding | Weighted Average Award-Date Fair Value | PVRSUs Outstanding (1) | Weighted Average Award-Date Fair Value |
|---|---|---|---|---|
| | | $ | | $ |
| Non-vested RSUs at 1 January 2017 | 4,089,167 | 11.18 | 4,378,825 | 7.85 |
| Awarded | 3,231,225 | 6.96 | 2,474,978 | 4.37 |
| Vested | (1,768,175) | 47.20 | (367,794) | 65.56 |
| Forfeited | (508,715) | 8.41 | (840,555) | 10.67 |
| Non-vested RSUs at 31 December 2017 | 5,043,502 | 7.95 | 5,645,454 | 4.98 |

(1) The number of PVRSUs shown equals the units that would vest if the “maximum” level of performance is achieved. The minimum number of units is zero and the “target” level of performance is 50 percent of the amounts shown.

At 31 December 2017, there was $10.2 million of total unrecognised compensation cost related to the TVRSUs, which is expected to be recognised over a remaining weighted-average period of 1.6 years. The total award-date fair value of TVRSUs vested during the year ended 31 December 2017 was $23.8 million.

At 31 December 2017, there was $9.8 million of total unrecognised compensation cost related to the PVRSUs, which is expected to be recognised over a remaining weighted-average period of 1.5 years. The total potential compensation for PVRSUs is recognised over the service period regardless of whether the performance thresholds are ultimately achieved. In February 2018, 603,440 PVRSUs for the 2015-2017 performance period were forfeited.

Share-based amortisation recognised during the years ended 31 December 2017 and 2016 related to all restricted stock totaled $30.1 million ($27.2 million net of income tax) and $36.4 million ($33 million net of income tax), respectively. During the year ended 31 December 2017, capitalised share-based amortisation was zero. During the year ended 31 December 2016, capitalised share-based amortisation totaled approximately $0.2 million.

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

## NOTE 18— SHAREHOLDERS' EQUITY

### a. Share Capital:

| | As at 31 December 2017 | As at 31 December 2016 | As at 1 January 2016 |
|---|---|---|---|
| | Ordinary Shares of USD 0.1 each | | |
| Shares outstanding and trading | 244,971 | 243,239 | 241,977 |

Our Board of Directors may increase our share capital through the issuance of up to 53 million authorised shares (at current nominal value of $0.01 per share) without obtaining shareholder approval.

| | Ordinary shares outstanding | Share capital (par value) |
|---|---|---|
| | | $'000 |
| **Balance as at 1 January 2016** | 241,977 | 2,420 |
| Issuance of share-based compensation shares | 1,262 | 12 |
| **Balance as at 31 December 2016** | 243,239 | 2,432 |
| Issuance of share-based compensation shares | 1,732 | 18 |
| **Balance as at 31 December 2017** | 244,971 | 2,450 |

### b. Share Premuim:

:

| | Share Premium |
|---|---|
| | $'000 |
| **Balance as at 1 January 2016** | 3,508 |
| Issuance of shares | 1,314 |
| Tax benefit of equity transactions | (4,822) |
| **Balance as at 31 December 2016** | — |
| Issuance of shares | — |
| Tax benefit of equity transactions | — |
| **Balance as at 31 December 2017** | — |

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

## c. Other Reserves:

| | Share Plan Reserve & Other | Accumulated Other Comprehensive Income | Other Reserves |
|---|---|---|---|
| | $'000 | $'000 | $'000 |
| **Balance as at 1 January 2016** | 642,072 | (46,544) | 595,528 |
| IFRS translation on defined benefit obligation | — | — | — |
| Other comprehensive income (loss) | — | 5,050 | 5,050 |
| Amortization of share-based compensation | 36,431 | — | 36,431 |
| Issuance of share-based compensation shares | (4,940) | — | (4,940) |
| Tax benefit of equity transactions | 5,201 | — | 5,201 |
| **Balance as at 31 December 2016** | 678,764 | (41,494) | 637,270 |
| IFRS translation on defined benefit obligation | | | $ — |
| Other comprehensive income (loss) | — | 6,887 | $ 6,887 |
| Amortization of share-based compensation | 30,050 | — | 30,050 |
| Issuance of share-based compensation shares | (23) | — | (23) |
| Tax benefit of equity transactions | (4,338) | — | (4,338) |
| **Balance as at 31 December 2017** | 704,453 | (34,607) | 669,846 |

## d. Accumulated Other Comprehensive Income:

| | Gains / (Losses) on Cash Flow Hedges | Defined Benefit Pension Items | Foreign Currency Items | Accumulated Other Comprehensiv e Loss |
|---|---|---|---|---|
| | Note 24 | Note 8 | | |
| | $'000 | $'000 | $'000 | $'000 |
| **Balance as at 1 January 2016** | — | 33,695 | 16,256 | 49,951 |
| Activity during period: | | | | |
| Other comprehensive income (loss) before reclassifications | 1,187 | (18,973) | 19 | (17,767) |
| Accumulative Effect of changes in tax rate | | (115) | | (115) |
| Amounts reclassified from AOCI | (1,187) | — | — | (1,187) |
| **Other comprehensive income (loss)** | — | (19,088) | 19 | (19,069) |
| **Balance as at 31 December 2016** | **—** | **14,607** | **16,275** | **30,882** |
| Activity during period: | | | | |
| Other comprehensive income (loss) before reclassifications | 1,239 | 1,707 | (990) | 1,956 |
| Accumulative Effect of Tax Reform | | 5,149 | | 5,149 |
| Amounts reclassified from AOCI | (1,239) | — | — | (1,239) |
| **Other comprehensive income (loss)** | **—** | **6,856** | **(990)** | **5,866** |
| **Balance as at 31 December 2017** | **—** | **21,463** | **15,285** | **36,748** |

## NOTE 19— COMMITMENTS AND CONTINGENCIES

**Transocean Ltd.**

In January 2017, a subsidiary of Transocean Ltd. ("Transocean") filed suit against us and certain of our subsidiaries for patent infringement in a Texas federal court. The suit claims that five of our newbuild rigs that operated in the U.S. Gulf of Mexico violated Transocean patents relating to what is generally referred to as dual-activity drilling. We were aware of the patents when we constructed the rigs, and we do not believe that our rigs infringe the Transocean patents, which are now expired. The lawsuit is proceeding and we intend to defend ourselves vigorously against this claim.

**Department of Justice settlement.**

In December 2014, one of our subsidiaries reached a settlement with the U.S. Department of Justice ("DOJ") regarding our former drillship, the *Noble Discoverer*, and the *Kulluk,* a rig we were providing contract labour services for, in respect of violations of applicable law discovered in connection with a 2012 Coast Guard inspection in Alaska and our own subsequent internal investigation. Under the terms of the agreement, the subsidiary pled guilty to oil record book, ballast record and required hazardous condition reporting violations with respect to the *Noble Discoverer* and an oil record book violation with respect to the *Kulluk*. The subsidiary paid $8.2 million in fines and $4.0 million in community service payments and was placed on probation for four years, with the right to petition the court for early dismissal of probation after three years. We were granted our motion to early terminate the plea agreement effective as of 1 March 2018. If, during the remaining term of probation, the subsidiary fails to adhere to the terms of the plea agreement, the DOJ may withdraw from the plea agreement and would be free to prosecute the subsidiary on all charges arising out of its investigation, including any charges dismissed pursuant to the terms of the plea agreement, as well as potentially other charges. We also implemented a comprehensive environmental compliance plan in connection with the settlement.

**Brazil commercial agent.**

We have used a commercial agent in Brazil in connection with our Petróleo Brasileiro S.A. ("Petrobras") drilling contracts. We understand that this agent has represented a number of different companies in Brazil over many years, including several offshore drilling contractors. In November 2015, this agent pled guilty in Brazil in connection with the award of a drilling contract to a competitor and implicated a Petrobras official as part of a wider investigation of Petrobras' business practices. Following news reports relating to the agent's involvement in the Brazil investigation in connection with his activities with other companies, we conducted a review, which is now substantially complete, of our relationship with the agent and with Petrobras. We have been in contact with the SEC, the Brazilian federal prosecutor's office and the DOJ about this matter. We have cooperated with these agencies and they are aware of our internal review. To our knowledge, neither the agent, nor the government authorities investigating the matter, has alleged that the agent or Noble acted improperly in connection with our contracts with Petrobras.

**Paragon Offshore.**

On 1 August 2014, Noble-UK completed the spin-off of a majority of its wholly owned subsidiary, Paragon Offshore, to the holders of Noble ordinary shares.

In February 2016, Paragon Offshore sought approval of a pre-negotiated plan of reorganisation (the "Prior Plan") by filing for voluntary relief under Chapter 11 of the United States Bankruptcy Code. As part of the Prior Plan, we entered into a settlement agreement with Paragon Offshore (the "Settlement Agreement"). The Prior Plan was rejected by the bankruptcy court in October 2016.

In April 2017, Paragon Offshore filed an updated disclosure statement and a revised plan of reorganisation (the "New Plan") in its bankruptcy proceeding. Under the New Plan, including Paragon Offshore's revised business plan, Paragon Offshore no longer needed the Mexican tax bonding that Noble-UK was to provide under the Settlement Agreement. As a result, the Settlement Agreement was no longer applicable to the ongoing business of Paragon Offshore. Consequently, Paragon Offshore abandoned the Settlement Agreement as part of the New Plan, and the Settlement Agreement was terminated at the time of the filing of the New Plan. On 2 May 2017, Paragon

Offshore announced that it had reached an agreement in principle with both its secured and unsecured creditors to revise the New Plan to, among other things, create and fund a $10.0 million litigation trust to pursue litigation against us. On 7 June 2017, the revised New Plan was approved by the bankruptcy court and Paragon Offshore emerged from bankruptcy on 18 July 2017.

On 15 December 2017, the litigation trust filed claims relating to the Spin-off against us and certain of our current and former officers and directors in the Delaware bankruptcy court that heard Paragon Offshore's bankruptcy. The complaint alleges claims of alleged actual and constructive fraudulent conveyance, unjust enrichment and recharacterisation of intercompany notes as equity claims against Noble and claims of breach of fiduciary duty and aiding and abetting breach of fiduciary duty against the officer and director defendants. We continue to believe that Paragon Offshore, at the time of the Spin-off, was properly funded, solvent and had appropriate liquidity and that the claims brought by the litigation trust are without merit and will be contested vigorously by us.

If any of the litigation trust's claims are successful, or if we elect to settle any claims, any damages or other amounts we would be required to or agree to pay could have a material adverse effect on our business, financial condition and results of operations. The litigation is in the very early stages, no schedule has been established, and we are not able to predict when, or if, the matters will go to trial or otherwise be concluded. We may be required to establish reserves on our financial statements in advance of the conclusion of the litigation. Such reserves may be substantial and could have a material adverse effect on our financial condition as presented in such financial statements. As at 31 December 2017, the Group determined that a reserve is not required because it is neither probable nor determinable as of such date.

Prior to the completion of the Spin-off, Noble-UK and Paragon Offshore entered into the Separation Agreements to effect the separation and Spin-off and govern the relationship between the parties after the Spin-off (the "Separation Agreements"), including the Master Separation Agreement (the "MSA") and the Tax Sharing Agreement (the "TSA").

As part of its final bankruptcy plan, Paragon Offshore rejected the Separation Agreements. Accordingly, the indemnity obligations that Paragon Offshore potentially would have owed us under the Separation Agreements have now terminated, including indemnities arising under the MSA and the TSA in respect of obligations related to Paragon Offshore's business that were incurred through Noble-retained entities prior to the Spin-off. Likewise, any potential indemnity obligations that we would have owed Paragon Offshore under the Separation Agreements, including those under the MSA and the TSA in respect of Noble-UK's business that was conducted prior to the Spin-off through Paragon Offshore-retained entities, are now also extinguished. In the absence of the Separation Agreements, liabilities relating to the respective parties will be borne by the owner of the legal entity or asset at issue and neither party will look to an allocation based on the historic relationship of an entity or asset to one of the party's business, as had been the case under the Separation Agreements.

The rejection and ultimate termination of the indemnity and related obligations under the Separation Agreements has resulted in a number of accounting charges and benefits for the year ended 31 December 2017, and such termination may continue to affect us in the future as liabilities arise for which we would have been indemnified by Paragon Offshore or would have had to indemnify Paragon Offshore. We do not expect that, overall, the rejection of the Separation Agreements by Paragon Offshore will have a material adverse effect on our financial condition or liquidity. However, any loss we experience with respect to which we would have been able to secure indemnification from Paragon Offshore under one or more of the Separation Agreements could have an adverse impact on our results of operations in any period, which impact may be material depending on our results of operations during this down-cycle.

During the year ended 31 December 2017, we recognised net charges of $15.9 million, with a non-cash loss of we recorded a non-cash loss of $1.5 million in "Net loss from discontinued operations, net of tax" on our Consolidated Statements of Operations related to Paragon Offshore's emergence from bankruptcy.

**Tax matters.**

During 2014, the IRS began its examination of our tax reporting in the U.S. for the taxable years ended 31 December 2010 and 2011. The IRS examination team has completed its examination of our 2010 and 2011 U.S. tax returns and proposed adjustments and deficiencies with respect to certain items that were reported by us for the 2010 and 2011 tax years. On 19 December 2016, we received the Revenue Agent Report ("RAR") from the IRS. We believe that we have accurately reported all amounts in our tax returns, and have submitted administrative protests with the IRS Office of Appeals contesting the examination team's proposed adjustments. We intend to vigorously defend our reported positions, and believe the ultimate resolution of the adjustments proposed by the IRS examination team will not have a material adverse effect on our consolidated financial statements. During the third quarter of 2017, the IRS initiated its examination of our 2012, 2013, 2014 and 2015 tax returns.

In previous periods, we reported that Mexican and Brazilian authorities had made significant tax assessments against Paragon Offshore entities, a portion of which related to Noble's business that operated through Paragon Offshore-retained entities in Mexico and Brazil prior to the spin-off. As a result of the termination of the Separation Agreements, we no longer have any indemnity obligations in respect of these tax claims made against Paragon Offshore entities, and responsibility for these claims has reverted back to the applicable Paragon Offshore entity. Audit claims of approximately $48.3 million attributable to income and other business taxes have been assessed against Noble entities in Mexico.

In previous periods, we also reported that Petrobras had notified us that it was challenging assessments by Brazilian tax authorities of withholding taxes associated with the provision of drilling rigs for its operations in Brazil during 2008 and 2009. Petrobras had also notified us that if Petrobras was ultimately forced to pay such withholding taxes, it would seek reimbursement from Paragon Offshore who would then seek reimbursement from us for the portion of the withholding that was allocable to our drilling rigs. As a result of the termination of the Separation Agreements, we no longer have any indemnity obligation in respect of these withholding claims made against a Paragon Offshore entity, and responsibility for these claims has reverted back to the applicable Paragon Offshore entity.

We operate in a number of countries throughout the world and our tax returns filed in those jurisdictions are subject to review and examination by tax authorities within those jurisdictions. We recognise 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.

**Other legal matters.**

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

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

We lease certain office space and warehouse facilities under cancelable and non-cancelable leases. Rent expense under these arrangements totaled $8.3 million and $7.8 million for the years ended 31 December 2017 and 2016, respectively.

**Summary of Contractual Cash Obligations and Commitments**

The following table summarises our contractual cash obligations and commitments at 31 December 2017 (in thousands):

| | | Payments Due by Period ($'000) | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Total | 2018 | 2019 | 2020 | 2021 | 2022 | Thereafter | Other |
| **Contractual Cash Obligations** | | | | | | | | |
| Debt obligations | 4,103,797 | 250,000 | 201,695 | 167,766 | 208,675 | 125,661 | 3,150,000 | — |
| Interest payments | 3,525,623 | 264,221 | 249,270 | 242,735 | 229,898 | 224,345 | 2,315,154 | — |
| Operating leases | 42,609 | 18,720 | 14,046 | 2,564 | 1,853 | 1,586 | 3,840 | — |
| Pension plan contributions | 145,613 | 12,623 | 12,093 | 12,643 | 16,778 | 15,890 | 75,586 | — |
| Tax reserves (1) | 191,860 | — | — | — | — | — | — | 191,860 |
| Total contractual cash | 8,009,502 | 545,564 | 477,104 | 425,708 | 457,204 | 367,482 | 5,544,580 | 191,860 |

(1) Tax reserves are included in "Other" due to the difficulty in making reasonably reliable estimates of the timing of cash settlements to taxing authorities. See "Note 14— Interest Bearing Borrowings" to the Consolidated Financial Statements.

At 31 December 2017, we had other commitments that we are contractually obligated to fulfill with cash if the obligations are called. These obligations include letters of credit that guarantee our performance as it relates to our drilling contracts, tax and other obligations in various jurisdictions. These letters of credit obligations are not normally called, as we typically comply with the underlying performance requirement.

The following table summarises our other commercial commitments at 31 December 2017:

| | | Amount of Commitment Expiration Per Period ($'000) | | | | | |
|---|---|---|---|---|---|---|---|
| | Total | 2018 | 2019 | 2020 | 2021 | 2022 | Thereafter |
| Total letters of credit and commercial | 7,846 | 2,231 | 2,038 | 25 | — | — | 3,552 |

Operating lease commitments

We lease certain office space and warehouse facilities under cancelable and non-cancelable leases. Rent expense under these arrangements totaled $8.3 million and $7.8 million for the years ended 31 December 2017, and 2016, respectively. The future aggregate minimum lease payments under non-cancelable operating leases for the year ended 31 December 2017.

| | $'000 | |
|---|---|---|
| **Fiscal Year** | 2017 | 2016 |
| In one year or less | 18,720 | 15,718 |
| In more than one year but not more than five years | 20,049 | 17,816 |
| In more than five years | 3,840 | 4,889 |
| | 42,609 | 38,423 |

## NOTE 20— DIVIDENDS

Our most recent quarterly dividend payment to shareholders, totaling $5.0 million (or $0.02 per share), was declared on 22 July 2016 and paid on 8 August 2016 to holders of record on 1 August 2016. Our Board of Directors eliminated our quarterly cash dividend of $0.02 per share, beginning in the fourth quarter of 2016.

The declaration and payment of dividends require the authorisation 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 in accordance with UK laws. Therefore, Noble-UK is not permitted to pay dividends out of share capital, which includes share premiums. The resumption of the payment of future dividends will depend on our results of operations, financial condition, cash requirements, future business prospects, contractual restrictions and other factors deemed relevant by our Board of Directors.

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

## NOTE 21— SEGMENTS

We report our contract drilling operations as a single reportable segment, Contract Drilling Services, which reflects how we manage our business. The mobile offshore drilling units comprising our offshore rig fleet operate in a , global market for contract drilling services and are often redeployed to different regions due to changing demands of our customers, which consist primarily of large, integrated, independent and government-owned or controlled oil and gas companies throughout the world. As of 31 December 2017, our contract drilling services segment conducts contract drilling operations in Canada, Far East Asia, the Middle East, the North Sea, Oceania, South America and the Gulf of Mexico. The following table presents financial information by country based on the location of the service provided:

| | Revenues for Year Ended 31 December | | Identifiable Assets as of 31 December | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | $'000 | $'000 | $'000 | $'000 |
| Africa | 48,228 | 1,803 | — | — |
| Argentina | — | 51,627 | — | — |
| Australia | 12,262 | 89,847 | 138,621 | — |
| Brazil | — | 27,640 | 15,779 | 41,178 |
| Brunei | 45,450 | 42,710 | 73 | 236,309 |
| Bulgaria | 55,145 | 78,985 | 340,696 | — |
| Canada | 1,639 | — | 130,128 | — |
| Curacao | — | — | 250,073 | — |
| Denmark | 44,671 | 46,342 | 139,460 | 138,448 |
| Gabon | — | 23,385 | 8,378 | 41,593 |
| Libya | — | — | — | — |
| Malaysia | 131,696 | 168,826 | 131,736 | 388,844 |
| Mexico | — | — | 27,391 | 26,782 |
| Qatar | 16,488 | 608 | — | 100,823 |
| Saudi Arabia | 140,453 | 120,132 | 290,549 | 280,714 |
| Singapore | — | — | 554,844 | 220,636 |
| Suriname | 13,034 | — | — | — |
| Tanzania | 1,526 | 48,394 | — | 352,332 |
| The Netherlands | — | 42 | — | — |
| Turkey | (3) | — | — | — |
| United Arab Emirates | 99,825 | 86,446 | 307,550 | 478,988 |
| United Kingdom | 209,338 | 95,621 | 790,256 | 987,221 |
| United States | 417,163 | 1,404,365 | 2,749,629 | 3,934,406 |
| Other | — | 15,292 | — | — |
| Total | 1,236,915 | 2,302,065 | 5,875,163 | 7,228,274 |

Identifiable assets for this purpose consist of property, plant and equipment, investment properties and intangible assets.

A reporting entity is required to report a measure of liabilities for each reportable segment if such an amount is regularly provided to the chief operating decision maker ("CODM"). As we do not provide such an amount to our CODM on a regular basis, we have not reported a measure of liabilities for each segment.

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

## NOTE 22— AUDITORS' REMUNERATION

The following table presents the fees paid to PricewaterhouseCoopers LLP for services rendered during the years ended 31 December:

| | 2017 | 2016 |
|---|---|---|
| | $'000 | $'000 |
| Base Integration Audit | 2,264 | — |
| Fees payable to company's auditors and its associates for other services | 2,659 | 4,397 |
| Audit-Related Fees [(1)] | 121 | 124 |
| Tax Compliance Fees | 230 | 252 |
| Tax Consulting Fees | 198 | 236 |
| All Other Fees | 15 | 362 |
| **Total** | 5,487 | 5,371 |

(1) Represents fees for professional services rendered for benefit plans audits for 2017 and 2016.

## NOTE 23— EMPLOYEE INFORMATION

The following table illustrated employees by functional area:

| | 31 December 2017 | 31 December 2016 |
|---|---|---|
| | '000 | '000 |
| Contract Drilling | 2.36 | 1.98 |
| Shorebased Local Administration | 0.19 | 0.19 |
| Corporate Operational Support | 0.21 | 0.19 |
| Corporate General and Administration | 0.13 | 0.13 |
| **Total** | **2.89** | **2.49** |

Employee benefit expenses for the group during the year were as follows:

| | 2017 | 2016 |
|---|---|---|
| | $'000 | $'000 |
| **Employee benefit expense** | | |
| Wages and salaries | 281,638 | 402,644 |
| Social security costs | 10,617 | 24,657 |
| Share-based compensation | 28,169 | 32,778 |
| Pension costs - defined contribution plans | 5,721 | 9,226 |
| Pension costs - defined benefit plans | 2,170 | 15,045 |
| **Total employee benefit expense** | 328,315 | 484,350 |

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

## NOTE 24— RELATED PARTY TRANSACTIONS

**Compensation of key management personnel**

The remuneration of Directors and other key members of the management during the year were as follows:

| | 2017 | 2016 |
|---|---|---|
| | $'000 | $'000 |
| **Compensation of key management personnel of the Group** | | |
| Short-term benefits and bonus | 8,500 | 7,100 |
| Termination benefits | — | 338 |
| Share-based compensation | 5,287 | 5,860 |
| Post-retirement benefits | 1,145 | 2,063 |
| **Total compensation paid to key management personnel.** | **14,932** | **15,361** |

## NOTE 25— FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

### *25.1 Financial Risk Management*

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group's principal financial assets include trade and other receivables and cash and cash equivalents that derive from its operations.

The Group is exposed to liquidity risk, credit risk, interest rate risk, and foreign currency risk. The Group's senior management is responsible for the management of these risks. The Group's Board of Directors, directly and through designated committees, oversees the management of these risks and related policies and advises on the appropriate financial risk governance framework for the Group. The finance committee of our Board of Directors oversees management's financial risk activities and the related policies and procedures as well as financial risk identification and mitigation.

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

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

On 10 May 2016, Freeport-McMoRan Inc. ("Freeport"), Freeport-McMoRan Oil & Gas LLC and one of our subsidiaries entered into an agreement terminating the contracts on the *Noble Sam Croft* and *Noble Tom Madden* ("FCX Settlement"), ended in July 2017 and November 2017, respectively. The FCX Settlement included two contingent payments, which are further discussed below. We accounted for these contingent payments as derivative instruments that did not qualify under the IFRS standards for hedge accounting treatment, and therefore, changes in fair values were recognised as a loss in our accompanying Consolidated Statements of Operations.

*Cash Flow Hedges*

Several of our regional shorebases, including our North Sea operations, have a significant amount of their cash operating expenses payable in local currencies. To limit the potential risk of currency fluctuations, we periodically enter into forward contracts, which settle monthly in the operations' respective local currencies. All of these contracts have a maturity of less than 12 months. During 2017 and 2016, we entered into forward contracts of approximately $37.6 million and $53.1 million, respectively, all of which settled during their respective years. At both 31 December 2017 and 2016, we had no outstanding derivative contracts.

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

*FCX Settlement*

Pursuant to the FCX Settlement, Noble could have received contingent payments from the FCX Settlement on 30 September 2017, depending on the average price of oil over a 12-month period from 30 June 2016 through 30 June 2017. The average price of oil was calculated using the daily closing price of West Texas Intermediate crude oil ("WTI") (CL1) on the New York Mercantile Exchange for the period of 30 June 2016 through 30 June 2017. If the price of WTI averaged more than $50 per barrel during such period, Freeport would have paid $25.0 million to Noble. In addition to the $25.0 million contingent payment, if the price of WTI averaged more than $65 per barrel during such period, Freeport would have paid an additional $50.0 million to Noble. These contingent payments did not qualify for hedge accounting treatment under IFRS standards, and therefore, the change in fair value was recognised as a loss in our Consolidated Income Statements. These contingent payments are referred to as non-designated derivatives in the following tables and is classified as Level 3 of the valuation hierarchy.

The price of WTI did not average more than $50 per barrel during the 12-month period. As of 30 June 2017, the fair value of these contingent payments was reduced to zero, as the period for earning the contingent payments had ended.

*Financial Statement Presentation*

The following table summarises the financial statement presentation and fair value of our derivative positions as of 31 December 2017 and 2016:

| | | Estimated fair value | |
|---|---|---|---|
| | Balance sheet classification | 31 December 2017 | 31 December 2016 |
| | | $'000 | $'000 |
| **Asset derivatives** | | | |
| Non-designated derivatives | | | |
| FCX Settlement | Prepaid expenses and other current | — | 14,400 |

The following table summarises the gains/(losses) relating to cash flow hedges and non-designated derivatives through Other Comprehensive Income ("OCI") or as "contract drilling services" revenue or cost for the years ended 31 December 2017 and 2016:

| | Unrealized gain/(loss) recognised through OCI | | (Gain)/loss reclassified From OCI to "contract drilling services" cost | | Gain/(loss) recognised through "contract drilling services" revenue | |
|---|---|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Cash flow hedges** | | | | | | |
| Foreign currency forward contracts | (1,239) | (1,187) | — | — | 1,239 | 1,187 |
| **Non-designated derivatives** | | | | | | |
| FCX Settlement | — | — | — | — | (14,400) | 14,400 |

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

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

| | 31 December 2017 | | | |
|---|---|---|---|---|
| | | Estimated Fair Value Measurements | | |
| | Carrying Amount | Quoted Prices in Active Markets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| | $'000 | $'000 | $'000 | $'000 |
| **Assets—** | | | | |
| Marketable securities | 7,321 | 7,321 | — | — |

| | 31 December 31 2016 | | | |
|---|---|---|---|---|
| | | Estimated Fair Value Measurements | | |
| | Carrying Amount | Quoted Prices in Active Markets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| | $'000 | $'000 | $'000 | $'000 |
| **Assets—** | | | | |
| Marketable securities | 6,246 | 6,246 | — | — |
| FCX Settlement | 14,400 | — | — | 14,400 |

Our cash and cash equivalents, trade and other receivable (excluding prepayments), marketable securities and accounts payable are by their nature short-term. As a result, the carrying values included in the accompanying Consolidated Statement of Financial Position approximate fair value.

***25.2 Interest rate risk***

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

We are subject to market risk exposure related to changes in interest rates on borrowings under the credit facility. Interest on borrowings under the credit facility is at an agreed upon percentage point spread over LIBOR, or a base rate stated in the agreement. At 31 December 2017, we had no borrowings outstanding under our credit facility.

In addition, our credit facility and certain of our senior notes have provisions which vary the applicable interest rates for borrowing based upon our debt ratings. The Group is not exposed to further interest rate increases for credit rating decline as we have already reached our maximum credit rating interest rate increase.

See “Note 14— Interest Bearing Borrowings,” to for more information on our interest bearing loans and interest rates.

***25.3 Foreign Exchange Risk***

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Noble operates internationally and is subject to foreign exchange risks in future commercial transactions and the retranslation of the results of foreign subsidiaries.

To mitigate risks associated with future commercial transactions, Noble's policy is to hedge known and certain forecast transaction exposure based on historical experience and projections. These contracts are primarily accounted for as cash flow hedges. See "Cash flow hedges," above, for more details.

***25.4 Credit Risk Exposure***

Any concentration of customers increases the risks associated with any possible termination or nonperformance of drilling contracts, failure to renew contracts or award new contracts or reduction of their drilling programs.Revenues from Royal Dutch Shell plc, Statoil ASA and Saudi Arabian Oil Company accounted for approximately 45.0 percent, 13.2 percent, and 11.4 percent, respectively, of our consolidated operating revenues for the year ended 31 December 2017. Revenues from Shell and Freeport-McMoRan Inc. accounted for approximately 37.5 percent and 24.5 percent, respectively, of our consolidated operating revenues for the year ended 31 December 2016.. If any of these customers fail to perform their obligations under their contracts our financial condition and results of operations could be materially adversely affected.

| Credit Rating | 31 December 2017<br>$'000 | 31 December 2016<br>$'000 | 31 December 2015<br>$'000 |
|---|---|---|---|
| Cash at bank, short-term bank deposits and money market funds | | | |
| AAA | 298,579 | 147,062 | 1,014 |
| AA | 237,633 | 274,544 | 498,571 |
| A | 126,029 | 303,920 | 12,509 |
| Ba | 574 | 182 | 132 |
| Cash in hand | 14 | 14 | 19 |
| Total cash and cash equivalents | 662,829 | 725,722 | 512,245 |

***25.5 Liquidity Risk Exposure***

The Group maintains sufficient committed facilities to meet projected borrowing requirements based on cash flow forecasts. Additional headroom is maintained to protect against the variability of cash flows. Key ratios are monitored to ensure continued compliance with covenants contained in the Group’s principal credit agreements. The following table analyses the Group’s financial instruments by category:

| | 31 December 2017 | | 31 December 2016 | | 1 January 2016 | |
|---|---|---|---|---|---|---|
| Group | Loans and receivables | Total | Loans and receivables | Total | Loans and receivables | Total |
| | $000 | | $000 | | $000 | |
| Cash and cash equivalents | 662,829 | 662,829,000 | 725,722 | 725,722,000 | 512,245 | 512,245 |
| Accounts Receivable, net | 204,695 | 204,695,000 | 319,152 | 319,152,000 | 498,931 | 498,931 |
| Total | 867,524 | 867,524 | 1,044,874 | 1,044,874 | 1,011,176 | 1,011,176 |

| Group | 31 December 2017 Other financial liabilities at amortised cost | 31 December 2017 Total | December 31, 2016 Other financial liabilities at amortised cost | December 31, 2016 Total | 1 January 2016 Other financial liabilities at amortised cost | 1 January 2016 Total |
|---|---|---|---|---|---|---|
| | $000 | | $000 | | $000 | |
| Borrowings (excluding finance lease liabilities) | 3,795,867 | 3,795,867 | 4,040,238 | 4,040,238 | 4,162,590 | 4,162,590 |
| Trade and other payables excluding non-finance liabilities | 236,870 | 236,870 | 217,651 | 217,651 | 376,920 | 376,920 |
| Total | 4,032,737 | 4,032,737 | 4,257,889 | 4,257,889 | 4,539,510 | 4,539,510 |

The amounts included in the table are the contractual undiscounted cash flows (see below). As a result, these amounts will not reconcile to the amounts disclosed on the balance sheet except for short-term payables where discounting is not applied.

| Contractual Undiscounted Cash Flows | Less than 1yr | Between 1 and 2 years | Between 2 and 5 years | Over 5 years | Total |
|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 |
| **As at 31 December 2017** | | | | | |
| Borrowings | 250,000 | 201,695 | 502,102 | 3,150,000 | 4,103,797 |
| Trade and other payables - current | 305,398 | | | | 305,398 |
| **As at 31 December 2016** | | | | | |
| Borrowings | 300,000 | 250,000 | 1,066,069 | 2,550,000 | 4,166,069 |
| Trade and other payables - current | 283,035 | | | | 283,035 |

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

## NOTE 26— CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued equity capital and equity reserves attributable to the equity holders of the company. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2017 and 2016.

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, return capital to shareholders, issue new shares or sell assets to reduce debt.The group monitors capital on the basis of the gearing ratio (debt to equity). This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated statement of financial position). The gearing ratios at 31 December 2017 and 2016 were as follows:

| | 31 December 2017 | 31 December 2016 |
|---|---|---|
| | $'000 | $'000 |
| Total borrowings (Note 14) | 4,075,433 | 4,372,724 |
| Less: Cash and cash equivalents (Note 12) | 662,829 | 725,722 |
| **Net debt** | **3,412,604** | **3,647,002** |
| Total equity | 1,178,236 | 2,230,862 |
| **Total capital** | **4,590,840** | **5,877,864** |
| **Gearing ratio** | **74.34%** | **62.05%** |

The increase in the gearing ratio is primarily attributed to further deterioration of the the Group's rigs and capital spares carrying amount.

## NOTE 27— CASH FLOW FROM OPERATIONS

| | 31 December 2017 | 31 December 2016 |
|---|---|---|
| | $'000 | $'000 |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Net loss for the year | (1,028,306) | (528,783) |
| Adjustments to reconcile net loss to net cash from operating activities: | | |
| Depreciation and amortisation | 368,662 | 421,036 |
| Loss on impairment | 883,175 | 1,344,295 |
| Gain on extinguishment of debt | — | (17,814) |
| Deferred income tax provision | (5,355) | (254,734) |
| Share-based compensation expense | 30,051 | 36,431 |
| Long-term asset write-off | 29,032 | — |
| Other changes in assets and liabilities: | | |
| Trade and other receivables | 126,192 | 261,436 |
| Other assets | 23,717 | 63,933 |
| Accounts payable | 22,363 | (184,555) |
| Other current liabilities | 118 | (42) |
| Other liabilities | 4,294 | (15,127) |
| **Net cash from operating activities** | **453,943** | **1,126,076** |

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

## NOTE 28— GROUP ENTITIES

The extent of the Group's ownership in its various subsidiaries, equity-accounted investees and their principal activities are as follows:

| Name | Ownership Interest | Country of incorporation | Nature of business | Registered Address |
|---|---|---|---|---|
| Noble Corporation Holdings Limited | 100% owned by Noble Eagle UK Limited | Cayman Islands | Holding company | c/o Maples Corporate Services Limited<br>P.O. Box 309, Ugland House<br>S. Church Street<br>Grand Cayman<br>KY1-1104<br>Cayman Islands |
| Noble Corporation | 100% owned by Noble Corporation Holdings Limited | Cayman Islands | Holding company; finance company; borrower; guarantor | c/o Maples Corporate Services Limited<br>P.O. Box 309, Ugland House<br>S. Church Street<br>Grand Cayman<br>KY1-1104<br>Cayman Islands |
| Noble Offshore (Ireland) Limited | 100% owned by Noble Corporation | Ireland | Finance Company | 32 Molesworth Street<br>Dublin 2<br>Ireland |
| Noble Holding (U.S.) LLC | 100% owned by Noble Corporation | Delaware | Holding company; Limited Partner of Cayman partnership; finance company; guarantor; issuer of senior notes | The Corporation Trust Company<br>1209 Orange Street<br>Wilmington DE 19801<br>United States |
| Noble Holding UK Limited | 100% owned by Noble Corporation plc | United Kingdom | Holding company | Devonshire House<br>1 Mayfair Place<br>London<br>England<br>W1J 8AJ<br>United Kingdom |
| Noble Finance Luxembourg Sarl | 100% owned by Noble Holding UK Limited | Luxembourg | Dormant; financing entity | 25B, Boulevard Royal<br>Luxembourg<br>L-2449<br>Luxembourg |
| Noble Eagle Corporation | 100% owned by Noble Holding UK Limited | Delaware | Holding company | The Corporation Trust Company<br>1209 Orange Street<br>Wilmington DE 19801<br>United States |
| Noble Eagle UK Limited | 100% owned by Noble Eagle Corporation | UK | Holding company | Devonshire House<br>1 Mayfair Place<br>London<br>England<br>W1J 8AJ<br>United Kingdom |
| Noble Holding International (Luxembourg NHIL) S.à r.l | 100% owned by Noble Corporation | Luxembourg | Holding company | 25B, Boulevard Royal<br>Luxembourg<br>L-2449<br>Luxembourg |
| Noble Holding International (Luxembourg) S.à r.l | 100% owned by Noble Corporation | Luxembourg | Holding company; | 25B, Boulevard Royal<br>Luxembourg<br>L-2449<br>Luxembourg |

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

| Name | Ownership Interest | Country of incorporation | Nature of business | Registered Address |
|---|---|---|---|---|
| Noble Financing Services Limited | 100% owned by Noble Corporation | Cayman Islands | Holder of Treasury shares | c/o Maples Corporate Services Limited<br>P.O. Box 309, Ugland House<br>S. Church Street<br>Grand Cayman<br>KY1-1104<br>Cayman Islands |
| Noble NDC Cayman Limited | 100% owned by Noble Corporation | Cayman | Dormant | c/o Maples Corporate Services Limited<br>P.O. Box 309, Ugland House<br>S. Church Street<br>Grand Cayman<br>KY1-1104<br>Cayman Islands |
| Noble Holding (Switzerland) GmbH | 100% owned by Noble Corporation | Switzerland | Holding company | Dorfstrasse 19a<br>6340<br>Baar<br>Switzerland |
| Noble (Servco) UK Limited (7) | 50% owned by Noble Offshore (Ireland) Limited, 50% owned by Noble Finance Luxembourg S.àr.l. | United Kingdom | Local office services; payroll | Devonshire House<br>1 Mayfair Place<br>London<br>England<br>W1J 8AJ<br>United Kingdom |
| Triton Engineering Services Company, S.A. | 100% owned by Noble Holding (U.S.) LLC | Venezuela | Dormant | c/o Baker McKenize<br>Torre Edicamp, P.H.<br>Ave. Francisco de Miranda con Tercera Ave. de Campo Alegre<br>Caracas<br>Venezuela |
| Noble Drilling (U.S.) LLC | 100% owned by Noble Holding (U.S.) LLC | Delaware | Holding company; contracting entity; operating entity; payroll, rig owner | The Corporation Trust Company<br>1209 Orange Street<br>Wilmington DE 19801<br>United States |
| Noble Drilling Services 3 LLC | 100% owned by Noble Holding (U.S.) LLC | Delaware | Dormant | The Corporation Trust Company<br>1209 Orange Street<br>Wilmington DE 19801<br>United States |
| Noble Drilling Services 2 LLC | 100% owned by Noble Holding (U.S.) LLC | Delaware | Dormant | The Corporation Trust Company<br>1209 Orange Street<br>Wilmington DE 19801<br>United States |
| Noble Holding North Sea Limited | 100% owned by Noble Holding (U.S.) LLC | Scotland | Holding Company | Devonshire House, 1 Mayfair Place, London W1J 8AJ<br>United Kingdom |
| Maurer Technology Incorporated | 100% owned by Noble Holding (U.S.) LLC | Delaware | Dormant | The Corporation Trust Company<br>1209 Orange Street<br>Wilmington DE 19801<br>United States |
| Noble Holding (U.S.) Eagle Corporation | 100% owned by Noble Holding (U.S.) LLC | Delaware | Holding Company | The Corporation Trust Company<br>1209 Orange Street<br>Wilmington DE 19801<br>United States |
| Noble Drilling Services Inc. | 100% owned by Noble Holding (U.S.) LLC | Delaware | Local office services; payroll; finance company; Partner of the Cayman Partnership | The Corporation Trust Company<br>1209 Orange Street<br>Wilmington DE 19801<br>United States |

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

| Name | Ownership Interest | Country of incorporation | Nature of business | Registered Address |
|---|---|---|---|---|
| Noble SCS Holding Limited | 50% owned by Noble Holding International (Luxembourg NHIL) S.à r.l; 50% owned by Noble Holding International (Luxembourg ) S.à r.l | Cayman | Partner of Cayman Partnership | c/o Maples Corporate Services Limited P.O. Box 309, Ugland House S. Church Street Grand Cayman KY1-1104 Cayman Islands |
| Noble Downhole Technology Ltd. | 100% owned by Noble Holding International (Luxembourg) S.à r.l | Cayman Islands | Dormant | c/o Maples Corporate Services Limited P.O. Box 309, Ugland House S. Church Street Grand Cayman KY1-1104 Cayman Islands |
| Noble Drilling (Cyprus) Limited | 100% owned by Noble Holding International (Luxembourg) S.à r.l | Cyprus | Dormant | 1 Lampousas Street Nicosia 1095 Cyprus |
| Noble Aviation GmbH i.L. | 100% owned by Noble Holding (Switzerland) GmbH | Switzerland | Dormant | Dorfstrasse 19a 6340 Baar Switzerland |
| Noble Drilling (Luxembourg) S.à r.l | 100% owned by Noble Holding (Switzerland) GmbH | Luxembourg | Holding company | 25B, Boulevard Royal Luxembourg L-2449 Luxembourg |
| Noble Engineering & Development de Venezuela C.A. | 100% owned by Noble Downhole Technology Ltd. | Venezuela | Dormant | c/o Baker McKenize Torre Edicamp, P.H. Ave. Francisco de Miranda con Tercera Ave. de Campo Alegre Caracas Venezuela |
| Noble Technology (Canada) Ltd. | 100% owned by Noble Downhole Technology Ltd. | Alberta, Canada | Dormant | 4500, 855 - 2nd Street S.W. Calgary AB T2P 4K7 Canada |
| Triton International, Inc. | 100% owned by Triton Engineering Services Company | Delaware | Dormant | The Corporation Trust Company 1209 Orange Street Wilmington DE 19801 United States |
| Triton Engineering Services Company S. A. | 100% owned by Triton Engineering Services Company | Delaware | Dormant | c/o Baker McKenize Torre Edicamp, P.H. Ave. Francisco de Miranda con Tercera Ave. de Campo Alegre Caracas Venezuela |
| Triton International de Mexico S. A. De C.V. | 100% owned by Triton International, Inc. | Mexico | Dormant | Calle Los Alfredos Ciudad del Carmen Estado Campeche Mexico C.P. 24120 |
| Noble Drilling (Jim Thompson) LLC | 100% owned by Noble Drilling (U.S.) LLC | Delaware | Dormant | The Corporation Trust Company 1209 Orange Street Wilmington DE 19801 United States |

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

| Name | Ownership Interest | Country of incorporation | Nature of business | Registered Address |
|---|---|---|---|---|
| Noble Johnnie Hoffman LLC | 100% owned by Noble Drilling (U.S.) LLC | Delaware | Dormant | The Corporation Trust Company<br>1209 Orange Street<br>Wilmington DE 19801<br>United States |
| Noble John Sandifer LLC | 100% owned by Noble Drilling (U.S.) LLC | Delaware | Dormant | The Corporation Trust Company<br>1209 Orange Street<br>Wilmington DE 19801<br>United States |
| Noble Drilling Exploration Company | 100% owned by Noble Drilling (U.S.) LLC | Delaware | Dormant | The Corporation Trust Company<br>1209 Orange Street<br>Wilmington DE 19801<br>United States |
| Noble Drilling (N.S.) Limited | 100% owned by Noble Holding North Sea Limited | Scotland | Holding company | Wellheads Road<br>Farburn Industrial Estates<br>Dyce<br>Aberdeen<br>Scotland<br>AB21 7HG<br>United Kingdom |
| Noble SCS Cayman LP (17) | 5% Preferred plus 44.6482% Common Equity owned by Noble Drilling Services Inc.; 95% Preferred plus 1.7065% Common Equity owned by Noble Holding (U.S.) LLC; 53.6453% Common Equity owned by Noble SCS Holding Limited | Cayman | Cayman Partnership | c/o Maples Corporate Services Limited<br>P.O. Box 309, Ugland House<br>S. Church Street<br>Grand Cayman<br>KY1-1104<br>Cayman Islands |
| Noble Holding International S.à r.l. | 100% owned by Noble SCS Cayman LP | Luxembourg | Holding company; branch registration | 25B, Boulevard Royal<br>Luxembourg<br>L-2449<br>Luxembourg |
| Noble Cayman SCS Holding Limited | 100% owned by Noble SCS Cayman LP | Cayman Islands | Partner of Luxembourg Partnership | c/o Maples Corporate Services Limited<br>P.O. Box 309, Ugland House<br>S. Church Street<br>Grand Cayman<br>KY1-1104<br>Cayman Islands |
| Noble Holding International Limited | 100% owned by Noble Holding International S.à r.l. | Cayman Islands | Holding company; finance company; guarantor; issuer of senior notes; foreign maritime entity | c/o Maples Corporate Services Limited<br>P.O. Box 309, Ugland House<br>S. Church Street<br>Grand Cayman<br>KY1-1104<br>Cayman Islands |
| Noble Holding SCS | 100% Preferred plus 49.4633% Common Equity owned by Noble SCS Cayman LP; 50.5367% Common Equity owned by Noble Cayman SCS Holding Ltd. | Luxembourg | Luxembourg Partnership | 25B, Boulevard Royal<br>Luxembourg<br>L-2449<br>Luxembourg |

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| Name | Ownership Interest | Country of incorporation | Nature of business | Registered Address |
|---|---|---|---|---|
| Noble NBD GP Holding | 100% owned by Noble Holding International Limited | Cayman | Partner of Cayman Partnership | c/o Maples Corporate Services Limited<br>P.O. Box 309, Ugland House<br>S. Church Street<br>Grand Cayman<br>KY1-1104<br>Cayman Islands |
| Noble Drilling NHIL LLC | 100% owned by Noble Holding International Limited | Delaware | Rig owner | The Corporation Trust Company<br>1209 Orange Street<br>Wilmington DE 19801<br>United States |
| Noble Drilling Services 6 LLC | 100% owned by Noble Holding International Limited | Delaware | Holding company; issuer of senior notes; foreign managed entity; foreign maritime entity | The Corporation Trust Company<br>1209 Orange Street<br>Wilmington DE 19801<br>United States |
| Noble NBD Cayman LP | 100% Preferred plus 10% Common Equity owned by Noble NBD LP Holding; 0.0000119% Common Equity owned by Noble NBD GP Holding; 38.8850995% Common Equity owned by Noble Holding International Limited; 51.1148886% owned by Noble Corporation. | Cayman | Cayman Partnership | c/o Maples Corporate Services Limited<br>P.O. Box 309, Ugland House<br>S. Church Street<br>Grand Cayman<br>KY1-1104<br>Cayman Islands |
| Noble Bob Douglas LLC | 100% owned by Noble NBD Cayman LP | Delaware | Rig owner | The Corporation Trust Company<br>1209 Orange Street<br>Wilmington DE 19801<br>United States |
| Noble NDC Holding (Cyprus) Limited | 100% owned by Noble Bob Douglas LLC | Cyprus | Holding Company | 1 Lampousas Street<br>Nicosia<br>1095<br>Cyprus |
| Noble Drilling International GmbH | 100% owned by Noble NDC Holding (Cyprus) Limited | Switzerland | Rig Owner | Dorfstrasse 19a<br>6340<br>Baar<br>Switzerland |
| Noble Drilling Holding GmbH i.L. | 100% owned by Noble NDC Holding (Cyprus) Limited | Switzerland | Dormant | Dorfstrasse 19a<br>6340<br>Baar<br>Switzerland |
| Noble NDB LP Holding | 100% owned by Noble Drilling Services 6 LLC | Cayman | Cayman Partnership | c/o Maples Corporate Services Limited<br>P.O. Box 309, Ugland House<br>S. Church Street<br>Grand Cayman<br>KY1-1104<br>Cayman Islands |
| Noble Boudreaux Limited | 100% owned by Noble Drilling Services 6 LLC | Cayman Islands | Holding Company | c/o Maples Corporate Services Limited<br>P.O. Box 309, Ugland House<br>S. Church Street<br>Grand Cayman<br>KY1-1104<br>Cayman Islands |

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

| Name | Ownership Interest | Country of incorporation | Nature of business | Registered Address |
|---|---|---|---|---|
| Noble Leasing (Switzerland) GmbH | 100% owned by Noble Boudreaux Limited | Switzerland | Rig owner; foreign maritime entity | Dorfstrasse 19a<br>6340<br>Baar<br>Switzerland |
| Noble Cayman Limited | 100% owned by Noble Boudreaux Limited | Cayman Islands | Branch registration; payroll | c/o Maples Corporate Services Limited<br>P.O. Box 309, Ugland House<br>S. Church Street<br>Grand Cayman<br>KY1-1104<br>Cayman Islands |
| Noble FDR Holdings Limited | 100% owned by Noble Boudreaux Limited | Cayman Islands | Holding company; foreign maritime entity, rig owner | c/o Maples Corporate Services Limited<br>P.O. Box 309, Ugland House<br>S. Church Street<br>Grand Cayman<br>KY1-1104<br>Cayman Islands |
| Noble Earl Frederickson LLC | 100% owned by Noble Cayman Limited | Delaware | Dormant; foreign managed entity | The Corporation Trust Company<br>1209 Orange Street<br>Wilmington DE 19801<br>United States |
| Noble Bill Jennings LLC | 100% owned by Noble Cayman Limited | Delaware | Dormant; foreign managed entity | The Corporation Trust Company<br>1209 Orange Street<br>Wilmington DE 19801<br>United States |
| Noble Asset Mexico LLC | 100% owned by Noble Cayman Limited | Delaware | Dormant; foreign managed entity | The Corporation Trust Company<br>1209 Orange Street<br>Wilmington DE 19801<br>United States |
| Noble Drilling Holding LLC | 100% owned by Noble Cayman Limited | Delaware | Holding company; rig owner; contracting entity; issuer of senior notes; foreign maritime entity; foreign managed entity | The Corporation Trust Company<br>1209 Orange Street<br>Wilmington DE 19801<br>United States |
| Noble International Services LLC | 100% owned by Noble Cayman Limited | Delaware | Holding company; contracting entity; foreign managed entity | The Corporation Trust Company<br>1209 Orange Street<br>Wilmington DE 19801<br>United States |
| Noble Drilling Americas LLC | 100% owned by Noble Cayman Limited | Delaware | Rig owner; contracting entity; foreign managed entity; foreign maritime entity | The Corporation Trust Company<br>1209 Orange Street<br>Wilmington DE 19801<br>United States |
| Noble North Africa Limited | 100% owned by Noble Cayman Limited | Cayman Islands | Dormant; foreign maritime entity | c/o Maples Corporate Services Limited<br>P.O. Box 309, Ugland House<br>S. Church Street<br>Grand Cayman<br>KY1-1104<br>Cayman Islands |
| Noble SA LLC | 100% owned by Noble Cayman Limited | Delaware | Holding entity | The Corporation Trust Company<br>1209 Orange Street<br>Wilmington DE 19801<br>United States |

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

| Name | Ownership Interest | Country of incorporation | Nature of business | Registered Address |
|---|---|---|---|---|
| Noble SA Limited | 100% owned by Noble SA LLC | Cayman Islands | Rig owner | c/o Maples Corporate Services Limited<br>P.O. Box 309, Ugland House<br>S. Church Street<br>Grand Cayman<br>KY1-1104<br>Cayman Islands |
| Noble Drilling (TVL) Ltd. | 100% owned by Noble SA Limited | Cayman Islands | Rig owner; foreign maritime entity | c/o Maples Corporate Services Limited<br>P.O. Box 309, Ugland House<br>S. Church Street<br>Grand Cayman<br>KY1-1104<br>Cayman Islands |
| Noble Drillships Holdings, Ltd. | 100% owned by Noble FDR Holdings Limited | Cayman Islands | Holding company | c/o Maples Corporate Services Limited<br>P.O. Box 309, Ugland House<br>S. Church Street<br>Grand Cayman<br>KY1-1104<br>Cayman Islands |
| Noble Drillships Holdings 2, Ltd. | 100% owned by Noble FDR Holdings Limited | Cayman Islands | Holding company | c/o Maples Corporate Services Limited<br>P.O. Box 309, Ugland House<br>S. Church Street<br>Grand Cayman<br>KY1-1104<br>Cayman Islands |
| Frontier Driller, Ltd. | 100% owned by Noble FDR Holdings Limited | Cayman Islands/Luxembourg | Holding company; foreign maritime entity | c/o Maples Corporate Services Limited<br>P.O. Box 309, Ugland House<br>S. Church Street<br>Grand Cayman<br>KY1-1104<br>Cayman Islands |
| Noble Deepwater Ltd. | 100% owned by Noble FDR Holdings Limited | Cayman Islands | Holding company | c/o Maples Corporate Services Limited<br>P.O. Box 309, Ugland House<br>S. Church Street<br>Grand Cayman<br>KY1-1104<br>Cayman Islands |
| Noble Drillships S.à r.l | 100% owned by Noble Drillships Holdings, Ltd. | Luxembourg | Holding company | 25B, Boulevard Royal<br>Luxembourg<br>L-2449<br>Luxembourg |
| Noble Drillships 2 S.à r.l | 100% owned by Noble Drillships Holdings 2, Ltd. | Luxembourg | Holding company | 25B, Boulevard Royal<br>Luxembourg<br>L-2449<br>Luxembourg |
| Frontier Drilling Cayman, Ltd. | 100% owned by Frontier Driller, Ltd. | Cayman Islands | Holding company | c/o Maples Corporate Services Limited<br>P.O. Box 309, Ugland House<br>S. Church Street<br>Grand Cayman<br>KY1-1104<br>Cayman Islands |

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

| Name | Ownership Interest | Country of incorporation | Nature of business | Registered Address |
|---|---|---|---|---|
| Bully 1 (Switzerland) GmbH | Joint Venture - 50% owned by Noble Drilliships, S.à r.l. | Switzerland | JV company; rig owner; foreign maritime entity | Dorfstrasse 19a<br>6340<br>Baar<br>Switzerland |
| Bully 2 (Switzerland) GmbH | Joint Venture 50% owned by Noble Drillships 2, S.à r.l. | Switzerland | JV company; Rig owner; operating entity; foreign maritime entity | Dorfstrasse 19a<br>6340<br>Baar<br>Switzerland |
| Frontier Driller Kft. | 50% owned by Frontier Driller Cayman, Ltd.; 50% owned by Frontier Driller, Ltd. | Hungary | Holding company; rig owner; branch registration | H-2724<br>Ujlengyel<br>Petofi Sandor utca 40<br>Hungary |
| Bully 1 (US) Corporation | 100% owned by Bully 1 (Switzerland) GmbH | Delaware | Operating entity; contracting entity | The Corporation Trust Company<br>1209 Orange Street<br>Wilmington DE 19801<br>United States |
| Bully 2 (Luxembourg) S.à r.l. | 100% owned by Bully 2 (Switzerland) GmbH | Luxembourg | contracting entity; foreign maritime entity | 25B, Boulevard Royal<br>Luxembourg<br>L-2449<br>Luxembourg |
| Frontier Driller, Inc. | 100% owned by Frontier Driller Kft. | Delaware | Dormant | The Corporation Trust Company<br>1209 Orange Street<br>Wilmington DE 19801<br>United States |
| NE Drilling Servicos do Brasil Ltda. | 99% owned by Noble Drilling Holding LLC, 1% owned by Noble International Services LLC | Brazil | Contracting entity; local office services; payroll; Owner of Blue Line warehouse | Avenida das Americas, 3500<br>Edifico Toronto 3000, Bloco 4 - Sala 522<br>Barra da Tijuca<br>Rio de Janeiro<br>RJ - CEP<br>22790-972<br>Brazil |
| NE do Brasil Participacoes E Investimentos Ltda. | 99% owned by Noble Drilling Holding LLC, 1% owned by Noble International Services LLC | Brazil | Rig guarantor | Avenida das Americas, 3500<br>Edifico Toronto 3000, Bloco 4 - Sala 522<br>Barra da Tijuca<br>Rio de Janeiro<br>RJ - CEP<br>22790-972<br>Brazil |
| Noble Deepwater (B) Sdn. Bhd. | JV - 42.5% owned by Noble Cayman Limited, 42.5% owned by Noble North Africa Limited | Brunei | Joint Venture - Contracting entity | c/o Tricor (B) Sdn Bhd<br>Room 308B, 3rd Floor, Wisma Jaya, Jalan Pemancha<br>Bandar Seri Begawan<br>Negara Brunei Darussalam<br>BS8811<br>Brunei Darussalam |
| Noble Drilling Holdings (Cyprus) Limited | 100% owned by Noble Drilling Holding LLC | Cyprus | Holding company; foreign maritime entity | 1 Lampousas Street<br>Nicosia<br>1095<br>Cyprus |
| Noble Holding Land Support Limited | 100% owned by Noble Drilling Holding LLC | Scotland | Holding company | Devonshire House, 1 Mayfair Place, London W1J 8AJ<br>United Kingdom |

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

| Name | Ownership Interest | Country of incorporation | Nature of business | Registered Address |
|---|---|---|---|---|
| Noble Mexico Services Limited | 100% owned by Noble Drilling Holding LLC | Cayman Islands | Dormant | c/o Maples Corporate Services Limited<br>P.O. Box 309, Ugland House<br>S. Church Street<br>Grand Cayman<br>KY1-1104<br>Cayman Islands |
| Noble Mexico Limited | 100% owned by Noble Drilling Holding LLC | Cayman Islands | Operating company; branch registration; contracting entity | c/o Maples Corporate Services Limited<br>P.O. Box 309, Ugland House<br>S. Church Street<br>Grand Cayman<br>KY1-1104<br>Cayman Islands |
| Noble Resources Limited | 100% owned by Noble Drilling Holding LLC | Cayman Islands | Contracting entity; payroll | c/o Maples Corporate Services Limited<br>P.O. Box 309, Ugland House<br>S. Church Street<br>Grand Cayman<br>KY1-1104<br>Cayman Islands |
| Noble Services International Limited | 100% owned by Noble Drilling Holding LLC | Cayman Islands | Contracting entity; payroll; branch registration; foreign maritime entity | c/o Maples Corporate Services Limited<br>P.O. Box 309, Ugland House<br>S. Church Street<br>Grand Cayman<br>KY1-1104<br>Cayman Islands |
| Noble International Finance Company | 100% owned by Noble Drilling Holding LLC | Cayman Islands | Finance company; foreign maritime entity | c/o Maples Corporate Services Limited<br>P.O. Box 309, Ugland House<br>S. Church Street<br>Grand Cayman<br>KY1-1104<br>Cayman Islands |
| Noble Drilling (Carmen) Limited | 100% owned by Noble Drilling Holding LLC | Cayman Islands | Dormant | c/o Maples Corporate Services Limited<br>P.O. Box 309, Ugland House<br>S. Church Street<br>Grand Cayman<br>KY1-1104<br>Cayman Islands |
| Noble Gene Rosser Limited | 100% owned by Noble Drilling Holding LLC | Cayman Islands | Dormant | c/o Maples Corporate Services Limited<br>P.O. Box 309, Ugland House<br>S. Church Street<br>Grand Cayman<br>KY1-1104<br>Cayman Islands |
| Noble Campeche Limited | 100% owned by Noble Drilling Holding LLC | Cayman Islands | Dormant | c/o Maples Corporate Services Limited<br>P.O. Box 309, Ugland House<br>S. Church Street<br>Grand Cayman<br>KY1-1104<br>Cayman Islands |

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

| Name | Ownership Interest | Country of incorporation | Nature of business | Registered Address |
|---|---|---|---|---|
| Noble Offshore Mexico Limited | 100% owned by Noble Drilling Holding LLC | Cayman Islands | Dormant | c/o Maples Corporate Services Limited<br>P.O. Box 309, Ugland House<br>S. Church Street<br>Grand Cayman<br>KY1-1104<br>Cayman Islands |
| Noble Offshore Contracting Limited | 100% owned by Noble Drilling Holding LLC | Cayman Islands | Dormant | c/o Maples Corporate Services Limited<br>P.O. Box 309, Ugland House<br>S. Church Street<br>Grand Cayman<br>KY1-1104<br>Cayman Islands |
| Noble Dave Beard Limited | 100% owned by Noble Drilling Holding LLC | Cayman Islands | Rig owner; foreign maritime entity | c/o Maples Corporate Services Limited<br>P.O. Box 309, Ugland House<br>S. Church Street<br>Grand Cayman<br>KY1-1104<br>Cayman Islands |
| Noble Drilling (Paul Wolff) Ltd. | 100% owned by Noble Drilling Holding LLC | Cayman Islands | Dormant; foreign maritime entity | c/o Maples Corporate Services Limited<br>P.O. Box 309, Ugland House<br>S. Church Street<br>Grand Cayman<br>KY1-1104<br>Cayman Islands |
| Noble Drilling Offshore (Labuan) Pte Ltd. | 100% owned by Noble Drilling Holding LLC | Labuan, Malaysia | Contracting entity | c/o IFS Secretarial Services Sdn Bhd<br>Unit 3(1) Main Office Tower<br>Financial Park Labuan<br>87000 Jalan Merdeka<br>Labuan<br>Malaysia |
| Noble Drilling Offshore Limited | 100% owned by Noble Drilling Holding LLC | Cayman Islands | Branch registration; rig owner; contracting entity; foreign maritime entity | c/o Maples Corporate Services Limited<br>P.O. Box 309, Ugland House<br>S. Church Street<br>Grand Cayman<br>KY1-1104<br>Cayman Islands |
| Noble Drilling Singapore Pte. Ltd. | 100% owned by Noble Drilling Holding LLC | Singapore | Contracting entity | 1 Raffles Place #18-61,<br>One Raffles Place Tower 2<br>Singapore<br>048616<br>Singapore |
| Noble Drilling (Nederland) II B.V. | 100% owned by Noble Drilling Holdings (Cyprus) Limited | Netherland | Operating entity; local office services; purchasing company | Paleiskade 100<br>1781 AR<br>Den Helder<br>Netherlands |

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

| Name | Ownership Interest | Country of incorporation | Nature of business | Registered Address |
|---|---|---|---|---|
| Noble Contracting II GmbH | 100% owned by Noble Drilling Holdings (Cyprus) Limited | Switzerland | Contracting entity; branch registration | Dorfstrasse 19a<br>6340<br>Baar<br>Switzerland |
| Noble Holding Europe S.à r.l. | 100% owned by Noble Drilling Holdings (Cyprus) Limited | Luxembourg | Holding company; rig owner; foreign maritime entity | 25B, Boulevard Royal<br>Luxembourg<br>L-2449<br>Luxembourg |
| Noble Drilling (Land Support) Limited | 100% owned by Noble Holding Land Support Limited | Scotland | Logistics/support for North Sea Ops; local office services; payroll; contracting entity; purchasing company | Wellheads Road<br>Farburn Industrial Estates<br>Dyce<br>Aberdeen<br>Scotland<br>AB21 7HG<br>United Kingdom |
| Noble Drilling Services (Canada) Corporation | 100% owned by Noble Contracting II GmbH | Nova Scotia, Canada | Active | Purdy's Wharf Tower<br>1100-1959 Upper Water Street<br>Halifax NS B3J 3N2<br>Canada |
| Noble Drilling Mexico, S. De R.L. De C.V. | 99% owned by Noble Contracting II GmbH, 1% owned by Noble Holding Europe Sarl | Mexico | Operating entity | c/o Ramírez, Gutiérrez-Azpe, Rodríguez-Rivero<br>y Hurtado, S.C.<br>Galileo No. 55 1st floor Col. Polanco<br>Mexico City<br>11560<br>Mexico |
| Noble Offshore Services de Mexico, S. de R.L. de C.V. | 99% owned by Noble Contracting II GmbH, 1% owned by Noble Holding Europe Sarl | Mexico | Local office services | Calle Sierra Candela, numero 111<br>piso 401,402 y 403<br>colonia Lomas de Chapultepec I Seccion<br>Delegacion Miguel Hidalgo<br>Federal District<br>CP 11000<br>Mexico |
| Noble Drilling (Norway) AS | 100% owned by Noble Holding Europe S.à r.l | Norway | Operating entity; purchasing company | c/o Advokatfirmaet Simonsen Vogt Wiig AS<br>Hinna Park Jåttåvågveien 7, Bygg B,<br>P.O. Box 370,<br>Stavanger<br>4067<br>Norway |
| Noble Holding (Luxemboug) Sarl | 100% owned by Noble Drilling (Land Support) Limited | Luxembourg | Holding company | 25B, Boulevard Royal<br>Luxembourg<br>L-2449<br>Luxembourg |
| Noble Leasing III (Switzerland) GmbH | 100% owned by Noble Holding (Luxembourg) S.à r.l | Switzerland | Rig owner; branch registration; local office services; payroll; foreign maritime entity | Dorfstrasse 19a<br>6340<br>Baar<br>Switzerland |

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

| Name | Ownership Interest | Country of incorporation | Nature of business | Registered Address |
|---|---|---|---|---|
| Noble Drilling International Services Pte. Ltd. | 100% owned by Noble International Finance Company | Singapore | Dormant | 600 North Bridge Road #23-01<br>Parkview Square<br>Singapore<br>188778<br>Singapore |
| Noble Offshore (North Sea) Ltd. | 100% owned by Noble Drilling (Carmen) Limited | Cayman Islands | Dormant; operating entity | c/o Maples Corporate Services Limited<br>P.O. Box 309, Ugland House<br>S. Church Street<br>Grand Cayman<br>KY1-1104<br>Cayman Islands |
| Noble Drilling Egypt LLC | 50% owned by Noble Services International Limited and 50% owned by Noble North Africa Limited | Egypt | Dormant; contracting entity | Flat No. B2, Bldg No.179<br>Zone 3/4,<br>Fourth District, Fifth Settlement,<br>New Cairo<br>Egypt<br>Egypt |
| Sedco Dubai LLC | Joint venture - 49% owned by Noble Drilling Holding LLC | Dubai, UAE | JV company; contracting entity | Al Quoz Industrial Area<br>Sheikh Zayed Road<br>P.O. Box 9241<br>Dubai<br>United Arab Emirates |
| Noble Drilling Doha LLC | Joint venture - 49% owned by Noble Drilling Holding LLC | Doha,Qatar | JV company; contracting entity | Salam Globex Business Centre,<br>The Gate – Tower II,Office 841, 8th Level,<br>PO Box 14023, West Bay,<br>Doha<br>Qatar |
| Noble Drilling Arabia Company Ltd. | Joint Venture - 50% owned by Noble Drilling Holding LLC | Saudi Arabia | JV company; contracting entity | c/o Al Rushaid Petroleum Investment Company<br>Box 31685<br>Dhahran Airport - 31952<br>Saudi Arabia |
| Noble Drilling West Africa Limited | 99.50% owned by Noble Drilling Holding LLC, 0.50% owned by Noble Cayman Limited | Nigeria | Contracting entity | c/o Adcax Nominees Limited<br>9th floor, St. Nicholas House<br>Catholic Mission Street<br>Lagos Island<br>Lagos<br>Nigeria |

| Name | Ownership Interest | Country of incorporation | Nature of business | Registered Address |
|---|---|---|---|---|
| Noble Contracting Offshore Drilling (M) Sdn Bhd | 99% owned by Noble Drilling Holding LLC;1% owned by Noble Cayman Limited | Malaysia | Contracting entity | c/o Tricor Corporate Services Sdn Bhd<br>Unit 30-01, Level 30, Tower A,<br>Vertical Business Suite,<br>No. 8, Jalan Kerinchi,<br>59200 Kuala Lumpur<br>Malaysia |
| Noble Drilling Arabia Services LLC | 100% owned by Noble Drilling Arabia Company Ltd. | Delaware | Contracting entity | The Corporation Trust Company<br>1209 Orange Street<br>Wilmington DE 19801<br>United States |

## NOTE 29— POST BALANCE SHEET EVENTS

***2015 Credit Facility Amendment Effectiveness***

On 3 January 2018, the Amendment to the 2015 Credit Facility became fully effective. The Amendment caused, among other things a reduction in the aggregate principal amount of commitments under the 2015 Credit Facility to $300.0 million and the reduction of the 2015 Credit Facility's letter of credit sub-facility to zero dollars. The maturity of the 2015 Credit Facility remains January 2020.

***2017 Credit Facility Amendment Effectiveness***

On 3 January 2018, borrowings up to a maximum aggregate amount of $1.5 billion became available under the 2017 Credit Facility. The 2017 Credit Facility matures in January 2023.

***Debt Issuance***

On 31 January 2018, NHIL issued and sold $750.0 million aggregate principal amount of the 2026 Notes, through our indirect wholly-owned subsidiary, NHIL.The 2026 Notes are issued under an indenture by and among NHIL, Noble-Cayman, certain other subsidiaries of Noble-Cayman named therein (the "Subsidiary Guarantors"), and are guaranteed by Noble-Cayman and the Guarantor Subsidiaries. The proceeds of the offering of approximately $737.0 million, after estimated expenses, were used to retire a portion of our near-term senior notes in a related tender offer.

The 2026 Notes are redeemable, in whole or in part, prior to1 February 2021, at a redemption price equal to 100% of the aggregate principal amount of the 2026 Notes being redeemed, plus a make-whole premium. The 2026 Notes are redeemable prior to 1 February 2021, at a redemption price equal to 40% of the aggregate principal amount in the event of an equity offering. Further, the 2026 Notes may be redeemed in whole as a result of changes in tax law. On or after 1 February 2021, we may redeem all or any portion of the 2026 Notes at various redemption prices set forth in the indenture.

Upon (i) the occurrence of a change of control and (ii) a downgrade of the rating of the 2026 Notes within 60 days after the change of control by at least two of Moody's Investors Service, Inc., Standard & Poor's Financial Services LLC or Fitch Ratings Inc., we will be required to make an offer to repurchase all outstanding 2026 Notes at a price in cash equal to 101% of the aggregate principal amount of the 2026 Notes repurchased, plus any accrued and unpaid interest to, but excluding, the repurchase date.

The indenture for the 2026 Notes contains certain covenants and restrictions, including, among others, restrictions on our and our subsidiaries' ability, as applicable, to create certain liens, enter into certain sale and leaseback transactions, merge or consolidate with another entity, sell all or substantially all of their assets and allow our subsidiaries to incur certain additional indebtedness. Additionally, the Subsidiary Guarantors must own, directly or indirectly, (i) assets comprising at least 85% of the revenue of Noble-Cayman and its subsidiaries on a consolidated basis and (ii) jackups, semisubmersibles, drillships, submersibles or other mobile offshore drilling units of material importance, the combined book value of which comprises at least 85% of the combined book value of all such assets of Noble-Cayman and its subsidiaries on a consolidated basis, in each case, with respect to the most recently completed fiscal year.

***Tender Offer***

In January 2018, we commenced cash tender offers for our 2018 Notes, 2019 Notes, 2020 Notes, 2021 Notes, 2022 Notes and 2024 Notes. On 1 February 2018, we purchased $754.2 million aggregate principal amount of these senior notes for $750.0 million, plus accrued interest, using the net proceeds of the $750.0 million 2026 Notes issuance in January 2018 and cash on hand. In February 2018, as a result of this transaction, we recognised a net loss of approximately $2.0 million.

In February 2018, we purchased an aggregate principal amount of $61.9 million of the remaining 2019 Notes for approximately $65.3 million, plus accrued interest, in accordance with the optional redemption feature in our indenture. As a result of this transaction, we recognised a net loss of approximately $3.5 million.

# Noble Corporation plc

## Parent Company Financial Statements

## Registered number 08354954

## 31 December 2017

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**PARENT COMPANY**
**STATEMENT OF FINANCIAL POSITION**

| | Note | 2017 | 2016 |
|---|---|---|---|
| | | $'000 | $'000 |
| | | | (Restated) |
| **NON-CURRENT ASSETS** | | | |
| Investments in subsidiaries | 5 | 1,453,281 | 4,283,149 |
| | | **1,453,281** | **4,283,149** |
| **CURRENT ASSETS** | | | |
| Trade and other receivables due after one year | 6 | — | 307,087 |
| Trade and other receivables due within one year | 6 | 670 | 3,513 |
| Cash and cash equivalents | | 20 | 71,890 |
| | | **690** | **382,490** |
| Creditors - amounts falling due within one year | 7 | 66,488 | 1,882,547 |
| **NET CURRENT LIABILITIES** | | **65,798** | **1,500,057** |
| Creditors - amounts falling due after more than one year | 8 | — | 4,883 |
| **NET ASSETS** | | **1,387,483** | **2,778,209** |
| **EQUITY** | | | |
| Called up share capital: ordinary shares | 9 | 2,450 | 2,433 |
| Called up share capital: deferred shares (GBP 50,000) | 9 | 78 | 78 |
| Other reserves* | 10 | 1,384,955 | 2,775,698 |
| **TOTAL SHAREHOLDERS' FUNDS** | | **1,387,483** | **2,778,209** |

*As permitted by section 408 of the Companies Act 2006, the Company has elected not to present its own profit and loss account for the year. During the years ended 31 December 2017 and 2016 the Company reported a loss of $1.4 billion and earnings of $730 million, respectively. In addition, the Company has taken advantage of the legal dispensation contained in Section 408 of the Companies Act 2006 allowing it not to publish a separate statement of comprehensive income.

The notes, beginning on page 137, are an integral part of these financial statements

The financial statements, beginning on page 135, were approved by the Board of Directors on 23 March 2018 and were signed on its behalf by:

Director

Registered number: 08354954

# PARENT COMPANY
# STATEMENT OF CHANGES IN EQUITY

| | Called up share capital: ordinary shares (Note 9) | Called up share capital deferred shares (Note 9) | Share premium (Note 10) | Other reserves (Note 10) | Total |
|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 |
| | | | | (Restated) | |
| **At 31 December 2015, as previously reported** | 2,420 | 78 | 3,508 | 1,790,874 | 1,796,880 |
| Prior period adjustment | — | — | — | 1,732,754 | 1,732,754 |
| **At 31 December 2015, as restated** | **2,420** | **78** | **3,508** | **3,523,628** | **3,529,634** |
| Issuance of shares | 12 | — | 1,314 | (4,940) | (3,614) |
| Share-based compensation cost | — | — | — | 34,720 | 34,720 |
| Dividends | — | — | — | (47,701) | (47,701) |
| Tax benefit of equity transactions | — | — | (4,822) | — | (4,822) |
| Loss for the year | — | — | — | (730,009) | (730,009) |
| **At 31 December 2016, as restated** | **2,432** | **78** | **—** | **2,775,698** | **2,778,208** |
| Issuance of shares | 18 | — | — | (4,353) | (5,293) |
| Share-based compensation cost | — | — | — | 30,066 | 30,066 |
| Dividends | — | — | — | (33) | (33) |
| Loss for the year | — | — | — | (1,416,423) | (1,415,466) |
| **At 31 December 2017** | **2,450** | **78** | **—** | **1,384,955** | **1,387,482** |

## 1. CORPORATE INFORMATION

Noble Corporation plc., a public limited company incorporated under the laws of England and Wales ("Noble," "Noble-UK," the "Company," "we," "our" and words of similar import), is a holding company on the New York Stock Exchange ("NYSE"), engaged in the management of companies which provide offshore drilling contract services for the oil and gas industry.

Noble Corporation, a Cayman Islands company ("Noble-Cayman") is an indirect, 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.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies, which have been applied consistently throughout the periods presented, are set out below.

### 2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101, "Reduced Disclosure Framework" (FRS 101). The financial statements have been prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in "Note 3—Critical Accounting Estimates and Judgements."

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, "Share-based payment" (details of the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined)
- IFRS 7, "Financial Instruments: Disclosures"
- Paragraphs 91 to 99 of IFRS 13, "Fair value measurement" (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- Paragraph 38 of IAS 1, "Balance sheet" comparative information requirements in respect of:
    - 10(d) (statement of cash flows),
    - 10(f) (a balance sheet as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements),
    - 16 (statement of compliance with all IFRS),
    - 38A (requirement for minimum of two primary statements, including cash flow statements),
    - 38B-D (additional comparative information),
    - 40A-D (requirements for a third balance sheet), and
    - 111 (cash flow statement information) and 134-136 (capital management disclosures)
- IAS 7, "Statement of cash flows"
- Paragraph 30 and 31 of IAS 8 "Accounting policies, changes in accounting estimates and errors" (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- Paragraph 17 of IAS 24, "Related party disclosures" (key management compensation)
- The requirements in IAS 24, "Related party disclosures" to disclose related party transactions entered into between two or more members of a group.

### 2.2 Going concern

While the current economic conditions continue to create uncertainty due to the decline in oil and gas prices and reduced demand for oil and gas products contributing to a rig capacity imbalance, the Directors have a reasonable expectation that Noble-UK has adequate resources to continue in operational existence for the foreseeable future. Therefore, Noble-UK continues to adopt the going concern basis in preparing its financial statements.

### 2.3 Foreign currency translation

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates (“the functional currency”). The functional currency of the Company is the US Dollar. The financial statements are presented in US Dollars (“$”), which is also the company’s functional currency.

Transactions in foreign currencies are recorded at the rate of exchange prevailing at the date of the respective transaction. Monetary assets and liabilities, denominated in foreign currencies at the balance sheet date, are reported at the rates of exchange prevailing at that date. Exchange differences on retranslating monetary assets and liabilities are recognised in the profit and loss account.

### 2.4 Investment in subsidiaries

Investments in subsidiary undertakings are shown at cost, plus incidental expenses less any provision for impairment.

### 2.5 Impairment of non-financial assets

Annually, the Directors consider whether any events or circumstances have occurred which indicate that the carrying value of fixed asset investments may not be recoverable. If such circumstances do exist, a full impairment review is undertaken to establish whether the carrying amount exceeds the recoverable amount, being the higher of fair value less costs of disposal or value in use. If this is the case, an impairment charge is recorded to reduce the carrying value of the related investment. The value in use is defined as the present value of the future cash flows expected to be derived.

Upon review of the investment impairment analysis performed as of 31 December 2017, the opening investment in subsidiaries carrying value has been restated to $4.3 billion. This is due to an error in the Company's determination of the recoverable amount of the investment in subsidiaries in 2014, which has led to an increase in the investment carrying value and a corresponding decrease in the profit and loss deficit by $2.2 billion at 31 December 2016.

### 2.6 Financial Instruments

Our company has the following types of financial instruments: cash on hand, amounts due from debtors and amounts to which we are creditors.

The company classifies its financial instruments in the following categories: loans and receivables and financial liabilities measured at amortised cost.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Financial assets are recognised on the trade date and derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership. Following initial recognition, loans and receivables are subsequently carried at amortised cost.

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

### 2.7 Cash and cash equivalents

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

### 2.8 Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current receivables.

### 2.9 Treasury shares

The consideration paid for own shares, including any incremental directly attributable costs, is recorded as a deduction from shareholders' equity. When such shares are sold any consideration received, net of any directly attributable costs, is recorded within shareholders' equity. When shares are canceled, the nominal amount is recorded to the capital redemption reserve.

### 2.10 Creditors

Creditors are amounts due to vendors for goods and services obtained in the ordinary course of business. If payment is expected to be in one year or less, they are classified as current liabilities. If not, they are presented as non-current liabilities. Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### 2.11 Taxation

Current taxation is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the separate financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

### 2.12 Distributions from group entities

Distributions from group entities are recorded at the time of the transaction at fair value. For non-cash distributions the fair value is determined based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the transaction date.

### 2.13 Share based payments

For equity-settled awards, the fair value of an award is measured at the date of grant and reflects any market-based vesting conditions. Non market-based vesting conditions are excluded from the fair value of the award. At the date of grant, the Company estimates the number of awards expected to vest as a result of non-market-based vesting conditions and the fair value of this estimated number of awards is recognised as an expense to the profit and loss account on a straight-line basis over the vesting period. At each balance sheet date, the Company revises its estimate of the number of awards expected to vest as a result of non-market based vesting conditions and adjusts the amount recognised cumulatively in the profit and loss account to reflect the revised estimate. Proceeds received, net of directly attributable transaction costs, are credited to share capital and share premium.

For cash-settled awards, the total amount recognised is based on the fair value of the liability incurred. The fair value of the liability is re-measured at each balance sheet date with changes in the fair value recognised in the profit and loss account for the period.

The grant by the Company of options over its equity instruments to employees of subsidiary undertakings is treated as a capital contribution. The fair value of the awards made are recognised, over the vesting period, as an increase in investment in subsidiary undertakings, with a corresponding credit in the profit and loss reserve.

### 2.14 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings. The borrowings are payable on demand.

### 2.15 Capital instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are deducted from the proceeds recorded in equity.

### 2.16 Dividends

Dividends to be received are recognised as soon as the company acquires the right to them. Dividend distributions to the company's shareholders are recognised as a liability in the company's financial statements in the period in which the dividends are approved.

### 2.17 Accounting for restatement

The Directors update the Financial Statements in line with IAS 8 where there is a material prior period error or where it is deemed that a voluntary change in accounting policies will result in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position.

## 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

### 3.1 Impairment of Subsidiaries

Consistent with our policy stated in Note 2.5, we continue to evaluate investments in subsidiaries for impairment on an annual basis or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Further sustained declines in the offshore drilling market, or lack of recovery in market conditions, to the extent actual results do not meet our estimated assumptions, may lead to additional impairments losses in the future. If impairment triggers are present at year end, we perform an analysis based on the fair value and/or value in use models. Fair value is generally calculated by examining the market capitalisation plus a control premium acceptable for accounting purposes, which is a management estimate. The key estimates within the value in use model are: dayrates, rig utilisation, and operating costs.

### 3.2 Financial instruments

The company has no financial instruments measured at fair value through profit and loss.

## 4. FINANCIAL INSTRUMENTS

Financial instruments by category are as follows:

| | Note | 2017 $'000 | 2016 $'000 |
|---|---|---|---|
| **Assets per balance sheet** | | | |
| Trade receivables due within one year | 6 | 670 | 3,513 |
| Trade receivables due after one year | 6 | — | 307,087 |
| Cash and cash equivalents | | 20 | 71,890 |
| | | **690** | **382,490** |
| **Liabilities as per balance sheet** | | | |
| Creditors - falling due within one year | 7 | 66,488 | 1,882,547 |
| Creditors - falling due after more than one year | 8 | — | 4,883 |
| | | **66,488** | **1,887,430** |

Due to the short-term nature of these accounts, we believe that the book value for each of these categories approximates the fair value. No amounts listed above are currently past due. Our management reviews these items on a regular basis to ensure collectability or recoverability, and will write-off any items that it deems uncollectible.

## 5. INVESTMENT IN SUBSIDIARIES

| | $'000 (Restated) |
|---|---|
| **At 31 December 2015, as previously reported** | **3,560,082** |
| Prior period adjustment | 1,732,754 |
| **At 31 December 2015, as restated** | **5,292,836** |
| Share-based compensation costs | 32,996 |
| Cash transfers | 9 |
| Impairment of investment in subsidiaries | (1,042,692) |
| **At 31 December 2016, as restated** | **4,283,149** |
| Investment in Noble Holding UK Limited | 301,444 |
| Share-based compensation costs | 29,047 |
| Internal tax restructuring | (1,786,778) |
| Impairment of investment in subsidiaries | (1,373,581) |
| **At 31 December 2017** | **1,453,281** |

Share-based compensation costs for both 2017 and 2016 in the table above are for awards granted to current and former employees of subsidiaries of Noble-UK.

In connection with our annual impairment analysis conducted for the years ended 31 December 2017 and 2016, we recognised an impairment charge of $1.4 billion and  $1.4 billion, respectively, on our investment in subsidiaries. The impairment is the result of the market conditions in the offshore drilling industry.

Upon review of the investment impairment analysis performed as of 31 December 2017, the opening investment in subsidiaries carrying value has been restated to $4.3 billion. This is due to an error in the Company's determination of the recoverable amount of the investment in subsidiaries in 2014, which has led to an increase in the investment carrying value and a corresponding decrease in the profit and loss deficit by $2.2 billion.

The company's 100 percent directly owned subsidiary at 31 December 2017 in the share capital of companies is Noble Holding UK Limited, which is a private limited company and is incorporated and domiciled in England. The nominal share capital at 31 December 2017 was $1,000.

The Directors believe that the carrying value of the investments is supported by their underlying net assets or expected cash generation.

All subsidiaries are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held. The parent company further does not have any shareholdings in the preference shares of subsidiary undertakings included in the Group.

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

A list of all subsidiaries is included in "Note 28— Group Entities" in the Noble Corporation plc U.K. Annual Report and Financial Statements.

## 6. TRADE AND OTHER RECEIVABLES

| | 2017 | 2016 |
|---|---|---|
| | $'000 | $'000 |
| Trade and other receivables due within one year | 670 | 3,513 |
| Trade and other receivables due after one year | — | 307,087 |
| | 670 | 310,600 |

At 31 December 2016 trade and other receivables due after one year includes amounts due from group undertakings consisting of a $100 million intercompany note receivable due from Noble Holding (U.S.) Corporation ("NHUS"), which bears interest at a rate of 11%, is unsecured and repayable on 29 April 2026 and a $200 million intercompany note receivable also due from NHUS, which bears interest at a rate of 10%, is unsecured and repayable on 15 April 2023. Both the intercompany note receivables and related interest were paid in full on 17 January 2017.

At 31 December 2016 trade and other receivables due after one year included $7 million pertaining to the Transition Services Agreement ("TSA"), which was reversed during the year ended 31 December 2017. As part of its final bankruptcy plan, Paragon Offshore rejected the Separation Agreements. The rejection and ultimate termination of the indemnity and related obligations under the Separation Agreements has resulted in a number of accounting charges and benefits for the year ended 31 December 2017, and such termination may continue to affect us in the future. Please refer to "Note 19—Commitments and Contingencies" in the Noble Corporation plc U.K. Annual Report and Financial Statements.

Trade and other receivables due within one year consists of prepayments and other receivables.

## 7. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2017 | 2016 |
|---|---|---|
| | $'000 | $'000 |
| Trade creditors | 303 | 303 |
| Other creditors | 963 | 1,654 |
| Amounts owed to group undertakings | 65,222 | 1,880,590 |
| | 66,488 | 1,882,547 |

As at 31 December 2017 included in amounts owed to group undertakings relates to intercompany payables of approximately $66.5 million related primarily to Noble-Cayman, which are unsecured, interest free and are repayable on demand.

As at 31 December 2016 included in amounts owed to group undertakings is a $380 million intercompany note payable, due to Noble Drilling (N.S.) Limited (NS) (“NDNS”), which bears interest at a rate of 5.7%, is unsecured and repayable on 1 August 2017 and a $1.2 million intercompany note payable, also due to NDNS, which bears interest at a rate of 4.75%, is unsecured and repayable on 10 February 2017. The remaining amounts owed to group undertakings primarily relates to intercompany payables of $224 million related to Noble-Cayman and $55 million related to NHUK which are unsecured, interest free and are repayable on demand.

## 8. CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | 2017 | 2016 |
|---|---|---|
| | $'000 | $'000 |
| Other creditors | — | 4,883 |

Amounts falling due after more than one year of included approximately $4.9 million pertaining to amounts owed to Paragon Offshore in connection with the TSA, which was reversed during the year ended 31 December 2017. As part of its final bankruptcy plan, Paragon Offshore rejected the Separation Agreements. The rejection and ultimate termination of the indemnity and related obligations under the Separation Agreements has resulted in a number of accounting charges and benefits for the year ended 31 December 2017, and such termination may continue to affect us in the future. Please refer to “Note 19—Commitments and Contingencies” in the Noble Corporation plc U.K. Annual Report and Financial Statements for further details.

## 9. SHARE CAPITAL

| | As of 31 December | |
|---|---|---|
| | 2017 | 2016 |
| | Nominal value ($'000) | Nominal value ($'000) |
| *Shares traded, allotted and fully paid* | | |
| 244.7 million and 243.1 million ordinary shares as of 31 December 2017 and 2016, respectively | 2,450 | 2,433 |
| *Deferred Shares* | | |
| 50,000 deferred shares as of both 31 December 2017 and 2016, respectively | 78 | 78 |

Our Board of Directors may increase our share capital through the issuance of up to approximately 53 million authorised shares (at current nominal value of $0.01 per share) without obtaining shareholder approval.

During the years ended 31 December 2017 and 2016, Noble-UK issued approximately 1.5 million shares and 1.3 million shares, respectively. In 2017 and 2016, these share issuances solely related to vestings of restricted share based compensation shares.

## 10. OTHER RESERVES

| | Merger reserves | Capital redemption reserves | Share-based payments reserves | Profit and loss deficit | Total |
|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 |
| | | | | (Restated) | |
| **At 31 December 2015, as previously reported** | 7,905,561 | 130 | 77,117 | (6,191,934) | 1,790,874 |
| Prior period adjustment | — | — | — | 1,732,754 | 1,732,754 |
| **At 31 December 2015, as restated** | 7,905,561 | 130 | 77,117 | (4,459,180) | 3,523,628 |
| Share-based compensation cost | — | — | 34,720 | — | 34,720 |
| Issuance of share-based compensation shares | — | — | (4,940) | — | (4,940) |
| Dividends | (47,701) | — | — | — | (47,701) |
| Loss for the year | — | — | — | (730,009) | (730,009) |
| **At 31 December 2016, as restated** | **7,857,860** | **130** | **106,897** | **(5,189,189)** | **2,775,698** |
| Share-based compensation cost | — | — | 30,066 | — | 30,066 |
| Issuance of share-based compensation shares | — | — | (4,353) | — | (4,353) |
| Dividends | (33) | — | — | — | (33) |
| Loss for the year | — | — | — | (1,416,423) | (1,416,423) |
| **At 31 December 2017** | **7,857,827** | **130** | **132,610** | **(6,605,612)** | **1,384,955** |

On 20 November 2013, pursuant to the Merger Agreement dated as of 30 June 2013 between Noble-Swiss, and Noble-UK, Noble-Swiss merged with and into Noble-UK, with Noble-UK as the surviving company. On 4 December 2013, Noble-UK completed the capital reduction and created distributable reserves, which may be utilised in the future to pay dividends to shareholders, which comprised all of the “merger reserve” created at the time of the change in place of incorporation.

## 11. OTHER INFORMATION

### 11.1 Directors remuneration

Details of the remuneration paid to the directors of the Company has been presented in “Directors' Remuneration Report & Policy” in the Noble Corporation plc U.K. Annual Report and Financial Statements.

### 11.2 Auditor remuneration

Details of the remuneration paid for the audit of the Company has been presented in “Note 22— Auditors' Remuneration Report & Policy” in the Noble Corporation plc U.K. Annual Report and Financial Statements.