



**Noble Corporation plc**  
**10 Brook Street**  
**London W1S 1BG**  
**England**

April 10, 2020

Dear Shareholder:

You are receiving this statutory annual report required under English law as a registered shareholder of Noble Corporation plc on March 18, 2020, the record date for our 2020 annual general meeting.

In a separate mailing you should have already received our 2019 Annual Report to Shareholders, which includes our Annual Report on Form 10-K for the year ended December 31, 2019, and our 2020 Proxy Statement along with a form of proxy to vote at our annual general meeting to be held on May 21, 2020 at 9:00 a.m., local time, at NobleAdvances Training and Collaboration Center, 12550 Reed Rd., Ste. 200, Sugar Land, Texas 77478.

We hope you will take the opportunity to vote at the annual general meeting by submitting your proxy as described in the instructions accompanying delivery, or by joining us in person at the meeting.

Should you have questions about this package, please call (281) 276-6100 and ask for the office of the corporate secretary.

Noble Corporation plc

# **Noble Corporation plc**

**UK Annual Report and Financial Statements**

**Registered number 08354954**

**31 December 2019**

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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 2019. 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-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 10 Brook Street, Second Floor, London, England, W1S1BG. The Company registration number is 08354954.

# NOBLE CORPORATION PLC AND SUBSIDIARIES

## STRATEGIC REPORT

### 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 to the international oil and gas industry with our global fleet of mobile offshore drilling units. We emphasize safe operations through the employment of qualified, well-trained crews and strive to manage rig operating costs through the implementation and continuous improvement of innovative systems and processes, including the use of data analytics and predictive maintenance technology. Noble and its predecessors have been engaged in the contract drilling of oil and gas wells since 1921.

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 at 31 December 2019, our fleet of 25 drilling rigs consisted of 12 floaters and 13 jackups.

In September 2018, we purchased the *Noble Johnny Whitstine*, a new GustoMSC CJ46 design jackup rig, from the PaxOcean Group (“PaxOcean”) in connection with a concurrently awarded drilling contract in the Middle East region. We paid \$93.8 million for the rig, with \$33.8 million paid in cash and the remaining \$60.0 million of the purchase price financed with a loan by the seller. See “Note 14— Interest Bearing Loans and Borrowings” to our consolidated financial statements for additional information. On 28 February 2019, we purchased another GustoMSC CJ46 rig, the *Noble Joe Knight*, from PaxOcean in connection with a concurrently awarded drilling contract in the Middle East region. We paid \$83.8 million for the rig, with \$30.2 million paid in cash and the remaining \$53.6 million of the purchase price financed with a loan by the seller. See “Note 14— Interest Bearing Loans and Borrowings” to our consolidated financial statements for additional information.

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 2020 and Beyond*

The offshore drilling industry experienced a significant expansion from the early 2000s to the mid-2010s. Since that time, a significant reduction in oil prices from the levels experienced earlier in the 2010s, partly driven by the high level of growth in US onshore production, coupled with meaningful increases in offshore rig supply, have led to an industry-wide supply and demand imbalance and an extremely challenging environment. This period of oil price weakness and volatility compelled many exploration and production companies to deemphasise offshore programmes while focusing instead on less capital intensive onshore-based opportunities. Levels of offshore rig utilisation have been adversely impacted and contract awards have generally been subject to an extremely competitive bidding process. As a result, the contracts have included dayrates that are substantially lower than dayrates for the same class of rigs before this period of supply and demand imbalance.

However, while the environment remains extremely challenging, we believe that the industry is experiencing a gradual improvement driven by several factors. Over the last few years, customers have reduced the costs associated with many offshore projects through revised engineering solutions, advances in rig technologies and drilling efficiencies, and project simplification, resulting in more robust offshore project economics. Also, access has improved to some of the world’s most promising offshore basins, leading to the acquisition by exploration and production companies of large offshore positions and the commencement of exploration and development drilling campaigns. In addition, the oversupply of offshore rigs has improved as a result of a higher level of fleet attrition, due to the challenging environment, advanced service life of rigs, high maintenance and reactivation costs and limited customer appeal. Furthermore, during 2019, higher average crude oil prices and customer spending offshore led to an improvement in activity. The jackup market improved steadily throughout the year driven primarily by activity in the Middle East, Asia and Mexico, and the floating fleet recognised pricing improvement during the fourth quarter for the first time in several years.

With regard to industry prospects in 2020, customer surveys showing expected higher levels of offshore capital spending in 2020 have provided optimism that the favourable trends experienced during 2019 will continue. This optimism is somewhat tempered by the recent decline in oil prices experienced to date in 2020 driven by the potential economic impact of the coronavirus, uncertainty regarding the viability and length of reductions in production agreed to by the Organisation of Petroleum Exporting Countries (“OPEC”) plus other non-OPEC producers including Russia and continued limits on certain of our customers’ access to capital.

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Over the longer term, we believe that any number of other factors could contribute to an improvement in the market for our services. These factors include:

- oil demand growth;
- our customers' access to capital;
- sustained higher crude oil prices;
- renewed focus by operators on offshore exploration and development and accompanying increase in spending offshore;
- improved geologic success with regard to our customers' exploration efforts;
- greater customer access to areas with promising offshore resource potential;
- advances in offshore technological applications which reduce offshore costs and improve project economics;
- high rate of natural depletion relating to land-based sources of crude oil production;
- deteriorating annual production and poor reserve replacement metrics caused, in part, by a period of sustained under-investment by our customers; and
- declining supply of rigs due to continued attrition.

We cannot give any assurances as to whether the favorable trends experienced in 2019 will continue or when the oversupply of available drilling rigs and the reduced demand from customers will come back into balance. Due to numerous factors that influence our customers' annual global offshore spending patterns, including access to capital, cheaper onshore production opportunities and geopolitical events, we cannot predict the future level of demand or dayrates for our services, or future conditions in the offshore contract drilling industry.

***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 at 31 December 2019, 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 two rigs contracted with Royal Dutch Shell plc ("Shell") mentioned below, we utilise the idle period and floor rates as described in footnote (2) 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 31 December <sup>(1)</sup>					
	Total	2020	2021	2022	2023	2024
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Contract Drilling Services Backlog						
Floaters <sup>(2) (3)</sup>	833,599	395,824	213,925	154,275	69,575	—
Jackups	621,791	380,341	171,365	70,085	—	—
<b>Total <sup>(4)</sup></b>	<b>1,455,390</b>	<b>776,165</b>	<b>385,290</b>	<b>224,360</b>	<b>69,575</b>	<b>—</b>
Percent of Available Days Committed <sup>(5)</sup>						
Floaters <sup>(3)</sup>		45 %	19 %	13 %	6 %	—%
Jackups		58 %	32 %	14 %	—%	—%
<b>Total</b>		<b>52%</b>	<b>25%</b>	<b>13%</b>	<b>3%</b>	<b>—%</b>

## NOBLE CORPORATION PLC AND SUBSIDIARIES

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- (1) Represents a twelve-month period beginning 1 January.
- (2) As previously reported, two of our long-term drilling contracts with Shell, the *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. 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) The backlog figures and days committed to contracts excludes the multi-year Commercial Enabling Agreement (the “CEA”) with Exxon Mobil Corporation (“ExxonMobil”) executed in February 2020. Concurrent with signing the CEA, ExxonMobil, has awarded three and half years of term to be added at the conclusion of the *Noble Tom Madden* (three years) and *Noble Bob Douglas* (six months) current contract commitments or approximately \$242.3 million in backlog based on the initial agreed-upon rates that will be applicable once the first rig is operating under the CEA. Subsequent to the execution of the CEA, ExxonMobil awarded a one-year primary term contract for approximately \$69.4 million in backlog on the *Noble Sam Croft* in February 2020, which has also been excluded from the backlog table above and will be added to the CEA. The aforementioned additional backlog was estimated using an illustrative dayrate of \$200,000 and discount, net of performance bonus, of 5%.
- (4) Some of our drilling contracts provide customers with certain early termination rights and, in limited cases, those termination rights require minimal or no notice and minimal financial penalties.
- (5) 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 2019, Shell, Saudi Arabian Oil Company (“Saudi Aramco”), Exxon Mobil Corporation and Equinor ASA (“Equinor” formerly known as “Statoil ASA”) represented approximately 51.1 percent, 23.0 percent, 12.4 percent and 6.6 percent of our backlog, respectively.

## II. Business Overview

### 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 25 offshore drilling units, consisting of 12 floaters and 13 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. At 31 December 2019, our fleet was located in Canada, Far East Asia, the Middle East, the North Sea, Oceania, South America and the US Gulf of Mexico.

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#### *Floaters*

Our floating fleet consists of the following:

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. Noble’s fleet consists of eight drillships capable of water depths from 8,200 feet to 12,000 feet.

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 by 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 four semisubmersible drilling units, two of which are equipped with anchored mooring systems and two 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 gives 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 13 jackups varies from two standard units capable of drilling in up to 375 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 95 percent and 96 percent of our operating revenues for the years ended 31 December 2019 and 2018, respectively. During the two years ended 31 December 2019 and 2018, we principally conducted our contract drilling operations in Canada, Far East Asia, the Middle East, the North Sea, Oceania, the Black Sea, Africa, South America and the US Gulf of Mexico. Revenues from Royal Dutch Shell plc (“Shell”), Exxon Mobil Corporation (“ExxonMobil”), Equinor ASA (“Equinor”) and Saudi Arabian Oil Company (“Saudi Aramco”) accounted for approximately 36.5 percent, 13.7 percent, 13.1 percent and 11.9 percent, respectively, of our consolidated operating revenues, which was inclusive of the *Noble Bully II* contract buyout, for the year ended 31 December 2019. Exclusive of the *Noble Bully II* contract buyout, revenues from Shell, ExxonMobil, Equinor and Saudi Aramco accounted for approximately 27.1 percent, 15.7 percent, 15.1 percent and 13.6 percent, respectively, of our consolidated operating revenues for the year ended 31 December 2019. Revenues from Shell, Equinor and Saudi Aramco accounted for approximately 38.8 percent, 15.5 percent and 14.5 percent, respectively, of our consolidated operating revenues for the year ended 31 December 2018. No other customer accounted for more than 10 percent of our consolidated operating revenues in 2019 or 2018.

##### ***Competition***

The offshore contract drilling industry is a highly competitive and cyclical business characterised by large capital expenditures and large swings in pricing. Demand for offshore drilling equipment is driven by 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 availability and relative cost of onshore oil and gas resources, general global economic conditions, energy demand, environmental considerations and national oil and gas policy.



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In the provision of offshore contract drilling services, competition is largely governed by price but involves numerous other factors as well. Rig availability, location, suitability and technical specifications are the primary factors in determining which rig is qualified for a job, and additional factors are considered when determining which contractor is awarded a job, 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 strive to keep our equipment well-maintained and technologically competitive.

We maintain a global operational presence and compete in most of the major offshore oil and gas basins worldwide. All of our drilling rigs are mobile, and we may mobilise our drilling rigs among regions for a variety of reasons, including to respond to customer requirements. We compete in both the jackup and floating rig market segments, each of which may have different supply and demand dynamics at a given period in time or in different regions.

Demand for our services is, in significant part, a function of the worldwide demand for oil and gas and the global supply of mobile offshore drilling units. Since late 2014, the offshore drilling industry has experienced a severe and prolonged downturn stemming from the combination of an oversupply of competing drilling rigs, weak and volatile crude oil prices, and the advancement of onshore opportunities and technology, leading to heightened competition for opportunities to re-contract our rigs upon expiry of existing contracts.

We believe that improvements in market conditions will ultimately result from, among other things, improved oil prices, additional investment by our customers in offshore exploration and development, and attrition of rigs in the global offshore fleet. Our young and technologically advanced fleet is well positioned to compete now and in the future as market dynamics improve.

### III. Principal Risks and Uncertainties

You should carefully consider the following risk factors and uncertainties in addition to the other information included in this 2019 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 and negatively impacted and our market value has substantially declined due to depressed market conditions which are the result of the dramatic drop in the oil price, the development of additional onshore oil and gas resources and the oversupply of offshore drilling rigs.
- If we cannot meet the continued listing requirements of the New York Stock Exchange, our shares may be subject to delisting from the New York Stock Exchange, which would have a material adverse effect on our business, financial condition, prospects and liquidity and value of our shares.
- 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 offshore contract drilling industry is a highly competitive and cyclical business with intense price competition. We have competitors who are larger and have more financial resources than us. If we are unable to compete successfully, our earnings may be materially reduced.
- The over-supply of offshore rigs is contributing to depressed dayrates and demand for our rigs, which 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 that prevent them from meeting their obligations under our drilling contracts.
- Our current backlog of contract drilling revenue may not be ultimately realised.
- We are substantially dependent on several of our customers, including Shell, Exxon Mobil, Equinor 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.
- We have substantial debt obligations with significant covenants that could restrict our operations and prevent us from fulfilling our debt obligations.

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- Liquidity risk could impair our ability to fund operations and jeopardise our financial condition, growth and prospects.
- As a result of our significant cash flow needs, we may be required to raise funds through the issuance of additional debt or equity, and in the event of lost market access, may have to delay or cancel discretionary capital expenditures.
- We may have additional requirements for surety bonds or letters of credit that could reduce available liquidity.
- A litigation trust was formed and funded as part of the Paragon Offshore bankruptcy proceedings and the litigation trust has filed claims against us and certain of our officers and directors. In addition, Paragon Offshore rejected in the bankruptcy proceedings certain separation agreements entered into with us, and as a result, we are responsible for those liabilities for which we would have otherwise sought indemnification under the separation agreements. The potential of a negative outcome represents a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern in the event we are not successful in defending these claims.
- Our business involves numerous operating hazards.
- 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.
- Changes in the method of determining the London Interbank Offered Rate, or the replacement of the London Interbank Offered Rate with an alternative reference rate, may adversely affect interest expense related to outstanding debt.
- 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.
- 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 failure to adequately protect our sensitive information technology systems and critical data and our service providers' failure to protect their systems and data could have a material adverse effect on our business, results of operations and financial condition.
- 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, that could have an adverse impact on our available cash resources and results of operations.
- Failure to attract and retain skilled personnel or an increase in personnel costs could adversely affect our operations.

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- 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.
- 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.
- Public health threats could have a material adverse effect on our business and results of operations.
- Unionisation efforts and labour 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 the committees of our standing Board of Directors (“Board”) 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 Group 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 Group. 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 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 Group, 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 Group.

#### Section 172 Companies Act Statement

In compliance with sections 172 and 414CZA of the UK Companies Act, the Board makes the following statement in relation to the year ended 31 December 2019.

The members of the Board consider that they have acted in a way that, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole and, in so doing, have had regard (amongst other matters) to: (a) the likely consequences of any decision in the long term, (b) the interests of the Group’s employees, (c) the need to foster the Group’s business relationships with suppliers, customers and others, (d) the impact of the Group’s operations on the community and the environment, (e) the desirability of the Group maintaining a reputation for high standards of business conduct, and (f) the need to act fairly between members of the Group.

The Group’s mission is to create long-term value for its stakeholders by being the safest and most reliable offshore driller. The Board believes that adherence to the Group’s core values-Honesty and Integrity, Safety, Environmental Stewardship, Respect, and Performance-is the key to achieving its mission. The Board considers and aims to demonstrate these core values in its decision-making and its dealings with the Group’s stakeholders, which include its shareholders, employees, customers, suppliers, and the communities in which it operates.

To ensure that the interests of the Group’s stakeholders are taken into account, the Board and management actively engage with such stakeholders to foster relationships and develop a better understanding of each stakeholder group’s interests and priorities. The Board recognises that the long-term success of the Group is largely linked with value-creation for, and effective engagement with, its stakeholders.

In our Directors’ Report under “Stakeholder Engagement” we set out existing engagement mechanisms for interacting with stakeholders, which are grouped by area of interest. Mechanisms relative to each stakeholder group include: (a) why they are important to the Group; (b) why the Group is of interest to them; (c) activities in place to promote or facilitate engagement; (d) principal topics of engagement; and (e) outcomes of engagement efforts. By establishing such mechanisms in the active pursuit of engagement, the Board has ensured that the

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consideration of stakeholder interests is embedded within the Group culture and its decision-making and dealings with the Group's stakeholders.

When making decisions, the Board considers available stakeholder feedback in conjunction with the commitment to promote the success of the Group for the benefit of its members, the duty to maintain high standards of business conduct and the responsibility to act fairly between members of the Group. See our Directors' Report—"Principal Decisions" for a discussion of certain principal decisions made by the Board for 2019 while having regard to these considerations.

This Section 172 Statement was approved by the Board of Directors on 6 March 2020.

#### **IV. Market Overview**

##### ***Current Business Environment***

For additional information, see — I. Strategy and Outlook "*Outlook for 2020 and Beyond.*"

##### ***Impairment***

See "Note 11— Property and Equipment" for additional 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: operating days, dayrates, and 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 Section — VI. Results of Operations "Contract Drilling Services."

The following table presents the average rig utilisation, operating days and average dayrates for our rig fleet for 2019 and 2018:

	Average Rigs Utilisation <sup>(1)</sup>		Operating Days <sup>(2)</sup>			Average Dayrates		
	2019	2018	2019	2018	% Change	2019	2018	% Change
						\$'000	\$'000	
Jackups	93 %	77 %	4,054	3,642	11 %	128,002	130,217	(2)%
Floaters	62 %	44 %	2,729	2,085	31 %	266,442 <sup>(3)</sup>	269,452	(1)%
<b>Total</b>	<b>78%</b>	<b>61%</b>	<b>6,783</b>	<b>5,727</b>	<b>18%</b>	<b>183,706 <sup>(3)</sup></b>	<b>180,909</b>	<b>2 %</b>

<sup>(1)</sup> 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.

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

<sup>(3)</sup> Includes the impact of the *Noble Bully II* contract buyout during the year ended 31 December 2019. Exclusive of this item, the average dayrate for the year ended 31 December 2019 would have been \$205,304 for floaters and \$159,106 for total rigs.

For additional information, see Strategic Report, "VI. Results of Operations" for a review of our third primary key performance indicator, operating costs.

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**VI. Results of Operations**

**2019 Compared to 2018**

**Contract Drilling Services**

The following table presents the operating results for our contract drilling services segment for 2019 and 2018:

			Change	
	2019	2018	\$	%
	\$'000	\$'000	\$'000	
<b>Operating revenues:</b>				
Contract drilling services	1,246,058	1,036,082	209,976	20 %
Reimbursables and other <sup>(1)</sup>	59,380	46,744	12,636	27 %
	1,305,438	1,082,826	222,612	21 %
<b>Operating costs and expenses:</b>				
Contract drilling services	696,971	638,964	58,007	9 %
Reimbursables <sup>(1)</sup>	49,061	37,084	11,977	32 %
Depreciation and amortisation	249,098	294,526	(45,428)	(15)%
General and administrative	166,992	68,836	98,156	143 %
Loss on impairment	700,104	648,483	51,621	8 %
	1,862,226	1,687,893	174,333	10 %
<b>Operating loss</b>	<b>(556,788)</b>	<b>(605,067)</b>	<b>48,279</b>	<b>(8)%</b>

<sup>(1)</sup> Changes in the amount of these reimbursables generally do not have a material effect on our financial position, results of operations or cash flows. For further guidance see Note 2— Summary of Significant Accounting Policies “2.07 — Revenue Recognition”.

**Operating Revenues.** Contract drilling services revenues increased \$210.0 million for the year ended 31 December 2019 as compared to the same period of 2018. During 2019, we recognised \$166.9 million related to a one-time contract buyout on the *Noble Bully II*. In addition to the one-time contract buyout, revenue increased \$43.1 million with our jackup fleet contributing \$44.6 million of the increase offset by a reduction in revenues for our floating fleet of \$1.5 million.

The \$1.5 million decrease in our floater fleet is attributable to a \$47.4 million decrease due to reductions in dayrates offset by a \$45.9 million

increase attributable to additional operating days in the current period. The net reduction in day rates were primarily comprised of approximately \$90.5 million resulting from the expiration of legacy contracts that were replaced with lower rate contracts, partially offset by approximately \$43.1 million attributable to new higher rate contracts, including utilisation of the Group-owned managed pressure drilling system. Additional operating days in the current period were primarily attributable to the reactivations of the *Noble Sam Croft* and the *Noble Tom Madden* in early 2019 and late 2018, respectively, and the *Noble Bob Douglas* and the *Noble Clyde Boudreaux* operating the majority of 2019. These operating day increases were partially offset by lower operating days on the *Noble Don Taylor* which prepared for a new contract which commenced in late 2019, as well as, fewer operating days as the *Noble Paul Romano* and the *Noble Bully II* completed contracts in late 2018 and late 2019, respectively.

The \$44.6 million increase in our jackup fleet revenue is attributable to a \$40.3 million increase for additional operating days and a \$4.3 million increase from higher dayrates. The jackup fleet had a \$53.1 million increase from additional operating days on various rigs, including the *Noble Sam Hartley*, the *Noble Mick O'Brien* and the *Noble Hans Deul*, as well as a \$20.6 million increase from the *Noble Johnny Whitstine* and the *Noble Joe Knight* being placed into service for the first time. These increases were partially offset by \$33.4 million decrease in revenues attributable to fewer operating days primarily due to the *Noble Gene House* being retired in the first quarter of 2019 and the *Noble Houston Colbert* as it prepared for its contract which commenced in late 2019. There was also a \$19.1 million increase due to higher dayrates on various rigs, primarily the *Noble Hans Deul*, the *Noble Lloyd Noble* and the *Noble Regina Allen* offset by a \$14.8 million decrease due to lower dayrates on various rigs, primarily the *Noble Sam Hartley* and the *Noble Sam Turner*.

# NOBLE CORPORATION PLC AND SUBSIDIARIES

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**Operating Costs and Expenses.** Contract drilling services operating costs increased \$58.0 million for the year ended 31 December 2019 as compared to the same period of 2018. The primary cost increases were as follows: (i) a \$31.2 million increase from the *Noble Sam Croft*, *Noble Tom Madden* and the *Noble Clyde Boudreaux* experiencing a full operating year in 2019 after reactivation activities began in 2018, (ii) the *Noble Johnny Whitstine* and *Noble Joe Knight* commenced operations during 2019 resulting in an increase of \$30.4 million, (iii) a \$19.8 million increase on various rigs which had additional operating days during 2019 compared to 2018, (iv) a \$13.7 million increase attributable to locations with higher operating costs, (v) an acceleration of deferred costs of \$6.8 million as a result of the *Noble Bully II* contract early termination. These increases were offset by a \$28.3 million decrease for various rigs with fewer operating days during 2019 compared to 2018, a decrease due to the adoption of IFRS 16 *Leases*, as well as other cost reductions.

**General and Administrative Expenses.** General and administrative expenses increased \$98.2 million during the year ended 31 December 2019 as compared to the same period of 2018, primarily as a result of Noble-UK recognizing a \$100.0 million expense in connection with ongoing litigation during the year ended 31 December 2019 coupled with higher legal fees, partially offset by a decrease in employee-related costs.

### **Critical Accounting Policies and Estimates**

See “Note 3— Critical Accounting Judgements, Estimates and Assumptions” to the Consolidated Financial Statements for our critical accounting policies and estimates for additional information.

### **Legal Proceedings**

See “Note 20— Commitments and Contingencies” to the Consolidated Financial Statements for information on our legal proceedings for additional information.

### **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 within this Strategic Report.

	Year Ended 31 December	
	2019	2018
	\$'000	\$'000
<b>Consolidated Income Statement Data</b>		
Revenue	1,305,438	1,082,826
Net loss attributable to Noble Corporation plc <sup>(1)</sup>	(741,137)	(685,766)
Net loss from continuing operations per share attributable to Noble-UK:		
Basic (\$)	(2.96)	(2.78)
Diluted (\$)	(2.96)	(2.78)
<b>Consolidated Statement of Financial Position Data</b>		
Cash and cash equivalents	105,924	375,907
Property and equipment	3,385,336	4,023,507
Total assets	4,078,544	4,916,390
Non-current interest bearing loans and borrowings	3,779,499	3,877,402
Total liabilities	4,554,809	4,537,930
Total liabilities and equity	4,078,544	4,916,390
<b>Other Data</b>		
Net cash generated from operating activities	195,788	171,851
Net cash used in investing activities	(256,030)	(189,377)
Net cash used in financing activities	(209,741)	(269,396)
Capital expenditures	(268,783)	(194,779)
Working capital <sup>(2)</sup>	(186,174)	295,105

## NOBLE CORPORATION PLC AND SUBSIDIARIES

### STRATEGIC REPORT

- (1) Results for 2019 and 2018 include impairment charges of \$700.1 million and \$648.5 million, respectively. In 2019, Noble-UK recorded a \$100.0 million expense related to ongoing litigation, which was not recognized by Noble-Cayman.
- (2) Working capital is calculated as current assets less current liabilities.

## VII. Liquidity and Capital Resources

### Overview

Net cash generated from operating activities in 2019 was \$195.8 million, compared to \$171.9 million in 2018, respectively. The increase in net cash provided by operating activities for the year ended 31 December 2019 was primarily attributable to the contract buyout for the *Noble Bully II* in 2019 and a \$9.9 million cash inflow in 2019 from changes in other working capital accounts compared to a \$38.0 million cash outflow in 2018. These increases are partially offset by a net reduction in tax receivable of \$95.5 million year-over-year (including a one-time VAT payment for the temporary import of the *Noble Houston Colbert* into the UK of which we received a full refund in January 2020) and a decrease in contract drilling services margin (excluding the *Noble Bully II* contract buyout) year-over-year. We had negative working capital of \$186.2 million and working capital of \$295.1 million at 31 December 2019 and 2018, respectively.

Net cash used in investing activities in 2019 was \$256.0 million, compared to \$189.4 million in 2018. The variance primarily relates to the purchase of the *Noble Joe Knight*, and shipyard projects undertaken to ready the *Noble Johnny Whitstine* and the *Noble Joe Knight* for their respective contracts with Saudi Aramco, and various major projects in the current period.

Net cash used in financing activities in 2019 and 2018 was \$209.7 million and \$269.4 million, respectively. Our primary use of cash in both periods was the retirement of a portion of various tranches of our senior notes as a result of tender offers. This use of cash was offset in the current period by net borrowings under our Credit Facilities.

In March 2019, we completed cash tender offers for our Senior Notes due 2020 (the “2020 Notes”), Senior Notes due 2021 (the “2021 Notes”), Senior Notes due 2022 (the “2022 Notes”) and Senior Notes due 2024 (the “2024 Notes”). Pursuant to such tender offers, we purchased \$440.9 million aggregate principal amount of these senior notes for \$400.0 million, plus accrued interest, using borrowings under the 2015 Credit Facility (as defined herein) and cash on hand.

Our principal sources of capital in the current period were cash generated from operating activities and funding from our Credit Facilities. Cash on hand during the current period was primarily used for the following:

- normal recurring operating expenses;
- retirement of a portion of various tranches of our senior notes in tender offers; 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
- repayments 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 2017 Credit Facility (as defined herein) and potential issuances of equity or 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. If additional financing sources are unavailable, or not available on reasonable terms, our financial condition, results of operations, growth and future prospects could be materially adversely affected, and we may be unable to continue as a going concern.

### Capital Expenditures

Capital expenditures totalled \$306.4 million and \$281.3 million for the years ended 31 December 2019 and 2018, respectively. Capital expenditures during 2019 consisted of the following:

- \$74.6 million for sustaining capital;
- \$120.3 million in major projects, including upgrades to the *Noble Johnny Whitstine* and the *Noble Joe Knight*, reactivations and subsea and other related projects;
- \$83.8 million to purchase the *Noble Joe Knight* (inclusive of cash paid and seller financing);
- \$18.1 million for rebillable capital modifications; and
- \$9.6 million in capitalised interest.

## NOBLE CORPORATION PLC AND SUBSIDIARIES

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Our total capital expenditure estimate for 2020 is expected to range between \$190.0 million and \$200.0 million, of which approximately \$115.0 million is currently anticipated to be spent for sustaining capital.

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, possible refurbishment and reactivation of rigs, and changes in design criteria or specifications during repair or construction.

#### *Share Capital*

The declaration and payment of dividends require the authorisation of the Board, 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 law. Therefore, the Company is not permitted to pay dividends out of share capital, which includes share premium. The Company has not paid dividends since the third quarter of 2016. The payment of future dividends will depend on our results of operations, financial condition, cash requirements, future business prospects, contractual and indenture restrictions and other factors deemed relevant by our Board of Directors.

At our 2019 Annual General Meeting, shareholders authorised our Board of Directors to increase share capital through the issuance of up to approximately 83.1 million ordinary shares (at current nominal value of \$0.01 per share). The authority to allot shares will expire at the end of our 2020 Annual General Meeting unless we seek an extension from shareholders at that time. Other than shares issued to our directors under our Noble Corporation plc 2017 Director Omnibus Plan, the authority was not used to allot shares during the year ended 31 December 2019.

#### *Share Repurchases*

See the Directors' Report, which begins on page 17 of this report, for information on share repurchases.

#### *Interest Bearing Loans and Borrowings*

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

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

See "Note 20— Commitments and Contingencies" to the Consolidated Financial Statements for information on our contractual cash obligations and commitments.

### **VIII. Employees**

At 31 December 2019, we had approximately 2,000 employees, excluding approximately 1,000 persons we engaged through labour contractors or agencies. Approximately 85 percent of our workforce is located offshore. Of our shorebased employees, approximately 68 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 2019:

<b>Gender Diversity Data</b>	<b>Total</b>	<b>Men</b>	<b>Women</b>
Directors of the Group	7	57%	43%
Senior Managers <sup>(1)</sup>	5	100%	—%
Shorebased Employees	400	68%	32%
Offshore Workforce	1,558	100%	—%

<sup>(1)</sup> 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 Group.

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 endeavours 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



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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.

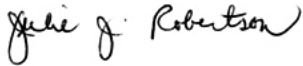
We place considerable value on the involvement of our employees and maintain a practice of keeping them informed on matters affecting them, as well as on the performance of the Group. Accordingly, we conduct formal and informal meetings with employees, maintain a Group intranet website with matters of interest, and issue periodic publications of Group 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 Group. 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  
Executive Director  
6 March 2020

## NOBLE CORPORATION PLC AND SUBSIDIARIES

### DIRECTORS' REPORT

The directors ("Directors") of the Board of Directors (the "Board") of Noble Corporation plc present their report and the audited consolidated financial statements for the year ended 31 December 2019. 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 10 Brook Street, Second Floor, London, England, W1S1BG.

#### **Directors and Corporate Governance.**

The Company's Articles of Association and Governance Guidelines are posted on our group website at [www.noblecorp.com](http://www.noblecorp.com), located in the "Corporate Governance" area. The UK Directors' Remuneration Report, Remuneration Policy and Directors' interests in the shares of the Company are set out in the Group's "Directors' Remuneration Report and Policy".

The Directors' Remuneration Report was approved by the Board of Directors on 6 March 2020.

#### ***Board of Directors***

The following table presents certain information as of 6 March 2020 with respect to our Directors who held office during the year and up to the date of signing the financial statements, unless otherwise stated:

Name	Effective	Retired
Julie J. Robertson	2017	
Julie H. Edwards	2006	
Gordon T. Hall	2009	
Roger W. Jenkins	2018	
Scott D. Josey	2014	
Jon A. Marshall	2009	
Mary P. Ricciardello	2003	

In line with the Company's Articles of Association ("the Articles"), all Directors will serve a one-year term to expire at the 2020 Annual General Meeting. Details of the Executive Directors' contracts can be found in the "Directors' Remuneration Report and Policy," and copies are available on the Group's website. The terms and conditions of appointment of Non-executive Directors are set out in their letters of appointment with the Group which are available for inspection from the Group 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 Group'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."

#### ***Stakeholder Engagement***

As discussed in our Section 172 Statement Companies Act Statement in the Strategic Report, the Board recognises that the long-term success of the Group is largely linked with value-creation for, and effective engagement with, its stakeholders. The following table sets forth the engagement mechanisms that are currently in place with the Group's key stakeholders - its shareholders, employees, customers, suppliers, and the community in which it operates.

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<b>Stakeholder Group</b>	<b>Why it is Important for the Company to Engage</b>	<b>How the Board Engages with the Stakeholder Group</b>	<b>How Management Engages with the Stakeholder Group</b>	<b>The Topics of Engagement that are Key to the Stakeholder Group</b>	<b>Outcomes Influenced by the Company Engagement Activities</b>
Shareholders	<ul style="list-style-type: none"> <li>- Raise investor interest and promote investment</li> <li>- Longevity of shareholder</li> </ul>	<ul style="list-style-type: none"> <li>- Participation on Annual General Meeting outreach calls by Independent Lead Director / Compensation Committee Member</li> <li>- Communication of important information via the annual proxy statement</li> <li>- Analyst outreach calls and in-person meetings by Executive Director</li> <li>- In-person attendance of Annual General Meeting by all Directors and Director Candidates</li> <li>- Published email address for direct communication with Board</li> </ul>	<ul style="list-style-type: none"> <li>- Frequent outreach calls, and in-person meetings and presentations</li> <li>- Attend and present at investor forums and conferences</li> <li>- An up to date investor page maintained on the Company website</li> <li>- Outreach calls in preparation for the Annual General Meeting</li> <li>- Communication of important information via the annual proxy statement</li> <li>- Published Corporate Mission Statement</li> </ul>	<ul style="list-style-type: none"> <li>- Business strategy</li> <li>- Financial Performance</li> <li>- Capital structure</li> <li>- Director and Executive Officer Compensation</li> <li>- Environmental, Social, and Governance ("ESG") initiatives</li> <li>- Matters presented for shareholder vote</li> <li>- Management's attention to maximize drilling revenue and minimize drilling costs</li> <li>- Creation of long-term value</li> <li>- Trust in and accountability of Company management</li> </ul>	<ul style="list-style-type: none"> <li>- Company led changes to executive compensation in response to feedback</li> <li>- Added metric for relative contract drilling margins to employee performance-vested longterm awards</li> <li>- CEO absolute compensation level and long-term incentive grants reduced compared to 2014 (year industry downturn began)</li> <li>- Company website enhanced to centralize or recap ESG related disclosures</li> <li>- Promotion of safe and reliable operations</li> <li>- Increased disclosure of activities and performance</li> </ul>
Employees	<ul style="list-style-type: none"> <li>- Retain experienced employees</li> <li>- Continuous improvement of safety performance</li> <li>- A positive corporate culture improves workforce effectiveness</li> <li>- Develop and retain a diverse workforce</li> </ul>	<ul style="list-style-type: none"> <li>- Quarterly review of significant stakeholder reported concerns ("NobleLine")</li> <li>- Review of annual stakeholder surveys</li> <li>- Quarterly town hall meetings with stakeholders led by Executive Director</li> <li>- In-person visits by Executive Director to Company offices and offshore rig</li> <li>- Compensation for stakeholders of all levels (including short and long term incentive plans and benefits programs) considered by Compensation Committee</li> <li>- Inclusion of Company performance metrics in stakeholder compensation plans by Compensation Committee (e.g. 2019 Short-Term Incentive Plan)</li> <li>- Health Safety Environment &amp; Engineering ("HSEE") Committee oversight of health, safety, and environment ("HS&amp;E") related performance, compliance, policies, and management system</li> </ul>	<ul style="list-style-type: none"> <li>- Motivate stakeholders with current market-level compensation</li> <li>- Support and promote stakeholder career advancement</li> <li>- Hold executive led quarterly town hall stakeholder meetings</li> <li>- Formal and informal employee meetings</li> <li>- Up to date information of stakeholder interest on Company intranet</li> <li>- State-of-the-art facility ("NobleAdvances") for inhouse stakeholder training</li> <li>- Published avenue to anonymously communicate stakeholder concerns ("NobleLine")</li> <li>- Anonymous surveys to promote stakeholder suggestions and feedback</li> <li>- "Open door" policy maintained for stakeholder support</li> </ul>	<ul style="list-style-type: none"> <li>- Stakeholder diversity and inclusion</li> <li>- Good stakeholder health</li> <li>- Safe operations and workplace conditions, and stakeholder safety</li> <li>- Competitive remuneration</li> <li>- Stakeholder retirement security</li> </ul>	<ul style="list-style-type: none"> <li>- Positive corporate culture improves workforce effectiveness</li> <li>- Accumulation of experienced and skilled stakeholder leaders</li> <li>- Improve decision-making from a diverse stakeholder with varied perspectives</li> <li>- Promotion of positive corporate culture through action on stakeholder concerns</li> <li>- Stakeholder suggestion boxes installed at all workplaces</li> <li>- Stakeholder suggested benefit offerings such as flexible office-based work schedule and updated workplace attire requirements</li> <li>- Enhanced Company management system implemented to support and improve safety</li> </ul>

**NOBLE CORPORATION PLC AND SUBSIDIARIES**  
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<b>Stakeholder Group</b>	<b>Why it is Important for the Company to Engage</b>	<b>How the Board Engages with the Stakeholder Group</b>	<b>How Management Engages with the Stakeholder Group</b>	<b>The Topics of Engagement that are Key to the Stakeholder Group</b>	<b>Outcomes Influenced by the Company Engagement Activities</b>
Community	<ul style="list-style-type: none"> <li>- Global operations across many countries</li> <li>- Stakeholder support of local Company operations</li> <li>- Company employees accepted and supported by the surrounding stakeholder</li> <li>- Employment of a diverse workforce from the local stakeholder</li> </ul>	<ul style="list-style-type: none"> <li>- HSEE Committee oversight of HS&amp;E related performance, compliance, policies, and management system</li> <li>- Board oversight of Company ESG activities</li> <li>- Oversight of risk tolerance levels established through the Enterprise Risk Management ("ERM") program</li> </ul>	<ul style="list-style-type: none"> <li>- Local stakeholder employment efforts of skilled candidates workforce</li> <li>- Support non-profit local stakeholder organisations</li> <li>- Engagement of local stakeholder leaders to raise awareness of Company activities and performance</li> </ul>	<ul style="list-style-type: none"> <li>- Stakeholder member employment opportunities</li> <li>- Stakeholder values</li> <li>- Environmental, health and safety performance of the Company</li> <li>- Employment of a skilled and diverse workforce reflecting local stakeholder</li> <li>- Positive Company impact on the local stakeholder and environment</li> <li>- Support non-profit local stakeholder organisations</li> <li>- Protect the stakeholder from negative Company impact on environmental</li> </ul>	<ul style="list-style-type: none"> <li>- Employment of skilled workers from local stakeholder</li> <li>- Defined parameters for Company philanthropic activities</li> <li>- Enhanced Company management system to advancing environmental stewardship</li> <li>- Stakeholder related social and environmental initiatives published on Company website</li> <li>- Support of stakeholder fundraisers and non-profit organisations</li> <li>- Company team awarded 2019 top fundraising (US\$ 800,000) in MS-150 event for National Multiple Sclerosis Society and Affiliate, a managing member of Progressive MS Alliance with MS Society (United Kingdom) and others</li> </ul>
Customers	<ul style="list-style-type: none"> <li>- Stakeholder use of Company services supports the business model and strategy of the Company</li> <li>- Company support of stakeholder ESG initiatives</li> <li>- Enhance stakeholder and Company alignment on shared views and commitments</li> </ul>	<ul style="list-style-type: none"> <li>- HSEE Committee oversees efforts to protect the health and safety of stakeholders on Company property</li> <li>- Regular updates reviewed by the Board on stakeholder contracts and Company performance</li> </ul>	<ul style="list-style-type: none"> <li>- Status meetings and regular stakeholder updates on Company performance</li> <li>- Cost and expense monitoring to support an effective provision of services</li> </ul>	<ul style="list-style-type: none"> <li>- Provision of services that are: <ul style="list-style-type: none"> <li>- Cost effective;</li> <li>- Performed safely;</li> <li>- Reliable;</li> <li>- As contracted; and</li> <li>- Of value</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>- Alignment with stakeholder on operations parameters, safety performance, and environmental stewardship, improved by global management system</li> </ul>
Suppliers and Contractors	<ul style="list-style-type: none"> <li>- Collaborative stakeholder partnerships improve productivity and safety, and allow for better Company service of its customers</li> <li>- Legal compliance by stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>- HSEE Committee oversees efforts to protect the health and safety of stakeholders on Company property</li> <li>- Issuing a public statement in opposition to slavery and supporting the prevention of human trafficking</li> </ul>	<ul style="list-style-type: none"> <li>- Clear contractual terms and conditions with stakeholder that include provisions on legal compliance, anti-slavery and human trafficking, and preventing the facilitation of tax evasion</li> <li>- Regular meetings and communications with stakeholders to monitor and discuss performance</li> <li>- Diligence procedures to verify the ethical profile of new stakeholders</li> <li>- Stakeholder engagement reviews to monitor for legal or ethical concerns</li> </ul>	<ul style="list-style-type: none"> <li>- Safe work conditions and worker health</li> <li>- Labour and Human Rights</li> <li>- Physical security of people and property</li> </ul>	<ul style="list-style-type: none"> <li>- Improved stakeholder performance through aligned expectations</li> <li>- Advancement of global interests and commitments to abolish slavery and human trafficking</li> <li>- Advancement of shared interests and commitments to eliminate government bribery and corruption</li> </ul>

# NOBLE CORPORATION PLC AND SUBSIDIARIES

## DIRECTORS' REPORT

### *Principal Decisions*

In making the following principal decisions for 2019, the Board considered feedback from the stakeholder engagement initiatives described above as well as the need to maintain a reputation for high standards of business conduct and the need to act fairly between the members of the Group.

#### Approval of Cash Tender Offers for Senior Notes

As discussed on page 4 of the Strategic Report, since 2014, our industry has experienced a historic downturn leading to a challenging business environment. Considering this backdrop, the Board has become increasingly focused on the proactive management of the Group's debt.

The Board oversees and makes decisions relating to the Group's capital structure, with certain decisions delegated to the Finance Committee of the Board, which was established in 2016 to assist the Board in optimizing the Group's capital strategy, structure and financing matters in the context of the current operating environment. The Board and Finance Committee engage in regular consideration and reassessment of how and when to take action on capital strategy, financing arrangements, and exposure to financial risk.

In 2019, a principal decision made by the Board relating to the Group's debt capital structure was its approval of cash tender offers for up to \$400 million of our senior notes, as described on page 14 of the Strategic Report.

In making this decision, the Board considered the analysis of management along with the interests of various stakeholders. In order to realize long-term value on their investment, our shareholders rely on the Group to maintain manageable debt levels while balancing the need to preserve capital and liquidity. The Board determined that the cash tender offers would reduce debt maturities and interest expense, each of which would provide positive outcomes for the Group. In addition, the Board considered the long-term implications of this decision, because our ability to manage our debt effectively and proactively is crucial to the continued success of the Group and achievement of our strategic objectives, which in turn affects our employees, business relationships, and reputation. After thorough consideration of stakeholder interests and the long-term implications for the Group, the Board concluded that it was in the Group's best interests to approve the tender offers.

Following the Board's approval, the Group completed the tender offers, purchasing \$440.9 million aggregate principal amount of the senior notes for \$400 million, plus accrued interest.

#### Purchase of the *Noble Joe Knight* Rig

As discussed on page 4 of the Strategic Report, on 28 February 2019, we purchased a GustoMSC CJ46 rig, the *Noble Joe Knight*, from PaxOcean for a total price of \$83.8 million. \$53.6 million of the purchase price was financed by a seller loan.

In approving this transaction, the Board considered the analysis of management along with several factors and stakeholder interests, including the following:

- When making decisions to enhance our fleet, the Board and management consider customer feedback regarding rig preferences and demand. The Board determined that the purchase would exemplify the Group's customer-driven philosophy, by allowing us to provide fit-for-purpose drilling solutions and superior operations execution. The rig was not only acquired to service a particular multi-year customer contract in the Middle East, but is also expected to continue to serve our customers' needs for years to come.
- Employee interests were also considered in this decision. Group employees who were working on another rig of the Group, which had a customer contract that was due to end, would have an opportunity to continue working for the Group due to the purchase of the *Noble Joe Knight*. In addition, the rig was named after a long-standing Group employee, a practice that the Group follows to honour employee service and contributions to the Group.
- The Board also considered shareholder interests. The Board determined that the need to preserve capital and liquidity, particularly in light of market conditions and projections at the time, must be balanced against the opportunity to enhance the fleet of the Group. In light of the customer opportunities anticipated from the rig purchase and resulting fleet enhancement, the Board believed the purchase would ultimately lead to creation of long-term value for its shareholders.

After consideration of stakeholder interests and the long-term implications for the Group, the Board concluded that it was in the best interests of the Group to approve management's proposal of the purchase of the *Noble Joe Knight*, and the Group completed the transaction on 28 February 2019. The rig is currently under a multi-year contract with one of the Group's major customers.

### *Dividends*

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

## NOBLE CORPORATION PLC AND SUBSIDIARIES

### DIRECTORS' REPORT

The declaration and payment of dividends require authorisation of the Board, 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 payment of future dividends will depend on our results of operations, financial condition, cash requirements, future business prospects, the availability of sufficient distributable reserves, contractual and indenture restrictions and other factors deemed relevant by our Board.

On 18 February 2020, there were 249,811,683 shares outstanding held by 136 shareholder accounts of record.

#### ***Employees***

See "Strategic Report" section VIII. "Employees" for more information.

#### ***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 2019 we do not have shareholder authority to repurchase shares. During the years ended 31 December 2019 and 2018, no shares were repurchased.

#### ***Going Concern Basis***

The Group's and Company'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 3 of this Annual Report. Subject to the Paragon matter discussed below, the directors have considered the use of the going concern basis in the preparation of the financial statements of the Group and Company 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 Group and Company for the period of 12 months from the date of issuance of these financial statements.

The Paragon Offshore litigation trust has filed claims against the Company and certain of its current and former directors and officers. These claims are related to the spin-off and subsequent bankruptcy of Paragon Offshore. The litigation trust is seeking total claimed damages of approximately \$2.6 billion. The Company believes the claims by the litigation trust are without merit and intends to defend itself vigorously. However, the Company continually assesses potential outcomes, including the probability of the parties ultimately resolving the matter through settlement in light of various factors, including given the complex factual issues involved, the uncertainty and risk inherent in this type of litigation, the time commitment and distraction of our organization, the potential effect of the ongoing litigation and uncertainty on our business, and the substantial expense incurred in litigating the claims. As such, the Company's current estimated loss related to the final disposition of this matter is \$100.0 million, which the Company recorded as a general and administrative expense for the year ended 31 December 2019 and is reflected as a current liability as of 31 December 2019. In addition to the Paragon matter discussed above, we are dependent upon our ability to secure additional financing sources on reasonable terms or renegotiate certain covenants of the 2017 Credit Facility prior to the end of June 2021. Both of these matters, individually and in the aggregate, represent material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. See "Note 20—Commitments and Contingencies" for more information on the litigation.

In June 2016, the UK held a referendum in which voters approved an exit from the EU, commonly referred to as "Brexit" and in March 2017 the UK formally started the process for the UK to leave the EU. The UK exited the EU on 31 January 2020, consistent with the terms of an EU-UK Withdrawal Agreement. The terms of that agreement provide for a transition period from 31 January 2020 to 31 December 2020 (the "Transition Period"), during which the trading relationship between the EU and the UK will remain the same while the UK and the EU try to negotiate an agreement regarding their future trading relationship. Given the lack of comparable precedent, it is unclear how disruptive the UK's withdrawal from the EU will be, including possible financial, trade, regulatory and legal implications. In particular, depending on the terms agreed as to their future trading relationship, the ability to trade freely between the EU and the UK may be adversely affected at the end of the Transition Period. Brexit creates global political and economic uncertainty, which may cause, among other consequences, volatility in exchange rates and interest rates, and changes in regulations. The Company provides contract drilling services to the international oil and gas industry and our fleet operates globally across multiple locations. While our business is internationally diversified, the Company is incorporated and registered within the UK. Based on our global operating model and the versatility and marketability of our fleet, we do not expect the impact of Brexit to be significant to the Company.

The directors have already taken steps to reduce the cost base of the business and manage its capital structure and have a reasonable expectation that the Company has sufficient liquidity and the ability to carry out any further measures that may be necessary for the Company to continue as a going concern for at least the next 12 months. Thus, the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements. However, the risk of a negative outcome on the Paragon matter indicates the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

## NOBLE CORPORATION PLC AND SUBSIDIARIES

### DIRECTORS' REPORT

#### ***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" to the Consolidated Financial Statements.

#### ***Qualifying Third-Party Indemnities***

The Group has granted a qualifying third party indemnity to each of its Directors against liability in respect of proceedings brought by third parties, which was in force for 2019 and will remain in force throughout 2020.

#### ***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 Group or any related party.

#### ***Future Developments***

See the Section — I. Strategy and Outlook of the Strategic Report, which begins on page 4 of this Annual Report, for information about future developments including our backlog.

#### ***Research and Development***

The Group did not engage in research and development activities. For more information on the Group's business overview and activities see the Strategic Report, which begins on page 4 of this Annual Report.

#### ***Political Contributions***

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

#### ***Greenhouse Gas Emissions***

There is increasing attention concerning the issue of climate change and the effect of greenhouse gas ("GHG") emissions. The United States Environmental Protection Agency ("EPA") regulates the permitting of GHG emissions from stationary sources under the Clean Air Act's Prevention of Significant Deterioration and Title V permitting programs, which require the use of "best available control technology" for GHG emissions from new and modified major stationary sources, which can sometimes include our rigs. The EPA has also adopted rules requiring the monitoring and reporting of GHG emissions from specified sources in the United States, including, among other things, certain onshore and offshore oil and natural gas production facilities, on an annual basis.

Moreover, in 2005, the Kyoto Protocol to the 1992 United Nations Framework Convention on Climate Change, which establishes a binding set of emission targets for GHGs, became binding on all countries that had ratified it. In 2015, the United Nations ("U.N.") Climate Change Conference in Paris resulted in the creation of the Paris Agreement. The Paris Agreement requires countries to review and "represent a progression" in their nationally determined contributions, which set emissions reduction goals, every five years beginning in 2020. In November 2019, the United States submitted formal notification to the U.N. that it intends to withdraw from the Paris Agreement. Pursuant to the terms of the Paris Agreement, the withdrawal will take effect in November 2020. However, there are no guarantees that the agreement will not be re-implemented in the United States, or re-implemented in part by certain state or local governments. Incentives to conserve energy or use alternative energy sources could have a negative impact on our business if such incentives reduce the worldwide demand for oil and gas. See Section - III. Principal Risks and Uncertainties for additional information.

Countries in the EU have implemented the United Nations Kyoto Protocol on GHG emissions, through the EU Emissions Trading System ("ETS"). 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 between 2005 and 2020. The ETS program will continue to require GHG reductions in the future. Phase 4 of the ETS program (covering 2021 to 2030) was revised in 2018 to achieve emission reduction targets as part of the EU's contribution to the Paris Agreement. Phase 4 targets a 43 percent GHG reduction between 2005 and 2030.

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

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

**NOBLE CORPORATION PLC AND SUBSIDIARIES**  
**DIRECTORS' REPORT**

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.

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

For the year ended 31 December 2019, our estimated carbon dioxide equivalent ("CO<sub>2</sub>e") gas emissions were 1,063,925 tonnes as compared to 954,944 tonnes for the year ended 31 December 2018. When expressed as an intensity measure of tonnes of CO<sub>2</sub>e gas emissions per dollar of contract drilling revenues from continuing operations, the intensity measure for 31 December 2019 and 31 December 2018 was .0009 and .0009, respectively. The increase in emissions is due to increases in transoceanic voyages by the *Noble Globetrotter I* and *Noble Globetrotter II* as well as activation of the newest additions to the fleet, the *Noble Johnny Whitstine* and *Noble Joe Knight*.

Our Scope 1 CO<sub>2</sub>e 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 Organisation for Standardisation ("ISO") 14064-1, "Specification with guidance at the organisational level for quantification and reporting of greenhouse gas emissions and removals (2006)."

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



**NOBLE CORPORATION PLC AND SUBSIDIARIES**  
**DIRECTORS' REPORT**

## **Statement of Directors' Responsibilities in Respect of the Financial Statements**

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 income 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. For more information see Note 2— Summary of Significant Accounting Policies "2.02 —Going Concern"

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 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 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.

### **Directors' Confirmations**

Each of the Directors, whose names and functions are listed in the Directors' Report 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 Strategic 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.

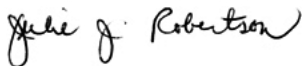
In the case of each Director in office at the date the Directors' Report is approved:

- 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.

### **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.

The financial statements on pages 53 to 124 were approved by the Board of Directors on 6 March 2020 and signed on its behalf by,



Julie J. Robertson  
Executive Director  
6 March 2020

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DIRECTORS' REMUNERATION REPORT & POLICY**

**Directors' Remuneration Report  
For the Year Ended 31 December 2019**

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

**Dear Shareholders:**

I am pleased to present our Group's remuneration report for 2019. 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 2019 Annual General Meeting for a three-year period; and
- (C) the annual report on remuneration which sets out Director compensation and details the link between Group performance and compensation for the financial year ended 31 December 2019. The annual report on remuneration, together with this statement, is subject to an advisory vote at our 2020 Annual General Meeting (the "2020 AGM").

***Current Challenging Market Conditions***

Since the fourth quarter of 2014, the offshore drilling industry has suffered through a historic, sustained downturn. Our business, and the business of other offshore drillers, has significantly declined, primarily due to two factors:

- A dramatic fall in our customers' offshore drilling in capital spending as a result of the decline in the price of oil and a strategic shift in capital spending to onshore oil and gas resources and away from offshore sources; and
- An over-supply of drilling rigs.

Reflecting these market factors, our share price has suffered a precipitous decline since the middle of 2014, falling from \$27 on 4 August 2014 to \$0.83 on 18 February 2020, a decline of approximately 97%.

***Recent Compensation Decisions***

Against the difficult offshore drilling market background, and taking into account feedback from our shareholders, the Compensation Committee has made a number of changes with respect to compensation over the past several years since the downturn began:

- ***Reducing Overall CEO Compensation.*** We have made changes in our compensation program which have significantly reduced our CEO's overall compensation by more than 47% from 2014 levels.
- ***Reduction in CEO LTIP Award; Refocus of LTIP Goals.*** We have reduced the aggregate value of the target LTIP award to our CEO by 34% from 2014 levels. Also in 2017, we introduced a new LTIP performance goal: contract drilling margin relative to our driller peer group. We believe this LTIP goal, along with the existing relative total shareholder return performance goal, will drive performance on a key success metric for the Group.
- ***Reducing CEO Salary.*** Our current CEO's 2019 base salary reflects a reduction of 16% from 2014 level.

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DIRECTORS' REMUNERATION REPORT & POLICY**

***Outlook for 2020***

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 Group. We will continue to monitor current trends and issues in our industry, the effectiveness of our program with respect to our executives, and feedback from our shareholder outreach efforts, and will continue to consider, from time to time, whether to modify our program as appropriate.

The members of the Compensation Committee are Jon A. Marshall, Julie H. Edwards, and Gordon T. Hall.

Jon A. Marshall

**Chairman of the Compensation Committee**

6 March 2020

# NOBLE CORPORATION PLC AND SUBSIDIARIES

## DIRECTORS' REMUNERATION REPORT & POLICY

### Directors' Compensation Policy

Our Directors' Compensation Policy applies to our Executive Director, 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 Group 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 Group, individual and share price performance and is at risk of forfeiture.

### Compensation Policy - Executive Directors

The Compensation Policy set out in this report was approved by a binding vote of shareholders at the Group's 2019 Annual General Meeting of Shareholders, and will continue in effect until 31 December 2022 unless amended and approved by shareholders prior to such date.

Compensation Component	Purpose / Link to Noble's Business Strategy	How Component Operates	Maximum Opportunity
<b>Base Salary</b>	<ul style="list-style-type: none"> <li>-Attract and retain high performing individuals</li> <li>-Reflect an individual's skills, experience and performance</li> <li>-Align with market value of role</li> </ul>	<ul style="list-style-type: none"> <li>-Reviewed annually by the Committee.</li> <li>-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.</li> <li>-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.</li> </ul>	<ul style="list-style-type: none"> <li>-Annual increase ordinarily not to exceed 15% of prior year's highest annualised base salary rate.</li> <li>-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.</li> <li>-The base salary limits set forth in this policy will not apply to any individual hired from outside of Noble or to the extent local market conditions reasonably require additional salary to be payable.</li> </ul>

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DIRECTORS' REMUNERATION REPORT & POLICY**

Compensation Component	Purpose / Link to Noble's Business Strategy	How Component Operates	Maximum Opportunity
<b>Annual Bonus pursuant to Short Term Incentive Plan ("STIP") or other Cash Awards</b>	<ul style="list-style-type: none"> <li>-Attract and retain high performing individuals</li> <li>-Drive achievement of annual financial, safety and strategic goals</li> <li>-Align interests and wealth creation with those of shareholders</li> <li>-Align with market value of role</li> </ul>	<ul style="list-style-type: none"> <li>-Funding mechanism for the aggregate STIP pool linked directly to objective financial and/or operational performance (e.g., EBITDA, safety, environmental, etc.) determined annually.</li> <li>-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.</li> <li>-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.</li> <li>-All metrics will be measured on a no longer than one year basis.</li> <li>-Performance below a threshold level for operational or financial goals will result in a \$0 payout for these goals.</li> <li>-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.</li> <li>-Payments are intended to be made in cash, but can be settled in shares of company stock or a combination of cash and stock at the Committee's discretion.</li> <li>-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.</li> <li>-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.</li> <li>-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.</li> <li>-Cash awards outside the STIP will only be made in connection with recruitment, retention, promotion, special achievement or inducement awards.</li> </ul>	<ul style="list-style-type: none"> <li>-250% of the highest annualised base salary in effect for the fiscal year to which the performance targets relate.</li> <li>-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.</li> <li>-In select cases (promotion, recruitment, retention, special achievement or inducement), to secure, retain or recognise the services of certain individuals, other cash awards may be granted at the Committee's discretion. These awards may exceed the limit set forth in this policy, but will not exceed 250% of such individual's annualised base salary.</li> </ul>

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DIRECTORS' REMUNERATION REPORT & POLICY**

Compensation Component	Purpose / Link to Noble's Business Strategy	How Component Operates	Maximum Opportunity
<b>Long-term Incentives ("LTI")</b>	<ul style="list-style-type: none"> <li>-Equity awards currently awarded under Noble Corporation 2015 Omnibus Incentive Plan, as may be amended from time to time, or any subsequent replacement plan ("2015 Plan")</li> <li>-Attract and retain high performing individuals</li> <li>-Drive achievement of long-term financial and strategic goals</li> <li>-Align interests and wealth creation with those of shareholders</li> <li>-Align with market value of role</li> </ul>	<ul style="list-style-type: none"> <li>-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.</li> <li>-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").</li> <li>-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.</li> <li>-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.</li> <li>-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 interest with the interests of shareholders.</li> <li>-Vesting/performance period for all LTI awards consisting of restricted stock and restricted stock units will be over at least one year 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.</li> <li>-Earned/vested amounts are intended to be delivered in shares of Company stock, but can be settled in a cash or a combination of cash and stock at the Committee's discretion, subject to the terms of the 2015 Plan.</li> <li>-Any outstanding LTI awards made prior to the approval and implementation of this 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.</li> <li>-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.</li> <li>-This policy reserves the ability to use all aspects of the 2015 Plan for awards made outside the annual equity grant program referenced above.</li> </ul>	<ul style="list-style-type: none"> <li>-Value of annual equity grant (based on commonly used valuation methods) not to exceed 750% of base salary.</li> <li>-In exceptional circumstances, which would be limited to where the plan is used to facilitate recruitment, retention or special achievement of certain individuals (including, in the recruitment context, the buyout of previously-granted incentive awards), the limit set forth in this policy will not apply. The Committee will consider market-based and individual-specific factors in these circumstances.</li> <li>-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.</li> <li>-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).</li> <li>-For all other LTI awards, 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).</li> </ul>
<b>Benefits</b>	<ul style="list-style-type: none"> <li>-Attract and retain high performing individuals</li> <li>-Align with market value of role</li> <li>-Align with market practice in country of residence</li> </ul>	<ul style="list-style-type: none"> <li>-Executive Directors are provided with healthcare, life and disability insurance and other employee benefit programs. These employee benefits are provided on a non-discriminatory basis to all employees.</li> <li>-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.</li> </ul>	<ul style="list-style-type: none"> <li>-Taxable benefits not to exceed 10% of base salary.</li> </ul>

**NOBLE CORPORATION PLC AND SUBSIDIARIES  
DIRECTORS' REMUNERATION REPORT & POLICY**

<b>Compensation Component</b>	<b>Purpose / Link to Noble's Business Strategy</b>	<b>How Component Operates</b>	<b>Maximum Opportunity</b>
<b>Pension</b>	<ul style="list-style-type: none"> <li>-Attract and retain high performing individuals</li> <li>-Align with market value of role</li> </ul>	<p><b><i>Salaried Employees' Retirement Plan</i></b></p> <ul style="list-style-type: none"> <li>-Defined benefits provided in accordance with the terms of the previously-adopted Salaried Employees' Retirement Plan.</li> <li>-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.</li> <li>-Payments may be made in a single lump-sum, a single life annuity and several forms of joint and survivor elections.</li> <li>-Benefits are determined in accordance with the plan's terms and consider an individual's average compensation and years of service at Noble.</li> <li>-Only available to employees hired originally on or before 31 July 2004.</li> <li>-Plan amended effective 31 December 2016 to cease future benefit accruals.</li> </ul> <p><b><i>Retirement Restoration Plan</i></b></p> <ul style="list-style-type: none"> <li>-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 US Internal Revenue Code.</li> <li>-Only available to employees hired originally on or before 31 July 2004.</li> <li>-Plan amended effective 31 December 2016 to cease future benefit accruals.</li> </ul>	<ul style="list-style-type: none"> <li>-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).</li> </ul>
<b>Other Retirement Programs</b>	<ul style="list-style-type: none"> <li>-Attract and retain high performing individuals</li> <li>-Align with market value of role</li> </ul>	<p><b><i>401(k) Savings Plan</i></b></p> <ul style="list-style-type: none"> <li>-Qualified defined contribution plan that enables qualified employees, including Executive Directors, to save for retirement through a tax-advantaged combination of employee and Company contributions.</li> <li>-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.</li> </ul> <p><b><i>401(k) Savings Restoration Plan</i></b></p> <ul style="list-style-type: none"> <li>-Unfunded, nonqualified employee benefit plan under which specified employees may defer compensation in excess of 401(k) plan limits.</li> </ul> <p><b><i>Profit Sharing Plan</i></b></p> <ul style="list-style-type: none"> <li>-Qualified defined contribution plan available for US employees.</li> <li>-Any contribution at Board of Directors' discretion. Fully vested after three years of service or upon retirement, death or disability.</li> </ul>	<ul style="list-style-type: none"> <li>-401(k) plan: Maximum amounts governed by the applicable US laws and regulations.</li> <li>-Profit sharing plan: Not to exceed 10% of covered compensation.</li> </ul>

**NOBLE CORPORATION PLC AND SUBSIDIARIES  
DIRECTORS' REMUNERATION REPORT & POLICY**

<b>Compensation Component</b>	<b>Purpose / Link to Noble's Business Strategy</b>	<b>How Component Operates</b>	<b>Maximum Opportunity</b>
<b>Relocation / Expatriate Assistance (if applicable)</b>	<ul style="list-style-type: none"> <li>-Ensure Noble is able to attract high calibre talent regardless of business location</li> <li>-Provide career and/or personal development options and potentially help retain the services of individuals already employed by the Company</li> <li>-Align with market value of role</li> <li>-Align with market practice in country of residence</li> </ul>	<ul style="list-style-type: none"> <li>-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: <ul style="list-style-type: none"> <li>-Housing allowance</li> <li>-Foreign service premium</li> <li>-Goods and services differential allowance</li> <li>-Car allowance</li> <li>-Reimbursement or payment of school fees for eligible dependents to age 19</li> <li>-Annual home leave allowance</li> <li>-Tax equalisation payments (calculated on a grossed-up basis)</li> <li>-Tax preparation services</li> </ul> </li> <li>-Relocation assistance for expatriates will be provided comparable to those provided by other similar companies. Assistance includes (provided to non-Director level employees also): <ul style="list-style-type: none"> <li>-Standard outbound services, such as "house hunting" trips and shipment of personal effects</li> <li>-Temporary housing</li> <li>-Temporary relocation assistance.</li> </ul> </li> <li>-Future expatriate benefits and relocation assistance could include other components not included in the above.</li> </ul>	<ul style="list-style-type: none"> <li>-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.</li> <li>-Maximum expatriate/relocation assistance not to exceed types of benefits described and/or used by comparable companies. The maximum tax equalisation payment (calculated on a grossed-up basis) 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).</li> </ul>

#### **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 = five times base salary; (2) Executive Vice Presidents = three times base salary; (3) Senior Vice Presidents = two times base salary; and (4) Vice Presidents = one times base salary. For Non-Executive Directors, the stock ownership requirement is six times 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 Group'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 Group's business, financial and strategic priorities.

#### **Compensation Policy for Other Employees**

The Group's approach to annual compensation reviews is consistent across the Group, 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 Group's annual and long-term incentive programs. Participation, award opportunities and specific performance conditions vary by level within the Group, with corporate and business division metrics incorporated as appropriate.



# NOBLE CORPORATION PLC AND SUBSIDIARIES DIRECTORS' REMUNERATION REPORT & POLICY

## Illustration of Application of Compensation Policy for Executive Directors

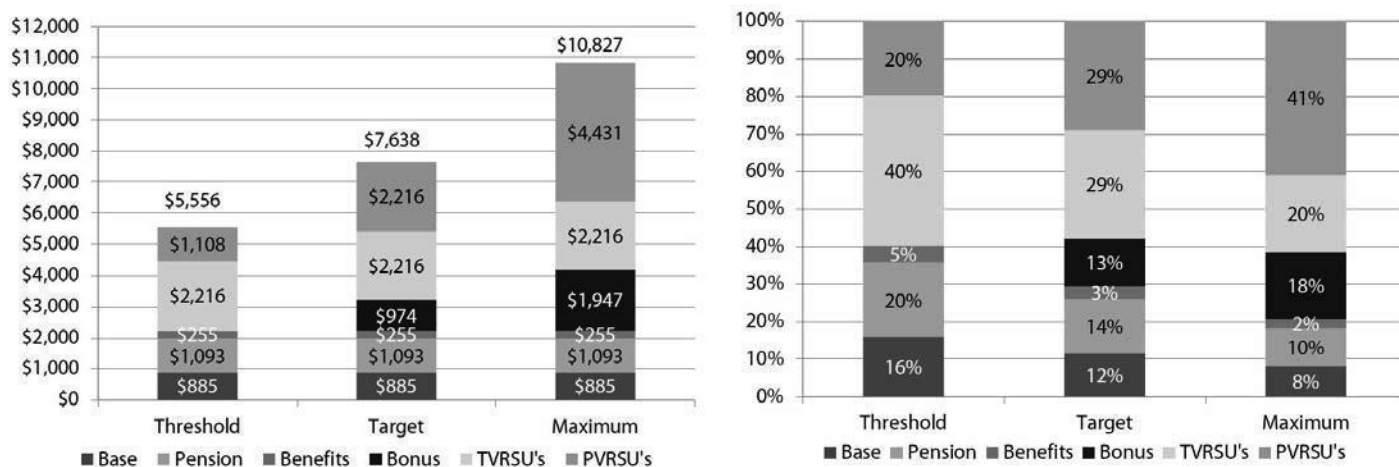
The estimated compensation amounts received by the Executive Directors, which Group currently includes only our Chairman, President and Chief Executive Officer, for 2019 are shown in the following graphs (amounts in the left-hand graph presented below are shown in thousands). These amounts reflect three 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 2019 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 Group-paid benefits include foreign tax payments, savings plan contributions, business travel and accident insurance, and 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 two or 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



## **NOBLE CORPORATION PLC AND SUBSIDIARIES DIRECTORS' REMUNERATION REPORT & POLICY**

### **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 Group 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 Group's general policy is that Executive Directors should be employed on an "at will" basis such that no notice provision applies and no contractual 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 in relation to Change of Control Employment Agreements and loss-of-office compensation arrangements in each case as set out below.

It is the Group's policy to maintain Change of Control Employment Agreements, details of which are set forth under the 'Change of Control Agreements' heading below. In addition, as circumstances may require, the Committee may approve other loss-of-office compensation arrangements in consideration for a release of claims, settlement of employment-related disputes or potential disputes, enhanced post-termination restrictive covenants, confidentiality obligations or other undertakings, or for cooperation, handover or transitional assistance. The Committee will aim to ensure that such compensation is appropriate, fair and reasonable in a US context, and such compensation may include:

- retained eligibility for annual bonus for the year of departure;
- retained eligibility for performance-based equity awards that are outstanding in year of departure;
- accelerated vesting of equity awards to the extent permissible under the governing plan document;
- payments in respect of a period of agreed notice, garden leave or consultancy or similar arrangements;
- outplacement services valued at or less than \$25,000; and
- other payments if commercially appropriate (e.g. severance, legal fees, etc).

## **NOBLE CORPORATION PLC AND SUBSIDIARIES DIRECTORS' REMUNERATION REPORT & POLICY**

### **Change of Control Employment Agreements**

Our executive officer serving at 31 December 2019 is party 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 Group'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 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 Group.

The Group 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 Group that the terms of such agreement would be substantially similar to those summarised in the Group's 2019 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 Group has adopted a clawback provision which provides that at any time there is a material and negative restatement of the Group'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 US-listed public company chief executive officers and chief financial officers to disgorge bonuses, other incentive- or equity-based compensation and earnings 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 Group 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 Group'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 Group 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 Group to fully understand and consider shareholders' input and concerns.

# NOBLE CORPORATION PLC AND SUBSIDIARIES

## DIRECTORS' REMUNERATION REPORT & POLICY

### 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 Group 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 Group as a member of our Board of Directors. Our Non-Executive Directors receive no compensation from the Group for their service as Directors other than as presented below.

Compensation Component	Purpose / Link to Noble's Business Strategy	How Component Operates	Maximum Opportunity
<b>Annual Retainer</b>	Attract and retain Non-Executive Directors with a diverse set of skills, background and experience Align with market value of role	Reviewed annually by the Board Market data from the peers is taken into consideration as part of this review 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 Not to exceed an additional \$500,000 per year for a Non-Executive Chairperson (to the extent one were to be appointed)
<b>Board and Committee Meeting Fees</b>	Attract and retain Non-Executive Directors with a specialised set of skills, background and experience Recognise time devoted to serving Company Align with market value of role	Reviewed annually by the Board Market data from the peers is taken into consideration as part of this review Paid in cash	Not to exceed \$3,000 per meeting
<b>Lead Independent Director and Committee Chairperson Fees</b>	Attract and retain Non-Executive Directors with a specialised set of skills, background and experience Recognise additional time and responsibility associated with role Align with market value of role	Reviewed annually by the Board Market data from the peers is taken into consideration as part of this review Paid in cash	Lead Independent Director: not to exceed \$50,000 per year Committee Chairperson: not to exceed \$50,000 per year
<b>Annual Equity Award</b>	Attract and retain Non-Executive Directors with a diverse set of skills, background and experience Align with market value of role	Reviewed annually by the Board Market data from the peers is taken into consideration as part of this review. Paid in shares or cash (or a combination thereof)	Not to exceed \$350,000 per year at time of grant (based on commonly used valuation methods) Amount subject to increase if the above described cash compensation is reduced or eliminated; cash compensation subject to increase in the event equity-based compensation is reduced or eliminated
<b>Benefits</b>	Facilitate Non-Executive Directors' attendance at meetings Align with market value of role	Includes travel and other relevant out-of-pocket expenses incurred in conjunction with meeting attendance or meeting locations for other company business	Limited to out-of-pocket expenses incurred. These amounts will vary based on meeting/business location and duration of stay
<b>Tax Equalisation</b>	Facilitate Non-Executive Directors' attendance at meetings Align with market value of role	Eligible for tax equalisation payment (calculated on a grossed-up basis) if United Kingdom individual income taxes on the above compensation and benefits are higher than income taxes owed on such compensation and benefits in country of residence	Not to exceed \$150,000 per year (\$250,000 for the Non-Executive Chairperson) (calculated on a grossed-up basis)

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.

**NOBLE CORPORATION PLC AND SUBSIDIARIES**  
**DIRECTORS' REMUNERATION REPORT & POLICY**

**Annual Report on Compensation**

The following is provided on an audited basis.

**Compensation of Executive Director**

The following table presents the compensation of our Executive Director.

	Base Salary		STIP <sup>(1)</sup>		LTIP <sup>(2)</sup>		Pensions <sup>(3)</sup>		All Other Compensation <sup>(4)</sup>		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Julie J. Robertson	882,083	842,917	1,947,000	1,439,900	1,638,644	869,141	1,092,894	—	255,428	89,268	5,816,049	3,241,226

(1) STIP payment attributable to 2019 performance and 2018 performance.

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

	PVRSU		TVRSU		Total	
	2019	2018	2019	2018	2019	2018
	\$	\$	\$	\$	\$	\$
Julie J. Robertson	354,670	255,960	1,283,974	613,181	1,638,644	869,141

(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. For 2018, the aggregate change in actuarial present value was a negative amount (-\$406,551 for Ms. Robertson). There are no deferred compensation earnings reported in this column, as the Group's nonqualified deferred compensations plans do not include any amounts that are above-market or preferential earnings on deferred compensation.

(4) The amounts in this column include non-US tax payments relating to a former expatriate assignment, savings plan contributions, business travel and accident insurance, tax preparation services and other forms of compensation.

**Compensation of Non-Executive Directors**

The following table presents the compensation of our Non-Executive Directors during 2019:

	Annual Retainer	Board/ Committee Meeting Fees	Lead Director / Committee Chairman	Total Fees	Annual Equity Award <sup>(1)</sup>	Other Compensation	Total
	\$	\$	\$	\$	\$	\$	\$
Julie H. Edwards	50,000	38,000	15,625	103,625	145,492	429	249,546
Gordon T. Hall	50,000	38,000	26,875	114,875	145,492	429	260,796
Roger W. Jenkins <sup>(2)</sup>	50,000	28,000	—	78,000	—	—	78,000
Scott D. Josey	50,000	28,000	10,000	88,000	145,492	429	233,921
Jon A. Marshall	50,000	37,000	20,000	107,000	145,492	429	252,921
Mary P. Ricciardello	50,000	28,000	20,000	98,000	145,492	429	243,921
<b>Total</b>	<b>300,000</b>	<b>197,000</b>	<b>92,500</b>	<b>589,500</b>	<b>727,460</b>	<b>2,145</b>	<b>1,319,105</b>

(1) The amounts disclosed in this column represent the vesting-date fair market value of awards.

(2) Mr. Jenkins joined the Board in October 2018 and therefore, did not have any equity vest during 2019.

**NOBLE CORPORATION PLC AND SUBSIDIARIES**  
**DIRECTORS' REMUNERATION REPORT & POLICY**

The following table presents the compensation of our Non-Executive Directors during 2018:

	Annual Retainer	Board/ Committee Meeting Fees	Lead Director / Committee Chairman	Total Fees	Annual Equity Award <sup>(1)</sup>	Other Compensation	Total
	\$	\$	\$	\$	\$	\$	\$
Ashley M. Almanza	25,000	30,000	—	55,000	355,603	711	411,314
Julie H. Edwards	50,000	52,000	10,000	112,000	131,356	282	243,638
Gordon T. Hall	50,000	52,000	32,500	134,500	131,356	282	266,138
Roger W. Jenkins	12,500	6,000	—	18,500	—	—	18,500
Scott D. Josey	50,000	38,000	10,000	98,000	131,356	282	229,638
Jon A. Marshall	50,000	30,000	10,000	90,000	131,356	282	221,638
Mary P. Ricciardello	50,000	44,000	20,000	114,000	131,356	282	245,638
<b>Total</b>	<b>287,500</b>	<b>252,000</b>	<b>82,500</b>	<b>622,000</b>	<b>1,012,383</b>	<b>2,121</b>	<b>1,636,504</b>

<sup>(1)</sup> The amounts disclosed in this column represent the vesting-date fair market value of awards.

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

The following table presents certain information about exercises of options during 2019 and outstanding options at 31 December 2019 held by our Executive Director:

Exercise Price	Expiry Date	Outstanding at 1/1/2019 <sup>(1)</sup>	Expired	Outstanding at 31/12/2019	Exercisable	Unexercisable
\$						
20.49	25 February 2019	47,018	(47,018)	—	—	—
32.78	6 February 2020	24,934	—	24,934	24,934	—
31.33	4 February 2021	41,792	—	41,792	41,792	—
30.59	3 February 2022	41,210	—	41,210	41,210	—
<b>Total</b>		<b>154,954</b>	<b>(47,018)</b>	<b>107,936</b>	<b>107,936</b>	<b>—</b>

<sup>(1)</sup> 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 \$1.22. The range of market prices during the financial year was between \$0.90 and \$3.64.

**NOBLE CORPORATION PLC AND SUBSIDIARIES**  
**DIRECTORS' REMUNERATION REPORT & POLICY**

**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 2019 are shown below. All amounts paid under the STIP are performance-based.

Components of Performance Bonus	How Determined	Weighting	2019 Results	Component Payout
EBITDA	EBITDA relative to budget	0.70	200%	1.40
Safety results	Total Recordable Incident Rate relative to International Association of Drilling Contractors offshore industry average	0.20	50%	0.10
Environmental stewardship	Focus on spill prevention (Loss of Primary Containment) relative to goal	0.10	—%	—
			Goal Achievement	1.50
			Amount funded	2.00
			Aggregate STIP Award (\$)	<u>1,947,000</u>

**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 2019 and 2018:

Year	TVRSU	PVRSU	Total
	\$	\$	\$
2019	2,215,724	2,555,515	4,771,239
2018	2,982,095 <sup>(1)</sup>	2,540,775	5,522,870

<sup>(1)</sup> Includes an inducement award with a grant date fair value of \$1,029,303 and an annual LTIP award with a grant date fair value of \$1,952,792.

*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 2019 for our Executive Director:

Award Date	End of Vesting Period <sup>(1)</sup>	Unvested RSU's Outstanding at 1/1/2019	RSU's Granted	RSU's Vested	Unvested RSU's Outstanding at 31/12/2019	Market Price Per Share on Grant Date	Market Value Per Share on 2019 Vesting Date	Value on 2019 Vesting Date
						\$	\$	\$
1/29/2016	1/29/2019	50,274	—	50,274	—	7.79	3.34	167,915
3/2/2017	3/2/2020	108,058	—	54,029	54,029	7.28	3.39	183,158
11/1/2018	11/1/2021	183,150	—	61,050	122,100	5.62	3.37	205,434
2/2/2018	2/2/2020	429,185	—	214,592	214,593	4.55	3.39	727,467
2/21/2019	2/21/2022	—	707,899	—	707,899	3.13	N/A	—
<b>Total</b>		<b>770,667</b>	<b>707,899</b>	<b>379,945</b>	<b>1,098,621</b>			<b>1,283,974</b>

<sup>(1)</sup> TVRSUs vest ratably over a two or three-year period.

**NOBLE CORPORATION PLC AND SUBSIDIARIES**  
**DIRECTORS' REMUNERATION REPORT & POLICY**

*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 2019 for our Executive Director:

Measurement Period	Vesting Date <sup>(1)</sup>	Unvested RSU's Outstanding at 1/1/2019	RSU's Granted	RSU's Vested	RSU's Forfeited	Unvested RSU's Outstanding at 31/12/2019 <sup>(2)</sup>	Fair Value Per Share on Grant Date	Market Value Per Share on 2019 Vesting Date	Value on 2019 Vesting Date
							\$	\$	\$
2016-2018	February 2019	352,382	—	105,714	246,668	—	3.81	3.36	354,670
2017-2019	February 2020	324,172	—	—	—	324,172	4.37	N/A	N/A
2018-2020	February 2021	858,370	—	—	—	858,370	2.96	N/A	N/A
2019-2021	February 2022	—	707,899	—	—	707,899	3.61	N/A	N/A
<b>Total</b>		<b>1,534,924</b>	<b>707,899</b>	<b>105,714</b>	<b>246,668</b>	<b>1,890,441</b>			<b>354,670</b>

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

(2) Prior to 1 January 2019, performance share units were awarded at the maximum level. Expressed at target, awards are 176,191, 162,086 and 429,185 for the measurement periods of 2016-2018, 2017-2019 and 2018-2020, respectively. 2019-2021 performance share units were awarded at the target level.

The performance vesting schedule presented in the table below to the left was applicable for the 2016-2018 and 2017-2019 performance cycle, the table below to the right is applicable for the 2018-2020 and 2019-2021 performance cycles.

Noble Ranking Among Driller Peer Group	Vesting Percentage of Awarded Units	Noble Ranking Among Driller Peer Group	Vesting Percentage of Awarded Units
1 <sup>st</sup> of 7 (Maximum Level)	100.0%	1 <sup>st</sup> of 5 (Maximum Level)	100.0%
2 <sup>nd</sup> of 7	83.3%	2 <sup>nd</sup> or 3 <sup>rd</sup> of 5	Percentage interpolated between 25.0% and 100.0% or the companies in the 1 <sup>st</sup> and 4 <sup>th</sup> positions
3 <sup>rd</sup> of 7	66.7%		
4 <sup>th</sup> of 7 (Target Level)	50.0%		
5 <sup>th</sup> of 7	33.3%	4 <sup>th</sup> of 5	25.0%
6 <sup>th</sup> of 7	16.7%	5 <sup>th</sup> of 5	0%
7 <sup>th</sup> of 7	0%		

**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 <sup>(1)</sup>	Present Value of Accumulated Benefit <sup>(1)(2)</sup>	Payments During 2019	Change in Pension Value and Non- Qualified Deferred Compensation Earnings <sup>(3)</sup>
		\$	\$	\$
Salaried Employees' Retirement Plan <sup>(4)</sup>	28	1,421,952	—	206,875
Retirement Restoration Plan <sup>(4)</sup>	28	5,786,679	—	886,019



**NOBLE CORPORATION PLC AND SUBSIDIARIES**  
**DIRECTORS' REMUNERATION REPORT & POLICY**

- (1) Computed as at 31 December 2019.
- (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. There are no deferred compensation earnings reported in this column, as the Group's nonqualified deferred compensations plans do 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 or former directors for the year ended 31 December 2019.

**Payments for Loss of Office**

There were no payments for loss of office for the year ended 31 December 2019.

**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/her 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. Other than Mr. Jenkins who joined the Board in October 2018, all of our Directors are in compliance with the share ownership requirements.

The following table provides details on the Directors' shareholdings as at 31 December 2019:

Director	Beneficially Owned Shares	Vested but Unexercised Options	Restricted Stock Unit Awards Subject to Performance or Vesting Conditions <sup>(1)</sup>	Weighted Average Exercise Price of Vested Options
				\$
Julie J. Robertson	1,300,084	107,936	2,989,062	31.38
Julie H. Edwards	189,302	—	42,918	—
Gordon T. Hall	143,678	—	42,918	—
Roger W. Jenkins	—	—	42,918	—
Scott D. Josey	104,118	—	42,918	—
Jon A. Marshall	192,212	—	42,918	—
Mary P. Ricciardello	191,025	—	42,918	—

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

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

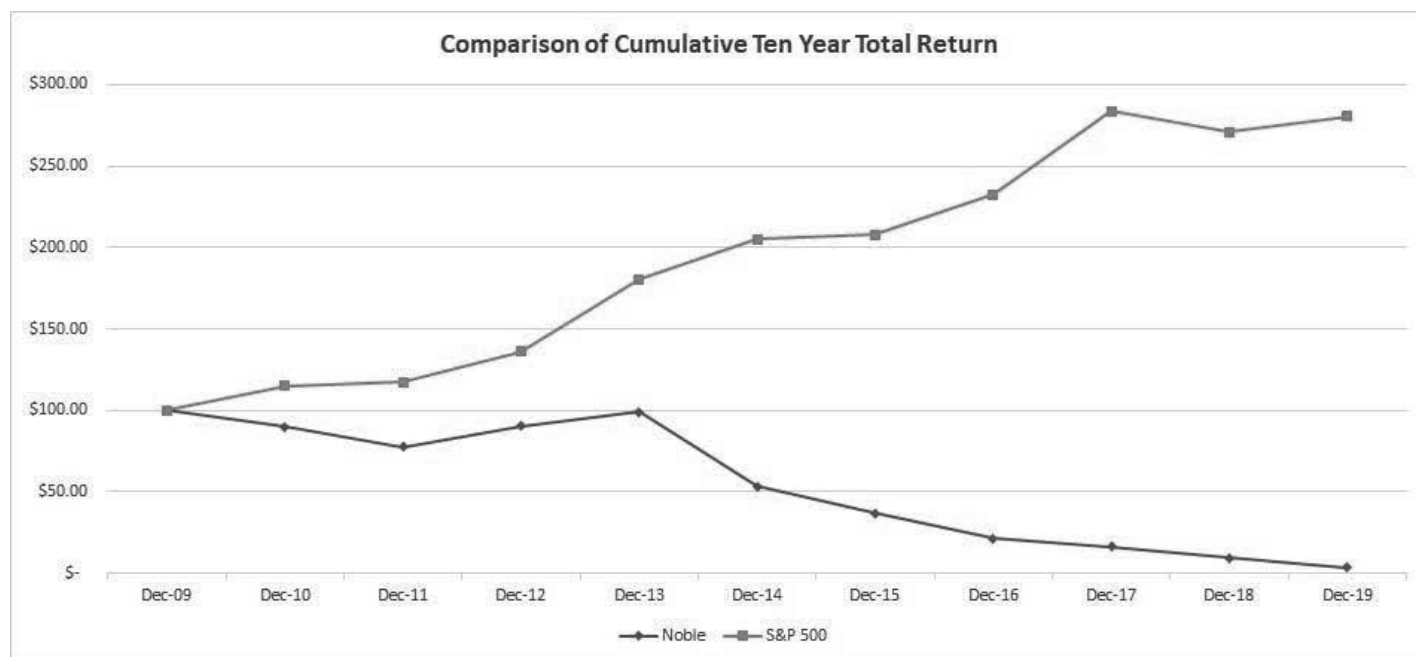
No options were exercised by the Directors during the year ended 31 December 2019.

# NOBLE CORPORATION PLC AND SUBSIDIARIES DIRECTORS' REMUNERATION REPORT & POLICY

**The Following Information is Unaudited.**

## Stock Performance Graph

The chart below presents a comparison of the ten-year cumulative total return, assuming \$100 was invested on 31 December 2009 for Noble-UK and the Standard & Poor's 500 Index. Total return assumes the reinvestment of dividends, if any, in the security on the ex-dividend date.



## Chief Executive Officer's Compensation in the Past Ten Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
CEO single figure <sup>(1)</sup> (\$)	7,449,875	6,124,526	7,887,455	7,039,906	11,046,727	6,615,399	5,082,017	5,501,934	3,239,969	5,816,049
Bonus (% of maximum awarded)	63%	28%	25%	71%	92%	61%	50%	78%	77%	100%
Performance-based LTI (% of maximum vesting)	44%	—%	21%	—%	45%	—%	56%	50%	40%	30%

<sup>(1)</sup> 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 36.

## 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 2018 and 2019 for the CEO compared to the average of such compensation for the US 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 <sup>(1)</sup>
CEO	4.6%	35.2%	109.4 %
Average of US shorebased administrative employees <sup>(2)</sup>	4.2%	6.0%	(12.9)%

# NOBLE CORPORATION PLC AND SUBSIDIARIES

## DIRECTORS' REMUNERATION REPORT & POLICY

- (1) For comparability, this is calculated using the TVRSU award vestings in 2018 and 2019. 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 US shorebased administrative employees who are STIP eligible employed in both the year ended 31 December 2018 and the year ended 31 December 2019.

### CEO Pay Ratio

The table below shows the 2019 CEO single total figure against UK employee pay and benefits costs.

Year	Method	25 <sup>th</sup> Percentile Pay Ratio	Median Pay Ratio	75 <sup>th</sup> Percentile Pay Ratio
Pay and benefits*		69,128	84,737	114,070
Pay ratio		84:1	68:1	50:1

*\*Pound Sterling has been converted to US Dollars utilizing an 2019 average annual exchange rate (GBP:USD 1.0:1.3)*

Our ratios have been calculated using Option A methodology. Under this option, the ratios are computed using the full-time equivalent pay and benefits for UK employees actively employed on 31 December 2019, the sum of which includes:

- annualized full time equivalent salaries and allowances;
- STIP awards relating to 2019;
- the value of stock awards and long-term cash incentive awards that vested during 2019;
- employer-paid life, AD&D and long-term disability coverage and matching contributions to retirement plans;
- the change in pension value between 31 December 2018 to 31 December 2019 if applicable; and
- a pro-rata allocation with the change in pension value among UK employees.

For 2019, the UK employee base consisted of 50 onshore workers and 220 offshore workers. We chose Option A because we believe looking at the pay and benefits packages at an individual level provides the most accurate result.

Please keep in mind that there are numerous ways to determine pay ratios, including variations in the employee population sampled, the elements of pay and benefits used and assumptions made. In addition, no two companies have identical employee populations or compensation programs, and pay, benefits and retirement plans differ by country even within the same company. As such, our CEO Pay Ratio may not be comparable to the pay ratio reported by other companies, including our peer companies in the offshore drilling industry.

### Relative Importance of Spend on Pay

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

	Year Ended 31 December		% change
	2019	2018	
Employee costs (\$'000s)	369,842	327,510	13 %
Average number of employees	2,988	2,592	15 %
Revenues from continuing operations (\$'000s)	1,305,438	1,082,826	21 %
Loss from continuing operations before income taxes (\$'000s)	(799,806)	(901,427)	(11)%

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 84%) 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 Meridian Compensation Partners, LLC, an independent consulting firm, to serve as the committee's compensation consultant.

**NOBLE CORPORATION PLC AND SUBSIDIARIES  
DIRECTORS' REMUNERATION REPORT & POLICY**

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 Officer 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. The total fees paid to Meridian Compensation Partners, LLC for their services was \$156,643 for 31 December 2019.

**Statement of Voting at General Meeting**

At the Annual General Meeting in April 2019, the shareholder advisory vote on executive compensation received the following votes:

	<b>Votes</b>	<b>% of Total Votes</b>
Votes Cast in Favour	92,443,352	56 %
Votes Cast Against	71,990,429	44 %
<b>Total Votes Cast in Favour or Against</b>	<b>164,433,781</b>	<b>100%</b>

Votes Withheld	1,934,102
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**Approval of Directors' Remuneration Report**

At the Annual General Meeting in April 2019, the shareholder advisory vote on the Directors' Remuneration Report received the following votes:

	<b>Votes</b>	<b>% of Total Votes</b>
Votes Cast in Favor	95,407,009	58 %
Votes Cast Against	70,173,091	42 %
<b>Total Votes Cast in Favor or Against</b>	<b>165,580,100</b>	<b>100%</b>

Votes Withheld	787,783
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**Approval of Directors' Remuneration Policy**

At the Annual General Meeting in April 2019, the shareholder vote on the Directors' Remuneration Policy received the following votes:

	<b>Votes</b>	<b>% of Total Votes</b>
Votes Cast in Favor	97,078,528	59 %
Votes Cast Against	67,295,495	41 %
<b>Total Votes Cast in Favor or Against</b>	<b>164,374,023</b>	<b>100%</b>

Votes Withheld	1,993,860
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At the Annual General Meeting in April 2019, the committee received 58% support for the Directors' Remuneration Report. In the past few years, the Group conducted an extensive shareholder outreach effort regarding compensation matters through a wide-ranging dialogue between management, our Lead Director (and member of the compensation committee), and numerous shareholders to, among other things, understand the reasoning behind shareholder votes against the Directors' Remuneration Report and Policy.

The Directors' Remuneration Report and Policy was approved by the Board of Directors on 6 March 2020 and signed on its behalf by,  
Jon A. Marshall

**Chairman of the Compensation Committee**

# ***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 2019 and of the group's loss and cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (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 and parent company statements of financial position as at 31 December 2019; the consolidated income statement and consolidated statement of comprehensive income, the consolidated statement of cash flows, and the consolidated and parent company statements 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### **Material uncertainty related to going concern**

In forming our opinion on the group financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 2.02 of the group financial statements and note 2.2 of the company financial statements concerning the group's and company's ability to continue as a going concern. The group does not expect to have sufficient financial resources to be able to pay a potential adverse judgement from the Paragon offshore litigation trust legal claim, and potentially may not be able to successfully refinance certain of the company's debt maturities or renegotiate certain covenants of its 2017 Credit Facility prior to the end of June 2021. These matters indicate the existence of material uncertainties which may cast significant doubt about the group's and company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group and company were unable to continue as a going concern.

#### **Explanation of the material uncertainties**

The Paragon Offshore litigation trust has filed claims against the group and company and is seeking damages of approximately \$2.6 billion. The company believes the claims by the litigation trust are without merit and intends to defend itself vigorously. The claim is scheduled for a court date in September 2020 and the company's current estimated loss related to the final disposition of this matter is \$100 million. If the litigation trust's claims give rise to an adverse judgement or if the group and company elect to settle the claim for an amount meaningfully in excess of the amount recognised at 31 December 2019, then the group and company may not have sufficient liquidity to meet the claim and so continue as a going concern, and hence the outcome of this litigation matter gives rise to a material uncertainty relating to going concern. Management's liquidity and cashflow forecasts indicate that management are dependent on securing additional financial sources on reasonable terms or renegotiating certain covenants of the 2017 Credit Facility prior to the end of June 2021.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NOBLE CORPORATION PLC

## Audit procedures performed

As noted below we have set out in the Key Audit Matter - Paragon Litigation, how we have considered management's estimated loss accrual and related disclosure and have set out our related audit work performed. In relation to the material uncertainty related to going concern we have in addition reviewed management's liquidity and cash flow forecasts to assess whether the group and company has sufficient currently available facilities to meet an adverse outcome on this claim.

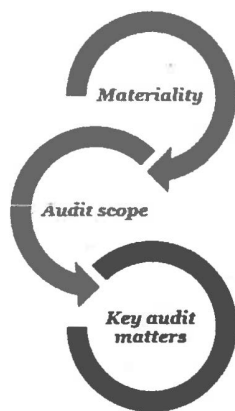
Additionally, we reviewed management's liquidity and cashflow forecasts. Our procedures included the following:

- Tested the mathematical accuracy of the forecasts, and the calculation of the liquidity and covenant compliance.
- Tested a sample of forecasted contracted revenue to contract support, challenged management on the value of uncontracted revenue and key underlying assumptions.
- Tested forecasted expenses and capex by comparing to historic levels and level of activity and,
- Tested working capital assumptions to historic performance.

We read the disclosures made in note 2.02 of the group financial statements and note 2.2 of the company financial statements and considered whether they fully included the appropriate facts and disclosures required in relation to this material uncertainty and are consistent with the evidence obtained.

## **Our audit approach**

### *Overview*



- Overall group materiality: \$30m (2018: \$30m)
- Overall parent company materiality: \$11.8 million (2018: \$11.6 million), based on 1% of total assets.
- 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).
- The company's headquarters are in London, however it maintains 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.
- Fixed Asset Impairment (Group)
- Uncertain Tax Positions (Group)
- Paragon Litigation (Group and Parent)
- Valuation of Investments in Subsidiaries (Parent)
- Recoverability of deferred tax asset (Group)
- Going Concern (Group and Parent)

### *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. In addition to going concern, described in the Material uncertainty related to going concern section above, we determined the matters described below to be the key audit matters to be communicated in our report. This is not a complete list of all risks identified by our audit.

**Key audit matter****How our audit addressed the key audit matter****Fixed Asset Impairment (Group)**

Noble has 25 rigs and related assets with a net book value of \$3,385.3 million as at 31 December 2019.

Due to the current market environment there have been indicators of impairment on specific rigs and related assets and those fixed assets have been subject to impairment testing.

An impairment charge of \$700.1 million has been recorded against these balances in the current year.

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.

The key estimates and assumptions assessed include but are not limited to:

- timing of future contract awards
- expected operating day rates and future operating costs
- forecast utilisation of the rigs
- the discount rate applied to future cash flows

We assessed the group's rigs by reference to specification, primarily splitting the fleet between semi-submersible and drillships (12 rigs), non-high spec jack-ups (3) and high spec jack-up rigs (10 rigs) and applied separate audit procedures to the first two types compared to the high spec jack-ups.

Based on the year end contracted position and the lack of deterioration in day rates within the high spec jack up fleet, management concluded that there was no impairment trigger for these rigs. We have assessed this conclusion for the high spec jack-up rigs by testing the current latest contracted position of a sample of the rigs including vouching of day rates and further market assessment of the high spec jack-up marketplace.

In assessing the fleet of the Noble group, we identified 12 rigs for further consideration based upon the underlying assumptions applied to those specific models. The cash flow models for the untested rigs are based on similar assumptions and have sufficient headroom which does not indicate any impairment charge.

We tested 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.

In respect of the 12 rigs in total that we focused our additional audit procedures on, we assessed the directors' assumptions for future cash flows in the plan, by:

- testing the effectiveness of controls specific to property, plant and equipment impairment, including controls over management's review of the assumptions used in the impairment assessment.
- agreeing contracted day rates to the historical contracted day rate per the contract summaries for each rig selected for testing.
- comparing forecast day rates from current and historical external market reports where possible to the day rates used in the cash flow model.
- comparing the daily operating cost and utilisation of rigs assumptions to historical performance and based on our knowledge of the industry.

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.

We found that management's assumptions are supportable and did not identify any material misstatement as a result of the procedures performed.

***Uncertain Tax Positions (Group)***

As described in Note 7 to the consolidated financial statements, Noble has a provision for uncertain tax positions, including interest and penalties, of \$137.5 million as at 31 December 2019.

The group operates in multiple tax jurisdiction and tax returns filed in those countries are subject to review and examination by local tax authorities with the rules in some jurisdiction being complex to interpret.

The group recognises uncertain tax positions based on the most likely method as management believes that this method better predicts the resolution of the uncertainty as the possible outcome are binary or are concentrated on one value. 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.

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 tested the effectiveness of controls relating to the completeness and accuracy of uncertain tax positions and evaluated the process by which the directors calculated each tax exposure. This included testing the probability assessment used in developing the estimated exposure and testing the mathematical accuracy of the underlying calculations.

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.

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.

We held discussions with Noble's tax specialist team throughout the year, in order to keep track of new jurisdiction 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 and to assess the reasonableness of the significant assumptions within the model including the reasonableness of management's most likely method of determination under relevant tax laws and regulations in the applicable jurisdiction.

We did not identify any material misstatement as a result of the procedures performed and found that the liabilities and potential exposure were appropriately disclosed in the financial statements.

***Paragon Litigation (Group and Parent)***

The financial statements disclose significant ongoing legal claims against the company from Paragon Offshore litigation trust relating to the spin-off and subsequent bankruptcy of Paragon Offshore.

The pending litigation alleges significant claims against the company and is seeking damages of approximately \$2.6 billion.

The company continues to believe the claims by the litigation trust are without merit and will be contested. Based on the status of legal procedures, the company's current estimated loss related to the final disposition of this matter is \$100.0 million, which the company recorded as a general and administrative expense for the year ended 31 December 2019 and is reflected as a current liability as of 31 December 2019.

The total damages sought from the company is a highly significant balance and there is judgement involved in assessing what the estimated loss in relation to the matter and whether the related disclosures sufficiently describe the situation.

We tested the effectiveness of controls relating to legal contingencies, including controls over management's review of commitments and contingencies reserves and disclosures.

We held discussions and confirmed facts with management's internal and external legal experts and reviewed legal letters received from external counsel.

We reviewed correspondence between parties and discussed the latest position and accrual made with executive management and those charged with governance at the group.

We read the disclosures made in note 3 and 20 and considered whether they fully included the appropriate facts and disclosures required by considering whether it was consistent with evidence obtained.

As noted above in the Material uncertainty related to going concern section, we considered the impact of a potential negative outcome on management's going concern assessment.



**Valuation of Investments in Subsidiaries (Parent)**

The parent company has an investment in other Noble group subsidiaries, with a carrying value of \$1,176.5 million.

Due to the current market environment there have been several indicators of impairment of the investment in the Noble group subsidiaries which has resulted in the investments becoming subject to impairment testing.

Our audit focused on the risk that the carrying value of investments in subsidiaries could be overstated.

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.

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:

- agreeing contracted day rates to the historical contracted day rate per the contract summaries for each rig selected for testing.
- comparing forecast day rates from current and historical external market reports where possible to the day rates used in the cash flow model.
- comparing the daily operating cost and utilisation of rigs assumptions to historical performance and on our knowledge of the industry.

We reviewed the reconciliation of the market capitalisation of the group to the recoverable amount of the investment.

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 a discount rate across all rigs and ensured the mathematical accuracy of its application in the value in use calculations.

We did not identify any material misstatement as a result of the procedures performed and the disclosures appropriately draw attention to the significant areas of estimate and judgement.

**Recoverability of deferred tax asset (Group)**

The Group recorded deferred tax assets (net) of \$196.1 million as of 31 December 2019. The deferred tax asset mainly relates to disallowable interest carried forward, net operating losses carried forward and deductible temporary differences associated with defined benefit obligations.

The evaluation of recoverability of Deferred tax assets is complex under IAS 12 and there are specific judgements and estimates, including the assessment of future cashflows, involved in assessing the likelihood of recoverability which could impact the valuation of deferred tax assets recorded.

We evaluated the following attributes of the deferred tax models to assess the recoverability of deferred tax assets for the UK and US territories separately:

- confirmed that the losses can be utilised under the relevant tax laws
- performed testing on the reversal of temporary differences of the deferred tax assets
- tested the cash flows in management's assessment as reflected in the key audit matter – "Fixed Assets Impairment – Group"
- tested that the rigs are tagged to appropriate tax jurisdiction that drives the calculation in the model

We did not identify any material misstatement as a result of the procedures performed and the disclosures appropriately draw attention to the significant areas of estimate and judgement.

## *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:

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NOBLE CORPORATION PLC

	<i>Group financial statements</i>	<i>Parent company financial statements</i>
<b>Overall materiality</b>	\$30m (2018: \$30m).	\$11.8 million (2018: \$11.6 million).
<b>How we determined it</b>	Based on the highly cyclical nature of Noble's business, we have concluded that pre-tax income or loss for the current year is not the most meaningful benchmark for determining overall materiality. Thus, we have considered alternative benchmarks including total revenues, EBITDA and total assets. These benchmarks yielded materiality levels ranging from \$8 million to \$41 million. We used our professional judgement to determine an overall materiality level of \$30 million.	1% of total assets.
<b>Rationale for benchmark applied</b>	<p>The engagement team's consideration of the alternative benchmarks is explained as follows:</p> <ol style="list-style-type: none"> <li>1) Total Revenue - Total revenues is a measure followed by analysts and investors, however, total revenues are primarily determined by the underlying utilization and dayrates which can be volatile due to a number of factors such as crude oil price, relocation of rigs between markets, and the construction of new rigs.</li> <li>2) EBITDA - EBITDA can be calculated by the users of the financial statements, this is not a measure that the company discloses in press releases or SEC filings. Additionally, Noble does not have any debt covenants that are tied to an EBITDA measure.</li> <li>3) Total Assets - Noble is a capital-intensive company with its primary assets consisting of 25 offshore drilling rig units. We note total assets is not a measure focused on by the users of the financial statements.</li> </ol> <p>Based on the aforementioned discussion and the range of materiality levels as calculated using the above benchmarks, we have used our reasoned professional judgement and concluded our overall materiality level to be \$30 million.</p>	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.

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 \$5.5 million and \$28.5 million.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above \$3m (Group audit) (2018: \$3m) and \$1.1 million (Parent company audit) (2018: \$1.1 million) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

## 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*

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 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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*

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' Report, 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](http://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.

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## Other required reporting

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### 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  
10 March 2020

**NOBLE CORPORATION PLC AND SUBSIDIARIES**  
**CONSOLIDATED INCOME STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	Year Ended	
		31 December 2019	31 December 2018
		\$'000	\$'000
<b>Revenue</b>	4	1,305,438	1,082,826
<b>Expenditures</b>			
Operating costs pre-impairment loss	5	(1,162,122)	(1,039,410)
Impairment loss	5,11	(700,104)	(648,483)
	5	(1,862,226)	(1,687,893)
<b>Operating loss</b>		(556,788)	(605,067)
Finance costs	6	(280,125)	(304,662)
Finance income	6	37,107	8,302
<b>Net finance costs</b>		(243,018)	(296,360)
<b>Loss before income tax</b>		(799,806)	(901,427)
Income tax credit	7	69,694	130,557
Net loss from continuing operations		(730,112)	(770,870)
Net loss from discontinued operations, net of tax	8	(3,821)	—
<b>Net loss for the year</b>		(733,933)	(770,870)
Less net loss/(income) attributable to non-controlling interests	9	(7,204)	85,104
<b>Net loss attributable to Noble Corporation plc</b>		(741,137)	(685,766)
<b>Net loss attributable to Noble Corporation plc:</b>			
Loss from continuing operations, less non-controlling interests		(737,316)	(685,766)
Net loss from discontinued operations, net of tax	8	(3,821)	—
<b>Net loss attributable to Noble Corporation plc</b>		(741,137)	(685,766)
<b>Basic and diluted loss per share:</b>	10		
Loss from continuing operations (\$)		(2.96)	(2.78)
Loss from discontinued operations (\$)		(0.02)	—
Net loss attributable to Noble Corporation plc (\$)		(2.98)	(2.78)
Weighted average shares ('000's)		248,949	246,614

See accompanying notes to the consolidated financial statements.

**NOBLE CORPORATION PLC AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	Year Ended	
		31 December 2019	31 December 2018
		\$'000	\$'000
<b>Net loss for the year</b>		(733,933)	(770,870)
<b>Other comprehensive (expenses)/income</b>			
<i>Items that will be reclassified to income statement in subsequent years:</i>			
Foreign currency translation adjustments	18	260	(2,729)
<i>Items that will not to be reclassified to income statement in subsequent years:</i>			
Re-measurements of retirement benefit obligations, gross of tax	7	(298)	(18,111)
Re-measurements of retirement benefit obligations, tax (expense)/credit	7	278	3,251
Total other comprehensive (expense)/income, net of tax	18	240	(17,589)
Total comprehensive loss for the year, net of tax		(733,693)	(788,459)
Less total comprehensive loss/(income) for the year attributable to non-controlling interests	9	(7,204)	85,104
<b>Total comprehensive loss for the year attributable to Noble Corporation plc</b>		<b>(740,897)</b>	<b>(703,355)</b>

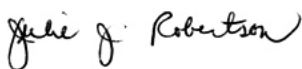
See accompanying notes to the consolidated financial statements.

**NOBLE CORPORATION PLC AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2019**

	Notes	As at 31 December 2019 \$'000	As at 31 December 2018 \$'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment	11	3,385,336	4,023,507
Deferred tax assets	7	197,672	127,338
Trade and other receivables	12	73,429	106,489
<b>Total non-current assets</b>		<b>3,656,437</b>	<b>4,257,334</b>
<b>Current assets</b>			
Cash and cash equivalents	13	105,924	375,907
Trade and other receivables	12	256,412	262,651
Taxes receivable	7	59,771	20,498
<b>Total current assets</b>		<b>422,107</b>	<b>659,056</b>
<b>Total assets</b>		<b>4,078,544</b>	<b>4,916,390</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Interest bearing loans and borrowings	14	3,779,499	3,877,402
Deferred tax liabilities	7	1,509	1,056
Trade and other payables	15	121,966	251,369
Retirement benefit obligations	16	43,554	44,152
<b>Total non-current liabilities</b>		<b>3,946,528</b>	<b>4,173,979</b>
<b>Current liabilities</b>			
Interest bearing loans and borrowings	14	62,505	—
Trade and other payables	15	420,201	333,929
Taxes payable	7	123,040	28,960
Retirement benefit obligations	16	2,535	1,062
<b>Total current liabilities</b>		<b>608,281</b>	<b>363,951</b>
<b>Total liabilities</b>		<b>4,554,809</b>	<b>4,537,930</b>
<b>Equity</b>			
Share capital	18	2,492	2,468
Other reserves	18	679,402	668,364
(Accumulated losses)/retained earnings		(1,158,159)	(469,482)
Equity attributable to equity holders of the parent		(476,265)	201,350
Non-controlling interests		—	177,110
<b>Total equity</b>		<b>(476,265)</b>	<b>378,460</b>
<b>Total liabilities and equity</b>		<b>4,078,544</b>	<b>4,916,390</b>

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 6 March 2020. They were signed on behalf of the Board by:



**Julie J. Robertson**  
Executive Director



**NOBLE CORPORATION PLC AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

	Share Capital (Note 18)	Other Reserves (Note 18)	Retained Earnings/ (Accumulated Losses)	Non- Controlling Interest	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance as at 1 January 2018</b>	<b>2,450</b>	<b>669,846</b>	<b>214,659</b>	<b>289,793</b>	<b>1,176,748</b>
Net loss for the year	—	—	(685,766)	(85,104)	(770,870)
Other comprehensive loss	—	(17,589)	—	—	(17,589)
Total comprehensive loss	—	(17,589)	(685,766)	(85,104)	(788,459)
Amortisation of share-based compensation	—	19,613	—	—	19,613
Issuance of share-based compensation shares	18	(18)	—	—	—
Shares withheld from taxes on equity activity	—	(3,488)	—	—	(3,488)
Dividend equivalents <sup>(1)</sup>	—	—	80	—	80
Dividends paid to non-controlling interests	—	—	—	(27,579)	(27,579)
Tax effect of intra-entity transfers	—	—	1,545	—	1,545
<b>Balance as at 31 December 2018</b>	<b>2,468</b>	<b>668,364</b>	<b>(469,482)</b>	<b>177,110</b>	<b>378,460</b>
Net (loss)/income for the year	—	—	(741,137)	7,204	(733,933)
Other comprehensive income	—	240	—	—	240
Total comprehensive (loss)/income	—	240	(741,137)	7,204	(733,693)
Amortisation of share-based compensation	—	13,625	—	—	13,625
Issuance of share-based compensation shares	24	(24)	—	—	—
Shares withheld from taxes on equity activity	—	(2,803)	—	—	(2,803)
Purchase of noncontrolling interest	—	—	52,460	(159,205)	(106,745)
Dividends paid to non-controlling interests	—	—	—	(25,109)	(25,109)
<b>Balance as at 31 December 2019</b>	<b>2,492</b>	<b>679,402</b>	<b>(1,158,159)</b>	<b>—</b>	<b>(476,265)</b>

<sup>(1)</sup> Activity associated with dividend equivalents, which are related to 2016 performance awards to be paid upon vesting.

See accompanying notes to the consolidated financial statements.

**NOBLE CORPORATION PLC AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	Year Ended	
		31 December 2019	31 December 2018
		\$'000	\$'000
<b>Operating activities</b>			
Net loss for the year		(733,933)	(770,870)
Adjustments to reconcile net loss to net cash from operating activities:			
Depreciation and amortisation	5	249,098	294,526
Loss on impairment	5	700,104	648,483
(Gain)/loss on extinguishment of debt	6	(30,616)	1,793
Deferred income tax benefit	7	(60,805)	(80,947)
Share-based compensation expense	17	13,625	19,613
Other changes in assets and liabilities	11,14	58,315	59,253
Net cash generated from operating activities		195,788	171,851
<b>Investing activities</b>			
Capital expenditures	11	(268,783)	(194,779)
Proceeds from disposal of assets	11	12,753	5,402
Net cash used in investing activities		(256,030)	(189,377)
<b>Financing activities</b>			
Borrowings on credit facilities	14	755,000	—
Issuance of senior notes	14	—	750,000
Repayments on credit facilities	14	(420,000)	—
Repayments of senior notes	14	(400,000)	(972,708)
Debt issuance costs	14	(1,092)	(15,639)
Net outflow from employee stock transactions		(2,779)	(3,470)
Finance lease payments	19	(9,016)	—
Dividends paid to joint venture partners	9	(25,109)	(27,579)
Purchase of noncontrolling interest	9	(106,745)	—
Net cash used in financing activities		(209,741)	(269,396)
Net change in cash, cash equivalents and restricted cash		(269,983)	(286,922)
Cash, cash equivalents and restricted cash, beginning of year	13	375,907	662,829
Cash, cash equivalents and restricted cash, end of year	13	105,924	375,907

See accompanying notes to the consolidated financial statements.

**NOBLE CORPORATION PLC AND SUBSIDIARIES**  
**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 10 Brook Street, Second Floor, London, England, W1S1BG.

We are a leading offshore drilling contractor for the oil and gas industry. We provide contract drilling services to the international oil and gas industry with our global fleet of mobile offshore drilling units. As of the filing date of this Annual Report, our fleet of 25 drilling rigs consisted of 12 floaters and 13 jackups.

At 31 December 2019, our fleet was located in Canada, Far East, Asia, the Middle East, the North Sea, Oceania, South America and the US Gulf of Mexico. Noble and its predecessors have been engaged in the contract drilling services 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.

**2.01 —Basis of Preparation**

The consolidated financial statements of the Group have been prepared in accordance with the Companies Act 2006 as applicable to companies using International Financial Reporting Standards (“IFRS”) as adopted by the European Union (“EU”) and interpretations issued by the IFRS Interpretations Committee (“IFRS IC”). The financial statements have been prepared on a historical cost basis, except for where otherwise disclosed.

The consolidated financial statements were authorised for issue by the Board of Directors on 6 March 2020.

**2.02 —Going Concern**

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 Group for the period of 12 months from the date of signing of these financial statements, and for the subsequent foreseeable future. As a result, we continue to adopt the going concern basis in preparing the consolidated financial statements. Subject to the Paragon matter discussed below, we have a reasonable expectation that the Group has adequate resources to continue in operational existence for the 12 month evaluation period. In addition to the Paragon matter discussed below, we are dependent upon our ability to secure additional financing sources on reasonable terms or renegotiate certain covenants of the 2017 Credit Facility prior to the end of June 2021. The Paragon Offshore litigation trust has filed claims against the Group and certain of its current and former directors and officers. These claims are related to the spin-off and subsequent bankruptcy of Paragon Offshore. The litigation trust is seeking total claimed damages of approximately \$2.6 billion. The Group believes the claims by the litigation trust are without merit and intends to defend itself vigorously. The Group’s estimated loss in relation to the final disposition of this matter is \$100.0 million. The Group does not expect to have sufficient financial resources to be able to pay a potential adverse judgement meaningfully in excess of the amount we have recognised at 31 December 2019. In addition to the Paragon matter, the potential of the Group not being able to successfully refinance certain of its debt maturities or renegotiate certain covenants of the 2017 Credit Facility prior to the end of June 2021 represents a material uncertainty that may cast significant doubt on the Group’s ability to continue as a going concern beyond the 12 month evaluation period. Both of these matters, individually and in the aggregate, represent material uncertainties that may cast significant doubt on the Group’s ability to continue as a going concern. See “Note 20— Commitments and Contingencies” for more information on the litigation. The Group’s and Company’s financial statements do not include the adjustments that would result if the Group and Company were unable to continue as a going concern.

**2.03 —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.

**NOBLE CORPORATION PLC AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

Amendments to IFRS 10 and IAS 28

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Amendment to IFRS 3 Business Combination

Business Combination

*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. We are currently evaluating the impact of these amendments and do not expect our adoption to have material impact on the Group.

*Amendment to IFRS 3: Business Combination*

On 22 October 2018, the IASB issued amendments to the guidance in IFRS 3 *Business Combinations* that revises the definition of a business. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs. To be a business without outputs, there will now need to be an organised workforce. This amendment clarifies that obtaining control of a business that is a joint operation is a business combination achieved in stages. The acquirer should remeasure its previously held interest in the joint operation at fair value as of the acquisition date. We are currently evaluating the impact of these amendments and do not expect our adoption to have material impact on the Group.

**2.04 —Basis of Consolidation**

(a) Acquisitions of entities controlled by the Group

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 three joint ventures. In 2019, the Group purchased Royal Dutch Shell plc's ("Shell") interest in the two joint ventures 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 Judgements, Estimates and Assumptions" for additional 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 with any differences expressed into goodwill. 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 acquiree 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 either in income 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

**NOBLE CORPORATION PLC AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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 income 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 income or loss.

## **2.05 — 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.

## **2.06 — 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.

## **2.07 —Revenue Recognition**

The activities that primarily drive the revenue earned in our drilling contracts include (i) providing a drilling rig and the crew and supplies necessary to operate the rig, (ii) mobilising and demobilising the rig to and from the drill site, and (iii) performing rig preparation activities and/or modifications required for the contract. Consideration received for performing these activities may consist of dayrate drilling revenue, mobilisation and demobilisation revenue, contract preparation revenue and reimbursement revenue. We account for these integrated services provided within our drilling contracts as a single performance obligation satisfied over time and comprised of a series of distinct time increments in which we provide drilling services.

Our standard drilling contracts require that we operate the rig at the direction of the customer throughout the contract term (which is the period we estimate to benefit from the corresponding activities and generally ranges from two to 60 months). The activities performed and the level of service provided can vary hour to hour. Our obligation under a standard contract is to provide whatever level of service is required by the operator, or customer, over the term of the contract. We are, therefore, under a stand-ready obligation throughout the entire contract duration. Consideration for our stand-ready obligation corresponds to distinct time increments, though the rate may be variable

**NOBLE CORPORATION PLC AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

depending on various factors, and is recognised in the period in which the services are performed. The total transaction price is determined for each individual contract by estimating both fixed and variable consideration expected to be earned over the term of the contract. We have elected to exclude from the transaction price measurement all taxes assessed by a governmental authority. See further discussion regarding the allocation of the transaction price to the remaining performance obligations below.

The amount estimated for variable consideration may be subject to interrupted or restricted rates and is only included in the transaction price to the extent that it is probable that a significant reversal of previously recognised revenue will not occur throughout the term of the contract (“constrained revenue”). When determining if variable consideration should be constrained, management considers whether there are factors outside the Group’s control that could result in a significant reversal of revenue as well as the likelihood and magnitude of a potential reversal of revenue. These estimates are re-assessed each reporting period as required.

*Dayrate Drilling Revenue.* Our drilling contracts generally provide for payment on a dayrate basis, with higher rates for periods when the drilling unit is operating and lower rates or zero rates for periods when drilling operations are interrupted or restricted. The dayrate invoices billed to the customer are typically determined based on the varying rates applicable to the specific activities performed on an hourly basis. Such dayrate consideration is allocated to the distinct hourly increment it relates to within the contract term, and therefore, recognised in line with the contractual rate billed for the services provided for any given hour.

*Mobilisation/Demobilisation Revenue.* We may receive fees (on either a fixed lump-sum or variable dayrate basis) for the mobilisation and demobilisation of our rigs. These activities are not considered to be distinct within the context of the contract and, therefore, the associated revenue is allocated to the overall performance obligation and the associated pre-operating costs are deferred. We record a contract liability for mobilisation fees received and a deferred asset for costs. Both revenue and pre-operating costs are recognised ratably over the initial term of the related drilling contract.

In most contracts, there is uncertainty as to the amount of expected demobilisation revenue due to contractual provisions that stipulate that certain conditions must be present at contract completion for such revenue to be received and as to the amount thereof, if any. For example, contractual provisions may require that a rig demobilise a certain distance before the demobilisation revenue is payable or the amount may vary dependent upon whether or not the rig has additional contracted work within a certain distance from the wellsite. Therefore, the estimate for such revenue may be constrained, as described earlier, depending on the facts and circumstances pertaining to the specific contract. We assess the likelihood of receiving such revenue based on past experience and knowledge of the market conditions. In cases where demobilisation revenue is expected to be received upon contract completion, it is estimated as part of the overall transaction price at contract inception or the applicable reporting date and recognised in earnings ratably over the initial or remaining term of the contract with an offset to an accretive contract asset.

*Contract Preparation Revenue.* Some of our drilling contracts require downtime before the start of the contract to prepare the rig to meet customer requirements. At times, we may be compensated by the customer for such work (on either a fixed lump-sum or variable dayrate basis). These activities are not considered to be distinct within the context of the contract and, therefore, the related revenue is allocated to the overall performance obligation and recognised ratably over the initial term of the related drilling contract. We record a contract liability for contract preparation fees received, which is amortised ratably to contract drilling revenue over the initial term of the related drilling contract.

*Bonuses, Penalties and Other Variable Consideration.* We may receive bonus increases to revenue or penalty decreases to revenue. Based on historical data and ongoing communication with the operator/customer, we are able to reasonably estimate this variable consideration. We will record such estimated variable consideration and re-measure our estimates at each reporting date. For revenue estimated, but not received, we will record to “Trade and other receivables” on our Consolidated Statement of Financial Position.

*Capital Modification Revenue.* From time to time, we may receive fees from our customers for capital improvements to our rigs to meet contractual requirements (on either a fixed lump-sum or variable dayrate basis). Such revenue is allocated to the overall performance obligation and recognised ratably over the initial term of the related drilling contract as these activities are integral to our drilling activities and are not considered to be a stand-alone service provided to the customer within the context of our contracts. We record a contract liability for such fees and recognise them ratably as contract drilling revenue over the initial term of the related drilling contract.

*Revenues Related to Reimbursable Expenses.* We generally receive reimbursements from our customers for the purchase of supplies, equipment, personnel services and other services provided at their request in accordance with a drilling contract or other agreement. Such reimbursable revenue is variable and subject to uncertainty, as the amounts received and timing thereof is highly dependent on factors outside of our influence. Accordingly, reimbursable revenue is constrained revenue and not included in the total transaction price until the uncertainty is resolved, which typically occurs when the related costs are incurred on behalf of a customer. We are generally considered a principal in such transactions and record the associated revenue at the gross amount billed to the customer as “Revenue” in our

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Consolidated Income Statement. Such amounts are recognised ratably over the period within the contract term, during which the corresponding goods and services are to be consumed.

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.

**2.08 —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 income nor taxable income 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 income 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 income nor taxable income 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 income 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 income 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 incomes 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.

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Deferred tax relating to items recognised outside income or loss is recognised outside income 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 income 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 US, UK and any other 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 US 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 probable 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.

#### **2.09 — 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 income or loss.

##### Transactions and balances

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

In non-US locations where the US 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 income or loss.

In non-US locations where the local currency is the functional currency, monetary assets and liabilities denominated in Non-US 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.

##### Non-US 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 income or loss on derecognition 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 subsequent measurement

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (“FVOCI”) and fair value through income or loss (“FVTPL”). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates



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the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. From a review of the Group financial statements, the Group has concluded the following classification changes to have taken place as a result of IFRS 9 adoption:

- All financial instruments previously classified as loans and receivables are classified and measured at amortised cost under IFRS 9; and
- Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

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.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI if it meets both of the following conditions and is not designated as FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial instruments not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. As such, fair value through income or loss represents a 'residual' category. Financial assets that are held for trading and those managed on a fair value basis are also included in this category.

#### Reclassification

IFRS 9 requires financial assets to be reclassified between measurement categories when, and only when, the entity's business model for managing them changes. This is a significant event and thus is expected to be uncommon.

#### 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*

IFRS 9 introduces a new expected credit loss model which broadens the information that an entity is required to consider when determining its expectations of impairment. Under this new model, expectations of future events must be taken into account and this could result in the earlier recognition of larger impairments.

The Group has adopted the simplified expected credit loss model for its trade receivables and contract assets, in accordance with IFRS 9, paragraph 5.5.15. This simplified approach to measuring expected credit losses uses a lifetime expected loss allowance for all classes of financial assets. Our allowance for doubtful accounts as of 31 December 2019 and 2018 was \$1.9 million and \$2.2 million, respectively.

Trade receivables are carried at cost less allowances for loss. The allowance loss measurement is then determined by applying a simplified approach equalling the lifetime expected credit losses. Under this approach the tracking of credit is not required but instead the base expected credit loss at all times is applied. An allowance for loss is made for potentially impaired receivables during the year in which they are identified based on a periodic review of outstanding amounts. Trade receivables are deemed impaired when there is an indication of significant financial difficulties of the debtor.

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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 effective interest rate ("EIR").

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the Consolidated Income Statement. Interest income (recorded as finance income in the Consolidated Income Statement) 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 Consolidated Income Statement.

## **2.11 — Financial Liabilities**

### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through income or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. However, if certain conditions are met, an asset may subsequently need to be reclassified.

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 income or loss*

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

The Group has not designated any financial liabilities at fair value through income 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 income 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 income 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.

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## **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 income and loss statement.

## **2.13 —Leases**

### *IFRS 16 Leases*

IFRS 16 *Leases* 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., copiers) and short-term leases (i.e., leases with a lease term of 12 months or less). We have elected to utilise the recognition exemption related to short-term leases. 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 are required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees are 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. At adoption, our right-of-use asset and corresponding lease liability was approximately \$28.0 million.

The adoption of IFRS 16 on 1 January 2019 resulted in changes in accounting policies but without restating comparative information. In accordance with the transitional provisions in IFRS 16, comparative figures have not been restated.

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

The primary impact on lessor accounting is the requirement under IFRS 16 to consider if a contract contains a lease component. Under the updated accounting standards, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

We have determined that our drilling contracts contain a lease component, and our adoption, therefore, requires that we separately disclose revenues associated with the lease and service components of our contracts. Our adoption, and the ultimate effect on our consolidated financial statements, is based on an evaluation of the contract-specific facts and circumstances. At adoption, there was no impact to the overall disclosed revenue from contracts with customers, the lease component which is disclosed separately represents 25% to 30%.

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

Our adoption had an impact on how our consolidated financial statements and related disclosures are presented.

**2.14 — Restricted Cash**

We classify restricted cash balances in current assets if the restriction is expected to expire or otherwise be resolved within one year and in other assets if the restriction is expected to expire or otherwise be resolved in more than one year. As at 31 December 2019 and 2018, our restricted cash balance consisted of \$1.3 million and \$0.7 million, respectively, of restricted cash accounts for interest payments associated with our financing of the *Noble Joe Knight* and *Noble Johnny Whitstine*, which is recorded in Cash and cash equivalents.

**2.15 — 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, which is based on the expected credit loss model.

**2.16 — 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.

**2.17 — Property and Equipment**

Property and equipment is shown at cost less accumulated depreciation and reduced by provisions to recognise economic impairment 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 Group'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.

Interest is capitalised on construction-in-progress using the weighted average cost of debt outstanding during the period of construction. During the years ended 31 December 2019 and 2018, there was \$9.6 million and \$2.9 million capitalised interest, respectively.

Scheduled maintenance of equipment is performed based on the number of hours operated in accordance with our preventative maintenance program. Routine repair and maintenance costs are charged to expense as incurred; however, the costs of the overhauls and asset replacement projects that benefit future periods and which typically occur every three to five years are 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.

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 aluminium 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.

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Construction in progress, which includes capital spares, are not depreciated until they are placed in service. Then, they are depreciated on the straight-line method, over their estimated useful lives from 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 asset's 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 2.18 — 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.

## **2.18 — 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 CGU.

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. Such an indication would include new contract dayrates at or above mid-cycle dayrates, a sustained increase in backlog, or our market valuation significantly exceeding the value of our CGUs. 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.

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## **2.19 — Provisions and Contingencies**

### Provisions

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.

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 Group 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 probable. 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.

## **2.20 — 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 income 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 Group'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, known as the asset ceiling. An asset ceiling limits the net defined benefit asset recognised and is applied when the Group is not able to control and does not have the unconditional right to a refund under the plan rules.

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.

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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.

**2.21 — 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 2019 and 2018, loss reserves for personal injury and protection claims totalled \$27.9 million and \$22.4 million, respectively, and such amounts are included in “Other current liabilities” in the accompanying consolidated statement of financial position.

**2.22 — Earnings Per Share**

Basic EPS amounts are calculated by dividing the income 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 income 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.

**2.23 — 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 shares 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.

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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 cancelled by the entity or by the counter-party, any remaining element of the fair value of the award is expensed immediately through income 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 Judgements, 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**

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 11— 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 and determine the best estimate of any potential exposure to be recorded as a provision based on its merits. Our income tax returns are subject to audit by US federal, state, and non-US tax authorities. Determinations by such taxing authorities that differ materially from our recorded estimates, either favourably or unfavourably, may have a material impact on our results of operations, financial position and cash flows. In determining the Group's tax provision, it is necessary to consider transactions in a number of tax jurisdictions for which the ultimate tax determination is uncertain. The Group's tax provision reflects a number of estimates where the amount of tax payable is either currently under audit by the tax authorities or relates to a period which has yet to be audited. The nature of the items, for which a provision is held, is such that the final outcome could vary from the amounts held once a final tax determination is made. To the extent the estimated final outcome differs from the tax that has been provided, adjustments will be made to income tax and deferred tax balances held in the period the determination is made and these adjustments could be material.

As a result of frequent changes in the taxing jurisdictions in which our drilling rigs are operated and/or owned, changes in the overall level of our income and changes in tax laws, our consolidated effective income tax rate may vary substantially from one reporting period to another. Income tax rates imposed in the tax jurisdictions in which our subsidiaries conduct operations vary, as does the tax base to which the rates are applied. In some cases, tax rates may be applicable to gross revenues, statutory or negotiated deemed earnings or other bases utilised under local tax laws, rather than to net income. Our drilling rigs frequently move from one taxing jurisdiction to another to perform contract drilling services. In some instances, the movement of drilling rigs among taxing jurisdictions will involve the transfer of ownership



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of the drilling rigs among our subsidiaries. If we are unable to mitigate the negative consequences of any change in law, audit, business activity or other matter, this could cause our consolidated effective income tax rate to increase and cause a material adverse effect on our financial position, operating results and/or cash flows.

#### Future recoverability of deferred tax assets

Our deferred tax assets and liabilities are recognised for the anticipated future tax effects of temporary differences between the financial statement basis and the tax basis of our assets and liabilities using the applicable jurisdictional tax rates at year-end. Our net deferred tax asset balance at year-end reflects the application of our income tax accounting and is based on management's estimates, judgments and assumptions regarding recoverability. Management evaluates the recoverability of deferred tax assets based on evidence of future taxable profits derived from the reversal of existing taxable temporary differences and management's forecast of future taxable profit. Future taxable profit is primarily based on the rig forecast cash modeling used to evaluate our property and equipment for impairment. If it is probable that a portion of deferred tax assets will not be recoverable in a future period, the deferred tax assets will be reduced by the unrecoverable amounts.

#### 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**

##### Paragon offshore litigation

The Paragon Offshore litigation trust has filed claims against the Company and certain of its current and former directors and officers. These claims are related to the spin-off and subsequent bankruptcy of Paragon Offshore. The litigation trust is seeking total claimed damages of approximately \$2.6 billion. The Company believes the claims by the litigation trust are without merit and intends to defend itself vigorously. However, the Company continually assesses potential outcomes, including the probability of the parties ultimately resolving the matter through settlement in light of various factors, including given the complex factual issues involved, the uncertainty and risk inherent in this type of litigation, the time commitment and distraction of our organization, the potential effect of the ongoing litigation and uncertainty on our business, and the substantial expense incurred in litigating the claims. As such, the Company's current estimated loss related to the final disposition of this matter is \$100.0 million, which the Company recorded as a general and administrative expense for the year ended 31 December 2019 and is reflected as a current liability as of 31 December 2019. As pre-trial matters progress, the Company's estimated loss could change from time to time, and any such change individually or in the aggregate could be material.

#### 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.

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. Since individual data does not exist for components of our rigs, the Group's judgement is that all rig components would effectively have similar useful lives, except for tubulars, replacements and upgrades which are treated separately and depreciated over their specific useful lives. See Note 2— Summary of Significant Accounting Policies 2.17 — Property and Equipment for a detail of components useful lives.

In addition, if materially significant parts are replaced, the Group 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.

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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 owned a 50 percent interest prior to 3 December 2019, with a subsidiary of Shell, that own and operate the two *Bully*-class drillships, namely the *Noble Bully I* and *Noble Bully II* (the *Bully* Joint Ventures). On 3 December 2019, we purchased Shell's 50% interest in both joint ventures, resulting in Noble owning a 100% interest.

In addition, we have determined three Middle-Eastern Joint Ventures (Sedco Dubai, Noble Drilling Arabia Company Ltd. and Noble Drilling Doha LLC) with 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 three joint ventures are fully consolidated and the two *Bully* joint ventures were fully consolidated until 3 December 2019 when these entities became wholly-owned subsidiaries.

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**Note 4— Revenue**

**Contract Balances**

On 1 January 2018, Noble adopted IFRS 15 *Revenue from Contracts with Customers*. Under IFRS 15, revenue from contracts with customers is recognised as or when the Group satisfies a performance obligation by transferring a promised good or service to a customer. See “Note 2.07 —Revenue Recognition” for additional discussion of the Group’s accounting policy for revenue recognition. The accounting for revenue under IFRS 15 does not represent a substantive change from the Group’s previous practice for recognising revenue from sales to customers.

Accounts receivable are recognised when the right to consideration becomes unconditional based upon contractual billing schedules. Payment terms on invoiced amounts are typically 30 days. Current contract asset and liability balances are included in “Trade and other receivables” and “Trade and other payables,” respectively, and noncurrent contract assets and liabilities are included in “Trade and other receivables” and “Trade and other payables,” respectively, on our Consolidated Balance Sheets.

The following table provides information about contract assets and contract liabilities from contracts with customers:

	Year Ended 31 December 2019	Year Ended 31 December 2018
	\$'000	\$'000
Current contract assets	21,292	25,298
Noncurrent contract assets	9,508	22,366
<b>Total contract assets</b>	<b>30,800</b>	<b>47,664</b>
Current contract liabilities (deferred revenue)	(34,196)	(32,906)
Noncurrent contract liabilities (deferred revenue)	(30,859)	(47,847)
<b>Total contract liabilities</b>	<b>(65,055)</b>	<b>(80,753)</b>

Significant changes in the remaining performance obligation contract assets and the contract liabilities balances for the years ended 31 December 2019 and 2018 are as follows:

	Contract Assets	Contract Liabilities
	\$'000	\$'000
<b>Net balance at 1 January 2018</b>	55,749	(108,861)
Amortization of deferred costs	(32,420)	—
Additions to deferred costs	24,335	—
Amortization of deferred revenue	—	47,798
Additions to deferred revenue	—	(19,690)
<b>Total</b>	<b>(8,085)</b>	<b>28,108</b>
<b>Net balance at 31 December 2018</b>	<b>47,664</b>	<b>(80,753)</b>
Amortisation of deferred costs	(39,936)	—
Additions to deferred costs	23,072	—
Amortisation of deferred revenue	—	65,312
Additions to deferred revenue	—	(49,614)
<b>Total</b>	<b>(16,864)</b>	<b>15,698</b>
<b>Net balance at 31 December 2019</b>	<b>30,800</b>	<b>(65,055)</b>

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**Contract Costs**

Certain direct and incremental costs incurred for upfront preparation, initial rig mobilisation and modifications are costs of fulfilling a contract and are recoverable. These recoverable costs are deferred and amortised ratably to contract drilling expense as services are rendered over the initial term of the related drilling contract. Certain of our contracts include capital rig enhancements used to satisfy our performance obligations. These capital items are capitalised and depreciated in accordance with our existing property and equipment accounting policy.

Costs incurred for the demobilisation of rigs at contract completion are recognised as incurred during the demobilisation process. Costs incurred for rig modifications or upgrades required for a contract, which are considered to be capital improvements, are capitalised as drilling and other property and equipment and depreciated over the estimated useful life of the improvement.

**Transaction Price Allocated to the Remaining Performance Obligations**

The following table reflects revenue expected to be recognised in the future related to unsatisfied performance obligations, by rig type, at the end of the reporting period:

	Years Ended 31 December					Total
	2020	2021	2022	2023	2024 and beyond	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Floaters	17,252	10,584	7,798	3,547	—	39,181
Jackups	16,912	7,230	1,732	—	—	25,874
<b>Total</b>	<b>34,164</b>	<b>17,814</b>	<b>9,530</b>	<b>3,547</b>	<b>—</b>	<b>65,055</b>

The revenue included above consists of expected mobilisation, demobilisation, and upgrade revenue for unsatisfied performance obligations. The amounts are derived from the specific terms within drilling contracts that contain such provisions, and the expected timing for recognition of such revenue is based on the estimated start date and duration of each respective contract based on information known at 31 December 2019. The actual timing of recognition of such amounts may vary due to factors outside of our control. We have taken the optional exemption, permitted by accounting standards, to exclude disclosure of the estimated transaction price related to the variable portion of unsatisfied performance obligations at the end of the reporting period, as our transaction price is based on a single performance obligation consisting of a series of distinct hourly, or more frequent, periods, the variability of which will be resolved at the time of the future services.

**Disaggregation of Revenue**

The following table provides information about disaggregation of revenue:

	31 December 2019	31 December 2018
	\$'000	\$'000
Floaters	525,967	561,825
Jackups	362,802	474,257
Total contract drilling services	888,769	1,036,082
Contract drilling services lease revenue	357,289	—
Reimbursables and other	59,380	46,744
<b>Total revenue <sup>(1)</sup></b>	<b>1,305,438</b>	<b>1,082,826</b>

<sup>(1)</sup> Includes the impact of the *Noble Bully II* contract buyout during the year ended 31 December 2019. Exclusive of this item, total revenue for the year ended 31 December 2019 would have been \$1,138.6 million.

We have determined that our drilling contracts contain a lease component, and our adoption, therefore, requires that we separately disclose revenues associated with the lease and service components of our contracts. Our adoption, and the ultimate effect on our consolidated financial statements, is based on an evaluation of the contract-specific facts and circumstances. At adoption, there was no impact to the overall disclosed revenue from contracts with customers, the lease component which is disclosed separately represents 25% to 30%.

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**Note 5— Expenditures**

Operating costs for the years ended 31 December has been arrived at after charging:

	Year Ended 31 December 2019	Year Ended 31 December 2018
	\$'000	\$'000
<b>Operating costs</b>		
Contract drilling services	(396,907)	(367,634)
Employee expenses	(369,842)	(327,510)
Depreciation	(249,098)	(294,526)
Lease expense	(6,790)	(7,476)
Share based compensation	(13,625)	(19,613)
General and administrative and other	(125,860)	(22,651)
<b>Total operating costs</b>	(1,162,122)	(1,039,410)
Loss on impairment	(700,104)	(648,483)
<b>Total expenditures</b>	<b>(1,862,226)</b>	<b>(1,687,893)</b>

**Note 6— Finance Income and Costs**

Finance Income:

	Year Ended 31 December 2019	Year Ended 31 December 2018
	\$'000	\$'000
Bank interest income	6,491	8,302
Gain on extinguishment of debt	30,616	—
<b>Total</b>	<b>37,107</b>	<b>8,302</b>

Finance Costs:

	Year Ended 31 December 2019	Year Ended 31 December 2018
	\$'000	\$'000
Commitment fee on unutilised credit facilities	(10,559)	(13,528)
Interest expense	(267,373)	(284,083)
Loss on extinguishment of debt	—	(1,793)
Interest (expense) benefit related to uncertain tax positions	(2,193)	(5,258)
<b>Total</b>	<b>(280,125)</b>	<b>(304,662)</b>

**Note 7— Taxes**

Noble-UK is a company which is a tax resident in the UK and, as such, will be subject to UK corporation tax on its taxable profits and gains. A UK tax exemption is available in respect of qualifying dividends income and capital gains related to the sale of qualifying participations. We operate in various countries throughout the world, including the United States. The income or loss of the non-UK subsidiaries is not expected to be subject to UK corporation tax.

Consequently, we have taken account of the above exemption 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.

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**a. Consolidated Income Statement:**

	Year Ended 31 December 2019	Year Ended 31 December 2018
	\$'000	\$'000
<b>Current tax:</b>		
In respect of current year	23,710	17,446
In respect of prior years	(32,599)	(67,056)
<b>Deferred tax:</b>		
In respect of current year	(66,705)	(106,254)
In respect of prior years	5,900	25,307
<b>Total income tax/(credit) recognised</b>	<b>(69,694)</b>	<b>(130,557)</b>

**b. Consolidated Statement of Other Comprehensive Income:**

	Year Ended 31 December 2019			Year Ended 31 December 2018		
	Pre tax	Tax impact	After tax	Pre tax	Tax impact	After tax
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Items that will not to be reclassified to income statement in subsequent periods:</i>						
Re-measurements of retirement benefit obligations	(298)	278	(20)	(18,111)	3,251	(14,860)
<b>Income tax charged to OCI</b>		<b>278</b>			<b>3,251</b>	

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c. Deferred tax movement schedule:

	2019				
	Opening balance 1 January	Recognised in (loss)/income	Recognised in other comprehensive income/(loss)	Reclasses	Ending Balance 31 December
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Deferred tax assets</b>					
<u><b>United States</b></u>					
Net operating loss carryover	95,577	34,118	—	—	129,695
Disallowed interest carryover	51,423	31,889	—	8,718	92,030
Defined benefit pension obligations	9,525	75	148	—	9,748
Accrued expenses not currently deductible	11,889	(3,102)	—	—	8,787
Other	—	—	—	—	—
<u><b>Non-United States</b></u>					
Property and equipment	8,692	15,899	—	—	24,591
Net operating loss carryover	12,438	9,659	—	—	22,097
Disallowed interest carryover	5,005	8,937	—	—	13,942
Defined benefit pension obligations	3,023	(14)	130	—	3,139
Accrued expenses not currently deductible	841	(421)	—	—	420
Net deferred tax assets	198,413	97,040	278	8,718	304,449
<b>Deferred tax liabilities</b>					
<u><b>United States</b></u>					
Property and equipment	(63,534)	(40,709)	—	—	(104,243)
Other	(6,482)	4,062	—	—	(2,420)
<u><b>Non-United States</b></u>					
Other	(2,115)	492	—	—	(1,623)
Deferred tax liabilities	(72,131)	(36,155)	—	—	(108,286)
<b>Net deferred tax assets/(liabilities)</b>	<b>126,282</b>	<b>60,885</b>	<b>278</b>	<b>8,718</b>	<b>196,163</b>
Deferred tax assets	127,338	—	—	—	197,672
Deferred tax liabilities	1,056	—	—	—	1,509
<b>Net deferred tax assets/(liabilities)</b>	<b>126,282</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>196,163</b>

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	2018			
	Opening balance 1 January	Recognised in (loss)/income	Recognised in other comprehensive income/(loss)	Ending Balance 31 December
	\$'000	\$'000	\$'000	\$'000
<b>Deferred tax assets</b>				
<b><u>United States</u></b>				
Property and equipment	447	(447)	—	—
Net operating loss carryover	—	95,577	—	95,577
Disallowed interest carryover	—	51,424	—	51,424
Defined benefit pension obligations	8,310	491	725	9,526
Accrued expenses not currently deductible	12,203	(315)	—	11,888
Other	2,151	(2,151)	—	—
<b><u>Non-United States</u></b>				
Property and equipment	13,769	(5,078)	—	8,691
Net operating loss carryover	—	12,438	—	12,438
Disallowed interest carryover	—	5,005	—	5,005
Defined benefit pension obligations	134	363	2,526	3,023
Accrued expenses not currently deductible	12,087	(11,246)	—	841
Net deferred tax assets	49,101	146,061	3,251	198,413
<b>Deferred tax liabilities</b>				
<b><u>United States</u></b>				
Property and equipment	—	(63,534)	—	(63,534)
Other	(6,652)	170	—	(6,482)
<b><u>Non-United States</u></b>				
Other	(402)	(1,713)	—	(2,115)
Deferred tax liabilities	(7,054)	(65,077)	—	(72,131)
<b>Net deferred tax assets/(liabilities)</b>	<b>42,047</b>	<b>80,984</b>	<b>3,251</b>	<b>126,282</b>
Deferred tax assets	42,449	—	—	127,338
Deferred tax liabilities	402	—	—	1,056
<b>Net deferred tax assets/(liabilities)</b>	<b>42,047</b>	<b>—</b>	<b>—</b>	<b>126,282</b>

The Group 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.



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**d. Deferred tax by jurisdiction:**

	As at 31 December 2019	As at 31 December 2018
	\$'000	\$'000
<b>Deferred tax assets</b>		
US	133,598	98,399
UK	63,590	28,107
Other	484	832
<b>Deferred tax liabilities</b>		
US	—	—
UK	—	—
Other	(1,509)	(1,056)
<b>Net deferred tax assets/(liabilities)</b>	<b>196,163</b>	<b>126,282</b>

**e. Unrecognised deductible temporary differences, unused tax losses and unused tax credits for the years 31 December:**

	2019	2018
	\$'000	\$'000
US tax losses	—	—
Non-US tax losses	9,996	17,240
	<b>9,996</b>	<b>17,240</b>

**f. The following is a reconciliation of our reserve for uncertain tax positions, excluding interest and penalties for the years ended 31 December:**

	2019	2018
	\$'000	\$'000
Beginning balance 1 January	161,255	174,437
Additions based on tax positions related to current year	934	97
Additions for tax positions of prior years	224	25
Reductions for tax positions of prior years	(50,699)	(12,806)
Expiration of statutes	(1,629)	(497)
Tax settlements	(1,406)	—
Gross balance	108,679	161,256
Related tax benefits	(400)	(1,008)
<b>Ending balance 31 December</b>	<b>108,279</b>	<b>160,248</b>

**g. The liabilities related to our reserve for uncertain tax positions as at 31 December are comprised of the following:**

	2019	2018
	\$'000	\$'000
Reserve for uncertain tax positions <sup>(1)</sup>	108,433	161,233
Interest included in “Non-current other payables” <sup>(1)</sup>	29,078	22,553
<b>Reserve for uncertain tax positions, including interest and penalties</b>	<b>137,511</b>	<b>183,786</b>

<sup>(1)</sup> See “Note 15— Trade and other payables.”

We conduct business globally and, as a result, we file numerous income tax returns in the US and non-US jurisdictions. In the normal course of business, we are subject to examination by taxing authorities throughout the world, including in jurisdictions such as Brazil,

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Brunei, Bulgaria, Canada, Cyprus, Egypt, Ghana, Guyana, Hungary, Malta, Mexico, Nigeria, Norway, Saudi Arabia, Argentina, Australia, Denmark, Gabon, Luxembourg, Malaysia, Morocco, Myanmar, the Netherlands, Oman, Qatar, Tanzania, Timor-Leste, Singapore, Suriname, Switzerland, the United Kingdom and the United States. We are no longer subject to US Federal income tax examinations for years before 2012 and non-US income tax examinations for years before 2007.

**h.** Taxes receivable and payable consist of the following:

	As at 31 December 2019	As at 31 December 2018
	\$'000	\$'000
Taxes receivable	67,837	20,498
Taxes payable	123,040	28,960

If a portion or all of these reserves of \$137.5 million are not realised, the provision for income taxes, including penalties and interest, could be reduced by up to \$137.5 million.

We include, as a component of our “Income tax expense,” potential penalties related to recognised tax contingencies within our global operations. There were no additional penalties accrued in income tax expense in 2019 and 2018. Potential interest computed on recognised tax contingencies is included as a component of interest expense as a reduction of \$2.2 million in 2019 and as an expense of \$5.3 million in 2018.

It is reasonably possible that our existing liabilities related to our reserve for uncertain tax positions may fluctuate in the next 12-months primarily due to the completion of open audits or the expiration of statutes of limitation. We estimate the potential changes could range from \$80.0 million to \$100.0 million.

Noble-UK conducts substantially all of its business through Noble Corporation, a Cayman Islands company (“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 19.0 percent for 2018 and 2019, respectively. 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:

	2019	2018
	\$'000	\$'000
Loss from continuing operations before income tax expense	(799,806)	(901,427)
UK statutory tax rate (2018 - 19.0%, 2019 - 19.0%)	(151,963)	(171,271)
Total tax impact from restructuring	36,835	—
Total tax impact from tax reform	—	(25,486)
Current tax in respect of prior years	(1,002)	(35,698)
Discrete tax items related to changes in uncertain tax positions	(27,015)	(744)
Difference in overseas tax rates	73,451	102,642
<b>Income tax credit</b>	<b>(69,694)</b>	<b>(130,557)</b>

Jurisdictions with changes in the tax rate are as follows:

	2019	2018
Guyana	25.0%	27.5%
Luxembourg	24.9%	26.0%
Norway	22.0%	23.0%

*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

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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 Group adopted the new interpretation effective 1 January 2019.

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 income (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. Upon adoption of IFRIC 23 in the current year, Noble has reduced the balance of the Group's reserves for uncertain taxes for the \$22.2 million of reserves which do not meet the recognition criteria under the guidance of IFRIC 23. Such reduction did not impact the Group's profit and loss for the year 2019.

**Note 8— Discontinued Operations**

*Spin-off of Paragon Offshore plc ("Paragon Offshore")*

During the year ended 31 December 2019, we recognised a non-cash loss of \$3.8 million. This loss was recorded in "Net loss from discontinued operations, net of tax" on our Consolidated Income Statement relating to Paragon Offshore's emergence from bankruptcy. See "Note 20— Commitments and Contingencies" for additional information.

**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 income or loss.

Each joint venture has its own separate entity through which all the legal, operational and financial functions for the joint arrangement are carried out. Prior to the purchase of Shell's interest, neither party had 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 gave either party the rights to any assets or the obligation to offset any liabilities.

On 3 December 2019, Noble completed a transaction with a subsidiary of Shell, in which Shell bought out the remaining term of its drilling contract for the drillship *Noble Bully II* for \$166.9 million, and Noble acquired Shell's 50 percent interests in the Bully I and Bully II joint ventures for \$106.7 million. As a result of this transaction, the former joint venture entities became our wholly-owned subsidiaries.

Prior to this transaction, Noble maintained a 50 percent interest in the two joint ventures, each with Shell, that owned and operated the two *Bully*-class drillships. Noble had determined that we controlled and directed the most relevant activities and that we were the primary beneficiary of the joint ventures. Accordingly, Noble consolidates the entities in its consolidated financial statements after eliminating intercompany transactions. Shell's previously held equity interests are presented as non-controlling interests on our Consolidated Statement of Financial Position.

During the years ended 31 December 2019 and 2018, the Bully joint ventures approved and paid dividends totalling \$50.2 million and \$55.2 million, respectively. Of these amounts, 50 percent was paid to our joint venture partner.

Income attributable to non-controlling interests was \$7.2 million for the year ended 31 December 2019 and loss attributable to non-controlling interests was \$85.1 million for the year ended 31 December 2018.

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**Note 10— Loss Per Share**

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

	Year Ended 31 December 2019	Year Ended 31 December 2018
	\$'000	\$'000
<b>Net loss attributable to Noble Corporation plc:</b>		
Loss from continuing operations, less non-controlling interest	(737,316)	(685,766)
Net loss from discontinued operations, net of tax	(3,821)	—
<b>Net loss attributable to Noble Corporation plc</b>	<b>(741,137)</b>	<b>(685,766)</b>
<b>Basic and diluted loss per share:</b>		
Loss from continuing operations	(2.96)	(2.78)
Loss from discontinued operations	(0.02)	—
<b>Net loss attributable to Noble Corporation plc</b>	<b>(2.98)</b>	<b>(2.78)</b>
<b>Weighted average shares</b>	248,949	246,614
Potentially dilutive shares, which were excluded from the diluted earnings per share computation because to do so would be anti-dilutive, include the following:		
<b>Anti-dilutive shares:</b>		
Share options	708,400	1,103,242
Non-vested restricted shares and restricted share units outstanding	11,183,381	11,415,470
<b>Total</b>	<b>11,891,781</b>	<b>12,518,712</b>

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**Note 11— Property and Equipment**

	2019				
	Jackups	Floaters	Capital work in progress <sup>(1)</sup>	Other	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Cost at 1 January 2019</b>	1,791,546	3,114,973	457,993	110,457	5,474,969
Transfers	273,956	55,877	(332,551)	2,718	—
Additions	40,009	49,449	216,012	897	306,367
Disposals	(27,742)	(32,671)	(681)	(1,574)	(62,668)
Currency translation adjustments	—	—	(1)	(178)	(179)
<b>Cost at 31 December 2019</b>	<b>2,077,769</b>	<b>3,187,628</b>	<b>340,772</b>	<b>112,320</b>	<b>5,718,489</b>
<b>Accumulated depreciation at 1 January 2019</b>	(276,582)	(1,075,322)	(38,970)	(60,588)	(1,451,462)
Transfers	346	27	(27)	(346)	—
Depreciation and amortisation	(102,167)	(126,453)	(296)	(12,998)	(241,914)
Impairment loss	(241,014)	(432,296)	(26,794)	—	(700,104)
Disposals	25,964	32,671	—	1,574	60,209
Currency translation adjustments	—	—	—	118	118
<b>Accumulated depreciation at 31 December 2019</b>	<b>(593,453)</b>	<b>(1,601,373)</b>	<b>(66,087)</b>	<b>(72,240)</b>	<b>(2,333,153)</b>
<b>Net book value</b>					
As at 31 December 2018	1,514,964	2,039,651	419,023	49,869	4,023,507
<b>As at 31 December 2019</b>	<b>1,484,316</b>	<b>1,586,255</b>	<b>274,685</b>	<b>40,080</b>	<b>3,385,336</b>

<sup>(1)</sup> Capital work in progress includes capital spares. See “Note 2— Summary of Significant Accounting Policies” for additional information.

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2018

	Jackups	Floater	Capital work in progress <sup>(1)</sup>	Other	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Cost at 1 January 2018</b>	1,760,760	2,988,158	379,621	113,073	5,241,612
Transfers	18,620	97,321	(118,177)	2,236	—
Additions	25,529	56,097	198,369	1,352	281,347
Disposals	(13,363)	(26,603)	(1,817)	(4,096)	(45,879)
Currency translation adjustments	—	—	(3)	(2,108)	(2,111)
<b>Cost at 31 December 2018</b>	<b>1,791,546</b>	<b>3,114,973</b>	<b>457,993</b>	<b>110,457</b>	<b>5,474,969</b>
<b>Accumulated depreciation at 1 January 2018</b>	(168,665)	(337,062)	(575)	(44,855)	(551,157)
Transfers	6	(15)	—	9	—
Depreciation and amortisation	(107,861)	(167,872)	(312)	(18,481)	(294,526)
Impairment loss	(13,425)	(596,975)	(38,083)	—	(648,483)
Disposals	13,363	26,602	—	2,661	42,626
Currency translation adjustments	—	—	—	78	78
<b>Accumulated depreciation at 31 December 2018</b>	<b>(276,582)</b>	<b>(1,075,322)</b>	<b>(38,970)</b>	<b>(60,588)</b>	<b>(1,451,462)</b>
<b>Net book value</b>					
As at 31 December 2017	1,592,095	2,651,096	379,046	68,218	4,690,455
<b>As at 31 December 2018</b>	<b>1,514,964</b>	<b>2,039,651</b>	<b>419,023</b>	<b>49,869</b>	<b>4,023,507</b>

<sup>(1)</sup> Capital work in progress includes capital spares. See “Note 2— Summary of Significant Accounting Policies” for additional information.

The Group had \$9.6 million and \$2.9 million capitalised borrowing costs during the years ended 31 December 2019 and 2018, respectively.

### **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 property and equipment 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 using present value of future cash flow projections. As part of our impairment analysis, we make assumptions and estimates regarding future market conditions, including rig utilisation, resource utilisations, contract margins, contract awards and discount rate by rig.

During the years ended 31 December 2019 and 2018, we identified indicators that certain assets in our fleet might not be recoverable. Such indicators included additional customer suspensions of drilling programs, prolonged downturn in the market due to rig supply imbalance and continued onshore development, contract cancellations and a further reduction in the number of new contract opportunities, resulting in reduced drilling contracts.

Based upon our impairment analyses, we impaired the carrying value to their corresponding estimated fair values for the *Noble Danny Adkins*, *Noble Jim Day*, *Noble Globetrotter I*, *Noble Globetrotter II*, *Noble Bully I*, *Noble Bully II*, *Noble Johnny Whistine*, *Noble Lloyd Noble*, *Noble Joe Knight* and certain capital spare equipment for the year ended 31 December 2019. Based upon our impairment analyses, we impaired the carrying value to their corresponding estimated fair values for the *Noble Danny Adkins*, *Noble Jim Day*, *Noble Don Taylor*, *Noble Gene House*, *Noble Joe Beall*, *Noble Bully I*, *Noble Bully II*, *Noble Lloyd Noble*, *Noble Paul Romano*, *Noble Dave Beard* and certain capital spare equipment for the year ended 31 December 2018. For our impaired units, we estimated the fair value of these units by

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applying the income valuation approach utilising significant unobservable inputs, representative of a Level 3 fair value measurement. If we experience unfavorable changes to current market conditions, reactivation costs or dayrates, or we are unable to return cold stacked rigs to service in the anticipated time frame or if we are unable to secure new or extended contracts for our active rigs, any changes would have a consequent impact on the recoverable amounts and impairment.

As a result, the carrying amounts on certain of our rigs were written down to their recoverable amount resulting in an impairment charge of \$692.9 million and \$610.4 million during the years ended 31 December 2019 and 2018. In addition, we recorded a \$7.2 million and \$38.1 million impairment charge during the year ended 31 December 2019 and 2018 on certain capital spares and other property.

The range of pre-tax discount rates for the individual rigs ranged from 14.6% - 15.9% for 2019 with a weighted-average after-tax discount rate of 14.4% for the individual rigs. The range of pre-tax discount rates for the individual rigs ranged from 12.5% - 13.8% for 2018 with a weighted-average after-tax discount rate of 12.6% for the individual rigs.

<b>Rig</b>	<b>2019</b>	
	<b>Year ended 31 December</b>	<b>As at 31 December</b>
	<b>Impairment charges</b>	<b>Recoverable amount</b>
	<b>\$'000</b>	<b>\$'000</b>
Floaters	451,853	602,196
Jackups	241,013	598,457
<b>Subtotal</b>	<b>692,866</b>	<b>1,200,653</b>
Other	7,238	159,184
<b>Subtotal</b>	<b>7,238</b>	<b>159,184</b>
<b>Total impairment loss</b>	<b>700,104</b>	<b>1,359,837</b>

The net book value as at 31 December 2019 of unimpaired rigs and other equipment was \$1,944,208 and \$81,291, respectively.

<b>Rig</b>	<b>2018</b>	
	<b>Year ended 31 December</b>	<b>As at 31 December</b>
	<b>Impairment charges</b>	<b>Recoverable amount</b>
	<b>\$'000</b>	<b>\$'000</b>
Floaters	596,975	793,525
Jackups	13,425	596,716
<b>Subtotal</b>	<b>610,400</b>	<b>1,390,241</b>
Other	38,083	161,398
<b>Subtotal</b>	<b>38,083</b>	<b>161,398</b>
<b>Total impairment loss</b>	<b>648,483</b>	<b>1,551,639</b>

The net book value as at 31 December 2018 of unimpaired rigs and other equipment was \$2,358,436 and \$113,432 respectively.

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**Note 12— Trade and Other Receivables**

	As at 31 December 2019	As at 31 December 2018
	\$'000	\$'000
<b>Non-current</b>		
Trade and other receivables	73,429	106,489
<b>Total non-current trade and other receivables</b>	<b>73,429</b>	<b>106,489</b>
<b>Current</b>		
Accounts receivable, net	198,665	200,722
Prepaid expenses and deposits	11,512	14,928
Other current assets	46,235	47,001
<b>Total current trade and other receivables</b>	<b>256,412</b>	<b>262,651</b>

As at 31 December 2019 and 2018, trade receivables of \$13.2 million and \$16.7 million were past due but not impaired, respectively. 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 2019	7,237	5,948	13,185
As at 31 December 2018	15,157	1,570	16,727

**Note 13— Cash and Cash Equivalents**

	As at 31 December 2019	As at 31 December 2018
	\$'000	\$'000
Petty cash	14	14
Restricted cash	1,303	675
Liquid investments	2,778	138,873
Liquid funds	101,829	236,345
<b>Total cash and cash equivalents</b>	<b>105,924</b>	<b>375,907</b>

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 14— Interest Bearing Loans and Borrowings**

**Credit Facilities**

**2015 Credit Facility**

Effective January 2018, in connection with entering into the 2017 Credit Facility (as defined herein), we amended our \$300.0 million senior unsecured credit facility that would have matured in January 2020 and was guaranteed by our indirect, wholly-owned subsidiaries, Noble Holding (U.S.) LLC (“NHUS”) and Noble Holding International Limited (“NHIL”) (as amended, the “2015 Credit Facility”), which resulted in, among other things, a reduction in the aggregate principal amount of commitments thereunder. As a result of the 2015 Credit Facility’s reduction in the aggregate principal amount of commitments, we recognised a net loss of approximately \$2.3 million in the year ended 31 December 2018. On 20 December 2019, we repaid \$300.0 million of outstanding borrowings and terminated the 2015 Credit Facility.



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***2017 Credit Facility***

On 21 December 2017, Noble Cayman Limited, a Cayman Islands company and a wholly-owned indirect subsidiary of Noble-Cayman; Noble International Finance Company, a Cayman Islands company and a wholly-owned indirect subsidiary of Noble-Cayman; 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 (as amended, the “2017 Credit Facility” and, together with the 2015 Credit Facility, the “Credit Facilities”). In July 2019, we executed an amendment to our 2017 Credit Facility (the “First Amendment to the 2017 Credit Facility”), which, among other things, reduced the maximum aggregate amount of commitments thereunder from \$1.5 billion to \$1.3 billion. As a result of such reduction in the maximum aggregate amount of commitments, we recognised a net loss of approximately \$0.7 million in the year ended 31 December 2019. Borrowings under the 2017 Credit Facility are subject to certain conditions precedent to advance loans. The First Amendment to the 2017 Credit Facility added a requirement that any amounts drawn under the 2017 Credit Facility plus any undrawn amounts needed to cause us to be in compliance with the \$300.0 million Liquidity (as defined in the First Amendment to the 2017 Credit Facility) covenant not exceed the amount of the Indenture Secured Debt Basket (as defined in the First Amendment to the 2017 Credit Facility) at the time of each borrowing. The maximum aggregate amount of commitments under the 2017 Credit Facility on 31 December 2019 was \$1.3 billion with approximately \$660 million available to borrow. The First Amendment to the 2017 Credit Facility also replaced the debt to capitalisation ratio financial covenant with a Senior Guaranteed Indebtedness to Adjusted EBITDA (each as defined in the First Amendment to the 2017 Credit Facility) ratio financial covenant, as described below.

The 2017 Credit Facility will mature in January 2023. Borrowings may be used for working capital and other general corporate purposes. The 2017 Credit Facility provides for a letter of credit sub-facility currently in the amount of \$15.0 million, with the ability to increase such amount up to \$500.0 million with the approval of the lenders. At 31 December 2019, we had \$335.0 million of borrowings outstanding under the 2017 Credit Facility.

At 31 December 2019, we had \$9.0 million of letters of credit issued under the 2017 Credit Facility and an additional \$12.2 million in letters of credit and surety bonds issued under unsecured bilateral arrangements.

Both of our Credit Facilities had or have provisions which vary the applicable interest rates for borrowings based upon our debt ratings. We also paid a facility fee under the 2015 Credit Facility on the full commitments thereunder (used or unused) and pay a commitment fee under the 2017 Credit Facility on the daily unused amount of the underlying commitments, in each case which varies depending on our credit ratings. At 31 December 2019, the interest rates in effect under our 2017 Credit Facility were the highest permitted interest rates under that agreement.

***Debt Issuance***

In January 2018, we issued \$750.0 million aggregate principal amount of our Senior Notes due 2026 (the “2026 Notes”) through our indirect wholly-owned subsidiary, NHIL. The net proceeds of the offering of approximately \$737.4 million, after expenses, were used to retire a portion of our near-term senior notes in a related tender offer.

The indenture for the 2026 Notes contains certain covenants and restrictions, including, among others, restrictions on our subsidiaries’ ability 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.

***Seller Loans***

***2019 Seller Loan***

In February 2019, we purchased the *Noble Joe Knight* for \$83.8 million with a \$53.6 million seller-financed secured loan (the “2019 Seller Loan”). The 2019 Seller Loan has a term of four years and requires a 5% principal payment at the end of the third year with the remaining 95% of the principal due at the end of the term. The 2019 Seller Loan bears a cash interest rate of 4.25% and the equivalent of a 1.25% interest rate paid-in-kind over the four-year term of the 2019 Seller Loan. Based on the terms of the 2019 Seller Loan, the 1.25% paid-in-kind interest rate is accelerated into the first year, resulting in an overall first year interest rate of 8.91%, of which only 4.25% is payable in cash. Thereafter, the paid-in-kind interest ends and the cash interest rate of 4.25% is payable for the remainder of the term.

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***2018 Seller Loan***

In September 2018, we purchased the *Noble Johnny Whitstine* for \$93.8 million with a \$60.0 million seller-financed secured loan (the “2018 Seller Loan” and, together with the 2019 Seller Loan, the “Seller Loans”). The 2018 Seller Loan has a term of four years and requires a 5% principal payment at the end of the third year with the remaining 95% of the principal due at the end of the term. The 2018 Seller Loan bears a cash interest rate of 4.25% and the equivalent of a 1.25% interest rate paid-in-kind over the four year term of the 2018 Seller Loan. Based on the terms of the 2018 Seller Loan, the 1.25% paid-in-kind interest rate is accelerated into the first year, resulting in an overall first year interest rate of 8.91%, of which only 4.25% is payable in cash. Thereafter, the paid-in-kind interest ends and the cash interest rate of 4.25% is payable for the remainder of the term.

Both of the Seller Loans are guaranteed by Noble-Cayman and each is secured by a mortgage on the applicable rig and by the pledge of the shares of the applicable single-purpose entity that owns the relevant rig. Each Seller Loan contains a debt to total capitalisation ratio requirement that such ratio not exceed 0.55 at the end of each fiscal quarter, a \$300.0 million minimum liquidity financial covenant and an asset and revenue covenant substantially similar to the 2026 Notes, as well as other covenants and provisions customarily found in secured transactions, including a cross-default provision. Each Seller Loan requires immediate repayment on the occurrence of certain events, including the termination of the drilling contract associated with the relevant rig or circumstances in connection with a material adverse effect.

***Senior Notes Interest Rate Adjustments***

Our Senior Notes due 2025 and our Senior Notes due 2045 are subject to provisions that vary the applicable interest rates based on our debt rating. Effective April 2018, these senior notes have reached the contractually defined maximum interest rate set for each rating agency and no further interest rate increases are possible. The interest rates on these senior notes may be decreased if our debt ratings were to be raised by either rating agency above specified levels. Our other outstanding senior notes do not contain provisions varying applicable interest rates based upon our credit ratings.

***Debt Tender Offers, Repayments and Open Market Repurchases***

In March 2019, we completed cash tender offers for our Senior Notes due 2020 (the “2020 Notes”), Senior Notes due 2021 (the “2021 Notes”), Senior Notes due 2022 (the “2022 Notes”) and Senior Notes due 2024 (the “2024 Notes”). Pursuant to such tender offers, we purchased \$440.9 million aggregate principal amount of these senior notes for \$400.0 million, plus accrued interest, using cash on hand and borrowings under the 2015 Credit Facility. As a result of this transaction, we recognised a net gain of approximately \$31.3 million.

In October 2018, we purchased \$27.4 million aggregate principal amount of various tranches of our senior notes for approximately \$20.2 million, plus accrued interest, as open market repurchases and recognised a net gain of approximately \$6.9 million.

In August 2018, we purchased \$0.4 million aggregate principal amount of our Senior Notes due 2042 for approximately \$0.3 million, plus accrued interest, as open market repurchases and recognised a net gain of approximately \$0.1 million.

In March 2018, we repaid the remaining aggregate principal amount of \$126.6 million of our Senior Notes due 2018 (the “2018 Notes”) at maturity using cash on hand.

In March 2018, we purchased \$9.5 million aggregate principal amount of various tranches of our senior notes for approximately \$8.7 million, plus accrued interest, as open market repurchases and recognised a net gain of approximately \$0.5 million.

In February 2018, we redeemed the remaining principal amount of \$61.9 million of our Senior Notes due 2019 (the “2019 Notes”) for approximately \$65.3 million, plus accrued interest. As a result of this transaction, we recognised a net loss of approximately \$3.5 million.

In February 2018, we completed cash tender offers for the 2018 Notes, the 2019 Notes, the 2020 Notes, the 2021 Notes, the 2022 Notes and the 2024 Notes. Pursuant to such tender offers, 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 2026 Notes issuance and cash on hand. As a result of this transaction, we recognised a net loss of approximately \$3.5 million.

***Covenants***

At 31 December 2019, the 2017 Credit Facility contained certain financial covenants applicable to NHUK and its subsidiaries, including (i) a covenant that limits our ratio of Senior Guaranteed Indebtedness to Adjusted EBITDA as of the last day of each fiscal quarter, with such ratio not being permitted to exceed 4.0 to 1.0 for the fiscal quarters ending September 30, 2019 through 31 December 2020, 3.5 to 1.0 for the fiscal quarters ending 31 March 2021 through 31 December 2021 and 3.0 to 1.0 for the fiscal quarters ending 31 March 2022 and thereafter, (ii) a minimum Liquidity (as defined in the 2017 Credit Facility) requirement of \$300.0 million, (iii) a covenant that the ratio of

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the Rig Value (as defined in the 2017 Credit Facility) of Marketed Rigs (as defined in the 2017 Credit Facility) 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, the ratio of (A) the Rig Value of the Closing Date Rigs (as defined in the 2017 Credit Facility) 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 and a requirement that any amounts drawn under the 2017 Credit Facility plus any undrawn amounts needed to cause us to be in compliance with the \$300.0 million Liquidity covenant not exceed the amount of the Indenture Secured Debt Basket at the time of each borrowing. As of 18 February 2020, we had \$335 million of borrowings outstanding under the 2017 Credit Facility, and we would have been able to borrow a maximum of an additional \$660 million thereunder.

NHUK has guaranteed the obligations of the borrowers under the 2017 Credit Facility. In addition, certain indirect subsidiaries of Noble-UK that own rigs are guarantors under the 2017 Credit Facility. Certain other subsidiaries of Noble-UK may 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 restrictive covenants generally applicable to NHUK and its subsidiaries, including 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.

In addition to the covenants from the 2017 Credit Facility noted above, the covenants from the 2026 Notes described under “—Debt Issuance” above, and the covenants from the Seller Loans described under “—Seller Financing of Rig” 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. There are also restrictions on incurring or assuming certain liens and on entering into sale and lease-back transactions.

At 31 December 2019, our debt to total tangible capitalisation ratio under our Seller Loans was approximately 0.50 and we were in compliance with all applicable debt covenants. We continually monitor compliance with the covenants under our 2017 Credit Facility, Senior Notes and Seller Loans and expect to remain in compliance throughout 2020. However, our failure to comply with those covenants could result in an event of default which, if not cured or waived, could result in the acceleration of all our debt, which could result in our inability to continue as a going concern.

***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 debt instruments 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). The carrying amount of the Credit Facility approximates fair value as the interest rate is variable

and reflective of market rates. All remaining fair value disclosures are presented in “Note 25— Financial Instruments.”

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The following table presents the carrying value, net of unamortised debt issuance costs and discounts, and the estimated fair value of our total debt, not including the effect of unamortised debt issuance costs, respectively:

	As at 31 December 2019		As at 31 December 2018	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
	\$'000	\$'000	\$'000	\$'000
<b>Senior unsecured notes:</b>				
4.90% Senior Notes due August 2020	62,523	60,660	65,858	60,177
4.625% Senior Notes due March 2021	79,922	64,262	93,110	84,931
3.95% Senior Notes due March 2022	21,200	12,170	41,670	37,096
7.75% Senior Notes due January 2024	392,892	211,035	790,829	613,719
7.95% Senior Notes due April 2025	449,224	228,515	449,112	339,035
7.875% Senior Notes due February 2026	750,000	546,353	750,000	647,085
6.20% Senior Notes due August 2040	393,503	149,134	393,501	245,242
6.05% Senior Notes due March 2041	392,919	142,646	392,872	247,171
5.25% Senior Notes due March 2042	482,138	176,265	482,104	277,056
8.95% Senior Notes due April 2045	394,757	164,664	394,706	311,392
<b>Seller Loans:</b>				
Seller-financed secured loan due September 2022	62,838	36,968	60,776	57,902
Seller-financed secured loan due February 2023	55,723	31,175	—	—
<b>Credit Facility:</b>				
2017 Credit Facility matures January 2023	335,000	335,000	—	—
<b>Total debt</b>	<b>3,872,639</b>	<b>2,158,847</b>	<b>3,914,538</b>	<b>2,920,806</b>
Less: Unamortised debt issuance costs	(30,635)	—	(37,136)	—
Less: Current maturities of long-term debt	(62,505)	(60,660)	—	—
<b>Long-term debt, net of debt issuance costs</b>	<b>3,779,499</b>	<b>2,098,187</b>	<b>3,877,402</b>	<b>2,920,806</b>

**Note 15— Trade and other payables**

	As at 31 December 2019	As at 31 December 2018
	\$'000	\$'000
<b>Non-current</b>		
Accrued interest on uncertain tax position	29,078	22,553
Non-current other payables	92,888	228,816
<b>Total non-current trade payables and other payables</b>	<b>121,966</b>	<b>251,369</b>
<b>Current</b>		
Trade payables	108,250	125,599
Accrued payroll & related costs	55,759	49,987
Interest payable	88,047	100,100
Current other payables	68,145	58,243
Estimated loss for provision	100,000	—
<b>Total current trade payables and other payables</b>	<b>420,201</b>	<b>333,929</b>

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**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, Noble Drilling (Land Support) Limited, an indirect, wholly-owned subsidiary of Noble-UK (“NDLS”), maintains a pension plan that covers all of its salaried, non-union employees, whose most recent date of employment is prior to 1 April 2014 (referred to as our “non-US plan”). The NDLS Scheme is closed to new members and as at 31 December 2016 was closed to future accrual for existing members.
- Operating in the US, our three noncontributory defined benefit Schemes: two of which cover certain salaried employees and one which covers certain hourly employees, whose initial date of employment is prior to 1 August 2004 (collectively referred to as our “qualified US plans”). All three Schemes are closed to new members and as at 31 December 2016 were closed to future accrual for existing members.

We approved amendments, effective as at 31 December 2016, to our non-US and qualified US 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-US plans and qualified 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 US plans provides a fixed benefit per month times the participant’s number of years of service. As at 31 December 2016, all of the Schemes have been frozen to future accruals.

**Non-US 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-US plan” balances as at 31 December 2019 relate to the NDLS plan only. References to our “non-US plans” for periods prior to 2017 included throughout this report relates to both the NDLS and NRL plans.

The non-US 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 at 31 December 2016.

As of 31 December 2019, the NDLS pension Scheme targets an asset allocation of 48.0% return-seeking securities (Growth) and 52.0% debt securities (Matching). The Trustees have decided to implement a de-risking strategy whereby the level of investment risk reduces as the Scheme’s funding level improves. Consistent with this strategy, the Scheme’s Trustees will target an asset allocation of 30.0% return-seeking securities (Growth) and 70.0% in debt securities (Matching) to be implemented in 2020. The overall investment objective of the Scheme, as adopted by the Scheme’s trustees, is to reach a fully funded position on the agreed de-risking basis of Gilts - 0.20% per annum. The objectives within the Scheme’s overall investment strategy is to outperform the cash + 4% per annum long term objective for growth assets and to sufficiently hedge interest rate and inflation risk within the Matching portfolio in relation to the Scheme’s liabilities. By achieving these objectives, the trustees believe the Scheme will be able to avoid significant volatility in the contribution rate and provide sufficient assets to cover the Scheme’s benefit obligations. To achieve this the trustees have given Mercer, the appointed investment manager, full discretion in the day-to-day management of the Scheme’s assets and implementation of the de-risking strategy, who in turn invests in multiple underlying investment managers where appropriate. The trustees meet with Mercer periodically to review and discuss their investment performance.

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**US Plans**

In addition to the non-US plans discussed above, we have a US noncontributory defined benefit pension plan that covers certain salaried employees and a US noncontributory defined benefit pension plan that covers certain hourly employees. 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 US plans when required. The benefit amount that can be covered by the qualified US 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 US plan.

The three qualified US plans are governed by the Noble Drilling Employees’ Retirement Trust (the “Trust”). The fundamental objective of the US Plan (the “Plan”) is to provide the capital assets necessary to meet the financial obligations made to Plan participants. In order to meet this objective, the Investment Policy Statement depicts how the investment assets of the Plan are to be managed in accordance with the overall target asset allocation of approximately 41.0% equity securities, 57.7% fixed income securities, and 1.3% in cash and equivalents. The target asset allocation is intended to generate sufficient capital to meet Plan obligations and provide a portfolio rate of return equal to or greater than the return realised using appropriate blended, market benchmark over a full market cycle (usually a three to five year time period). Actual allocations may deviate from the target range, however any deviation from the target range of asset allocations must be approved by the Trust’s governing committee. 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 2019 or 2018.

a. Amounts recognised in the income statement for the years ended 31 December:

	2019	2018
	\$'000	\$'000
<b>US Defined benefit pension schemes:</b>		
Net interest expense on retirement benefit obligations	1,836	1,494
<b>Total charge in respect of US defined benefit pension schemes</b>	<b>1,836</b>	<b>1,494</b>
<b>Non-US Defined benefit pension schemes:</b>		
Past service cost	—	285
Net interest expense on retirement benefit obligations	4	3
Administrative expenses	268	194
<b>Total charge in respect of Non-US defined benefit pension schemes</b>	<b>272</b>	<b>482</b>
<b>Total charge in respect of defined benefit pension schemes</b>	<b>2,108</b>	<b>1,976</b>

b. Amounts recognised in the balance sheet:

	As at 31 December 2019		
	Non-US	US	Total
	\$'000	\$'000	\$'000
Present value of obligations	(62,484)	(240,249)	(302,733)
Fair value of plan assets	76,429	194,160	270,589
Effect of asset ceiling/(onerous liability)	(13,945)	—	(13,945)
<b>Net deficit on defined benefit pension plans</b>	<b>—</b>	<b>(46,089)</b>	<b>(46,089)</b>

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	As at 31 December 2018		
	Non-US	US	Total
	\$'000	\$'000	\$'000
Present value of obligations	(54,898)	(210,944)	(265,842)
Fair value of plan assets	68,596	165,730	234,326
Effect of asset ceiling/(onerous liability)	(13,698)	—	(13,698)
<b>Net surplus/(deficit) on defined benefit pension plans</b>	<b>—</b>	<b>(45,214)</b>	<b>(45,214)</b>

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

	2019			2018		
	Liabilities (PV)	Assets (FV)	Total	Liabilities (PV)	Assets (FV)	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Qualified US Plans at 1 January</b>	(210,944)	165,730	(45,214)	(235,175)	189,240	(45,935)
Interest (expense)/income	(8,711)	6,875	(1,836)	(8,179)	6,685	(1,494)
Contributions – Group	—	1,317	1,317	—	4,553	4,553
Benefits paid	8,483	(8,483)	—	11,737	(11,737)	—
<u>Remeasurement of retirement benefit obligations:</u>						
Experience gain/(loss)	(29,078)	—	(29,078)	20,673	—	20,673
Return on Schemes' assets greater than discount rate	—	28,722	28,722	—	(23,011)	(23,011)
Total remeasurement gain/(loss)	(29,078)	28,722	(356)	20,673	(23,011)	(2,338)
<b>Qualified US Plans at 31 December</b>	<b>(240,250)</b>	<b>194,161</b>	<b>(46,089)</b>	<b>(210,944)</b>	<b>165,730</b>	<b>(45,214)</b>
<b>Non-US Plans at 1 January</b>	(54,898)	68,596	13,698	(61,952)	77,141	15,189
Exchange rate adjustments	(1,944)	2,371	427	3,123	(3,898)	(775)
Interest (expense)/income	(1,546)	1,937	391	(1,838)	1,940	102
Settlement/Curtailment gain/(loss)	743	(728)	15	—	—	—
Benefits paid	1,826	(1,826)	—	3,087	(3,087)	—
<u>Remeasurement of retirement benefit obligations:</u>						
Experience gain	—	—	—	3	—	3
Gain from change in financial assumptions	(6,665)	—	(6,665)	2,679	—	2,679
Return on assets not included in finance costs	—	6,347	6,347	—	(3,306)	(3,306)
Total remeasurement gain/(loss)	(6,665)	6,347	(318)	2,682	(3,306)	(624)
Administrative expenses borne directly by Schemes	—	(268)	(268)	—	(194)	(194)
<b>Non-US Plans at 31 December</b>	<b>(62,484)</b>	<b>76,429</b>	<b>13,945</b>	<b>(54,898)</b>	<b>68,596</b>	<b>13,698</b>
Effect of asset ceiling / onerous liability	—	(13,945)	(13,945)	—	(13,698)	(13,698)
<b>Total</b>	<b>(62,484)</b>	<b>62,484</b>	<b>—</b>	<b>(54,898)</b>	<b>54,898</b>	<b>—</b>
<b>Total plans at 1 January</b>	(265,842)	234,326	(31,516)	(297,127)	266,381	(30,746)
Exchange rate adjustments	(1,944)	2,371	427	3,123	(3,898)	(775)
Interest (expense)/income	(10,257)	8,812	(1,445)	(10,017)	8,625	(1,392)
Settlement/Curtailment gain/(loss)	743	(728)	15	—	—	—
Contributions – Group	—	1,317	1,317	—	4,553	4,553
Benefits paid	10,309	(10,309)	—	14,824	(14,824)	—
<u>Remeasurement of retirement benefit obligations:</u>						
Experience gain/(loss)	(29,078)	—	(29,078)	20,676	—	20,676
Gain from change in financial assumptions	(6,665)	—	(6,665)	2,679	—	2,679
Return on assets not included in finance costs	—	35,069	35,069	—	(26,317)	(26,317)
Total remeasurement gain/(loss)	(35,743)	35,069	(674)	23,355	(26,317)	(2,962)
Administrative expenses borne directly by Schemes	—	(268)	(268)	—	(194)	(194)
<b>Total Plans at 31 December</b>	<b>(302,734)</b>	<b>270,590</b>	<b>(32,144)</b>	<b>(265,842)</b>	<b>234,326</b>	<b>(31,516)</b>



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

	As at 31 December 2019				As at 31 December 2018			
	Quoted	Unquoted	Total	%	Quoted	Unquoted	Total	%
	\$'000	\$'000	\$'000		\$'000	\$'000	\$'000	
Cash	2,254	—	2,254	1.2 %	4,801	—	4,801	2.9 %
Equities	44,972	38,920	83,892	43.2 %	34,613	31,175	65,788	39.7 %
Bonds	106,072	1,942	108,014	55.6 %	89,987	5,154	95,141	57.4 %
<b>US pension Schemes</b>	<b>153,298</b>	<b>40,862</b>	<b>194,160</b>	<b>100.0 %</b>	<b>129,401</b>	<b>36,329</b>	<b>165,730</b>	<b>100.0 %</b>
Cash	903	—	903	1.2 %	151	—	151	0.2 %
Equities	26,131	—	26,131	34.2 %	25,584	—	25,584	37.3 %
Bonds	49,395	—	49,395	64.6 %	42,861	—	42,861	62.5 %
<b>Non-US pension Schemes</b>	<b>76,429</b>	<b>—</b>	<b>76,429</b>	<b>100.0 %</b>	<b>68,596</b>	<b>—</b>	<b>68,596</b>	<b>100.0 %</b>
Cash	3,157	—	3,157	1.2 %	4,952	—	4,952	2.1 %
Equities	71,103	38,920	110,023	40.7 %	60,197	31,175	91,372	39.0 %
Bonds	155,467	1,942	157,409	58.2 %	132,848	5,154	138,002	58.9 %
<b>Total pension Schemes' assets</b>	<b>229,727</b>	<b>40,862</b>	<b>270,589</b>	<b>100.0 %</b>	<b>197,997</b>	<b>36,329</b>	<b>234,326</b>	<b>100.0 %</b>

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

	2019		2018	
	Non-US Plan	Qualified US Plan	Non-US Plan	Qualified US Plan
Discount rate	2.10%	2.56% - 3.32%	2.90%	3.65% - 4.29%
Inflation rate	2.30%	2.20%	2.20%	2.30%
Salary increases	N/A	N/A	N/A	N/A

**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

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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 at 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 2019 or 2018.

As at 31 December 2019, no single security made up more than 10 percent of total assets of either the qualified US plans or the non-US plan.

**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-2018, with employee rates before termination and healthy annuitant rates after termination (adopted 31 December 2017). As a generational table, it reflects mortality improvements both before and after the measurement date.

	Non-US Plan	Qualified US Plan
	\$'000	\$'000
<b>Estimated future payments</b>		
2020	5,947	11,034
2021	3,128	14,419
2022	3,232	10,104
2023	3,341	10,611
2024	3,454	10,791
Succeeding 5 years	19,094	57,020
	<b>38,196</b>	<b>113,979</b>

Future benefit payments represent payments to either active or terminated employees who have a vested pension, but who have yet to begin their annuity as well as current annuitants and their expected length of payments based on mortality tables. Whether or not the plans require funding is dictated by the annual valuation report in the US and the triennial valuation report in the UK. There are prescribed funding levels which if the actuaries determine we are below in a given plan, will trigger funding in order to at least meet the passing threshold level. The above table summarises our estimated future benefit payments at 31 December 2019.

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.

	2019	2018
	UK	UK
Retiring at the end of the reporting year		
Male retirees	21.9	21.8
Female retirees	24.5	24.4
Retiring 20 years after the end of the reporting year		
Male retirees	23.8	23.7
Female retirees	26.6	26.5

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

	<u>2019</u>	<u>2018</u>
	<u>US</u>	<u>US</u>
Retiring at the end of the reporting year		
Male retirees	20.6	20.6
Female retirees	22.6	22.6
Retiring 20 years after the end of the reporting year		
Male retirees	22.2	22.3
Female retirees	24.1	24.2

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 2019 by the amounts shown below:

<b>Sensitivity Analysis</b>	<b>\$'000</b>
1% reduction in discount rate	51,912
Mortality improvement of 1 year	9,343

#### **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 31 December 2019 and 2018, our liability for the 401(k) Restoration Plan was \$8.4 million and \$8.2 million, respectively, 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 three years of service. We sponsor other retirement, health and welfare plans and a 401(k) savings plan for the benefit of our employees. On 1 January 2019, the 401(k) savings plan and the profit sharing plan were merged into the Noble Drilling Services Inc. 401(k) and Profit Sharing Plan.

Profit sharing contributions are discretionary, require Board of Directors approval and are made in the form of cash. Contributions recorded related to this plan totalled \$2.4 million and \$2.3 million, respectively, for the years ended 31 December 2019 and 2018. The cost of maintaining these plans for continuing operations aggregated approximately \$28.1 million and \$25.0 million in 2019 and 2018, 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 plc 2015 Omnibus Incentive Plan (the "Noble 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 Noble Incentive Plan. Neither consultants nor non-employee Directors are eligible for awards under the Noble Incentive Plan. The Noble Incentive Plan replaced the Noble Corporation 1991 Stock Options and Restricted Stock Plan, as amended (the "1991 Plan"). Equity awards have thereafter only been made under the New Plan. Stock option awards previously granted under the 1991 Plan remain outstanding in accordance with their terms.

During 2019, 2018 and 2017, the Noble 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 Noble Incentive Plan by 5.8 million, 5.0

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million and 3.7 million shares, respectively. The maximum aggregate number of ordinary shares that may be granted for any and all awards under the Noble Incentive Plan will not exceed 31.3 million shares and at 31 December 2019, we had 13.2 million shares remaining available for grants to employees.

During 2017, upon shareholder approval, the Noble Corporation plc 2017 Director Omnibus Plan (the “Director Plan”) replaced the previous plans that were terminated. Equity awards to our non-employee directors have thereafter only been made under the Director Plan. No awards made under previous plans remain outstanding.

During 2019, shareholders approved amendments to increase the number of ordinary shares available for issuance under the Director Plan by 0.9 million shares, bringing the maximum aggregate number of ordinary shares that may be granted for any and all awards under the Director Plan to 1.8 million shares. At 31 December 2019, we had 1.0 million shares remaining for grants to non-employee directors.

*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 the 1991 Plan as at 31 December 2019 and 2018 and the changes during the year ended on those dates is presented below:

	2019		2018	
	Number of Shares Underlying Options	Weighted Average Exercise Price	Number of Shares Underlying Options	Weighted Average Exercise Price
		\$		\$
Outstanding at beginning of year	1,103,242	28.74	1,313,155	29.51
Expired	(394,842)	24.85	(209,913)	33.56
Outstanding at end of year <sup>(1)</sup>	708,400	30.90	1,103,242	28.74
Exercisable at end of year <sup>(1)</sup>	708,400	30.90	1,103,242	28.74

<sup>(1)</sup> Options outstanding and exercisable at 31 December 2019 had no intrinsic value.

The following table summarises additional information about stock options outstanding at 31 December 2019:

	Options Outstanding and Exercisable		
	Number of Shares Underlying Options	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price
			\$
\$20.49 to \$25.41	53,934	2.03	25.41
\$25.42 to \$30.59	277,177	2.10	30.59
\$30.60 to \$32.78	377,289	0.70	31.92
<b>Total</b>	<b>708,400</b>	<b>1.33</b>	<b>30.90</b>

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 behaviour, 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 US Treasury yield curve in effect at the time of grant.

There were no non-vested stock option balances at 31 December 2019 or any changes during the year ended 31 December 2019. No new stock options were granted during the years ended 31 December 2019 and 2018. There was no compensation cost recognised during the years ended 31 December 2019 and 2018 related to stock options.

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*Restricted Stock Units (“RSUs”)*

We have awarded both Time Vested (“TVRSUs”) and Performance Vested (“PVRsUs”) RSUs under the Noble 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. Depending on the date the PVRsU was awarded, these criteria consist of market based criteria or market and performance based criteria.

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:

	2019	2018
<u>Valuation assumptions:</u>		
Expected volatility	59.6%	61.8%
Risk-free interest rate	2.50%	2.31%

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

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

<u>TVRSU</u>	2019	2018
Units awarded	4,639,119	3,578,212
Weighted-average share price at award date	\$ 3.02	\$ 4.71
Weighted-average vesting period (years)	3.0	3.0

<u>PVRsU</u>	2019	2018
Units awarded	1,623,399	2,733,906
Weighted-average share price at award date	\$ 3.13	\$ 4.55
Three-year performance period ended 31 December	2021	2020
Weighted-average award date fair value	\$ 3.61	\$ 2.96

During the years ended 31 December 2019 and 2018, we awarded 280,635 and 267,204 TVRSUs, respectively, to our non-employee directors.

A summary of the status of non-vested RSUs at 31 December 2019 and changes during the year ended 31 December 2019 is presented below:

	TVRSUs Outstanding	Weighted Average Award-Date Fair Value	PVRsUs Outstanding <sup>(1)</sup>	Weighted Average Award-Date Fair Value
		\$		\$
Non-vested RSUs at 1 January 2019	5,224,403	5.71	6,191,067	4.38
Awarded	4,639,119	3.02	1,623,399	3.61
Vested	(2,597,672)	6.08	(621,759)	3.81
Forfeited	(936,821)	4.44	(2,338,355)	3.39
Non-vested RSUs at 31 December 2019	6,329,029	3.89	4,854,352	3.56

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- (1) For awards granted prior to 2019, 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. For awards granted during 2019, the number of PVRsUs shown equals the units that would vest if the “target” level of performance is achieved. The minimum number of units is zero and the “maximum” level of performance is 200 percent of the amounts shown.

At 31 December 2019, there was \$12.7 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 2019 was \$15.8 million.

At 31 December 2019, there was \$5.9 million of total unrecognised compensation cost related to the PVRsUs, which is expected to be recognised over a remaining weighted-average period of 1.1 years. The total potential compensation for PVRsUs is recognised over the service period regardless of whether the performance thresholds are ultimately achieved.

Share-based amortisation recognised during the years ended 31 December 2019 and 2018 related to all restricted stock totalled \$13.6 million (\$12.5 million net of income tax), \$19.6 million (\$16.7 million net of income tax). During the year ended 31 December 2019 and 2018, capitalised share-based amortisation was zero.

**Note 18— Shareholders’ Equity**

**a. Share Capital:**

As of 31 December 2019, Noble-UK had approximately 249.2 million shares outstanding and trading as compared to approximately 246.8 million shares outstanding and trading at 31 December 2018. At our 2019 Annual General Meeting, shareholders authorised Board of Directors to increase share capital through the issuance of up to approximately 83.1 million ordinary shares (at current nominal value of \$0.01 per share). That authority to allot shares will expire at the end of our 2020 Annual General Meeting unless we seek an extension from shareholders at that time. Other than shares issued to our directors under our Noble Corporation plc 2017 Director Omnibus Plan, the authority was not used to allot shares during the year ended 31 December 2019.

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 law. Therefore, Noble-UK is not permitted to pay dividends out of share capital, which includes share premium. Noble has not paid dividends since the third quarter of 2016. The payment of future dividends will depend on our results of operations, financial condition, cash requirements, future business prospects, contractual and indenture restrictions and other factors deemed relevant by our Board of Directors.

	As at 31 December 2019	As at 31 December 2018
	<b>Ordinary Shares of \$ 0.01 each</b>	
Shares outstanding and trading ('000s)	249,200	246,794
	<b>Ordinary shares outstanding</b>	<b>Share capital (par value)</b>
	<b>‘000</b>	<b>\$'000</b>
<b>Balance as at 1 January 2018</b>	244,971	2,450
Issuance of share-based compensation shares	1,823	18
<b>Balance as at 31 December 2018</b>	246,794	2,468
Issuance of share-based compensation shares	2,406	24
<b>Balance as at 31 December 2019</b>	<b>249,200</b>	<b>2,492</b>

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**b. Other Reserves:**

	Share Plan Reserve & Other	Accumulated Other Comprehensive Expense/Income	Other Reserves
	\$'000	\$'000	\$'000
<b>Balance as at 1 January 2018</b>	704,453	(34,607)	669,846
Other comprehensive loss	—	(17,589)	(17,589)
Amortisation of share-based compensation	19,613	—	19,613
Issuance of share-based compensation shares	(18)	—	(18)
Tax benefit of equity transactions	(3,488)	—	(3,488)
<b>Balance as at 31 December 2018</b>	<b>720,560</b>	<b>(52,196)</b>	<b>668,364</b>
Other comprehensive income	—	240	240
Amortisation of share-based compensation	13,625	—	13,625
Issuance of share-based compensation shares	(24)	—	(24)
Tax benefit of equity transactions	(2,803)	—	(2,803)
<b>Balance as at 31 December 2019</b>	<b>731,358</b>	<b>(51,956)</b>	<b>679,402</b>

**c. Accumulated Other Comprehensive Income:**

	Defined Benefit Pension Items	Foreign Currency Items	Accumulated Other Comprehensive Income/(Loss)
	Note 16		
	\$'000	\$'000	\$'000
<b>Balance as at 1 January 2018</b>	<b>(19,322)</b>	<b>(15,285)</b>	<b>(34,607)</b>
Activity during year:			
Other comprehensive loss before reclassifications	—	(2,729)	(2,729)
Amounts reclassified from AOCI	(14,860)	—	(14,860)
<b>Other comprehensive loss</b>	<b>(14,860)</b>	<b>(2,729)</b>	<b>(17,589)</b>
<b>Balance as at 31 December 2018</b>	<b>(34,182)</b>	<b>(18,014)</b>	<b>(52,196)</b>
Activity during year:			
Other comprehensive income before reclassifications	—	260	260
Amounts reclassified from AOCI	(20)	—	(20)
<b>Other comprehensive (loss)/income</b>	<b>(20)</b>	<b>260</b>	<b>240</b>
<b>Balance as at 31 December 2019</b>	<b>(34,202)</b>	<b>(17,754)</b>	<b>(51,956)</b>

**Note 19— Leases**

**Leases**

We determine if an arrangement is a lease at inception. Our operating lease agreements are primarily for real estate, equipment, storage, dock space and automobiles and are included within “Other current liabilities,” “Other assets” and “Other liabilities,” respectively, on our Consolidated Balance Sheets.

As most of our leases do not provide an implicit rate, we use our incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. Certain of our lease agreements include options to extend or terminate the lease, which we do not include in our minimum lease terms unless management is reasonably certain to exercise.

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Supplemental balance sheet information related to leases was as follows for the twelve months ended:

	<b>31 December 2019</b>
	<b>\$'000</b>
<b>Finance Leases</b>	
Variable lease cost	1,641
Interest expense on finance lease liabilities	2,900
Short-term lease cost	6,790

Supplemental cash flow information related to leases was as follows for the twelve months ended:

	<b>31 December 2019</b>
	<b>\$'000</b>
Cash paid for amounts included in the measurement of lease liabilities	
Financing cash flows from finance leases	9,016
Additions to right-of-use assets	9,804
Finance lease amortization	7,184

Depreciation expense for right-of-use assets, by class of underlying asset were as follows for the twelve months ended:

	<b>31 December 2019</b>
	<b>\$'000</b>
Real estate	2,991
Dock space	1,222
Storage	1,258
Other	1,713
<b>Total</b>	<b>7,184</b>

The carrying amount of right-of-use assets, by class of underlying asset was as follows:

	<b>As at 31 December 2019</b>
	<b>\$'000</b>
Real estate	21,114
Dock space	6,109
Storage	2,591
Other	2,782
<b>Total</b>	<b>32,596</b>



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Maturities of lease liabilities as of 31 December 2019 were as follows:

	<b>Finance Leases</b>
	<b>\$'000</b>
2020 (remainder)	9,578
2021	7,765
2022	5,358
2023	3,533
2024	3,604
Thereafter	20,530
<b>Total lease payments</b>	<b>50,368</b>
Less: Interest	(16,845)
<b>Present value of lease liability</b>	<b>33,523</b>

**Note 20— 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 US Gulf of Mexico violated Transocean patents relating to what is generally referred to as dual-activity drilling, and Transocean is seeking royalties of a \$10.0 million fee and a five percent license fee for the pertinent period of operation for each vessel and damages for the breach of contract. We were aware of the patents when we constructed the rigs. The patents are now expired in the United States and most other countries. While there is inherent risk in litigation, we do not believe that our rigs infringe the Transocean patents. Transocean also recently added another claim alleging that we breached a 2007 settlement agreement we entered into with Transocean relating to patent claims in respect of another Noble rig. We also do not believe there has been any breach of the 2007 agreement. The litigation continues, and a trial date has been set for May 2020. We continue to defend ourselves vigorously against this claim. Management believes the outcome of these matters should be resolved in a manner favourable to the Group, however, there remains a high degree of uncertainty regarding the ultimate outcome of these lawsuits, as well as their potential effect on future operations, earnings, cash flows and Noble’s financial condition.

**Paragon Offshore**

On 1 August 2014, Noble-UK completed the Spin-off of a majority of its standard specification offshore drilling business through a pro rata distribution of all of the ordinary shares of its wholly-owned subsidiary, Paragon Offshore, to the holders of Noble’s ordinary shares. 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 a revised plan of reorganisation (the “New Plan”) in its bankruptcy proceeding. Under the New Plan, Paragon Offshore no longer needed the Mexican tax bonding that Noble-UK was required to provide under the Settlement Agreement. 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 create and fund a 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, and the litigation trust filed an amended complaint in October 2019. The amended complaint alleges claims of 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. The litigation trust is seeking damages of (i) approximately \$1.7 billion from the Company, an amount equal to the amount borrowed by Paragon Offshore immediately prior to the Spin-off, (ii) an additional approximately \$935 million relating to the transfer of intercompany receivables and notes from a Paragon subsidiary to a Noble subsidiary prior to the Spin-off (bringing the total claimed damages to approximately \$2.6 billion), and (iii) unspecified amounts in respect of the

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claims against the officer and director defendants, all of whom have indemnification agreements with us. A trial date has been set for September 2020.

We 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. However, the Company continually assesses potential outcomes, including the probability of the parties ultimately resolving the matter through settlement in light of various factors, including given the complex factual issues involved, the uncertainty and risk inherent in this type of litigation, the time commitment and distraction of our organisation, the potential effect of the ongoing litigation and uncertainty on our business, and the substantial expense incurred in litigating the claims. As such, the Company's current estimated loss related to the final disposition of this matter is \$100.0 million, which the Company recorded as a general and administrative expense for the year ended 31 December 2019 and is reflected as a current liability as of 31 December 2019. As pre-trial matters progress, the Company's estimated loss could change from time to time, and any such change individually or in the aggregate could be material.

There is inherent risk and substantial expense in litigation, and the amount of damages that the plaintiff is seeking is substantial. If any of the litigation trust's claims are successful, or if we elect to settle any claims (in part to reduce or eliminate the ongoing cost of defending the litigation and eliminate any risk of a larger judgment against us), any damages or other amounts we would be required to or agree to pay in excess of the amount we recognised at 31 December 2019, could have a material adverse effect on our business, financial condition and results of operations, including impeding our ability to meet ongoing financial obligations or to continue as a going concern. Given the risks and considerations discussed above, we cannot predict with any degree of certainty what the outcome of the litigation may be. Furthermore, as discussed below, we cannot predict the amount of insurance coverage, if any, that we may have if we were to settle or be found liable in the litigation.

We have directors' and officers' indemnification coverage for the officers and directors who have been sued by the litigation trust. The insurers have accepted coverage for the director and officer claims and we are continuing to discuss with them the scope of their reimbursement of litigation expenses. In addition, at the time of the Spin-off, we had entity coverage, or "Side C" coverage, which was meant to cover certain litigation claims up to the coverage limit of \$150.0 million, including litigation expenses. We have made a claim for coverage of the litigation trust's claims against Noble under such entity insurance. The insurers have rejected coverage for these claims. However, we intend to pursue coverage should the litigation be concluded adversely to us or should we settle the litigation. We cannot predict the amount of claims and expenses we may incur, pay or settle in the Paragon Offshore litigation that such insurance will cover, if any.

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, including a Master Separation Agreement (the "MSA") and a 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 resulted in a number of accounting charges and benefits during 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. The potential for a negative outcome represents a material uncertainty that may cast doubt on the Company's ability to continue as a going concern in the event we are not successful in defending these claims.

During the year ended 31 December 2019, we recognised charges of \$3.8 million recorded in "Net loss from discontinued operations, net of tax" on our Consolidated Statement of Operations relating to settlement of Mexico customs audits from rigs included in the Spin-off.

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**Tax matters.**

The Internal Revenue Service (“IRS”) has completed its examination procedures including all appeals and administrative reviews for the taxable years ended 31 December 2010 and 2011. In June 2019, the IRS examination team notified us that it was no longer proposing any adjustments with respect to our tax reporting for the taxable years ended 31 December 2010 and 31 December 2011. During the third quarter of 2017, the IRS initiated its examination of our 2012, 2013, 2014 and 2015 tax returns. In October 2019 we received a notice that the IRS added our 2016 and 2017 tax returns to its examination. We believe that we have accurately reported all amounts in our 2012, 2013, 2014, 2015, 2016 and 2017 tax returns.

Audit claims of approximately \$74.0 million attributable to income and other business taxes were assessed against Noble entities in Mexico related to tax years 2005 and 2007 and in Australia related to tax years 2013 to 2016. We intend to vigorously defend our reported positions, and believe the ultimate resolution of the audit claims will not have a material adverse effect on our consolidated financial statements.

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 upon challenge by a tax authority. 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.

**Summary of Contractual Cash Obligations and Commitments**

The following table summarises our contractual cash obligations and commitments at 31 December 2019:

	Payments Due by Period (\$'000)						
	For the Years Ending 31 December						
	Total	2020	2021	2022	2023	2024	Thereafter
<b>Contractual cash obligations</b>							
Debt obligations	3,886,905	62,535	82,937	83,730	388,462	397,025	2,872,216
Interest payments	3,341,726	276,580	271,623	268,527	235,818	219,714	2,069,464
Pension plan contributions	152,175	16,981	17,547	13,336	13,952	14,245	76,114
Tax reserves <sup>(1)</sup>	137,511	—	—	—	—	—	—
<b>Total contractual cash obligations</b>	<b>7,518,317</b>	<b>356,096</b>	<b>372,107</b>	<b>365,593</b>	<b>638,232</b>	<b>630,984</b>	<b>5,017,794</b>
							<b>137,511</b>

<sup>(1)</sup> 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 7— Taxes” to the Consolidated Financial Statements.

At 31 December 2019, 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.

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**Note 21— Segment Information**

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 at 31 December 2019, 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 US 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	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Australia	33,623	—	134,734	130,805
Brazil	—	—	3,159	8,911
Brunei	—	3,080	1,288	—
Bulgaria	61,525	84,757	—	342,726
Canada	46,147	47,085	101,160	115,769
Curacao	—	—	6,711	39,629
Denmark	31,076	35,855	137,029	137,267
East Timor	—	33,733	—	—
Egypt	49,209	112,473	—	339,359
Gabon	—	—	4,160	8,065
Guyana	132,414	50,839	751,929	435,439
Malaysia	251,497	91,052	13,518	270,939
Mexico	—	—	28,031	27,542
Myanmar	56,207	16,572	141,401	143,328
Qatar	36,948	35,180	160,058	237,521
Saudi Arabia	154,807	156,989	1,018,549	238,369
Singapore	—	1,769	—	125,721
Suriname	17,374	(3)	217,604	—
Tanzania	—	381	—	—
United Arab Emirates	—	(17)	40,538	34,874
United Kingdom	243,063	194,602	482,000	1,388,522
United States	191,548	218,479	836,675	891,604
Total	1,305,438	1,082,826	4,078,544	4,916,390

Identifiable assets for this purpose consist of property, plant and equipment, and other 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.

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**Note 22— Auditors' Remuneration**

The following table presents the fees paid to PricewaterhouseCoopers LLP for services rendered during the years ended 31 December:

	2019	2018
	\$'000	\$'000
Group audit of IFRS consolidated and parent financial statements	478	460
Fees payable to company's auditors and its associates for other audit services	3,870	4,019
Audit-related fees	52	121
Tax compliance fees	177	145
Tax consulting fees	877	303
All other fees	16	16
<b>Total</b>	<b>5,470</b>	<b>5,064</b>

**Note 23— Employee Information**

The following table illustrates our average number of employee and labour contractors by functional area as at 31 December:

	2019	2018
Contract Drilling	2,526	2,123
Shorebased local administration	197	194
Corporate operational support	167	165
Corporate general and administration	98	110
<b>Total</b>	<b>2,988</b>	<b>2,592</b>

Employee benefit expenses for the Group during the years ended 31 December were as follows:

	2019	2018
	\$'000	\$'000
<b>Employee benefit expense</b>		
Wages and salaries	327,705	287,276
Social security costs	15,708	10,568
Share-based compensation	12,824	18,376
Pension costs - defined contribution plans	7,196	5,858
Pension costs - defined benefit plans	6,409	5,432
<b>Total employee benefit expense</b>	<b>369,842</b>	<b>327,510</b>

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**Note 24— Related Party Transactions**

**Compensation of key management personnel**

The remuneration of Directors and other key members of the management as at 31 December were as follows:

	2019	2018
	\$'000	\$'000
<b>Compensation of key management personnel of the Group</b>		
Short-term benefits and bonus	6,539	6,316
Termination benefits	1,000	3,750
Share-based compensation	4,027	6,071
Post-retirement benefits	1,763	(1,047)
<b>Total compensation paid to key management personnel</b>	<b>13,329</b>	<b>15,090</b>

**Note 25— Financial Instruments**

**25.1 —Financial Risk Management**

We are exposed to certain concentrations of interest rate and foreign currency exchange rate risk: periodically, we enter into derivative instruments to manage our exposure to fluctuations in these 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 earnings.

*Cash Flow Hedges*

Several of our regional shorebases 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 have historically settled monthly in the operations' respective local currencies. All of these contracts had a maturity of less than 12 months. During 2019 and 2018, we entered into forward contracts of approximately \$15.8 million and zero, respectively, all of which settled during their respective years. At both 31 December 2019 and 2018, we had no outstanding derivative contracts.

*Financial Statement Presentation*

The following table summarises the gains/(losses) relating to cash flow hedges and non-designated derivatives through Other Comprehensive Income or as “contract drilling services” revenue or cost for the years ended 31 December 2019 and 2018:

	(Gain)/loss reclassified from OCI to “contract drilling services” cost
	2019
	2018
	\$'000
	\$'000

**Cash flow hedges**

Foreign currency forward contracts

320

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There were no foreign currency forward contracts outstanding as of 31 December 2019

**NOBLE CORPORATION PLC AND SUBSIDIARIES**  
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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 2019			
		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	
<b>Assets—</b>					
Marketable securities	10,443	10,443	—	—	
		31 December 2018			
		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	
<b>Assets—</b>					
Marketable securities	8,659	8,659	—	—	

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 2017 credit facility. Interest on borrowings under our 2017 credit facility is at an agreed upon percentage point spread over LIBOR, or a base rate stated in the agreement. Borrowings under the 2017 Credit Facility bear interest at LIBOR plus an applicable margin, which is currently the maximum contractual rate of 4.25%. At 31 December 2019, we had \$335.0 million outstanding under our 2017 Credit facility plus \$9.0 million of performance letters or credit.

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. The interest rates on these senior notes may be decreased if our debt ratings were to be raised by the relevant rating agency above specified levels.

See “Note 14— Interest Bearing Loans and 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.

**NOBLE CORPORATION PLC AND SUBSIDIARIES**  
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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 ("Shell"), Exxon Mobil Corporation ("ExxonMobil"), Equinor ASA ("Equinor") and Saudi Arabian Oil Company ("Saudi Aramco") accounted for approximately 36.5 percent, 13.7 percent, 13.1 percent, and 11.9 percent, respectively, of our consolidated operating revenues, which was inclusive of the *Noble Bully II* contract buyout, for the year ended 31 December 2019. Exclusive of the *Noble Bully II* contract buyout, revenues from Shell, ExxonMobil, Equinor and Saudi Aramco accounted for approximately 27.1 percent, 15.7 percent, 15.1 percent and 13.6 percent, respectively, of our consolidated operating revenues for the year ended 31 December 2019. Revenues from Shell, Equinor, and Saudi Aramco accounted for approximately 38.8 percent, 15.5 percent, and 14.5 percent, respectively, of our consolidated operating revenues for the year ended 31 December 2018. 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 2019	31 December 2018
	\$'000	\$'000
Cash at bank, short-term bank deposits and money market funds		
AAA	2,623	138,873
AA	96,540	228,406
A	4,723	7,555
Ba	2,024	1,059
Cash in hand	14	14
<b>Total cash and cash equivalents</b>	<b>105,924</b>	<b>375,907</b>

**25.5 —IFRS 9 Financial Instruments**

The adoption of IFRS 9 *Financial Instruments* from 1 January 2018 resulted in changes in accounting policies with no material adjustments to amounts recognised in the financial statements. In accordance with the transitional provisions in IFRS 9 (7.2.15) and (7.2.26), comparative figures have not been restated.

**25.6 —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 2019	31 December 2018
	Amortised cost	Amortised cost
	\$'000	\$'000
Cash and cash equivalents	105,924	375,232
Accounts receivable, net	198,665	200,721
<b>Total</b>	<b>304,589</b>	<b>575,953</b>



**NOBLE CORPORATION PLC AND SUBSIDIARIES**  
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	31 December 2019	31 December 2018
	Other financial liabilities at amortised cost <sup>(1)</sup>	Other financial liabilities at amortised cost <sup>(1)</sup>
	\$'000	\$'000
Borrowings (excluding finance lease liabilities)	3,842,004	3,877,402
Trade and other payables excluding non-finance liabilities	352,056	275,686
<b>Total</b>	<b>4,194,060</b>	<b>4,153,088</b>

<sup>(1)</sup> For further guidance see Note 2— Summary of Significant Accounting Policies “2.10 —Financial Assets”

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
<b>As at 31 December 2019</b>					
Borrowings	62,535	166,667	785,487	2,872,216	3,886,905
Trade and other payables - current	420,201	—	—	—	420,201
<b>As at 31 December 2018</b>					
Borrowings	—	65,860	195,623	3,673,040	3,934,523
Trade and other payables - current	333,929	—	—	—	333,929

**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 2019 and 2018.

In order to achieve this overall objective, the Group’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).

**NOBLE CORPORATION PLC AND SUBSIDIARIES**  
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The gearing ratios at 31 December 2019 and 2018 were as follows:

	31 December 2019	31 December 2018
	\$'000	\$'000
Total borrowings (Note 14)	3,872,639	3,914,538
Less: Cash and cash equivalents (Note 13)	105,924	375,907
Net debt	<b>3,766,715</b>	<b>3,538,631</b>
Total equity	(476,265)	378,460
Total capital	<b>3,290,450</b>	<b>3,917,091</b>
<b>Gearing ratio</b>	<b>114.47%</b>	<b>90.34%</b>

The increase in the gearing ratio is primarily attributed to further deterioration of the Group's rigs and capital spares carrying amount.

**Note 27— Supplemental Cash Flow Information**

	31 December 2019	31 December 2018
	\$'000	\$'000
<b>Cash flows from operating activities</b>		
Net loss for the year	(733,933)	(770,870)
Adjustments to reconcile net loss to net cash from operating activities:		
Depreciation and amortisation	249,098	294,526
Loss on impairment	700,104	648,483
(Gain) loss on extinguishment of debt	(30,616)	1,793
Deferred income tax benefit	(60,805)	(80,947)
Share-based compensation expense	13,625	19,613
Other costs, net	59,631	12,384
Other changes in assets and liabilities:		
Trade and other receivables	(4,986)	87,644
Other assets	37,204	(4,701)
Accounts payable	(2,279)	14,955
Other current liabilities	(4,592)	(13,940)
Other liabilities	(26,663)	(37,089)
<b>Net cash from operating activities</b>	<b>195,788</b>	<b>171,851</b>

***Non-cash investing and financing activities***

Additions to property and equipment, at cost for which we had accrued a corresponding liability in accounts payable as of 31 December 2019 and 2018 were \$36.0 million and \$52.1 million, respectively.

We entered into the \$60.0 million 2018 Seller Loan to finance a portion of the purchase price for the *Noble Johnny Whitstine* in September 2018. We entered into the \$53.6 million 2019 Seller Loan to finance a portion of the purchase price for the *Noble Joe Knight* in February 2019. See "Note 14— Interest Bearing Loans and Borrowings" for additional information.

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**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:

<b>Name</b>	<b>Ownership interest</b>	<b>Country of incorporation</b>	<b>Nature of business</b>	<b>Registered address</b>
Noble Corporation Holdings Limited	100% owned by Noble Eagle Corporation	Cayman Islands	Holding company	c/o Maples Corporate Services Limited P.O. Box 309, Ugland House S. Church Street Grand Cayman KY1-1104 Cayman Islands
Noble Corporation	100% owned by Noble Holding UK Limited	Cayman Islands	Holding company; finance company; borrower; guarantor	c/o Maples Corporate Services Limited P.O. Box 309, Ugland House S. Church Street Grand Cayman KY1-1104 Cayman Islands
Noble Corporation Holding LLC	100% owned by Noble Corporation Holdings Ltd	Delaware	Holding entity	The Corporation Trust Company 1209 Orange Street Wilmington DE 19801 United States
Noble NEC Holdings Limited	100% owned by Noble 2018-IV Guarantor LLC	United Kingdom	Holding entity	10 Brook Street, Second Floor London England W1S1BG
Noble DT LLC	100% owned by Noble 2018-III Guarantor LLC	Delaware	Rig owner	The Corporation Trust Company 1209 Orange Street Wilmington DE 19801 United States
Noble Rig Holdings Limited	100% owned by Noble NEC Holdings Limited	Cayman Islands	Holding entity	c/o Maples Corporate Services Limited P.O. Box 309, Ugland House S. Church Street Grand Cayman
Noble Offshore (Ireland) Limited	100% owned by Noble Corporation Holding LLC	Ireland	Finance Company	32 Molesworth Street Dublin 2 Ireland
Noble Holding (US) LLC	100% owned by Noble Corporation Holding LLC	Delaware	Holding company; Limited Partner of Cayman partnership; finance company; guarantor; issuer of senior notes	The Corporation Trust Company 1209 Orange Street Wilmington DE 19801 United States
Noble Holding UK Limited	100% owned by Noble Corporation plc	United Kingdom	Holding company	10 Brook Street, Second Floor London England W1S1BG United Kingdom
Noble Finance Luxembourg Sarl	100% owned by Noble Holding UK Limited	Luxembourg	Dormant; financing entity	25B, Boulevard Royal Luxembourg L-2449 Luxembourg
Noble Eagle Corporation	100% owned by Noble NEC Holdings Limited	Delaware	Holding company	The Corporation Trust Company 1209 Orange Street Wilmington DE 19801 United States
Noble Financing Services Limited	100% owned by Noble Corporation Holding LLC	Cayman Islands	Holder of Treasury shares	c/o Maples Corporate Services Limited P.O. Box 309, Ugland House S. Church Street Grand Cayman KY1-1104 Cayman Islands

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<b>Name</b>	<b>Ownership interest</b>	<b>Country of incorporation</b>	<b>Nature of business</b>	<b>Registered address</b>
Noble NDC Cayman Limited	100% owned by Noble Corporation Holding LLC	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 Holding (Switzerland) GmbH	100% owned by Noble Corporation Holding LLC	Switzerland	Holding company	Dorfstrasse 19a 6340 Baar Switzerland
Noble (Servco) UK Limited	50% owned by Noble Offshore (Ireland) Limited, 50% owned by Noble Finance Luxembourg S.à.r.l.	United Kingdom	Local office services; payroll	10 Brook Street, Second Floor London England W1S1BG United Kingdom
Triton Engineering Services Company	100% owned by Noble Holding (US) LLC	Delaware	Dormant	The Corporation Trust Company 1209 Orange Street Wilmington DE 19801 United States
Noble Drilling (US) LLC	100% owned by Noble Holding (US) LLC	Delaware	Holding company; contracting entity; operating entity; payroll, rig owner	The Corporation Trust Company 1209 Orange Street Wilmington DE 19801 United States
Noble Drilling Services 3 LLC	100% owned by Noble Holding (US) LLC	Delaware	Dormant	The Corporation Trust Company 1209 Orange Street Wilmington DE 19801 United States
Noble Drilling Services 2 LLC	100% owned by Noble Holding (US) LLC	Delaware	Dormant	The Corporation Trust Company 1209 Orange Street Wilmington DE 19801 United States
Maurer Technology Incorporated	100% owned by Noble Holding (US) LLC	Delaware	Dormant	The Corporation Trust Company 1209 Orange Street Wilmington DE 19801 United States
Noble Holding (US) Eagle Corporation	100% owned by Noble Holding (US) LLC	Delaware	Holding Company	The Corporation Trust Company 1209 Orange Street Wilmington DE 19801 United States
Noble Drilling Services Inc.	100% owned by Noble Holding (US) LLC	Delaware	Local office services; payroll; finance company; Partner of the Cayman Partnership	The Corporation Trust Company 1209 Orange Street Wilmington DE 19801 United States
Noble SCS Holding Limited	100% owned by Noble Corporation Holding LLC	Cayman Islands	Holding Company	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 Corporation Holding LLC	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 Corporation Holding LLC	Cyprus	Dormant Pending Dissolution	1 Lampousas Street Nicosia 1095 Cyprus

**NOBLE CORPORATION PLC AND SUBSIDIARIES**  
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<b>Name</b>	<b>Ownership interest</b>	<b>Country of incorporation</b>	<b>Nature of business</b>	<b>Registered address</b>
Noble Drilling (Luxembourg) S.à r.l	100% owned by Noble Drilling Holdings (Cyprus) Limited	Luxembourg	Holding company	25B, Boulevard Royal Luxembourg L-2449 Luxembourg
Noble Engineering & Development de Venezuela C.A.	100% owned by Noble Downhole Technology	Venezuela	Dormant	c/o Baker McKenzie Torre Edicamp, P.H. Ave. Francisco de Miranda con Tercera Ave. de Campo Alegre Caracas Venezuela
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	Venezuela	Dormant	c/o Baker McKenzie 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 (US) LLC	Delaware	Dormant	The Corporation Trust Company 1209 Orange Street Wilmington DE 19801 United States
Noble Johnnie Hoffman LLC	100% owned by Noble Drilling (US) LLC	Delaware	Dormant	The Corporation Trust Company 1209 Orange Street Wilmington DE 19801 United States
Noble John Sandifer LLC	100% owned by Noble Drilling (US) LLC	Delaware	Dormant	The Corporation Trust Company 1209 Orange Street Wilmington DE 19801 United States
Noble Drilling Exploration Company	100% owned by Noble Drilling (US) LLC	Delaware	Dormant	The Corporation Trust Company 1209 Orange Street Wilmington DE 19801 United States
Noble SCS Cayman LP	75.1759% owned by Noble Drilling Services 2 LLC 24.8241% owned by Noble Drilling Services Inc	Cayman Islands	Cayman Partnership	c/o Maples Corporate Services Limited P.O. Box 309, Ugland House S. Church Street Grand Cayman KY1-1104 Cayman Islands
Noble Cayman SCS Holding Limited	100% owned by Noble SCS Cayman LP	Cayman Islands	Partner of Luxembourg Partnership	c/o Maples Corporate Services Limited P.O. Box 309, Ugland House S. Church Street Grand Cayman KY1-1104 Cayman Islands
Noble Holding International Limited	100% owned by Noble SCS Cayman LP	Cayman Islands	Holding company; finance company; guarantor; issuer of senior notes; foreign maritime entity	c/o Maples Corporate Services Limited P.O. Box 309, Ugland House S. Church Street Grand Cayman KY1-1104 Cayman Islands
Noble NBD GP Holding	100% owned by Noble 2018-III Guarantor LLC	Cayman Islands	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 Drilling NHIL LLC	100% owned by Noble 2018-III Guarantor LLC	Delaware	Rig owner; FME	The Corporation Trust Company 1209 Orange Street Wilmington DE 19801 United States

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<b>Name</b>	<b>Ownership interest</b>	<b>Country of incorporation</b>	<b>Nature of business</b>	<b>Registered address</b>
Noble Drilling Services 6 LLC	100% owned by Noble 2018_III Guarantor LLC	Delaware	Holding company; issuer of senior notes; foreign managed entity; foreign maritime entity	The Corporation Trust Company 1209 Orange Street Wilmington DE 19801 United States
Noble NBD Cayman LP	55.001% owned by Noble NBD LP Holding 25.5574443% owned by Noble 2018-I Guarantor LLC 9.4425497% owned by Noble 2018-II Guarantor LLC 0.00000595% owned by Noble NBD GP Holding	Cayman Islands	Cayman Partnership	c/o Maples Corporate Services Limited P.O. Box 309, Ugland House S. Church Street Grand Cayman KY1-1104 Cayman Islands
Noble BD LLC	100% owned by Noble NBD Cayman LP	Delaware	Rig owner; Guarantor to credit facility/senior notes; FME	The Corporation Trust Company 1209 Orange Street Wilmington DE 19801 United States
Noble NDC Holding (Cyprus) Limited	100% owned by Noble BD LLC	Cyprus	Holding Company; FME	1 Lampousas Street Nicosia 1095 Cyprus
Noble Drilling International GmbH	100% owned by Noble NDC Holding (Cyprus) Limited	Switzerland	Rig Owner; Guarantor to credit facility/senior notes; FME	Dorfstrasse 19a 6340 Baar Switzerland
Noble NBD LP Holding	100% owned by Noble Rig Holdings Limited	Cayman Islands	Cayman Partnership	c/o Maples Corporate Services Limited P.O. Box 309, Ugland House S. Church Street Grand Cayman KY1-1104 Cayman Islands
Noble Boudreaux Limited	100% owned by Noble Drilling Services 6 LLC	Cayman Islands	Holding Company	c/o Maples Corporate Services Limited P.O. Box 309, Ugland House S. Church Street Grand Cayman KY1-1104 Cayman Islands
Noble Leasing (Switzerland) GmbH	100% owned by Noble Cayman SCS Holding Ltd	Switzerland	Rig owner; foreign maritime entity; payroll; local office services; guarantor to credit facility/senior notes	Dorfstrasse 19a 6340 Baar Switzerland
Noble Cayman Limited	100% owned by Noble Boudreaux Limited	Cayman Islands	Branch registration; payroll; borrower to credit facility	c/o Maples Corporate Services Limited P.O. Box 309, Ugland House S. Church Street Grand Cayman KY1-1104 Cayman Islands
Noble FDR Holdings Limited	100% owned by Noble Boudreaux Limited	Cayman Islands	Holding company; foreign maritime entity	c/o Maples Corporate Services Limited P.O. Box 309, Ugland House S. Church Street Grand Cayman KY1-1104 Cayman Islands
Noble Earl Frederickson LLC	100% owned by Noble Cayman Limited	Delaware	Dormant; foreign managed entity	The Corporation Trust Company 1209 Orange Street Wilmington DE 19801 United States
Noble Bill Jennings LLC	100% owned by Noble Cayman Limited	Delaware	Dormant; foreign managed entity	The Corporation Trust Company 1209 Orange Street Wilmington DE 19801 United States
Noble Asset Mexico LLC	100% owned by Noble Cayman Limited	Delaware	Dormant; foreign managed entity	The Corporation Trust Company 1209 Orange Street Wilmington DE 19801 United States

**NOBLE CORPORATION PLC AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

<b>Name</b>	<b>Ownership interest</b>	<b>Country of incorporation</b>	<b>Nature of business</b>	<b>Registered address</b>
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 1209 Orange Street Wilmington DE 19801 United States
Noble International Services LLC	100% owned by Noble Cayman Limited	Delaware	Holding company; contracting entity; foreign managed entity	The Corporation Trust Company 1209 Orange Street Wilmington DE 19801 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 1209 Orange Street Wilmington DE 19801 United States
Noble North Africa Limited	100% owned by Noble Cayman Limited	Cayman Islands	Dormant; foreign maritime entity	c/o Maples Corporate Services Limited P.O. Box 309, Ugland House S. Church Street Grand Cayman KY1-1104 Cayman Islands
Noble SA LLC	100% owned by Noble Cayman Limited	Delaware	Holding entity	The Corporation Trust Company 1209 Orange Street Wilmington DE 19801 United States
Noble SA Limited	100% owned by Noble SA LLC	Cayman Islands	Rig owner; FME; Guarantor to credit facility/senior notes	c/o Maples Corporate Services Limited P.O. Box 309, Ugland House S. Church Street Grand Cayman KY1-1104 Cayman Islands
Noble Drilling (TVL) Ltd.	100% owned by Noble SA Limited	Cayman Islands	Rig owner; foreign maritime entity; Guarantor to credit facility/senior notes	c/o Maples Corporate Services Limited P.O. Box 309, Ugland House S. Church Street Grand Cayman KY1-1104 Cayman Islands
Noble Drillships Holdings, Ltd.	100% owned by Noble FDR Holdings Limited	Cayman Islands	Holding company	c/o Maples Corporate Services Limited P.O. Box 309, Ugland House S. Church Street Grand Cayman KY1-1104 Cayman Islands
Noble Drillships Holdings 2, Ltd.	100% owned by Noble FDR Holdings Limited	Cayman Islands	Holding company	c/o Maples Corporate Services Limited P.O. Box 309, Ugland House S. Church Street Grand Cayman KY1-1104 Cayman Islands
Frontier Driller, Ltd.	100% owned by Noble FDR Holdings Limited	Cayman Islands/Luxemburg	Holding company	c/o Maples Corporate Services Limited P.O. Box 309, Ugland House S. Church Street Grand Cayman KY1-1104 Cayman Islands
Noble Deepwater Ltd.	100% owned by Noble FDR Holdings Limited	Cayman Islands	Holding company	c/o Maples Corporate Services Limited P.O. Box 309, Ugland House S. Church Street Grand Cayman KY1-1104 Cayman Islands
Noble Drillships S.à r.l	100% owned by Noble Drillships Holdings, Ltd.	Luxembourg	Holding company	25B, Boulevard Royal Luxembourg L-2449 Luxembourg
Noble Drillships 2 S.à r.l	100% owned by Noble Drillships Holdings 2, Ltd.	Luxembourg	Holding company	25B, Boulevard Royal Luxembourg L-2449 Luxembourg

**NOBLE CORPORATION PLC AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

<b>Name</b>	<b>Ownership interest</b>	<b>Country of incorporation</b>	<b>Nature of business</b>	<b>Registered address</b>
Frontier Drill Cayman, Ltd.	100% owned by Frontier Driller, Ltd.	Cayman Islands	Holding company	c/o Maples Corporate Services Limited P.O. Box 309, Ugland House S. Church Street Grand Cayman KY1-1104 Cayman Islands
Bully 1 (Switzerland) GmbH	100% owned by Noble NEC Holdings Limited	Switzerland	Rig owner; foreign maritime entity	Dorfstrasse 19a 6340 Baar Switzerland
Bully 2 (Switzerland) GmbH	50% owned by Noble Drillships 2 S.a.r.l 50% owned by Noble NEC Holdings Limited	Switzerland	JV company; Rig owner; operating entity; foreign maritime entity	Dorfstrasse 19a 6340 Baar 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 Ujlengyel Petofi Sandor utca 40 Hungary
Bully 1 (US) Corporation	100% owned by Bully 1 (Switzerland) GmbH	Delaware	Operating entity; contracting entity	The Corporation Trust Company 1209 Orange Street Wilmington DE 19801 United States
Frontier Driller, Inc.	100% owned by Frontier Driller Kft.	Delaware	Dormant	The Corporation Trust Company 1209 Orange Street Wilmington DE 19801 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 Edificio Toronto 3000, Bloco 4 - Sala 522 Barra da Tijuca Rio de Janeiro RJ - CEP 22790-972 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 Edificio Toronto 3000, Bloco 4 - Sala 522 Barra da Tijuca Rio de Janeiro RJ - CEP 22790-972 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 Room 308B, 3rd Floor, Wisma Jaya, Jalan Pemancha Bandar Seri Begawan Negara Brunei Darussalam BS8811 Brunei Darussalam
Noble Drilling Holdings (Cyprus) Limited	100% owned by Noble Drilling Holding LLC	Cyprus	Holding company; foreign maritime entity	1 Lampousas Street Nicosia 1095 Cyprus
Noble Holding Land Support Limited	100% owned by Noble Drilling Holding LLC	UK	Holding company	Devonshire House, 1 Mayfair Place, London W1J 8AJ United Kingdom
Noble Mexico Services Limited	100% owned by Noble Drilling Holding LLC	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 Mexico Limited	100% owned by Noble Drilling Holding LLC	Cayman Islands	Operating company; branch registration; contracting entity	c/o Maples Corporate Services Limited P.O. Box 309, Ugland House S. Church Street Grand Cayman KY1-1104 Cayman Islands



**NOBLE CORPORATION PLC AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

<b>Name</b>	<b>Ownership interest</b>	<b>Country of incorporation</b>	<b>Nature of business</b>	<b>Registered address</b>
Noble Resources Limited	100% owned by Noble Cayman SCS Holding Ltd.	Cayman Islands	Contracting entity; payroll; guarantor to credit facility/senior notes; FME	c/o Maples Corporate Services Limited P.O. Box 309, Ugland House S. Church Street Grand Cayman KY1-1104 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 P.O. Box 309, Ugland House S. Church Street Grand Cayman KY1-1104 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 P.O. Box 309, Ugland House S. Church Street Grand Cayman KY1-1104 Cayman Islands
Noble Drilling (Carmen) Limited	100% owned by Noble Drilling Holding LLC	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 Gene Rosser Limited	100% owned by Noble Drilling Holding LLC	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 Campeche Limited	100% owned by Noble Drilling Holding LLC	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 Offshore Mexico Limited	100% owned by Noble Drilling Holding LLC	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 Offshore Contracting Limited	100% owned by Noble Drilling Holding LLC	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 Dave Beard Limited	100% owned by Noble Drilling Holding LLC	Cayman Islands	Rig owner; foreign maritime entity	c/o Maples Corporate Services Limited P.O. Box 309, Ugland House S. Church Street Grand Cayman KY1-1104 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 P.O. Box 309, Ugland House S. Church Street Grand Cayman KY1-1104 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 Unit 3 Main Office Tower Financial Park Labuan 87000 Jalan Merdeka Labuan Malaysia

**NOBLE CORPORATION PLC AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

<b>Name</b>	<b>Ownership interest</b>	<b>Country of incorporation</b>	<b>Nature of business</b>	<b>Registered address</b>
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 P.O. Box 309, Ugland House S. Church Street Grand Cayman KY1-1104 Cayman Islands
Noble Drilling Singapore Pte. Ltd.	100% owned by Noble Drilling Holding LLC	Singapore	Contracting entity	1 Raffles Place #18-61, One Raffles Place Tower 2 Singapore 048616 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 1781 AR Den Helder Netherlands
Noble Contracting II GmbH	100% owned by Noble Drilling Holdings (Cyprus) Limited	Switzerland	Contracting entity; branch registration	Dorfstrasse 19a 6340 Baar 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 Luxembourg L-2449 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	Stratus Building 6 International Avenue a BZ Business Park Dyce Aberdeen AB21 0BH United Kingdom
Noble Drilling Services (Canada) Corporation	100% owned by Noble Contracting II GmbH	Nova Scotia, Canada	Active	Purdy's Wharf Tower 1100-1959 Upper Water Street Halifax NS B3J 3N2 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 y Hurtado, S.C. Galileo No. 55 1st floor Col. Polanco Mexico City 11560 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 piso 401,402 y 403 colonia Lomas de Chapultepec I Seccion Delegacion Miguel Hidalgo Federal District CP 11000 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 Hinna Park Jåttåvågeien 7, Bygg B, P.O. Box 370, Stavanger 4067 Norway
Noble Holding (Luxemboug) Sarl	100% owned by Noble Drilling (Land Support) Limited	Luxembourg	Holding company; local office supplies; payroll; FME	25B, Boulevard Royal Luxembourg L-2449 Luxembourg
Noble Leasing III (Switzerland) GmbH	100% owned by Noble Holding (Luxembourg) S.à r.l	Switzerland	Rig owner; branch registration; foreign maritime entity	Dorfstrasse 19a 6340 Baar Switzerland

**NOBLE CORPORATION PLC AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

<b>Name</b>	<b>Ownership interest</b>	<b>Country of incorporation</b>	<b>Nature of business</b>	<b>Registered address</b>
Noble Offshore (North Sea) Ltd.	100% owned by Noble Drilling (Carmen) Limited	Cayman Islands	Dormant; operating entity	c/o Maples Corporate Services Limited P.O. Box 309, Ugland House S. Church Street Grand Cayman KY1-1104 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 Zone 3/4, Fourth District, Fifth Settlement, New Cairo Egypt
Sedco Dubai LLC	Joint venture - 49% owned by Noble Drilling Holding LLC	Dubai, UAE	JV company; contracting entity	Al Quoz Industrial Area Sheikh Zayed Road P.O. Box 9241 Dubai 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, The Gate – Tower II, Office 841, 8th Level, PO Box 14023, West Bay, Doha 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 Box 31685 Dhahran Airport - 31952 Saudi Arabia
Noble Drilling West Africa Limited	99.50% owned by Noble Drilling Holding LLC, 0.50% owned by Noble Cayman Limited	Nigeria	Dormant	c/o Adcax Nominees Limited 9th floor, St. Nicholas House Catholic Mission Street Lagos Island Lagos Nigeria
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 Unit 30-01, Level 30, Tower A, Vertical Business Suite, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur Malaysia
Noble Drilling Arabia Services LLC	100% owned by Noble Drilling Arabia Company Ltd.	Delaware	Contracting entity	The Corporation Trust Company 1209 Orange Street Wilmington DE 19801 United States
Noble 2018-IV Guarantor LLC	100% Noble Corporation	Delaware	Guarantor to credit facility/senior notes	The Corporation Trust Company 1209 Orange Street Wilmington DE 19801 United States
Noble 2018-I Guarantor LLC	100% Noble Corporation Holding LLC	Delaware	Guarantor to credit facility/senior notes	The Corporation Trust Company 1209 Orange Street Wilmington DE 19801 United States
Noble Rig Holding 2 Limited	100% Noble Corporation	Cayman Islands	Holding Company; finance company	c/o Maples Corporate Services Limited P.O. Box 309, Ugland House S. Church Street Grand Cayman KY1-1104 Cayman Islands
Noble Rig Holding 1 Limited	100% Noble Corporation	Cayman Islands	Holding Company; finance company	c/o Maples Corporate Services Limited P.O. Box 309, Ugland House S. Church Street Grand Cayman KY1-1104 Cayman Islands
Noble 2018-II Guarantor LLC	100% Noble Holding International Limited	Delaware	Guarantor to credit facility/senior notes	The Corporation Trust Company 1209 Orange Street Wilmington, DE 19801 United States

**NOBLE CORPORATION PLC AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

<b>Name</b>	<b>Ownership interest</b>	<b>Country of incorporation</b>	<b>Nature of business</b>	<b>Registered address</b>
Noble Drilling (Ghana) Limited	65% Noble Cayman Limited	Ghana	Joint Venture	Trustee Services Limited No. 4 Momotse Avenue Ada Braka Accra, Ghana
Noble Drilling (Myanmar) Limited	50% Noble Drilling Holding LLC 50% Noble Cayman Limited	Myanmar	Operator/operating entity	No.134/A Than Lwin Road Golden Valley Ward Bahan Township Yangon, Myanmar
Noble Drilling Contracting (Egypt) LLC	50% Noble Contracting II GmbH 50% Noble Drilling Holdings (Cyprus) Limited	Egypt	Operator/operating entity	Building 179-B2 - the Ground Floor Zone ¾ - Fourth District, Fifth Settlement New Cairo Cairo Egypt
Noble 2018-III Guarantor LLC	100% Noble Holding International Limited	Delaware	Guarantor to credit facility/senior notes	The Corporation Trust Company 1209 Orange Street Wilmington, DE 19801 United States
Noble Drilling (Guyana) Inc.	100% Noble Drilling (Land Support) Limited	Guyana	Operator	62 Hadfield & Cross Streets Werk-en-Rust Georgetown Demerara Guyana

**Noble Corporation plc**  
**Parent Company Financial Statements**  
**Registered number 08354954**  
**31 December 2019**

**NOBLE CORPORATION PLC**  
**PARENT COMPANY FINANCIAL STATEMENTS**

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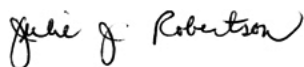
**PARENT COMPANY  
STATEMENT OF FINANCIAL POSITION**

		As at 31 December 2019	As at 31 December 2018
	Note	\$'000	\$'000
<b>Fixed assets</b>			
Investments	4	1,176,537	1,162,960
		<b>1,176,537</b>	<b>1,162,960</b>
<b>Current assets</b>			
Trade and other receivables	5	1,164	691
Cash and cash equivalents	5	46	52
		<b>1,210</b>	<b>743</b>
Creditors - amounts falling due within one year	6	251,938	109,762
<b>Net current liabilities</b>		<b>250,728</b>	<b>109,019</b>
<b>Net assets</b>		<b>925,809</b>	<b>1,053,941</b>
<b>Equity</b>			
Called up share capital: ordinary shares	7	2,492	2,468
Called up share capital: deferred shares (GBP 50,000)	7	78	78
Other reserves <sup>(1)</sup>	8	923,239	1,051,395
<b>Total shareholders' funds</b>		<b>925,809</b>	<b>1,053,941</b>

<sup>(1)</sup> 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 2019 and 2018 the Company reported a loss of \$139.0 million and \$349.7 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 128, are an integral part of these financial statements

The financial statements, beginning on page 126, were approved by the Board of Directors on 6 March 2020 and were signed on its behalf by:



Director

6 March 2020

Registered number: 08354954

**PARENT COMPANY**  
**STATEMENT OF CHANGES IN EQUITY**

	Called up share capital: ordinary shares (Note 7)	Called up share capital deferred shares (Note 7)	Other reserves (Note 8)	Total
	\$'000	\$'000	\$'000	\$'000
<b>At 1 January 2018</b>	<b>2,450</b>	<b>78</b>	<b>1,384,955</b>	<b>1,387,483</b>
Issuance of shares	18	—	(3,506)	(3,488)
Share-based compensation cost	—	—	19,613	19,613
Dividend equivalents <sup>(1)</sup>	—	—	80	80
Loss for the year	—	—	(349,747)	(349,747)
<b>At 31 December 2018</b>	<b>2,468</b>	<b>78</b>	<b>1,051,395</b>	<b>1,053,941</b>
Issuance of shares	24	—	(2,827)	(2,803)
Share-based compensation cost	—	—	13,625	13,625
Loss for the year	—	—	(138,954)	(138,954)
<b>At 31 December 2019</b>	<b>2,492</b>	<b>78</b>	<b>923,239</b>	<b>925,809</b>

<sup>(1)</sup> Activity associated with dividend equivalents, which are related to 2016 performance awards to be paid upon vesting.



**PARENT COMPANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**for the year ended 31 December 2019**

**Note 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. The address of the registered office is 10 Brook Street, Second Floor, London, England, W1S1BG.

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 financial statements of Noble-Cayman, and Noble-UK conducts substantially all of its business through Noble-Cayman and its subsidiaries.

**Note 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 Judgements, Estimates and Assumptions.”

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**

As described in “Note 2.02 —Going Concern” in the Noble Corporation plc UK Annual Report and Financial Statements, subject to the material uncertainties that may cast significant doubt on the Company’s ability to continue as a going concern discussed therein, to the

**PARENT COMPANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**for the year ended 31 December 2019**

consolidated financial statements, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The stand-alone parent company does not conduct significant trade, but is in a net current liabilities position based primarily on intercompany payables due to a subsidiary entity, Noble Corporation - Cayman, and is therefore reliant on that entity and the Group to continue as a going concern. Noble Corporation - Cayman has provided the Company with an undertaking that it will, for at least 12 months from the date of approval of these financial statements, continue to provide financial support to the Company as is necessary and therefore, Noble-UK continues to adopt the going concern basis in preparing its Company financial statements. The Company's financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern.

### **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 income 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.

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. Such an indication would include new contract dayrates at or above mid-cycle dayrates, a sustained increase in backlog, or our market valuation significantly exceeding the value of our CGUs. If such indication exists, the Company 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.

### **2.6 —Financial Instruments**

The 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.

**PARENT COMPANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**for the year ended 31 December 2019**

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.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment, which is based on the expected credit loss model.

**2.9 —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.

**2.10 —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 income will be available against which the temporary differences can be utilised.

**2.11 —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.

**2.12 —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 income 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 income 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 income and loss account for the period.

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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 income and loss reserve.

**2.13 —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.

**2.14 —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.

**2.15 —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.

**Note 3— Critical Accounting Judgements, Estimates and Assumptions**

**3.1 —Impairment of Subsidiaries**

Consistent with our policy stated in "Note 2.5 —Impairment of non-financial assets", 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. As part of our impairment analysis, we make assumptions and estimates regarding future market conditions, including rig utilisation, resource utilisations, contract margins, contract awards and discount rate by rig. To the extent actuals results do not meet our estimated assumptions, for a given rig or piece of equipment, we may take an impairment loss 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: control premium, the discounted cash flow of the rigs using estimates of dayrates, rig utilisation, and operating costs.

**3.2 —Financial instruments**

The Company has no financial instruments measured at fair value through income and loss.

**Note 4— Investments**

	<b>\$'000</b>
<b>At 1 January 2018</b>	<b>1,453,281</b>
Return of capital	(1,997)
Share-based compensation costs	19,565
Impairment of investment in subsidiaries	(307,889)
<b>At 31 December 2018</b>	<b>1,162,960</b>
Share-based compensation costs	13,577
<b>At 31 December 2019</b>	<b>1,176,537</b>

Share-based compensation costs for both 2019 and 2018 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 2019 and 2018, we recognised an impairment charge of zero and \$307.9 million, respectively, on our investment in subsidiaries. The prior year impairment is the result of the market conditions in the offshore drilling industry.

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The Company's 100 percent directly owned subsidiary at 31 December 2019 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 2019 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 three joint ventures. In 2019, the Group purchased Royal Dutch Shell plc's ("Shell") interest in the two entities that were formerly joint ventures, which own and operate the two *Bully*-class drillships. The Group 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 Judgements, Estimates and Assumptions" for additional information.

A list of all subsidiaries is included in "Note 28— Group Entities" in the Noble Corporation plc UK Annual Report and Financial Statements.

**Note 5— Financial Instruments**

Financial instruments by category are as follows:

		31 December 2019	31 December 2018
	Note	\$'000	\$'000
<b>Assets per balance sheet</b>			
Trade and other receivables <sup>(1)</sup>		1,164	691
Cash and cash equivalents <sup>(1)</sup>		46	52
<b>Total</b>		<b>1,210</b>	<b>743</b>
<b>Liabilities per balance sheet</b>			
Creditors: amounts falling due within one year	6	251,938	109,762
<b>Total</b>		<b>251,938</b>	<b>109,762</b>

- (1) 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.

**Note 6— Creditors: Amounts falling due within One Year**

	31 December 2019	31 December 2018
	\$'000	\$'000
Trade creditors	94	308
Other creditors	101,160	1,168
Amounts owed to group undertakings	150,684	108,286
<b>Total</b>	<b>251,938</b>	<b>109,762</b>

As at 31 December 2019 amounts owed to other creditors includes \$100 million related to the Paragon matter described in "Note 20 - Commitments and Contingencies" in the Noble Corporation plc UK Annual Report and Financial Statements. As at 31 December 2019 included in amounts owed to group undertakings relates to intercompany payables of approximately \$150.7 million related primarily to Noble-Cayman, which are unsecured, interest free and are repayable on demand.

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**Note 7— Called up Share Capital**

	As of 31 December	
	2019	2018
	Nominal value (\$'000)	Nominal value (\$'000)
<i>Ordinary shares traded, allotted and fully paid</i>		
249.2 million and 246.8 million ordinary shares as at 31 December 2019 and 2018, respectively	2,492	2,468

*Deferred Shares*

50,000 deferred shares as at both 31 December 2019 and 2018,	78	78
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At our 2019 Annual General Meeting, shareholders approved a proposal to allow our Board of Directors to increase share capital through the issuance of up to 83.1 million ordinary shares. The right of our directors to allot shares will expire at the end of our 2020 Annual General Meeting unless we seek an extension from shareholders at that time. No shares were allotted during the year ended 31 December 2019.

During the years ended 31 December 2019 and 2018, Noble-UK issued approximately 2.4 million shares and 1.8 million shares, respectively. In 2019 and 2018, these share issuances solely related to vestings of restricted share based compensation shares.

**Note 8— Other Reserves**

	Merger reserves	Capital redemption reserves	Share-based payments reserves	Income and loss deficit	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>At 1 January 2018</b>	<b>7,857,827</b>	<b>130</b>	<b>132,610</b>	<b>(6,605,612)</b>	<b>1,384,955</b>
Share-based compensation cost	—	—	19,613	—	19,613
Issuance of share-based compensation shares	—	—	(3,506)	—	(3,506)
Dividend equivalents <sup>(1)</sup>	80	—	—	—	80
Loss for the year	—	—	—	(349,747)	(349,747)
<b>At 31 December 2018</b>	<b>7,857,907</b>	<b>130</b>	<b>148,717</b>	<b>(6,955,359)</b>	<b>1,051,395</b>
Share-based compensation cost	—	—	13,625	—	13,625
Issuance of share-based compensation shares	—	—	(2,827)	—	(2,827)
Loss for the year	—	—	—	(138,954)	(138,954)
<b>At 31 December 2019</b>	<b>7,857,907</b>	<b>130</b>	<b>159,515</b>	<b>(7,094,313)</b>	<b>923,239</b>

<sup>(1)</sup> Activity associated with dividend equivalents, which are related to 2016 performance awards to be paid upon vesting.

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.

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**Note 9— Other Information**

**9.1 —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 UK Annual Report and Financial Statements.

**9.2 —Auditor remuneration**

Details of the remuneration paid for the audit of the Company has been presented in “Note 22— Auditors’ Remuneration” in the Noble Corporation plc UK Annual Report and Financial Statements.

**Note 10— Events after the end of the Reporting Period**

During early 2020, Management noted a further decrease in our share price. At the close of market on 18 February 2020, Noble’s stock was trading at \$0.83. Should our stock continue to trade at this price, we may recognize additional impairments in our investment in subsidiaries during 2020. Any future impairments would result in a reduction to our distributable reserve balance.