

NOBLE CORP  
Form 10-Q  
November 06, 2012  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

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

For the quarterly period ended: September 30, 2012

OR

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

For the transition period from                      to

Commission file number: 000-53604

**NOBLE CORPORATION**

(Exact name of registrant as specified in its charter)

**Switzerland**  
(State or other jurisdiction of  
incorporation or organization)  
**Dorfstrasse 19A, Baar, Switzerland 6340**  
(Address of principal executive offices) (Zip Code)

**98-0619597**  
(I.R.S. employer  
identification number)

**Registrant's Telephone Number, Including Area Code: 41 (41) 761-65-55**

**Commission file number: 001-31306**

## **NOBLE CORPORATION**

(Exact name of registrant as specified in its charter)

**Cayman Islands**  
(State or other jurisdiction of  
incorporation or organization)  
**Suite 3D, Landmark Square, 64 Earth Close, P.O. Box 31327 George Town, Grand Cayman, Cayman Islands, KY1-1206**  
(Address of principal executive offices) (Zip Code)

**98-0366361**  
(I.R.S. employer  
identification number)

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

Indicate by check mark whether each registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

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

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

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

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

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

Number of shares outstanding and trading at October 31, 2012: Noble Corporation (Switzerland)    252,720,353

Number of shares outstanding at October 31, 2012: Noble Corporation (Cayman Islands)    261,245,693

**Noble Corporation, a Cayman Islands company and a wholly owned subsidiary of Noble Corporation, a Swiss corporation, meets the conditions set forth in General Instructions H(1) (a) and (b) to Form 10-Q and is therefore filing this Form 10-Q with the reduced disclosure format contemplated by paragraphs (b) and (c) of General Instruction H(2) of Form 10-Q.**

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

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

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

	<b>September 30, 2012</b>	<b>December 31, 2011</b>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 218,467	\$ 239,196
Accounts receivable	791,408	587,163
Taxes receivable	118,540	75,284
Prepaid expenses	64,644	35,796
Other current assets	111,433	122,173
Total current assets	1,304,492	1,059,612
Property and equipment, at cost	16,637,626	15,540,178
Accumulated depreciation	(3,825,482)	(3,409,833)
Property and equipment, net	12,812,144	12,130,345
Other assets	343,770	305,202
<b>Total assets</b>	<b>\$ 14,460,406</b>	<b>\$ 13,495,159</b>
<b>LIABILITIES AND EQUITY</b>		
Current liabilities		
Accounts payable	\$ 298,363	\$ 436,006
Accrued payroll and related costs	145,595	117,907
Interest payable	23,851	54,419
Taxes payable	130,551	94,920
Dividends payable	99,582	
Other current liabilities	144,267	123,928
Total current liabilities	842,209	827,180
Long-term debt	4,639,429	4,071,964
Deferred income taxes	235,851	242,791
Other liabilities	353,595	255,372
<b>Total liabilities</b>	<b>6,071,084</b>	<b>5,397,307</b>
Commitments and contingencies		
Shareholders' equity		

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Shares; 253,299 and 252,639 shares outstanding	709,993	766,595
Treasury shares, at cost; 586 and 287 shares	(20,986)	(10,553)
Additional paid-in capital	75,696	48,356
Retained earnings	6,938,434	6,676,444
Accumulated other comprehensive loss	(72,077)	(74,321)
<b>Total shareholders equity</b>	7,631,060	7,406,521
Noncontrolling interests	758,262	691,331
<b>Total equity</b>	8,389,322	8,097,852
<b>Total liabilities and equity</b>	\$ 14,460,406	\$ 13,495,159

See accompanying notes to the unaudited consolidated financial statements.

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

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
<b>Operating revenues</b>				
Contract drilling services	\$ 833,212	\$ 704,892	\$ 2,427,759	\$ 1,837,047
Reimbursables	28,137	17,438	94,090	63,851
Labor contract drilling services	22,667	15,564	58,538	43,123
Other	16	8	258	766
	884,032	737,902	2,580,645	1,944,787
<b>Operating costs and expenses</b>				
Contract drilling services	449,125	358,547	1,292,638	1,001,638
Reimbursables	21,047	13,971	76,618	49,797
Labor contract drilling services	12,991	8,053	34,070	25,326
Depreciation and amortization	195,087	166,213	549,779	487,454
Selling, general and administrative	26,858	27,536	75,388	72,883
Loss on impairment			18,345	
Gain on contract settlements/extinguishments, net			(33,255)	(21,202)
	705,108	574,320	2,013,583	1,615,896
<b>Operating income</b>	<b>178,924</b>	<b>163,582</b>	<b>567,062</b>	<b>328,891</b>
<b>Other income (expense)</b>				
Interest expense, net of amount capitalized	(25,635)	(11,530)	(56,783)	(45,400)
Interest income and other, net	1,553	1,117	4,526	3,175
<b>Income before income taxes</b>	<b>154,842</b>	<b>153,169</b>	<b>514,805</b>	<b>286,666</b>
Income tax provision	(25,162)	(17,614)	(93,107)	(42,481)
<b>Net income</b>	<b>129,680</b>	<b>135,555</b>	<b>421,698</b>	<b>244,185</b>
Net income attributable to noncontrolling interests	(14,906)	(238)	(26,931)	(290)
<b>Net income attributable to Noble Corporation</b>	<b>\$ 114,774</b>	<b>\$ 135,317</b>	<b>\$ 394,767</b>	<b>\$ 243,895</b>
<b>Net income per share</b>				
Basic	\$ 0.45	\$ 0.53	\$ 1.55	\$ 0.96
Diluted	\$ 0.45	\$ 0.53	\$ 1.55	\$ 0.96

See accompanying notes to the unaudited consolidated financial statements.





**Table of Contents****NOBLE CORPORATION (NOBLE-SWISS) AND SUBSIDIARIES****CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME****(In thousands)****(Unaudited)**

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
<b>Net income</b>	\$ 129,680	\$ 135,555	\$ 421,698	\$ 244,185
<b>Other comprehensive income (loss), net of tax</b>				
Foreign currency translation adjustments	2,033	(4,929)	(4,994)	(547)
Gain (loss) on foreign currency forward contracts		(9,654)	3,061	(7,141)
Loss on interest rate swaps				(366)
Amortization of deferred pension plan amounts (net of tax provision of \$790 and \$356 for the three months ended September 30, 2012 and 2011, respectively, and \$2,157 and \$1,061 for the nine months ended September 30, 2012 and 2011, respectively)	1,351	687	4,177	2,062
Other comprehensive income/(loss), net	3,384	(13,896)	2,244	(5,992)
Net comprehensive income attributable to noncontrolling interests	(14,906)	(238)	(26,931)	(290)
<b>Comprehensive income attributable to Noble Corporation</b>	\$ 118,158	\$ 121,421	\$ 397,011	\$ 237,903

See accompanying notes to the unaudited consolidated financial statements.

**Table of Contents****NOBLE CORPORATION (NOBLE-SWISS) AND SUBSIDIARIES****CONSOLIDATED STATEMENT OF CASH FLOWS****(In thousands)****(Unaudited)**

	<b>Nine Months Ended September 30,</b>	
	<b>2012</b>	<b>2011</b>
<b>Cash flows from operating activities</b>		
Net income	\$ 421,698	\$ 244,185
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	549,779	487,454
Loss on impairment	18,345	
Gain on contract extinguishments, net		(21,202)
Deferred income taxes	(16,090)	(34,549)
Amortization of share-based compensation	28,782	26,857
Net change in other assets and liabilities	(71,010)	(243,715)
Net cash from operating activities	931,504	459,030
<b>Cash flows from investing activities</b>		
Capital expenditures	(1,247,139)	(1,972,572)
Change in accrued capital expenditures	(195,044)	(48,782)
Refund from contract extinguishments		18,642
Net cash from investing activities	(1,442,183)	(2,002,712)
<b>Cash flows from financing activities</b>		
Change in bank credit facilities, net	(630,000)	675,000
Proceeds from issuance of senior notes, net of debt issuance costs	1,186,636	1,087,833
Contributions from joint venture partners	40,000	481,000
Payments of joint venture debt		(693,494)
Settlement of interest rate swaps		(29,032)
Par value reduction/dividend payments	(105,092)	(114,453)
Financing costs on credit facilities	(5,014)	(2,835)
Proceeds from employee stock transactions	13,853	9,018
Repurchases of employee shares surrendered for taxes	(10,433)	(10,211)
Net cash from financing activities	489,950	1,402,826
Net change in cash and cash equivalents	(20,729)	(140,856)
<b>Cash and cash equivalents, beginning of period</b>	<b>239,196</b>	<b>337,871</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 218,467</b>	<b>\$ 197,015</b>

See accompanying notes to the unaudited consolidated financial statements.



**Table of Contents****NOBLE CORPORATION (NOBLE-SWISS) AND SUBSIDIARIES****CONSOLIDATED STATEMENT OF EQUITY**

(In thousands)

(Unaudited)

	Shares		Additional Paid-in Capital	Retained Earnings	Treasury Shares	Accumulated		Total Equity
	Balance	Par Value				Comprehensive Loss	Noncontrolling Interests	
<b>Balance at December 31, 2010</b>	<b>262,415</b>	<b>\$ 917,684</b>	<b>\$ 39,006</b>	<b>\$ 6,630,500</b>	<b>\$ (373,967)</b>	<b>\$ (50,220)</b>	<b>\$ 124,631</b>	<b>\$ 7,287,634</b>
Employee related equity activity								
Amortization of share-based compensation			26,857					26,857
Issuance of share-based compensation shares	248	844	(837)					7
Exercise of stock options	490	1,629	7,104					8,733
Tax benefit of stock options exercised			278					278
Restricted shares forfeited or repurchased for taxes	(319)	(1,107)	1,107		(10,211)			(10,211)
Retirement of treasury shares	(10,116)	(33,035)		(340,612)	373,647			
Settlement of FIN48 provision				15,658				15,658
Net income				243,895			290	244,185
Par value reduction payments		(89,948)	(24,505)					(114,453)
Equity contribution by joint venture partner							518,973	518,973
Other comprehensive loss, net						(5,992)		(5,992)
<b>Balance at September 30, 2011</b>	<b>252,718</b>	<b>\$ 796,067</b>	<b>\$ 49,010</b>	<b>\$ 6,549,441</b>	<b>\$ (10,531)</b>	<b>\$ (56,212)</b>	<b>\$ 643,894</b>	<b>\$ 7,971,669</b>
<b>Balance at December 31, 2011</b>	<b>252,639</b>	<b>\$ 766,595</b>	<b>\$ 48,356</b>	<b>\$ 6,676,444</b>	<b>\$ (10,553)</b>	<b>\$ (74,321)</b>	<b>\$ 691,331</b>	<b>\$ 8,097,852</b>
Employee related equity activity								
Amortization of share-based compensation			28,782					28,782
Issuance of share-based compensation shares	428	1,284	(1,276)					8
Exercise of stock options	606	1,722	10,949					12,671
Tax benefit of stock options exercised			1,174					1,174
Restricted shares forfeited or repurchased for taxes	(374)	(1,138)	1,138		(10,433)			(10,433)
Net income				394,767			26,931	421,698
Equity contribution by joint venture partner							40,000	40,000
Par value reduction/dividend payments		(58,470)	(13,427)	(33,195)				(105,092)
Dividends payable				(99,582)				(99,582)
Other comprehensive income, net						2,244		2,244

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<b>Balance at September 30, 2012</b>	<b>253,299</b>	<b>\$ 709,993</b>	<b>\$ 75,696</b>	<b>\$ 6,938,434</b>	<b>\$ (20,986)</b>	<b>\$ (72,077)</b>	<b>\$ 758,262</b>	<b>\$ 8,389,322</b>
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See accompanying notes to the unaudited consolidated financial statements.

**Table of Contents****NOBLE CORPORATION (NOBLE-CAYMAN) AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEET****(In thousands)****(Unaudited)**

	<b>September 30, 2012</b>	<b>December 31, 2011</b>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 213,681	\$ 235,056
Accounts receivable	791,408	587,163
Taxes receivable	118,354	75,284
Prepaid expenses	61,536	33,105
Other current assets	111,433	120,109
Total current assets	1,296,412	1,050,717
Property and equipment, at cost	16,601,975	15,505,994
Accumulated depreciation	(3,818,729)	(3,404,589)
Property and equipment, net	12,783,246	12,101,405
Other assets	343,852	305,283
<b>Total assets</b>	<b>\$ 14,423,510</b>	<b>\$ 13,457,405</b>
<b>LIABILITIES AND EQUITY</b>		
Current liabilities		
Accounts payable	\$ 297,969	\$ 435,729
Accrued payroll and related costs	134,010	108,908
Interest payable	23,851	54,419
Taxes payable	126,112	91,190
Other current liabilities	144,267	123,399
Total current liabilities	726,209	813,645
Long-term debt	4,639,429	4,071,964
Deferred income taxes	235,851	242,791
Other liabilities	353,595	255,372
<b>Total liabilities</b>	<b>5,955,084</b>	<b>5,383,772</b>
Commitments and contingencies		
Shareholder equity		
Ordinary shares; 261,246 shares outstanding	26,125	26,125
Capital in excess of par value	466,028	450,616
Retained earnings	7,290,088	6,979,882
Accumulated other comprehensive loss	(72,077)	(74,321)

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<b>Total shareholder equity</b>	7,710,164	7,382,302
Noncontrolling interests	758,262	691,331
<b>Total equity</b>	8,468,426	8,073,633
<b>Total liabilities and equity</b>	\$ 14,423,510	\$ 13,457,405

See accompanying notes to the unaudited consolidated financial statements.

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

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
<b>Operating revenues</b>				
Contract drilling services	\$ 833,212	\$ 704,892	\$ 2,427,759	\$ 1,837,047
Reimbursables	28,137	17,438	94,090	63,851
Labor contract drilling services	22,667	15,564	58,538	43,123
Other	16	8	258	766
	884,032	737,902	2,580,645	1,944,787
<b>Operating costs and expenses</b>				
Contract drilling services	444,225	349,626	1,280,969	980,662
Reimbursables	21,047	13,971	76,618	49,797
Labor contract drilling services	12,991	8,053	34,070	25,326
Depreciation and amortization	194,595	165,719	548,271	486,010
Selling, general and administrative	15,487	17,637	44,964	48,810
Loss on impairment			18,345	
Gain on contract settlements/extinguishments, net			(33,255)	(21,202)
	688,345	555,006	1,969,982	1,569,403
<b>Operating income</b>	<b>195,687</b>	<b>182,896</b>	<b>610,663</b>	<b>375,384</b>
<b>Other income (expense)</b>				
Interest expense, net of amount capitalized	(25,635)	(11,530)	(56,783)	(45,400)
Interest income and other, net	1,361	1,884	4,368	3,978
<b>Income before income taxes</b>	<b>171,413</b>	<b>173,250</b>	<b>558,248</b>	<b>333,962</b>
Income tax provision	(24,784)	(17,298)	(91,972)	(41,480)
<b>Net income</b>	<b>146,629</b>	<b>155,952</b>	<b>466,276</b>	<b>292,482</b>
Net income attributable to noncontrolling interests	(14,906)	(238)	(26,931)	(290)
<b>Net income attributable to Noble Corporation</b>	<b>\$ 131,723</b>	<b>\$ 155,714</b>	<b>\$ 439,345</b>	<b>\$ 292,192</b>

See accompanying notes to the unaudited consolidated financial statements.



**Table of Contents****NOBLE CORPORATION (NOBLE-CAYMAN) AND SUBSIDIARIES****CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME****(In thousands)****(Unaudited)**

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
<b>Net income</b>	\$ 146,629	\$ 155,952	\$ 466,276	\$ 292,482
<b>Other comprehensive income (loss), net of tax</b>				
Foreign currency translation adjustments	2,033	(4,929)	(4,994)	(547)
Gain (loss) on foreign currency forward contracts		(9,654)	3,061	(7,141)
Loss on interest rate swaps				(366)
Amortization of deferred pension plan amounts (net of tax provision of \$790 and \$356 for the three months ended September 30, 2012 and 2011, respectively, and \$2,157 and \$1,061 for the nine months ended September 30, 2012 and 2011, respectively)	1,351	687	4,177	2,062
Other comprehensive income/(loss), net	3,384	(13,896)	2,244	(5,992)
Net comprehensive income attributable to noncontrolling interests	(14,906)	(238)	(26,931)	(290)
<b>Comprehensive income attributable to Noble Corporation</b>	<b>\$ 135,107</b>	<b>\$ 141,818</b>	<b>\$ 441,589</b>	<b>\$ 286,200</b>

See accompanying notes to the unaudited consolidated financial statements.

**Table of Contents****NOBLE CORPORATION (NOBLE-CAYMAN) AND SUBSIDIARIES****CONSOLIDATED STATEMENT OF CASH FLOWS****(In thousands)****(Unaudited)**

	<b>Nine Months Ended September 30,</b>	
	<b>2012</b>	<b>2011</b>
<b>Cash flows from operating activities</b>		
Net income	\$ 466,276	\$ 292,482
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	548,271	486,010
Loss on impairment	18,345	
Gain on contract extinguishments, net		(21,202)
Deferred income taxes	(16,090)	(34,549)
Capital contribution by parent- shared-based compensation	15,412	15,150
Net change in other assets and liabilities	(75,357)	(250,433)
 Net cash from operating activities	 956,857	 487,458
<b>Cash flows from investing activities</b>		
Capital expenditures	(1,245,671)	(1,967,618)
Change in accrued capital expenditures	(195,044)	(48,782)
Refund from contract extinguishments		18,642
 Net cash from investing activities	 (1,440,715)	 (1,997,758)
<b>Cash flows from financing activities</b>		
Change in bank credit facilities, net	(630,000)	675,000
Proceeds from issuance of senior notes, net of debt issuance costs	1,186,636	1,087,833
Contributions from joint venture partners	40,000	481,000
Payments of joint venture debt		(693,494)
Settlement of interest rate swaps		(29,032)
Financing costs on credit facilities	(5,014)	(2,835)
Distributions to parent company, net	(129,139)	(149,566)
 Net cash from financing activities	 462,483	 1,368,906
 Net change in cash and cash equivalents	 (21,375)	 (141,394)
<b>Cash and cash equivalents, beginning of period</b>	<b>235,056</b>	<b>333,399</b>
 <b>Cash and cash equivalents, end of period</b>	 <b>\$ 213,681</b>	 <b>\$ 192,005</b>

See accompanying notes to the unaudited consolidated financial statements.

**Table of Contents****NOBLE CORPORATION (NOBLE-CAYMAN) AND SUBSIDIARIES****CONSOLIDATED STATEMENT OF EQUITY**

(In thousands)

(Unaudited)

	Shares		Capital in	Retained	Accumulated	Noncontrolling	Total
	Balance	Par Value	Excess of Par Value	Earnings	Comprehensive Other Loss	Interests	Equity
<b>Balance at December 31, 2010</b>	<b>261,246</b>	<b>\$ 26,125</b>	<b>\$ 416,232</b>	<b>\$ 6,743,887</b>	<b>\$ (50,220)</b>	<b>\$ 124,631</b>	<b>\$ 7,260,655</b>
Net income				292,192		290	292,482
Capital contributions by parent							
share-based compensation			15,150				15,150
Distributions to parent				(149,566)			(149,566)
Settlement of FIN48 provision			15,658				15,658
Noncontrolling interest contributions						518,973	518,973
Other comprehensive income, net					(5,992)		(5,992)
<b>Balance at September 30, 2011</b>	<b>261,246</b>	<b>\$ 26,125</b>	<b>\$ 447,040</b>	<b>\$ 6,886,513</b>	<b>\$ (56,212)</b>	<b>\$ 643,894</b>	<b>\$ 7,947,360</b>
<b>Balance at December 31, 2011</b>	<b>261,246</b>	<b>\$ 26,125</b>	<b>\$ 450,616</b>	<b>\$ 6,979,882</b>	<b>\$ (74,321)</b>	<b>\$ 691,331</b>	<b>\$ 8,073,633</b>
Net income				439,345		26,931	466,276
Capital contributions by parent							
share-based compensation			15,412				15,412
Distributions to parent				(129,139)			(129,139)
Noncontrolling interest contributions						40,000	40,000
Other comprehensive loss, net					2,244		2,244
<b>Balance at September 30, 2012</b>	<b>261,246</b>	<b>\$ 26,125</b>	<b>\$ 466,028</b>	<b>\$ 7,290,088</b>	<b>\$ (72,077)</b>	<b>\$ 758,262</b>	<b>\$ 8,468,426</b>

See accompanying notes to the unaudited consolidated financial statements.

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**NOBLE CORPORATION (NOBLE-SWISS) AND SUBSIDIARIES**

**NOBLE CORPORATION (NOBLE-CAYMAN) AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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

**Note 1 Organization and Basis of Presentation**

Noble Corporation, a Swiss corporation ( Noble-Swiss ), is a leading provider of offshore contract drilling services for the oil and gas industry. Our fleet of 79 mobile offshore drilling units consists of 14 semisubmersibles, 14 drillships, 49 jackups and two submersibles. Additionally, we have one floating production storage and offloading unit. Our fleet includes 11 units under construction as follows:

five dynamically positioned, ultra-deepwater, harsh environment drillships and

six high-specification heavy-duty, harsh environment jackup rigs.

Our global fleet is currently located in the following areas: the U.S. Gulf of Mexico and Alaska, Mexico, Brazil, the North Sea, the Mediterranean, West Africa, the Middle East, India, Australia and the Asian Pacific. Noble and its predecessors have been engaged in the contract drilling of oil and gas wells since 1921.

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

The accompanying unaudited consolidated financial statements of Noble-Swiss and Noble-Cayman have been prepared pursuant to the rules and regulations of the U.S. Securities and Exchange Commission ( SEC ) as they pertain to Form 10-Q. Accordingly, certain information and disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America ( GAAP ) have been condensed or omitted pursuant to such rules and regulations. The unaudited financial statements reflect all adjustments which are, in the opinion of management, necessary for a fair statement of the financial position and results of operations for the interim periods, on a basis consistent with the annual audited consolidated financial statements. All such adjustments are of a recurring nature. The December 31, 2011 Consolidated Balance Sheets presented herein are derived from the December 31, 2011 audited consolidated financial statements. These interim financial statements should be read in conjunction with the consolidated financial statements and notes included in our Annual Report on Form 10-K for the year ended December 31, 2011, filed by both Noble-Swiss and Noble-Cayman. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year.

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

**Note 2 Consolidated Joint Ventures**

We own 50 percent interests in two joint ventures, each with a subsidiary of Royal Dutch Shell, PLC ( Shell ), for the construction and operation of our two Bully-class drillships. Since these entities' equity at risk is insufficient to permit them to carry on their activities without additional financial support, they each meet the criteria for a variable interest entity. We have determined that we are the primary beneficiary for accounting purposes. Accordingly, we consolidate the entities in our consolidated financial statements after eliminating intercompany transactions. Shell's equity interests are presented as noncontrolling interests on our Consolidated Balance Sheets.

In April 2011, the Bully joint venture partners entered into capital contribution agreements whereby capital calls up to a total of \$360 million can be made for funds needed to complete the construction of the drillships. All contributions under these agreements were made during 2011 and the first quarter of 2012. No amounts remain available under these agreements.

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At September 30, 2012, the combined carrying amount of the drillships was \$1.5 billion, which was primarily funded through partners' equity contributions.

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

**Note 3 Share Data*****Share capital***

The following is a detail of Noble-Swiss authorized share capital as of September 30, 2012 and December 31, 2011:

	September 30, 2012	December 31, 2011
<b>Shares outstanding and trading</b>	<b>252,713</b>	<b>252,352</b>
Treasury shares	586	287
<b>Total shares outstanding</b>	<b>253,299</b>	<b>252,639</b>
Treasury shares held for share-based compensation plans	12,851	13,511
<b>Total shares authorized for issuance</b>	<b>266,150</b>	<b>266,150</b>
Par value per share (in Swiss Francs)	3.15	3.41

Repurchased treasury shares are recorded at cost, and include both shares repurchased pursuant to our Board of Directors approved share repurchase program and shares surrendered by employees for taxes payable upon the vesting of restricted stock. The number of shares that we may hold in treasury is limited under Swiss law. At September 30, 2012, 6.8 million shares remained available for repurchase under the authorization by the Board of Directors noted above. No shares were repurchased under this authorization during the nine months ended September 30, 2012.

Our Board of Directors may further increase Noble-Swiss share capital through the issuance of up to 133.1 million authorized registered shares without obtaining shareholder approval. The issuance of these authorized registered shares is subject to certain conditions regarding their use.

In April 2012, our shareholders approved the payment of a dividend aggregating \$0.52 per share to be paid in four equal installments the first of which was paid in August 2012, with the remaining three installments to be paid in November 2012, February 2013 and May 2013, respectively. These dividends will require us to make cash payments of approximately \$33 million during the fourth quarter of 2012, based on the number of shares currently outstanding. As of September 30, 2012, we had \$100 million of dividends payable outstanding on this obligation. Any additional issuances of shares would further increase our obligation.

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

**Earnings per share**

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

	<b>Three months ended September 30,</b>		<b>Nine months ended September 30,</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
<b>Allocation of net income</b>				
<b>Basic</b>				
Net income attributable to Noble Corporation	\$ 114,774	\$ 135,317	\$ 394,767	\$ 243,895
Earnings allocated to unvested share-based payment awards	(1,192)	(1,415)	(4,008)	(2,487)
<b>Net income to common shareholders basic</b>	<b>\$ 113,582</b>	<b>\$ 133,902</b>	<b>\$ 390,759</b>	<b>\$ 241,408</b>
<b>Diluted</b>				
Net income attributable to Noble Corporation	\$ 114,774	\$ 135,317	\$ 394,767	\$ 243,895
Earnings allocated to unvested share-based payment awards	(1,190)	(1,412)	(4,002)	(2,481)
<b>Net income to common shareholders diluted</b>	<b>\$ 113,584</b>	<b>\$ 133,905</b>	<b>\$ 390,765</b>	<b>\$ 241,414</b>
<b>Weighted average shares outstanding basic</b>	<b>252,657</b>	<b>251,580</b>	<b>252,339</b>	<b>251,327</b>
Incremental shares issuable from assumed exercise of stock options	317	449	385	640
<b>Weighted average shares outstanding diluted</b>	<b>252,974</b>	<b>252,029</b>	<b>252,724</b>	<b>251,967</b>
<b>Weighted average unvested share-based payment awards</b>	<b>2,651</b>	<b>2,658</b>	<b>2,588</b>	<b>2,589</b>
<b>Earnings per share</b>				
Basic	\$ 0.45	\$ 0.53	\$ 1.55	\$ 0.96
Diluted	\$ 0.45	\$ 0.53	\$ 1.55	\$ 0.96

Only those items having a dilutive impact on our basic earnings per share are included in diluted earnings per share. At both September 30, 2012 and 2011, stock options totaling approximately 1.1 million were excluded from the diluted earnings per share as they were not dilutive.

**Note 4 Property and Equipment**

Property and equipment, at cost, as of September 30, 2012 and December 31, 2011 consisted of the following:

	<b>September 30, 2012</b>	<b>December 31, 2011</b>
Drilling equipment and facilities	\$ 13,449,855	\$ 10,974,943

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Construction in progress	2,991,487	4,367,750
Other	196,284	197,485
	\$ 16,637,626	\$ 15,540,178

Capital expenditures, including capitalized interest, totaled \$1.2 billion and \$2.0 billion for the nine months ended September 30, 2012 and 2011, respectively. Capital expenditures for the first nine months of 2012 consisted of the following:

\$441 million for newbuild construction;

\$548 million for major projects, including \$50 million in subsea related expenditures and \$29 million to upgrade two drillships currently operating in Brazil;

\$150 million for other capitalized expenditures, including upgrades and replacements to drilling equipment, that generally have a useful life ranging from 3 to 5 years; and

\$108 million in capitalized interest.



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Interest is capitalized on construction-in-progress at the weighted average cost of debt outstanding during the period of construction. Capitalized interest was \$31 million and \$108 million for the three and nine months ended September 30, 2012, respectively, as compared to \$32 million and \$88 million for the three and nine months ended September 30, 2011.

**Note 5 Loss on Impairment**

During the second quarter of 2012, we determined that our submersible rig fleet, consisting of two cold stacked rigs, was partially impaired due to the declining market outlook for drilling services for this rig type. We estimated the fair value of the rigs based on the salvage value of the rigs and a recent transaction involving a similar unit owned by a peer company (Level 2 fair value measurement). Based on these estimates, we recognized a charge of approximately \$13 million for the nine months ended September 30, 2012.

Also, during the second quarter of 2012, we determined that certain corporate assets were partially impaired due to a declining market for, and the potential disposal of, the assets. We estimated the fair value of the asset based on recent transactions involving similar units in the market (Level 2 fair value measurement). Based on these estimates, we recognized a charge of approximately \$5 million for the nine months ended September 30, 2012.

**Note 6 Gain on Contract Settlements/Extinguishments, net**

During the second quarter of 2012, we received approximately \$5 million from the settlement of a claim relating to the *Noble David Tinsley*, which had experienced a punch-through while being positioned on location in 2009. We had originally recorded a \$17 million charge during 2009 related to this incident. Additionally, during the second quarter of 2012, we settled an action against certain vendors for damages sustained during Hurricane Ike. We recognized a net gain of approximately \$28 million related to this settlement. We also resolved all outstanding matters with Anadarko Petroleum Company (Anadarko) related to the previously disclosed force majeure action, Hurricane Ike matters and receivables relating to the *Noble Amos Runner*.

In January 2011, we announced the signing of a Memorandum of Understanding (MOU) with Petroleo Brasileiro S.A. (Petrobras) regarding operations in Brazil. Under the terms of the MOU, we agreed to substitute the *Noble Phoenix*, then under contract with Shell in Southeast Asia, for the *Noble Muravlenko*. In connection with the cancellation of the contract on the *Noble Phoenix*, we recognized a non-cash gain of approximately \$52.5 million during the first quarter of 2011, which represented the unamortized fair value of the in-place contract at acquisition. As a result of the substitution, we reached a decision not to proceed with the previously announced reliability upgrade to the *Noble Muravlenko* that was scheduled to take place in 2013, and therefore, incurred a non-cash charge of approximately \$32.6 million related to the termination of outstanding shipyard contracts. The substitution was completed during the fourth quarter of 2012.

In February 2011, the outstanding balances of the Bully joint venture credit facilities, which totaled \$693 million, were repaid in full and the credit facilities terminated using a portion of the proceeds from our February 2011 debt offering and equity contributions from our joint venture partner. In addition, the related interest rate swaps were settled and terminated concurrent with the repayment and termination of the credit facilities. As a result of these transactions, we recognized a gain of approximately \$1.3 million during the first quarter of 2011.

**Note 7 Receivables from Customers**

In June 2010, a subsidiary of Frontier, which we acquired in July 2010, entered into a charter contract with a subsidiary of BP PLC (BP) for the *Seillean* with a term of a minimum of 100 days. The unit went on hire on July 23, 2010. In October 2010, BP initiated an arbitration proceeding against us claiming the contract was void *ab initio*, or never existed, due to a fundamental breach and has made other claims and demanded that we reimburse the amounts already paid to us under the charter. We believe BP owes us the amounts due under the charter. The charter contained a hell or high water provision requiring payment, and we believe we satisfied our obligations under the charter. Outstanding receivables related

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to this charter totaled \$35 million as of September 30, 2012. We recently received a favorable summary judgment ruling upholding the charter agreement and requiring BP to pay us the outstanding amounts, however, this matter has not been finally resolved because the ruling allows BP the opportunity to make a damages claim under the charter agreement. These receivables continue to be classified as long-term and are included in Other assets on our Consolidated Balance Sheet. We can make no assurances as to the outcome of this dispute.

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

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

**Note 8 Debt**

Total debt consisted of the following at September 30, 2012 and December 31, 2011:

	September 30, 2012	December 31, 2011
<b>Wholly-owned debt instruments:</b>		
5.875% Senior Notes due 2013	\$ 299,975	\$ 299,949
7.375% Senior Notes due 2014	249,760	249,647
3.45% Senior Notes due 2015	350,000	350,000
3.05% Senior Notes due 2016	299,948	299,938
2.50% Senior Notes due 2017	299,844	
7.50% Senior Notes due 2019	201,695	201,695
4.90% Senior Notes due 2020	498,870	498,783
4.625% Senior Notes due 2021	399,515	399,480
3.95% Senior Notes due 2022	399,075	
6.20% Senior Notes due 2040	399,891	399,890
6.05% Senior Notes due 2041	397,605	397,582
5.25% Senior Notes due 2042	498,251	
Credit facilities	345,000	975,000
<b>Total long-term debt</b>	<b>\$ 4,639,429</b>	<b>\$ 4,071,964</b>

During June 2012, we replaced our \$575 million credit facility scheduled to mature in 2013, with a new \$1.2 billion credit facility, which matures in 2017. The new facility, combined with our existing \$600 million credit facility that matures in 2015, gives us a total borrowing capacity under the two facilities (together referred to as the Credit Facilities) of \$1.8 billion. The covenants and events of default under the Credit Facilities are substantially similar, and each facility contains a covenant that limits our ratio of debt to total tangible capitalization, as defined in the Credit Facilities, to 0.60. At September 30, 2012, our ratio of debt to total tangible capitalization was less than 0.36. We were in compliance with all covenants under the Credit Facilities as of September 30, 2012.

The Credit Facilities provide us with the ability to issue up to \$375 million in letters of credit in the aggregate. The issuance of letters of credit does not increase our borrowings outstanding under the Credit Facilities, but it does reduce the amount available. At September 30, 2012, we had no letters of credit outstanding under the Credit Facilities.

During September 2012, we established a commercial paper program, which will allow us to issue up to \$1.8 billion in unsecured commercial paper notes. Amounts issued under the commercial paper program are supported by the unused committed capacity under our Credit Facilities and, as such, are classified as long-term on our balance sheet. Subsequent to September 30, 2012, we began issuing notes under the program and had outstanding notes totaling \$328 million as of October 31, 2012.



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

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

Our 5.875% Senior Notes mature during the second quarter of 2013. We anticipate using availability under our Credit Facilities to repay the outstanding balance; therefore, we continue to report the balance as long-term at September 30, 2012.

The indentures governing our outstanding senior unsecured notes contain covenants that place restrictions on certain merger and consolidation transactions, unless we are the surviving entity or the other party assumes the obligations under the indenture, and on the ability to sell or transfer all or substantially all of our assets. In addition, there are restrictions on incurring or assuming certain liens and sale and lease-back transactions. At September 30, 2012, we were in compliance with all our debt covenants. We continually monitor compliance with the covenants under our Credit Facilities and senior notes and, based on our expectations for 2012, expect to remain in compliance during the year.

**Fair Value of Debt**

Fair value represents the amount at which an instrument could be exchanged in a current transaction between willing parties. The estimated fair value of our senior notes was based on the quoted market prices for similar issues or on the current rates offered to us for debt of similar remaining maturities (Level 2 measurement). The following table presents the estimated fair value of our long-term debt as of September 30, 2012 and December 31, 2011.

	September 30, 2012		December 31, 2011	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
<b>Wholly-owned debt instruments</b>				
5.875% Senior Notes due 2013	\$ 299,975	\$ 308,949	\$ 299,949	\$ 317,586
7.375% Senior Notes due 2014	249,760	272,063	249,647	278,966
3.45% Senior Notes due 2015	350,000	369,921	350,000	363,571
3.05% Senior Notes due 2016	299,948	314,142	299,938	306,057
2.50% Senior Notes due 2017	299,844	309,118		
7.50% Senior Notes due 2019	201,695	249,768	201,695	248,623
4.90% Senior Notes due 2020	498,870	559,783	498,783	531,437
4.625% Senior Notes due 2021	399,515	440,799	399,480	416,847
3.95% Senior Notes due 2022	399,075	420,137		
6.20% Senior Notes due 2040	399,891	466,331	399,890	450,017
6.05% Senior Notes due 2041	397,605	461,733	397,582	443,308
5.25% Senior Notes due 2042	498,251	533,637		
Credit Facilities	345,000	345,000	975,000	975,000
<b>Total long-term debt</b>	<b>\$ 4,639,429</b>	<b>\$ 5,051,381</b>	<b>\$ 4,071,964</b>	<b>\$ 4,331,412</b>

**Note 9 Income Taxes**

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At December 31, 2011, the reserves for uncertain tax positions totaled \$118 million (net of related tax benefits of \$8 million). At September 30, 2012, the reserves for uncertain tax positions totaled \$124 million (net of related tax benefits of \$10 million). If the September 30, 2012 reserves are not realized, the provision for income taxes would be reduced by \$124 million in future periods.

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

**Note 10 Employee Benefit Plans**

Pension costs include the following components:

	<b>Three Months Ended September 30,</b>			
	<b>2012</b>		<b>2011</b>	
	<b>Non-U.S.</b>	<b>U.S.</b>	<b>Non-U.S.</b>	<b>U.S.</b>
Service cost	\$ 1,072	\$ 2,431	\$ 1,141	\$ 2,152
Interest cost	1,317	2,196	1,433	2,143
Return on plan assets	(1,313)	(2,793)	(1,449)	(2,768)
Amortization of prior service cost		57		57
Amortization of transition obligation			19	
Recognized net actuarial loss	199	1,885	123	844
<b>Net pension expense</b>	<b>\$ 1,275</b>	<b>\$ 3,776</b>	<b>\$ 1,267</b>	<b>\$ 2,428</b>

	<b>Nine Months Ended September 30,</b>			
	<b>2012</b>		<b>2011</b>	
	<b>Non-U.S.</b>	<b>U.S.</b>	<b>Non-U.S.</b>	<b>U.S.</b>
Service cost	\$ 3,306	\$ 7,237	\$ 3,387	\$ 6,456
Interest cost	4,025	6,556	4,256	6,428
Return on plan assets	(4,001)	(8,379)	(4,306)	(8,304)
Amortization of prior service cost		171		170
Amortization of transition obligation			56	
Recognized net actuarial loss	600	5,563	366	2,531
<b>Net pension expense</b>	<b>\$ 3,930</b>	<b>\$ 11,148</b>	<b>\$ 3,759</b>	<b>\$ 7,281</b>

During the three and nine months ended September 30, 2012, we made contributions to our pension plans totaling \$3 million and \$13 million, respectively. We expect the funding to our non-U.S. and U.S. plans in 2012, subject to applicable law, to be approximately \$17 million.

**Note 11 Derivative Instruments and Hedging Activities**

We periodically enter into derivative instruments to manage our exposure to fluctuations in interest rates and foreign currency exchange rates. We have documented policies and procedures to monitor and control the use of derivative instruments. We do not engage in derivative transactions for speculative or trading purposes, nor are we a party to leveraged derivatives. During the nine months ended September 30, 2011, we maintained certain foreign currency forward contracts that did not qualify under the Financial Accounting Standards Board ( FASB ) standards for hedge accounting treatment and therefore, changes in fair values were recognized as either income or loss in our consolidated income statement.

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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. For interest rate swaps, we evaluate all material terms between the swap and the underlying debt obligation, known in FASB standards as the long-haul method. Any change in fair value resulting from ineffectiveness is recognized immediately in earnings.



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

**Cash Flow Hedges**

Our North Sea and Brazil operations have a significant amount of their cash operating expenses payable in local currencies. To limit the potential risk of currency fluctuations, we have historically maintained short-term forward contracts settling monthly in their respective local currencies. At September 30, 2012, we had no outstanding derivative contracts.

The balance of the net unrealized gain/(loss) related to our cash flow hedges included in Accumulated other comprehensive loss ( AOCL ) and related activity is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Net unrealized gain/(loss) at beginning of period	\$	\$ 4,117	\$ (3,061)	\$ 1,970
Activity during period:				
Settlement of foreign currency forward contracts during the period		(2,054)	3,061	(1,604)
Settlement of interest rate swaps during the period				(366)
Net unrealized loss on outstanding foreign currency forward contracts		(7,600)		(5,537)
Net unrealized gain/(loss) at end of period	\$	\$ (5,537)	\$	\$ (5,537)

**Financial Statement Presentation**

The following tables, together with Note 12, summarize the financial statement presentation and fair value of our derivative positions as of September 30, 2012 and December 31, 2011:

	Balance sheet classification	Estimated fair value September 30, 2012	December 31, 2011
<b>Liability derivatives</b>			
Cash flow hedges			
Short-term foreign currency forward contracts	Other current liabilities	\$	\$ 3,061

To supplement the fair value disclosures in Note 12, the following summarizes the recognized gains and losses of cash flow hedges and non-designated derivatives through AOCL or through other income for the three months ended September 30, 2012 and 2011:

Gain/(loss) recognized through AOCL		Gain/(loss) reclassified from AOCL to other income		Gain/(loss) recognized through other income	
2012	2011	2012	2011	2012	2011

**Cash flow hedges**

Foreign currency forward contracts	\$	\$	(7,600)	\$	\$	(2,054)	\$	\$
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(Unless otherwise indicated, dollar amounts in tables are in thousands, except per share data)

To supplement the fair value disclosures in Note 12, the following summarizes the recognized gains and losses of cash flow hedges and non-designated derivatives through AOCL or through other income for the nine months ended September 30, 2012 and 2011:

	Gain/(loss) recognized through AOCL		Gain/(loss) reclassified from AOCL to other income		Gain/(loss) recognized through other income	
	2012	2011	2012	2011	2012	2011
<b>Cash flow hedges</b>						
Foreign currency forward contracts	\$	\$ (5,537)	\$ 3,061	\$ (1,604)	\$	\$
Interest rate swaps				(366)		
<b>Non-designated derivatives</b>						
Foreign currency forward contracts	\$	\$	\$	\$	\$	\$ (546)

**Note 12 Fair Value of Financial Instruments**

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

	Carrying Amount	September 30, 2012 Estimated Fair Value Measurements			December 31, 2011	
		Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Carrying Amount	Estimated Fair Value
<b>Assets</b>						
Marketable securities	\$ 5,745	\$ 5,745	\$	\$	\$ 4,701	\$ 4,701
<b>Liabilities</b>						
Foreign currency forward contracts	\$	\$	\$	\$	\$ 3,061	\$ 3,061

At the time of valuation, the derivative instruments were valued using actively quoted prices and quotes obtained from the counterparties to the derivative instruments. Our cash and cash equivalents, accounts receivable and accounts payable are by their nature short-term. As a result, the carrying values included in the accompanying Consolidated Balance Sheets approximate fair value.

**Note 13 Commitments and Contingencies**

The *Noble Homer Ferrington* was under contract with a subsidiary of ExxonMobil Corporation (ExxonMobil), which entered into an assignment agreement with BP for a two-well farmout of the rig in Libya after successfully drilling two wells with the rig for ExxonMobil. In August 2010, BP attempted to terminate the assignment agreement claiming that the rig was not in the required condition, and ExxonMobil informed us that we must look to BP for payment of the dayrate during the assignment period. In August 2010, we initiated arbitration proceedings under the drilling contract against both BP and ExxonMobil. We do not believe BP had the right to terminate the assignment agreement and believe the rig was ready to operate under the drilling contract. The rig operated under farmout arrangements from March 2011 to the conclusion of the contract in the second quarter of 2012. We believe we are owed dayrate by either or both of these clients. The operating dayrate was approximately \$538,000 per day for the work in Libya. The arbitration process is proceeding, and we intend to vigorously pursue these claims. As a result of the uncertainties noted above, we have not recognized any revenue during the assignment period and the matter could have a material positive

effect on our results of operations or cash flows in the period the matter is resolved should the arbitration panel ultimately rule in our favor.

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In August 2007, we entered into a drilling contract with Marathon Oil Company ( Marathon ) for the *Noble Jim Day* to operate in the U.S. Gulf of Mexico. On January 1, 2011, Marathon provided notice that it was terminating the contract. Marathon's stated reason for the termination was that the rig had not been accepted by Marathon by December 31, 2010, and Marathon also maintained that a force majeure condition existed under the contract. The contract contained a provision allowing Marathon to terminate if the rig had not commenced operations by December 31, 2010. We believe the rig was ready to commence operations and should have been accepted by Marathon. The contract term was for four years. No revenue has been recognized under this contract. We have contracted the rig for much of the original term with other customers. In March 2011, we filed suit in Texas State District Court against Marathon seeking damages for its actions. The suit is proceeding and is currently in the discovery phase. We cannot provide assurance as to the outcome of this lawsuit.

We are from time to time a party to various lawsuits that are incidental to our operations in which the claimants seek an unspecified amount of monetary damages for personal injury, including injuries purportedly resulting from exposure to asbestos on drilling rigs and associated facilities. At September 30, 2012, there were 29 asbestos related lawsuits in which we are one of many defendants. These lawsuits have been filed in the United States in the states of Louisiana, Mississippi and Texas. We intend to vigorously defend against the litigation. We do not believe the ultimate resolution of these matters will have a material adverse effect on our financial position, results of operations or cash flows.

We are a defendant in certain claims and litigation arising out of operations in the ordinary course of business, including certain disputes with customers over receivables discussed in Note 7, the resolution of which, in the opinion of management, will not be material to our financial position, results of operations or cash flows. There is inherent risk in any litigation or dispute and no assurance can be given as to the outcome of these claims.

We operate in a number of countries throughout the world and our income tax returns filed in those jurisdictions are subject to review and examination by tax authorities within those jurisdictions. The U.S. Internal Revenue Service ( IRS ) has completed its audit examination of our 2008 U.S. tax return and proposed adjustments and deficiencies with respect to certain items that were reported by us for the 2008 tax year. We believe that we have accurately reported all amounts in our 2008 tax return, and have filed protests with the IRS Office of Appeals contesting the examination team's proposed adjustments. A conference has been scheduled in December 2012 to discuss these items. We intend to vigorously defend our reported positions. Our 2009 tax return is under audit, and we expect to receive additional Information Document Requests in the coming months. During the third quarter, a U.S. subsidiary of Frontier concluded its audit with the IRS for its 2007 and 2008 tax returns, resulting in no change to income tax expense. Furthermore, we are currently contesting several non-U.S. tax assessments and may contest future assessments when we disagree with those assessments based on the technical merits of the positions established at the time of the filing of the tax return. We believe the ultimate resolution of the outstanding assessments, for which we have not made any accrual, will not have a material adverse effect on our consolidated financial statements. We recognize uncertain tax positions that we believe have a greater than 50 percent likelihood of being sustained. We cannot predict or provide assurance as to the ultimate outcome of the existing or future assessments.

Our Mexican income tax returns have been examined for the 2002 through 2007 periods and audit claims have been assessed for approximately \$326 million (including interest and penalties). During 2011, we received from the Regional Chamber of the Federal Tax Court adverse decisions with respect to approximately \$6 million in assessments related to depreciation deductions, which we are appealing. We are also contesting all other assessments in Mexico. Tax authorities in Mexico and other jurisdictions may issue additional assessments or pursue legal actions as a result of tax audits and we cannot predict or provide assurance as to the ultimate outcome of such assessments and legal actions.

Additional audit claims of approximately \$91 million attributable to income, customs and other business taxes have been assessed against us in other jurisdictions. We have contested, or intend to contest, these assessments, including through litigation if necessary, and we believe the ultimate resolution, for which we have not made any accrual, will not have a material adverse effect on our consolidated financial statements.

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We maintain certain insurance coverage against specified marine perils which includes physical damage and loss of hire. Damage caused by hurricanes has negatively impacted the energy insurance market, resulting in more restrictive and expensive coverage for U.S. named windstorm perils. Accordingly, we have elected to significantly reduce the named windstorm insurance on our rigs operating in the U.S. Gulf of Mexico. Presently we insure the *Noble Jim Thompson*, *Noble Amos Runner* and *Noble Driller* for total loss only when caused by a named windstorm. Our customer assumes the risk of loss on the *Noble Bully I* due to a named windstorm event up to \$450 million per occurrence pursuant to the terms of the drilling contract relating to such vessel, provided that we are responsible for the first \$25 million per occurrence for such named windstorm events. The remaining rigs in the U.S. Gulf of Mexico are self-insured for named windstorm perils. Our rigs located in the Mexico portion of the Gulf of Mexico remain covered by commercial insurance for windstorm damage. In addition, we maintain physical damage deductibles on our rigs ranging from \$15 million to \$25 million per occurrence, depending on location. The loss of hire coverage applies only to our rigs operating under contract with a dayrate equal to or greater than \$200,000 a day and is subject to a 45-day waiting period for each unit and each occurrence.

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

In January 2012, we were assessed a fine by the Brazilian government in the amount of R\$1.8 million (approximately \$887,000) in connection with the inadvertent discharge of drilling fluid from one of our rigs offshore Brazil in September 2011. We have accepted the assessment.

In October 2011, we were assessed a fine by the Brazilian government in the amount of R\$238,000 (approximately \$117,000) in connection with the inadvertent discharge of drilling fluid from one of our rigs offshore Brazil in November 2010. We have accepted the assessment.

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

In connection with our capital expenditure program, we had outstanding commitments, including shipyard and purchase commitments of approximately \$3.0 billion at September 30, 2012.

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-Swiss (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.

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***Nigerian Operations***

During the fourth quarter of 2007, our Nigerian subsidiary received letters from the Nigerian Maritime Administration and Safety Agency ( NIMASA ) seeking to collect a 2 percent surcharge on contract amounts under contracts performed by vessels, within the meaning of Nigeria's cabotage laws, engaged in the Nigerian coastal shipping trade. Although we do not believe that these laws apply to our ownership of drilling units, NIMASA is seeking to apply a provision of the Nigerian cabotage laws (which became effective on May 1, 2004) to our offshore drilling units by considering these units to be vessels within the meaning of those laws and therefore subject to the surcharge, which is imposed only upon vessels. Our offshore drilling units are not engaged in the Nigerian coastal shipping trade and are not in our view vessels within the meaning of Nigeria's cabotage laws. In January 2008, we filed an originating summons against NIMASA and the Minister of Transportation in the Federal High Court of Lagos, Nigeria seeking, among other things, a declaration that our drilling operations do not constitute coastal trade or cabotage within the meaning of Nigeria's cabotage laws and that our offshore drilling units are not vessels within the meaning of those laws. In February 2009, NIMASA filed suit against us in the Federal High Court of Nigeria seeking collection of the cabotage surcharge. In August 2009, the court issued a favorable ruling in response to our originating summons stating that drilling operations do not fall within the cabotage laws and that drilling rigs are not vessels for purposes of those laws. The court also issued an injunction against the defendants prohibiting their interference with our drilling rigs or drilling operations. NIMASA has appealed the court's ruling, although the court dismissed NIMASA's lawsuit filed against us in February 2009. We intend to take all further appropriate legal action to resist the application of Nigeria's cabotage laws to our drilling units. The outcome of any such legal action and the extent to which we may ultimately be responsible for the surcharge is uncertain. If it is ultimately determined that offshore drilling units constitute vessels within the meaning of the Nigerian cabotage laws, we may be required to pay the surcharge and comply with other aspects of the Nigerian cabotage laws, which could adversely affect our operations in Nigerian waters and require us to incur additional costs of compliance.

NIMASA had previously informed the Nigerian Content Division of its position that we were not in compliance with the cabotage laws. The Nigerian Content Division makes determinations of companies' compliance with applicable local content regulations for purposes of government contracting, including contracting for services in connection with oil and gas concessions where the Nigerian national oil company is a partner. The Nigerian Content Division had previously barred us from participating in new tenders as a result of NIMASA's allegations, although the Division reversed its actions based on the favorable Federal High Court ruling. However, no assurance can be given with respect to our ability to bid for future work in Nigeria until our dispute with NIMASA is resolved.

As previously disclosed, in November 2010 we finalized settlements with the SEC and the Department of Justice as the result of an internal investigation of the legality under the United States Foreign Corrupt Practices Act ( FCPA ) and local laws of certain reimbursement payments made by our Nigerian affiliate to our customs agents in Nigeria. In January 2011, a subsidiary of Noble-Swiss resolved an investigation by the Nigerian Economic and Financial Crimes Commission and the Nigerian Attorney General Office into these same activities. Any additional investigation by these or other agencies could damage our reputation and result in substantial fines, sanctions, civil and/or criminal penalties and curtailment of operations in certain jurisdictions and might adversely affect our business, results of operations or financial condition. Further, resolving any additional investigations could be expensive and consume significant time and attention of our senior management.

Under the Nigerian Industrial Training Fund Act of 2004, as amended, (the Act ), Nigerian companies with five or more employees must contribute annually one percent of their payroll to the Industrial Training Fund ( ITF ) established under the Act to be used for the training of Nigerian nationals with a view towards generating a pool of indigenously trained manpower. We have not paid this amount on our expatriate workers employed by our non-Nigerian employment entity in the past as we did not believe the contribution obligation was applicable to them. In October 2012, we received a demand from the ITF for payments going back to 2004 and associated penalties in respect of these expatriate employees. We do not believe that we owe the amount claimed and that, in the event we were to have any liability, it would be for an immaterial amount. We continue to investigate the matter and are also engaged in discussions with the ITF to resolve the issue.

**Note 14 Segment and Related Information**

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We report our contract drilling operations as a single reportable segment, Contract Drilling Services, which reflects how we manage our business, and the fact that all of our drilling fleet is dependent upon the worldwide oil and gas industry. The mobile offshore drilling units comprising our offshore rig fleet operate in a single, global market for contract drilling services and are often redeployed globally in response to changing demands of our customers, which consist largely of major non-U.S. and government owned/controlled oil and gas companies throughout the world. Our Contract Drilling Services segment currently conducts contract drilling operations principally in the U.S. Gulf of Mexico, Mexico, Brazil, the North Sea, the Mediterranean, West Africa, the Middle East, India, Australia and the Asian Pacific.



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We evaluate the performance of our operating segment primarily based on operating revenues and net income. Summarized financial information of our reportable segments for the three and nine months ended September 30, 2012 and 2011 for Noble-Swiss and Noble-Cayman are shown in the following table. The Other column includes results of labor contract drilling services in Canada and Alaska, as well as corporate related items.

	<b>Noble-Swiss</b>					
	<b>Three Months Ended September 30,</b>					
	<b>2012</b>			<b>2011</b>		
	<b>Contract Drilling Services</b>	<b>Other</b>	<b>Total</b>	<b>Contract Drilling Services</b>	<b>Other</b>	<b>Total</b>
Revenues from external customers	\$ 860,315	\$ 23,717	\$ 884,032	\$ 719,546	\$ 18,356	\$ 737,902
Depreciation and amortization	191,638	3,449	195,087	162,837	3,376	166,213
Segment operating income	173,285	5,639	178,924	159,588	3,994	163,582
Interest expense, net of amount capitalized	(121)	(25,514)	(25,635)	(122)	(11,408)	(11,530)
Income tax (provision) / benefit	(28,307)	3,145	(25,162)	(18,380)	766	(17,614)
Segment profit / (loss)	130,983	(16,209)	114,774	141,199	(5,882)	135,317
Total assets (at end of period)	13,983,223	477,183	14,460,406	12,472,018	479,515	12,951,533

	<b>Noble-Cayman</b>					
	<b>Three Months Ended September 30,</b>					
	<b>2012</b>			<b>2011</b>		
	<b>Contract Drilling Services</b>	<b>Other</b>	<b>Total</b>	<b>Contract Drilling Services</b>	<b>Other</b>	<b>Total</b>
Revenues from external customers	\$ 860,315	\$ 23,717	\$ 884,032	\$ 719,546	\$ 18,356	\$ 737,902
Depreciation and amortization	191,638	2,957	194,595	162,837	2,882	165,719
Segment operating income	178,185	17,502	195,687	168,509	14,387	182,896
Interest expense, net of amount capitalized	(121)	(25,514)	(25,635)	(122)	(11,408)	(11,530)
Income tax (provision) / benefit	(28,307)	3,523	(24,784)	(18,380)	1,082	(17,298)
Segment profit / (loss)	135,883	(4,160)	131,723	150,120	5,594	155,714
Total assets (at end of period)	13,983,223	440,287	14,423,510	12,472,018	439,780	12,911,798

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	Noble-Swiss					
	Nine Months Ended September 30,					
	2012			2011		
	Contract Drilling Services	Other	Total	Contract Drilling Services	Other	Total
Revenues from external customers	\$ 2,519,930	\$ 60,715	\$ 2,580,645	\$ 1,897,045	\$ 47,742	\$ 1,944,787
Depreciation and amortization	539,698	10,081	549,779	477,568	9,886	487,454
Segment operating income	559,713	7,349	567,062	321,613	7,278	328,891
Interest expense, net of amount capitalized	(315)	(56,468)	(56,783)	(1,890)	(43,510)	(45,400)
Income tax (provision) / benefit	(102,005)	8,898	(93,107)	(48,661)	6,180	(42,481)
Segment profit / (loss)	434,561	(39,794)	394,767	272,488	(28,593)	243,895
Total assets (at end of period)	13,983,223	477,183	14,460,406	12,472,018	479,515	12,951,533

	Noble-Cayman					
	Nine Months Ended September 30,					
	2012			2011		
	Contract Drilling Services	Other	Total	Contract Drilling Services	Other	Total
Revenues from external customers	\$ 2,519,930	\$ 60,715	\$ 2,580,645	\$ 1,897,045	\$ 47,742	\$ 1,944,787
Depreciation and amortization	539,698	8,573	548,271	477,568	8,442	486,010
Segment operating income	571,382	39,281	610,663	342,589	32,795	375,384
Interest expense, net of amount capitalized	(315)	(56,468)	(56,783)	(1,890)	(43,510)	(45,400)
Income tax (provision) / benefit	(102,005)	10,033	(91,972)	(48,661)	7,181	(41,480)
Segment profit / (loss)	446,230	(6,885)	439,345	293,464	(1,272)	292,192
Total assets (at end of period)	13,983,223	440,287	14,423,510	12,472,018	439,780	12,911,798

**Note 15 Accounting Pronouncements**

In May 2011, the FASB issued Accounting Standards Update ( ASU ) No. 2011-04, which amends FASB Accounting Standards Codification ( ASC ) Topic 820, Fair Value Measurements and Disclosures. This amended guidance clarifies the wording used to describe many of the requirements in accounting literature for measuring fair value and for disclosing information about fair value measurements. The goal of the amendment is to create consistency between the United States and international accounting standards. The guidance is effective for annual and interim reporting periods beginning on or after December 15, 2011. Our adoption of this guidance did not have a material impact on our financial condition, results of operations, cash flows or financial disclosures.

In June 2011, the FASB issued ASU No. 2011-05, which amends ASC Topic 220, Comprehensive Income. This ASU allows an entity to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. The amendment no longer allows an entity to show changes to other comprehensive income solely through the statement of equity. For publicly traded entities, the guidance is effective for annual and interim reporting periods beginning on or after December 15, 2011. In December 2011, the FASB issued ASU No. 2011-12, which defers only those changes in ASU 2011-05 that relate to the presentation of reclassification adjustments. Our adoption of this guidance did not have a material impact on our financial condition, results of operations, cash flows or financial disclosures.

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**Note 16 Net Change in Other Assets and Liabilities**

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

	Noble-Swiss Nine months ended September 30,		Noble-Cayman Nine months ended September 30,	
	2012	2011	2012	2011
Accounts receivable	\$ (163,051)	\$ (213,747)	\$ (163,051)	\$ (213,747)
Other current assets	(58,303)	(23,900)	(59,764)	(20,578)
Other assets	(25,543)	(37,171)	(25,546)	(39,649)
Accounts payable	29,470	(23,744)	29,353	(23,654)
Other current liabilities	76,035	21,281	79,436	13,655
Other liabilities	70,382	33,566	64,215	33,540
	<b>\$ (71,010)</b>	<b>\$ (243,715)</b>	<b>\$ (75,357)</b>	<b>\$ (250,433)</b>

**Note 17 Guarantees of Registered Securities**

Noble-Cayman, or one or more subsidiaries of Noble-Cayman, are a co-issuer or guarantor or otherwise obligated as of September 30, 2012 as follows:

Notes	Issuer (Co-Issuer(s))	Guarantor(s)
\$300 million 5.875% Senior Notes due 2013	Noble-Cayman	Noble Drilling Corporation ( NDC ); NHIL
\$250 million 7.375% Senior Notes due 2014	NHIL	Noble-Cayman
\$350 million 3.45% Senior Notes due 2015	NHIL	Noble-Cayman
\$300 million 3.05% Senior Notes due 2016	NHIL	Noble-Cayman
\$300 million 2.50% Senior Notes due 2017	NHIL	Noble-Cayman
\$202 million 7.50% Senior Notes due 2019	NDC; Noble Drilling Services 6 LLC ( NDS6 )	Noble-Cayman; Noble Holding (U.S.) Corporation ( NHC ); Noble Drilling Holding LLC ( NDH )
\$500 million 4.90% Senior Notes due 2020	NHIL	Noble-Cayman
\$400 million 4.625% Senior Notes due 2021	NHIL	Noble-Cayman
\$400 million 3.95% Senior Notes due 2022	NHIL	Noble-Cayman
\$400 million 6.20% Senior Notes due 2040	NHIL	Noble-Cayman
\$400 million 6.05% Senior Notes due 2041	NHIL	Noble-Cayman
\$500 million 5.25% Senior Notes due 2042	NHIL	Noble-Cayman

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



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September 30, 2012

(in thousands)

	Noble- Cayman	NHC and NDH Combined	NDC	NHIL	NDS6	Other Non-guarantor Subsidiaries of Noble	Consolidating Adjustments	Total
<b>ASSETS</b>								
Current assets								
Cash and cash equivalents	\$	\$ 435	\$	\$ 19	\$	\$ 213,227	\$	\$ 213,681
Accounts receivable		10,560	1,584			779,264		791,408
Taxes receivable		25,502				92,852		118,354
Prepaid expenses		444	20			61,072		61,536
Short-term notes receivable from affiliates		119,476				252,138	(371,614)	
Accounts receivable from affiliates	852,466	153,146	970,918	502,287	42,675	5,570,469	(8,091,961)	
Other current assets	375	640	196			110,222		111,433
<b>Total current assets</b>	<b>852,841</b>	<b>310,203</b>	<b>972,718</b>	<b>502,306</b>	<b>42,675</b>	<b>7,079,244</b>	<b>(8,463,575)</b>	<b>1,296,412</b>
Property and equipment,								
at cost		2,616,145	75,591			13,910,239		16,601,975
Accumulated depreciation		(300,637)	(57,520)			(3,460,572)		(3,818,729)
<b>Property and equipment, net</b>		<b>2,315,508</b>	<b>18,071</b>			<b>10,449,667</b>		<b>12,783,246</b>
Notes receivable from								
affiliates	3,816,463	1,206,000		3,524,814	479,107	2,171,875	(11,198,259)	
Investments in affiliates	7,484,253	9,078,691	3,412,070	7,188,893	2,348,479		(29,512,386)	
Other assets	6,296	535	654	26,740	790	308,837		343,852
<b>Total assets</b>	<b>\$ 12,159,853</b>	<b>\$ 12,910,937</b>	<b>\$ 4,403,513</b>	<b>\$ 11,242,753</b>	<b>\$ 2,871,051</b>	<b>\$ 20,009,623</b>	<b>\$ (49,174,220)</b>	<b>\$ 14,423,510</b>
<b>LIABILITIES AND EQUITY</b>								
Current liabilities								
Short-term notes payables from affiliates	\$ 90,314	\$ 51,054	\$ 110,770	\$	\$	\$ 119,476	\$ (371,614)	\$
Accounts payable		2,720	644			294,605		297,969
Accrued payroll and related costs		5,478	7,857			120,675		134,010
Accounts payable to affiliates	848,091	4,628,552	4,593	152,009	68,819	2,389,897	(8,091,961)	
Interest payable	6,093			17,128	630			23,851
Taxes payable		9,007				117,105		126,112
Other current liabilities			240			144,027		144,267
<b>Total current liabilities</b>	<b>944,498</b>	<b>4,696,811</b>	<b>124,104</b>	<b>169,137</b>	<b>69,449</b>	<b>3,185,785</b>	<b>(8,463,575)</b>	<b>726,209</b>

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Long-term debt	644,975			3,792,759	201,695			4,639,429
Notes payable to affiliates	2,840,287	648,475		975,000	1,342,000	5,392,497	(11,198,259)	
Deferred income taxes			15,731			220,120		235,851
Other liabilities	19,929	17,475				316,191		353,595
<b>Total liabilities</b>	<b>4,449,689</b>	<b>5,362,761</b>	<b>139,835</b>	<b>4,936,896</b>	<b>1,613,144</b>	<b>9,114,593</b>	<b>(19,661,834)</b>	<b>5,955,084</b>
Commitments and contingencies								
Total shareholder equity	7,710,164	7,548,176	4,263,678	6,305,857	1,257,907	10,136,768	(29,512,386)	7,710,164
Noncontrolling interest						758,262		758,262
<b>Total equity</b>	<b>7,710,164</b>	<b>7,548,176</b>	<b>4,263,678</b>	<b>6,305,857</b>	<b>1,257,907</b>	<b>10,895,030</b>	<b>(29,512,386)</b>	<b>8,468,426</b>
<b>Total liabilities and equity</b>	<b>\$ 12,159,853</b>	<b>\$ 12,910,937</b>	<b>\$ 4,403,513</b>	<b>\$ 11,242,753</b>	<b>\$ 2,871,051</b>	<b>\$ 20,009,623</b>	<b>\$ (49,174,220)</b>	<b>\$ 14,423,510</b>

**Table of Contents****NOBLE CORPORATION (NOBLE-CAYMAN) AND SUBSIDIARIES****CONDENSED CONSOLIDATING BALANCE SHEET****December 31, 2011****(in thousands)**

	<b>Noble- Cayman</b>	<b>NHC and NDH Combined</b>	<b>NDC</b>	<b>NHIL</b>	<b>NDS6</b>	<b>Other Non-guarantor Subsidiaries of Noble</b>	<b>Consolidating Adjustments</b>	<b>Total</b>
<b>ASSETS</b>								
Current assets								
Cash and cash equivalents	\$ 146	\$ 385	\$	\$	\$	\$ 234,525	\$	\$ 235,056
Accounts receivable		10,810	3,371			572,982		587,163
Taxes receivable		4,566				70,718		75,284
Prepaid expenses		453	19			32,633		33,105
Short-term notes receivable from affiliates		119,476				122,298	(241,774)	
Accounts receivable from affiliates	1,683,740	99,202	879,581	159,132	33,905	6,372,657	(9,228,217)	
Other current assets		643	196	93		119,177		120,109
<b>Total current assets</b>	<b>1,683,886</b>	<b>235,535</b>	<b>883,167</b>	<b>159,225</b>	<b>33,905</b>	<b>7,524,990</b>	<b>(9,469,991)</b>	<b>1,050,717</b>
Property and equipment, at cost		2,737,764	75,001			12,693,229		15,505,994
Accumulated depreciation		(232,621)	(54,599)			(3,117,369)		(3,404,589)
<b>Property and equipment, net</b>		<b>2,505,143</b>	<b>20,402</b>			<b>9,575,860</b>		<b>12,101,405</b>
Notes receivable from affiliates	3,842,062	675,000		2,336,527	572,107	2,678,192	(10,103,888)	
Investments in affiliates	6,969,201	9,101,938	3,450,212	6,605,771	2,141,450		(28,268,572)	
Other assets	3,230	473	483	18,548	880	281,669		305,283
<b>Total assets</b>	<b>\$ 12,498,379</b>	<b>\$ 12,518,089</b>	<b>\$ 4,354,264</b>	<b>\$ 9,120,071</b>	<b>\$ 2,748,342</b>	<b>\$ 20,060,711</b>	<b>\$ (47,842,451)</b>	<b>\$ 13,457,405</b>
<b>LIABILITIES AND EQUITY</b>								
Current liabilities								
Short-term notes payables from affiliates	\$ 72,298	\$ 50,000	\$	\$	\$	\$ 119,476	\$ (241,774)	\$
Accounts payable		5,577	985			429,167		435,729
Accrued payroll and related costs		2,897	6,518			99,493		108,908
Accounts payable to affiliates	2,079,719	4,166,021	27,341	112,953	34,107	2,808,076	(9,228,217)	
Interest payable	1,891			48,116	4,412			54,419
Taxes payable		10,032				81,158		91,190
Other current liabilities			240			123,159		123,399
<b>Total current liabilities</b>	<b>2,153,908</b>	<b>4,234,527</b>	<b>35,084</b>	<b>161,069</b>	<b>38,519</b>	<b>3,660,529</b>	<b>(9,469,991)</b>	<b>813,645</b>
Long-term debt	1,274,949			2,595,320	201,695			4,071,964
Notes payable to affiliates	1,667,291	1,147,500	85,000	975,000	811,000	5,418,097	(10,103,888)	
Deferred income taxes			15,731			227,060		242,791
Other liabilities	19,929	24,878						