

Noble Corp plc
Form 10-Q
May 02, 2019

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended: March 31, 2019

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: 001-36211

Noble Corporation plc
(Exact name of registrant as specified in its charter)

England and Wales (Registered Number 08354954) 98-0619597
(State or other jurisdiction of (I.R.S. employer
incorporation or organization) identification number)
10 Brook Street, London, England, W1S1BG
(Address of principal executive offices) (Zip Code)
Registrant's Telephone Number, Including Area Code: +44 20 3300 2300
Commission file number: 001-31306

Noble Corporation
(Exact name of registrant as specified in its charter)

Cayman Islands 98-0366361
(State or other jurisdiction of (I.R.S. employer
incorporation or organization) identification number)
Suite 3D Landmark Square, 64 Earth Close, P.O. Box 31327 George Town, Grand Cayman, Cayman Islands,
KY1-1206
(Address of principal executive offices) (Zip Code)
Registrant's Telephone Number, Including Area Code: (345) 938-0293

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 every Interactive Data File required to be submitted 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 such files). Yes No

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

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| | | | | | |
|------------------------|--|--|--|--|--|
| Noble Corporation plc: | Large accelerated filer <input type="checkbox"/> | Accelerated filer <input type="checkbox"/> | Non-accelerated filer <input type="checkbox"/> | Smaller reporting company <input type="checkbox"/> | Emerging growth company <input type="checkbox"/> |
| Noble Corporation: | Large accelerated filer <input type="checkbox"/> | Accelerated filer <input type="checkbox"/> | Non-accelerated filer <input type="checkbox"/> | Smaller reporting company <input type="checkbox"/> | Emerging growth company <input type="checkbox"/> |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

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

| Name of Company | Title of each class | Trading symbol(s) | Name of each exchange on which registered |
|-----------------------|---------------------|-------------------|---|
| Noble Corporation plc | Ordinary Shares | NE | New York Stock Exchange |
| Noble Corporation | None | — | — |

Number of shares outstanding and trading at April 30, 2019: Noble Corporation plc - 249,155,155

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

Noble Corporation, a Cayman Islands company and a wholly owned subsidiary of Noble Corporation plc, a public limited company incorporated under the laws of England and Wales, meets the conditions set forth in General Instructions H(1) (a) and (b) of Form 10-Q and is therefore filing this Quarterly Report on 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 plc, a public limited company incorporated under the laws of England and Wales (“Noble-UK”), and Noble Corporation, a Cayman Islands company (“Noble-Cayman”). Information in this filing relating to Noble-Cayman is filed by Noble-UK and separately by Noble-Cayman on its own behalf. Noble-Cayman makes no representation as to information relating to Noble-UK (except as it may relate to Noble-Cayman) or any other affiliate or subsidiary of Noble-UK. 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 as stated in General Instructions H(2). 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 Condensed 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-UK and its condensed consolidated subsidiaries, including Noble-Cayman.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

NOBLE CORPORATION PLC AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands)

(Unaudited)

| | March 31, 2019 | December 31, 2018 |
|--|-------------------|----------------------|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | \$ 187,093 | \$ 375,232 |
| Accounts receivable, net | 211,729 | 200,722 |
| Taxes receivable | 16,294 | 20,498 |
| Prepaid expenses and other current assets | 45,994 | 62,604 |
| Total current assets | 461,110 | 659,056 |
| Property and equipment, at cost | 11,017,281 | 10,956,412 |
| Accumulated depreciation | (2,510,699) | (2,475,694) |
| Property and equipment, net | 8,506,582 | 8,480,718 |
| Other assets | 148,622 | 125,149 |
| Total assets | \$9,116,314 | \$ 9,264,923 |
| LIABILITIES AND EQUITY | | |
| Current liabilities | | |
| Current maturities of long-term debt | \$ 300,000 | \$ — |
| Accounts payable | 111,044 | 125,557 |
| Accrued payroll and related costs | 34,867 | 50,284 |
| Taxes payable | 26,482 | 29,386 |
| Interest payable | 64,201 | 100,100 |
| Other current liabilities | 59,038 | 60,130 |
| Total current liabilities | 595,632 | 365,457 |
| Long-term debt | 3,550,791 | 3,877,402 |
| Deferred income taxes | 81,009 | 91,695 |
| Other liabilities | 305,074 | 275,795 |
| Total liabilities | 4,532,506 | 4,610,349 |
| Commitments and contingencies (Note 13) | | |
| Shareholders' equity | | |
| Common stock, \$0.01 par value, ordinary shares; 249,150 and 246,794 shares outstanding as of March 31, 2019 and December 31, 2018, respectively | 2,491 | 2,468 |
| Additional paid-in capital | 699,552 | 699,409 |
| Retained earnings | 3,537,477 | 3,608,366 |
| Accumulated other comprehensive loss | (56,014) | (57,072) |
| Total shareholders' equity | 4,183,506 | 4,253,171 |
| Noncontrolling interests | 400,302 | 401,403 |
| Total equity | 4,583,808 | 4,654,574 |
| Total liabilities and equity | \$9,116,314 | \$ 9,264,923 |

See accompanying notes to the unaudited condensed consolidated financial statements.

NOBLE CORPORATION PLC AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share amounts)

(Unaudited)

| | Three Months Ended March 31, | |
|--|---------------------------------|--------------|
| | 2019 | 2018 |
| Operating revenues | | |
| Contract drilling services | \$270,501 | \$229,106 |
| Reimbursables and other | 12,387 | 6,051 |
| | 282,888 | 235,157 |
| Operating costs and expenses | | |
| Contract drilling services | 171,728 | 136,849 |
| Reimbursables | 9,395 | 4,350 |
| Depreciation and amortization | 109,578 | 128,755 |
| General and administrative | 15,999 | 22,083 |
| | 306,700 | 292,037 |
| Operating loss | (23,812) | (56,880) |
| Other income (expense) | | |
| Interest expense, net of amounts capitalized | (70,244) | (76,015) |
| Gain (loss) on extinguishment of debt, net | 31,266 | (8,768) |
| Interest income and other, net | 2,506 | 1,339 |
| Loss from continuing operations before income taxes | (60,284) | (140,324) |
| Income tax provision | (2,865) | (2,996) |
| Net loss from continuing operations | (63,149) | (143,320) |
| Net loss from discontinued operations, net of tax | (3,821) | — |
| Net loss | (66,970) | (143,320) |
| Net (income) loss attributable to noncontrolling interests | (3,919) | 986 |
| Net loss attributable to Noble Corporation plc | \$(70,889) | \$(142,334) |
| Net loss attributable to Noble Corporation plc | | |
| Net loss from continuing operations | \$(67,068) | \$(142,334) |
| Net loss from discontinued operations, net of tax | (3,821) | — |
| Net loss attributable to Noble Corporation plc | \$(70,889) | \$(142,334) |
| Per share data | | |
| Basic: | | |
| Loss from continuing operations | \$(0.27) | \$(0.58) |
| Loss from discontinued operations | (0.02) | — |
| Net loss attributable to Noble Corporation plc | \$(0.29) | \$(0.58) |
| Diluted: | | |
| Loss from continuing operations | \$(0.27) | \$(0.58) |
| Loss from discontinued operations | (0.02) | — |
| Net loss attributable to Noble Corporation plc | \$(0.29) | \$(0.58) |

See accompanying notes to the unaudited condensed consolidated financial statements.

NOBLE CORPORATION PLC AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
 (In thousands)
 (Unaudited)

| | Three Months Ended March 31, | |
|---|---------------------------------|-------------|
| | 2019 | 2018 |
| Net loss | \$(66,970) | \$(143,320) |
| Other comprehensive income (loss) | | |
| Foreign currency translation adjustments | 508 | 667 |
| Amortization of deferred pension plan amounts (net of tax provision of \$145 and \$87 for the three months ended March 31, 2019 and 2018, respectively) | 550 | 324 |
| Other comprehensive income, net | 1,058 | 991 |
| Net comprehensive (income) loss attributable to noncontrolling interests | (3,919) | 986 |
| Comprehensive loss attributable to Noble Corporation plc | \$(69,831) | \$(141,343) |

See accompanying notes to the unaudited condensed consolidated financial statements.

NOBLE CORPORATION PLC AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

(Unaudited)

| | Three Months Ended March 31, | |
|--|---------------------------------|-------------|
| | 2019 | 2018 |
| Cash flows from operating activities | | |
| Net loss | \$(66,970) | \$(143,320) |
| Adjustments to reconcile net loss to net cash flow from operating activities: | | |
| Depreciation and amortization | 109,578 | 128,755 |
| (Gain) loss on extinguishment of debt, net | (31,266) | 8,768 |
| Deferred income taxes | 2,208 | (4,906) |
| Amortization of share-based compensation | 2,952 | 6,282 |
| Other costs, net | (3,264) | 3,626 |
| Changes in components of working capital: | | |
| Change in taxes receivable | 4,204 | 84,486 |
| Net changes in other operating assets and liabilities | (58,217) | (28,778) |
| Net cash provided by (used in) operating activities | (40,775) | 54,913 |
| Cash flows from investing activities | | |
| Capital expenditures | (96,793) | (33,816) |
| Proceeds from disposal of assets, net | 7,930 | 117 |
| Net cash used in investing activities | (88,863) | (33,699) |
| Cash flows from financing activities | | |
| Issuance of senior notes | — | 750,000 |
| Borrowings on credit facilities | 350,000 | — |
| Repayments of debt | (400,000) | (952,209) |
| Debt issuance costs | (90) | (14,184) |
| Dividends paid to noncontrolling interests | (5,020) | (2,667) |
| Taxes withheld on employee stock transactions | (2,763) | (3,305) |
| Net cash used in financing activities | (57,873) | (222,365) |
| Net decrease in cash, cash equivalents and restricted cash | (187,511) | (201,151) |
| Cash, cash equivalents and restricted cash, beginning of period | 375,907 | 662,829 |
| Cash, cash equivalents and restricted cash, end of period | \$188,396 | \$461,678 |
| See accompanying notes to the unaudited condensed consolidated financial statements. | | |

NOBLE CORPORATION PLC AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY

(In thousands)

(Unaudited)

| | Shares | | Additional Paid-in Capital | Retained Earnings | Accumulated Other Comprehensive Income (Loss) | | Noncontrolling Interests | Total Equity |
|--|---------|-----------|----------------------------------|----------------------|---|------------|-----------------------------|--------------|
| | Balance | Par Value | | | | | | |
| Balance at December 31, 2017 | 244,971 | \$ 2,450 | \$ 678,922 | \$ 4,637,677 | \$ (42,888) | \$ 674,467 | \$ 5,950,628 | |
| Tax effect of intra-entity asset transfers | — | — | — | (148,393) | — | — | (148,393) | |
| Stranded tax effect resulting from the Tax Cuts and Jobs Act | — | — | — | 5,540 | (5,540) | — | — | |
| Adjustment for adopting the revenue recognition standard | — | — | — | (1,488) | — | — | (1,488) | |
| Balance at January 1, 2018 | 244,971 | 2,450 | 678,922 | 4,493,336 | (48,428) | 674,467 | 5,800,747 | |
| Employee related equity activity | | | | | | | | |
| Amortization of share-based compensation | — | — | 6,282 | — | — | — | 6,282 | |
| Issuance of share-based compensation shares | 1,807 | 14 | (2) | — | — | — | 12 | |
| Shares withheld for taxes on equity transactions | — | — | (3,319) | — | — | — | (3,319) | |
| Net loss | — | — | — | (142,334) | — | (986) | (143,320) | |
| Dividends paid to noncontrolling interests | — | — | — | — | — | (2,667) | (2,667) | |
| Dividend equivalents ⁽¹⁾ | — | — | — | 116 | — | — | 116 | |
| Other comprehensive income, net | — | — | — | — | 991 | — | 991 | |
| Balance at March 31, 2018 | 246,778 | \$ 2,464 | \$ 681,883 | \$ 4,351,118 | \$ (47,437) | \$ 670,814 | \$ 5,658,842 | |
| Balance at December 31, 2018 | 246,794 | \$ 2,468 | \$ 699,409 | \$ 3,608,366 | \$ (57,072) | \$ 401,403 | \$ 4,654,574 | |
| Employee related equity activity | | | | | | | | |
| Amortization of share-based compensation | — | — | 2,952 | — | — | — | 2,952 | |
| Issuance of share-based compensation shares | 2,356 | 23 | (23) | — | — | — | — | |
| Shares withheld for taxes on equity transactions | — | — | (2,786) | — | — | — | (2,786) | |
| Net income (loss) | — | — | — | (70,889) | — | 3,919 | (66,970) | |
| Dividends paid to noncontrolling interests | — | — | — | — | — | (5,020) | (5,020) | |
| Other comprehensive income, net | — | — | — | — | 1,058 | — | 1,058 | |

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Balance at March 31, 2019 249,150 \$ 2,491 \$ 699,552 \$ 3,537,477 \$ (56,014) \$ 400,302 \$ 4,583,808

(1) Activity associated with dividend equivalents, which are related to performance awards granted in 2016, to be paid upon vesting.

See accompanying notes to the unaudited condensed consolidated financial statements.

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NOBLE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands)

(Unaudited)

| | March 31, 2019 | December 31, 2018 |
|--|-------------------|----------------------|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | \$187,015 | \$374,375 |
| Accounts receivable, net | 211,729 | 200,722 |
| Taxes receivable | 16,303 | 20,498 |
| Prepaid expenses and other current assets | 45,601 | 61,917 |
| Total current assets | 460,648 | 657,512 |
| Property and equipment, at cost | 11,017,281 | 10,956,412 |
| Accumulated depreciation | (2,510,699) | (2,475,694) |
| Property and equipment, net | 8,506,582 | 8,480,718 |
| Other assets | 148,622 | 125,149 |
| Total assets | \$9,115,852 | \$9,263,379 |
| LIABILITIES AND EQUITY | | |
| Current liabilities | | |
| Current maturities of long-term debt | \$300,000 | \$— |
| Accounts payable | 110,915 | 125,237 |
| Accrued payroll and related costs | 34,867 | 50,284 |
| Taxes payable | 26,482 | 29,386 |
| Interest payable | 64,201 | 100,100 |
| Other current liabilities | 59,038 | 60,012 |
| Total current liabilities | 595,503 | 365,019 |
| Long-term debt | 3,550,791 | 3,877,402 |
| Deferred income taxes | 81,009 | 91,695 |
| Other liabilities | 305,074 | 275,795 |
| Total liabilities | 4,532,377 | 4,609,911 |
| Commitments and contingencies (Note 13) | | |
| Shareholders' equity | | |
| Common stock, \$0.10 par value, ordinary shares; 261,246 shares outstanding as of March 31, 2019 and December 31, 2018 | 26,125 | 26,125 |
| Capital in excess of par value | 650,022 | 647,082 |
| Retained earnings | 3,563,040 | 3,635,930 |
| Accumulated other comprehensive loss | (56,014) | (57,072) |
| Total shareholders' equity | 4,183,173 | 4,252,065 |
| Noncontrolling interests | 400,302 | 401,403 |
| Total equity | 4,583,475 | 4,653,468 |
| Total liabilities and equity | \$9,115,852 | \$9,263,379 |

See accompanying notes to the unaudited condensed consolidated financial statements.

NOBLE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands)

(Unaudited)

| | Three Months Ended March 31, | |
|--|---------------------------------|--------------|
| | 2019 | 2018 |
| Operating revenues | | |
| Contract drilling services | \$270,501 | \$229,106 |
| Reimbursables and other | 12,387 | 6,050 |
| | 282,888 | 235,156 |
| Operating costs and expenses | | |
| Contract drilling services | 170,862 | 136,406 |
| Reimbursables | 9,395 | 4,350 |
| Depreciation and amortization | 108,772 | 127,639 |
| General and administrative | 7,595 | 13,457 |
| | 296,624 | 281,852 |
| Operating loss | (13,736) | (46,696) |
| Other income (expense) | | |
| Interest expense, net of amounts capitalized | (70,244) | (76,015) |
| Gain (loss) on extinguishment of debt, net | 31,266 | (8,768) |
| Interest income and other, net | 2,506 | 1,346 |
| Loss from continuing operations before income taxes | (50,208) | (130,133) |
| Income tax provision | (2,865) | (2,996) |
| Net loss from continuing operations | (53,073) | (133,129) |
| Net loss from discontinued operations, net of tax | (3,821) | — |
| Net loss | (56,894) | (133,129) |
| Net (income) loss attributable to noncontrolling interests | (3,919) | 986 |
| Net loss attributable to Noble Corporation | \$(60,813) | \$(132,143) |

See accompanying notes to the unaudited condensed consolidated financial statements.

NOBLE CORPORATION AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
 (In thousands)
 (Unaudited)

| | Three Months Ended March 31, | |
|---|---------------------------------|-------------|
| | 2019 | 2018 |
| Net loss | \$(56,894) | \$(133,129) |
| Other comprehensive income (loss) | | |
| Foreign currency translation adjustments | 508 | 667 |
| Foreign currency forward contracts | — | — |
| Amortization of deferred pension plan amounts (net of tax provision of \$145 and \$87 for the three months ended March 31, 2019 and 2018, respectively) | 550 | 324 |
| Other comprehensive income, net | 1,058 | 991 |
| Net comprehensive (income) loss attributable to noncontrolling interests | (3,919) | 986 |
| Comprehensive loss attributable to Noble Corporation | \$(59,755) | \$(131,152) |
| See accompanying notes to the unaudited condensed consolidated financial statements. | | |

NOBLE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

(Unaudited)

| | Three Months Ended March 31, | |
|--|---------------------------------|-------------|
| | 2019 | 2018 |
| Cash flows from operating activities | | |
| Net loss | \$(56,894) | \$(133,129) |
| Adjustments to reconcile net loss to net cash flow from operating activities: | | |
| Depreciation and amortization | 108,772 | 127,639 |
| (Gain) loss on extinguishment of debt, net | (31,266) | 8,768 |
| Deferred income taxes | 2,208 | (4,906) |
| Amortization of share-based compensation | 2,940 | 6,282 |
| Other costs, net | (3,264) | 3,626 |
| Changes in components of working capital: | | |
| Change in taxes receivable | 4,195 | 84,486 |
| Net changes in other operating assets and liabilities | (57,373) | (27,869) |
| Net cash provided by (used in) operating activities | (30,682) | 64,897 |
| Cash flows from investing activities | | |
| Capital expenditures | (96,793) | (33,816) |
| Proceeds from disposal of assets, net | 7,930 | 117 |
| Net cash used in investing activities | (88,863) | (33,699) |
| Cash flows from financing activities | | |
| Issuance of senior notes | — | 750,000 |
| Borrowings on credit facilities | 350,000 | — |
| Repayments of debt | (400,000) | (952,209) |
| Debt issuance costs | (90) | (14,184) |
| Dividends paid to noncontrolling interests | (5,020) | (2,667) |
| Distributions to parent company, net | (12,077) | (13,318) |
| Net cash used in financing activities | (67,187) | (232,378) |
| Net decrease in cash, cash equivalents and restricted cash | (186,732) | (201,180) |
| Cash, cash equivalents and restricted cash, beginning of period | 375,050 | 662,011 |
| Cash, cash equivalents and restricted cash, end of period | \$188,318 | \$460,831 |
| See accompanying notes to the unaudited condensed consolidated financial statements. | | |

NOBLE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY

(In thousands)

(Unaudited)

| | Shares | | Capital in Excess of Par Value | Retained Earnings | Accumulated Other Comprehensive Income (Loss) | Noncontrolling Interests | Total Equity |
|--|---------|-----------|--------------------------------------|----------------------|---|-----------------------------|--------------|
| | Balance | Par Value | | | | | |
| Balance at December 31, 2017 | 261,246 | \$ 26,125 | \$ 623,137 | \$ 4,669,173 | \$ (42,888) | \$ 674,467 | \$ 5,950,014 |
| Tax effect of intra-entity asset transfers | — | — | — | (148,393) | — | — | (148,393) |
| Stranded tax effect resulting from the Tax Cuts and Jobs Act | — | — | — | 5,540 | (5,540) | — | — |
| Adjustment for adopting the revenue recognition standard | — | — | — | (1,488) | — | — | (1,488) |
| Balance at January 1, 2018 | 261,246 | 26,125 | 623,137 | 4,524,832 | (48,428) | 674,467 | 5,800,133 |
| Distributions to parent company, net | — | — | — | (13,318) | — | — | (13,318) |
| Capital contribution by parent - share-based compensation | — | — | 6,282 | — | — | — | 6,282 |
| Net income (loss) | — | — | — | (132,143) | — | (986) | (133,129) |
| Dividends paid to noncontrolling interests | — | — | — | — | — | (2,667) | (2,667) |
| Other comprehensive income, net | — | — | — | — | 991 | — | 991 |
| Balance at March 31, 2018 | 261,246 | \$ 26,125 | \$ 629,419 | \$ 4,379,371 | \$ (47,437) | \$ 670,814 | \$ 5,658,292 |
| Balance at December 31, 2018 | 261,246 | \$ 26,125 | \$ 647,082 | \$ 3,635,930 | \$ (57,072) | \$ 401,403 | \$ 4,653,468 |
| Distributions to parent company, net | — | — | — | (12,077) | — | — | (12,077) |
| Capital contribution by parent - share-based compensation | — | — | 2,940 | — | — | — | 2,940 |
| Net income (loss) | — | — | — | (60,813) | — | 3,919 | (56,894) |
| Dividends paid to noncontrolling interests | — | — | — | — | — | (5,020) | (5,020) |
| Other comprehensive income, net | — | — | — | — | 1,058 | — | 1,058 |
| Balance at March 31, 2019 | 261,246 | \$ 26,125 | \$ 650,022 | \$ 3,563,040 | \$ (56,014) | \$ 400,302 | \$ 4,583,475 |

See accompanying notes to the unaudited condensed consolidated financial statements.

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Note 1— Organization and Basis of Presentation

Noble Corporation plc, a public limited company incorporated under the laws of England and Wales (“Noble-UK”), is a leading offshore drilling contractor for the oil and gas industry. We provide contract drilling services with our global fleet of mobile offshore drilling units. As of March 31, 2019, our fleet consisted of 12 floaters (consisting of four semisubmersibles and eight drillships) and 13 jackups.

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.

Noble Corporation, a Cayman Islands company (“Noble-Cayman”), is an indirect, wholly-owned subsidiary of Noble-UK, our publicly-traded parent company. Noble-UK’s principal asset is all of the shares of Noble-Cayman. Noble-Cayman has no public equity outstanding. The condensed consolidated financial statements of Noble-UK include the accounts of Noble-Cayman, and Noble-UK conducts substantially all of its business through Noble-Cayman and its subsidiaries.

The accompanying unaudited condensed consolidated financial statements of Noble-UK 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 Quarterly Reports on 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, 2018 Condensed Consolidated Balance Sheets presented herein are derived from the December 31, 2018 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, 2018, filed by both Noble-UK and Noble-Cayman. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year.

Beginning in the first quarter of 2019, we combined the semisubmersibles and drillships in our contract drilling services fleet into a single category, “floaters” for reporting purposes. We have made certain reclassifications so as to conform to such current period presentation. The reclassification did not have a material effect on our Condensed Consolidated Statements of Operations or related disclosures.

Note 2— Accounting Pronouncements

Accounting Standards Adopted

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-02 (Topic 842, “Leases”), as amended, which generally requires lessees to recognize operating and financing lease liabilities and corresponding right-of-use assets on the balance sheet and to provide enhanced disclosures surrounding the amount, time and uncertainty of cash flows arising from lease agreements. We adopted this standard, on a modified retrospective basis, effective January 1, 2019 and will not restate comparative periods. Our adoption did not have a material effect on our condensed consolidated financial statements.

With respect to leases in which we are the lessee, we recognized a lease liability and a corresponding right-of-use asset of approximately \$28.0 million as of January 1, 2019. We have elected the package of practical expedients that permits us to not reassess (1) whether previously expired or existing contracts are or contain leases, (2) the lease classification for any expired or existing leases, and (3) any initial direct costs for any existing leases as of the effective date. In addition, we have elected the hindsight practical expedient in connection with our adoption of the

new lease standard. As lessee, we have made the accounting policy election to not recognize a right-of-use asset lease and lease liability for leases with a term of 12 months or less. We will recognize lease payments in the Consolidated Statements of Operations on a straight-line basis over the lease term. We have also elected the practical expedient to not separate lease and non-lease components.

Our drilling contracts contain a lease component related to the underlying drilling equipment, in addition to the service component provided by our crews and our expertise to operate such drilling equipment. We have concluded the non-lease service of operating our equipment and providing expertise in the drilling of the client's well is predominant in our drilling contracts. We have applied the practical expedient to account for the lease and associated non-lease components as a single component. With the election of the practical expedient, we will continue to present a single performance obligation under the new revenue guidance in Accounting Standards Codification ("ASC") Topic 606, "Revenue from Contracts with Customers."

Issued Accounting Standards

With the exception of the updated standards discussed above, there have been no new accounting pronouncements not yet effective that have significance, or potential significance, to our condensed consolidated financial statements.

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Note 3— Consolidated Joint Ventures

We maintain a 50 percent interest in two joint ventures, each with a subsidiary of Royal Dutch Shell plc (“Shell”), that own and operate the two Bully-class drillships. We have determined that we are the primary beneficiary of the joint ventures. Accordingly, we consolidate the entities in our condensed consolidated financial statements after eliminating intercompany transactions. Shell’s equity interests are presented as noncontrolling interests on our Condensed Consolidated Balance Sheets.

During the three months ended March 31, 2019 and 2018, the Bully joint ventures approved and paid dividends totaling \$10.0 million and \$5.3 million, respectively. Of these amounts, 50 percent was paid to our joint venture partner. The combined carrying amount of the Bully-class drillships at both March 31, 2019 and December 31, 2018 totaled \$0.7 billion. These assets were primarily funded through partner equity contributions. Cash held by the Bully joint ventures totaled approximately \$42.1 million at March 31, 2019 as compared to approximately \$45.2 million at December 31, 2018.

Note 4— Loss Per Share

The following table presents the computation of basic and diluted loss per share for Noble-UK:

| | Three Months Ended | |
|---|--------------------|-------------|
| | March 31, | |
| | 2019 | 2018 |
| Numerator: | | |
| Basic | | |
| Net loss from continuing operations | \$(67,068) | \$(142,334) |
| Net loss from discontinued operations, net of tax | (3,821) | — |
| Net loss attributable to Noble Corporation plc | \$(70,889) | \$(142,334) |
| Diluted | | |
| Net loss from continuing operations | \$(67,068) | \$(142,334) |
| Net loss from discontinued operations, net of tax | (3,821) | — |
| Net loss attributable to Noble Corporation plc | \$(70,889) | \$(142,334) |
| Denominator: | | |
| Weighted average shares outstanding - basic | 248,251 | 246,175 |
| Weighted average shares outstanding - diluted | 248,251 | 246,175 |
| Loss per share | | |
| Basic: | | |
| Loss from continuing operations | \$(0.27) | \$(0.58) |
| Loss from discontinued operations | (0.02) | — |
| Net loss attributable to Noble Corporation plc | \$(0.29) | \$(0.58) |
| Diluted: | | |
| Loss from continuing operations | \$(0.27) | \$(0.58) |
| Loss from discontinued operations | (0.02) | — |
| Net loss attributable to Noble Corporation plc | \$(0.29) | \$(0.58) |

Only those items having a dilutive impact on our basic loss per share are included in diluted loss per share. For the three months ended March 31, 2019 and 2018, approximately 13.2 million and 13.7 million share-based awards, respectively, were excluded from diluted loss per share since the effect would have been anti-dilutive.

Share capital

As of March 31, 2019, Noble-UK had approximately 249.2 million shares outstanding and trading as compared to approximately 246.8 million shares outstanding and trading at December 31, 2018. 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 approximately 83.1 million ordinary shares (at current nominal value

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of \$0.01 per share). 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 three months ended March 31, 2019.

The declaration and payment of dividends require the authorization of the Board of Directors of Noble-UK, provided that such dividends on issued share capital may be paid only out of Noble-UK's "distributable reserves" on its statutory balance sheet 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.

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. We currently do not have shareholder authority to repurchase shares. During the three months ended March 31, 2019 and 2018, we did not repurchase any of our shares.

Note 5— Property and Equipment

Property and equipment, at cost, for Noble-UK consisted of the following:

| | March 31, 2019 | December 31, 2018 |
|-----------------------------------|-------------------|----------------------|
| Drilling equipment and facilities | \$10,497,161 | \$10,546,376 |
| Construction in progress | 318,700 | 209,091 |
| Other | 201,420 | 200,945 |
| Property and equipment, at cost | \$11,017,281 | \$10,956,412 |

On February 28, 2019, we purchased another GustoMSC CJ46 rig, the Noble Joe Knight. 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, PaxOcean Group ("PaxOcean"). See "Note 6— Debt" for additional information.

Note 6— Debt

Credit Facilities

2015 Credit Facility

We have a \$300 million senior unsecured credit facility that will mature in January 2020 and is guaranteed by our indirect, wholly-owned subsidiaries, Noble Holding (U.S.) LLC ("NHUS") and Noble Holding International Limited ("NHIL") (the "2015 Credit Facility").

In January 2018, in connection with entering into the 2017 Credit Facility (as defined herein), we amended the 2015 Credit Facility, which caused, among other things, a reduction in the aggregate principal amount of commitments under the 2015 Credit Facility. As a result of the 2015 Credit Facility's reduction in the aggregate principal amount of commitments, we recognized a net loss of approximately \$2.3 million in the three months ended March 31, 2018. Borrowings under the 2015 Credit Facility bear interest at the London inter-bank offered rate ("LIBOR") plus an applicable margin, which is currently the maximum contractual rate of 1.65%. At March 31, 2019, we had \$300.0 million of borrowings outstanding under the 2015 Credit Facility.

2017 Credit Facility

On December 21, 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 (the "2017 Credit Facility" and, together with the 2015 Credit Facility, the "Credit Facilities"). The maximum aggregate amount of commitments under the 2017 Credit Facility is approximately \$1.5 billion. Borrowings under the 2017 Credit Facility are subject to certain conditions precedent, including that there be no unused commitments to advance loans under the 2015 Credit Facility. 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. Borrowing under the 2017 Credit Facility bear interest at LIBOR

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plus an applicable margin, which is currently the maximum contractual rate of 4.25%. At March 31, 2019, we had \$50.0 million of borrowings outstanding under the 2017 Credit Facility, plus \$3.4 million of performance letters of credit.

Both of our Credit Facilities have provisions which vary the applicable interest rates for borrowings based upon our debt ratings. We also pay a facility fee under the 2015 Credit Facility on the full commitments thereunder (used or unused) and 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 March 31, 2019, the interest rates and fees in effect under our Credit Facilities were the highest permitted interest rates under those agreements.

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.

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 debt to total capitalization ratio and minimum liquidity financial covenants substantially similar to the 2017 Credit Facility, 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.

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.

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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 recognized 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 recognized 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 recognized 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 recognized 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 recognized 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 recognized a net loss of approximately \$3.5 million.

Covenants

The 2017 Credit Facility contains certain financial covenants applicable to NHUK and its subsidiaries, including (i) a covenant restricting debt to total tangible capitalization to not greater than 0.55 at the end of each fiscal quarter, (ii) a minimum Liquidity requirement of \$300.0 million, (iii) a covenant that, beginning with the fiscal quarter ending March 31, 2018, the ratio of 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, beginning with the fiscal quarter ending March 31, 2018, 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.

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.

The 2015 Credit Facility is guaranteed by NHUS and NHIL. The 2015 Credit Facility contains a covenant that limits our ratio of debt to total tangible capitalization, as defined in the 2015 Credit Facility, to 0.60 at the end of each fiscal quarter.

In addition to the covenants from the Credit Facilities noted above, the covenants from the 2026 Notes described under “—Debt Issuance” above, and the covenants from the Seller Loans described under “—Seller Loans” 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.

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At March 31, 2019, our debt to total tangible capitalization ratio under our 2017 Credit Facility was approximately 0.48 and we were in compliance with all applicable debt covenants. We continually monitor compliance with the covenants under our Credit Facilities, senior notes and Seller Loans and expect to remain in compliance throughout 2019.

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 Facilities approximates fair value as the interest rates are variable and reflective of market rates. All remaining fair value disclosures are presented in “Note 12— Fair Value of Financial Instruments.”

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

| | March 31, 2019 | | December 31, 2018 | |
|---|----------------|----------------------|-------------------|----------------------|
| | Carrying Value | Estimated Fair Value | Carrying Value | Estimated Fair Value |
| Senior unsecured notes: | | | | |
| 4.90% Senior Notes due August 2020 | \$62,468 | \$60,066 | \$65,810 | \$60,177 |
| 4.625% Senior Notes due March 2021 | 79,803 | 77,696 | 92,967 | 84,931 |
| 3.95% Senior Notes due March 2022 | 21,171 | 19,213 | 41,617 | 37,096 |
| 7.75% Senior Notes due January 2024 | 388,710 | 358,561 | 783,350 | 613,719 |
| 7.95% Senior Notes due April 2025 | 446,626 | 388,917 | 446,517 | 339,035 |
| 7.875% Senior Notes due February 2026 | 738,389 | 699,773 | 738,075 | 647,085 |
| 6.20% Senior Notes due August 2040 | 390,472 | 251,079 | 390,454 | 245,242 |
| 6.05% Senior Notes due March 2041 | 389,722 | 250,770 | 389,693 | 247,171 |
| 5.25% Senior Notes due March 2042 | 478,028 | 293,770 | 477,996 | 277,056 |
| 8.95% Senior Notes due April 2045 | 390,694 | 316,960 | 390,672 | 311,392 |
| Seller loans: | | | | |
| Seller-financed secured loan due September 2022 | 60,983 | 59,363 | 60,251 | 57,902 |
| Seller-financed secured loan due February 2023 | 53,725 | 50,516 | — | — |
| Credit facilities: | | | | |
| 2015 Credit Facility matures January 2020 | 300,000 | 300,000 | — | — |
| 2017 Credit Facility matures January 2023 | 50,000 | 50,000 | — | — |
| Total debt | 3,850,791 | 3,176,684 | 3,877,402 | 2,920,806 |
| Less: Current maturities of long-term debt | (300,000) | (300,000) | — | — |
| Long-term debt | \$3,550,791 | \$2,876,684 | \$3,877,402 | \$2,920,806 |

Note 7— Accumulated Other Comprehensive Income (Loss)

The following table presents the changes in the accumulated balances for each component of “Accumulated other comprehensive income (loss)” (“AOCI”) for the three months ended March 31, 2019 and 2018. All amounts within the table are shown net of tax.

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| | Defined Benefit Pension Items ⁽¹⁾ | Foreign Currency Items | Total |
|--|---|------------------------------|------------|
| Balance at December 31, 2017 | \$(27,603) | \$(15,285) | \$(42,888) |
| Activity during period: | | | |
| Stranded tax effect resulting from the Tax Cuts and Jobs Act | (5,540) | — | (5,540) |
| Balance at January 1, 2018 | (33,143) | (15,285) | (48,428) |
| Activity during period: | | | |
| Other comprehensive income before reclassifications | — | 667 | 667 |
| Amounts reclassified from AOCI | 324 | — | 324 |
| Net other comprehensive income | 324 | 667 | 991 |
| Balance at March 31, 2018 | \$(32,819) | \$(14,618) | \$(47,437) |
| Balance at December 31, 2018 | \$(39,058) | \$(18,014) | \$(57,072) |
| Activity during period: | | | |
| Other comprehensive loss before reclassifications | — | 508 | 508 |
| Amounts reclassified from AOCI | 550 | — | 550 |
| Net other comprehensive income (loss) | 550 | 508 | 1,058 |
| Balance at March 31, 2019 | \$(38,508) | \$(17,506) | \$(56,014) |

Defined benefit pension items relate to actuarial changes. Reclassifications from AOCI are recognized as expense ⁽¹⁾ on our Condensed Consolidated Statements of Operations through “General and administrative.” See “Note 11—Employee Benefit Plans” for additional information.

Note 8— Revenue and Customers

Contract Balances

Accounts receivable are recognized 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 “Prepaid expenses and other current assets” and “Other current liabilities,” respectively, and noncurrent contract assets and liabilities are included in “Other assets” and “Other liabilities,” respectively, on our Condensed Consolidated Balance Sheets.

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

| | March 31, 2019 | December 31, 2018 |
|--|-------------------|----------------------|
| Current contract assets | \$20,824 | \$ 25,298 |
| Noncurrent contract assets | 18,438 | 22,366 |
| Total contract assets | 39,262 | 47,664 |
| Current contract liabilities (deferred revenue) | (29,325) | (32,906) |
| Noncurrent contract liabilities (deferred revenue) | (42,939) | (47,847) |
| Total contract liabilities | \$(72,264) | \$(80,753) |

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Significant changes in the remaining performance obligation contract assets and the contract liabilities balances for the three months ended March 31, 2019 are as follows:

| | Contract Assets | Contract Liabilities |
|----------------------------------|--------------------|-------------------------|
| Net balance at December 31, 2018 | \$47,664 | \$(80,753) |
| Amortization of deferred costs | (8,775) | — |
| Additions to deferred costs | 373 | — |
| Amortization of deferred revenue | — | 9,355 |
| Additions to deferred revenue | — | (866) |
| Total | (8,402) | 8,489 |

Net balance at March 31, 2019 \$39,262 \$(72,264)

Transaction Price Allocated to the Remaining Performance Obligations

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

| | Three Months Ended March 31, 2019 | | | | | Total |
|----------|-----------------------------------|----------|----------|---------|-----------------------|----------|
| | 2019 | 2020 | 2021 | 2022 | 2023 and beyond | |
| Floaters | \$15,598 | \$16,073 | \$15,757 | \$9,255 | \$3,568 | \$60,251 |
| Jackups | 8,352 | 3,661 | — | — | — | 12,013 |
| Total | \$23,950 | \$19,734 | \$15,757 | \$9,255 | \$3,568 | \$72,264 |

The revenue included above consists of expected mobilization, demobilization, 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 March 31, 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 contract drilling revenue by rig types:

| | Three Months Ended March 31, 2019 | Three Months Ended March 31, 2018 |
|----------|---|---|
| Floaters | \$153,154 | 120,636 |
| Jackups | 117,347 | 108,470 |
| Total | \$270,501 | \$229,106 |

Note 9— 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 Condensed Consolidated Balance Sheets.

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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.

Supplemental balance sheet information related to leases was as follows:

| | March 31, 2019 | |
|--|-------------------|--|
| Operating Leases | | |
| Operating lease right-of-use assets | \$ 28,272 | |
| Current operating lease liabilities | 4,396 | |
| Long-term operating lease liabilities | \$ 23,243 | |
| Weighted average remaining lease term for operating leases (years) | 9.1 | |
| Weighted average discounted rate for operating leases | 9.6% | |

The components of lease cost were as follows:

| | March 31, 2019 |
|-----------------------|-------------------|
| Operating lease cost | \$ 1,859 |
| Short-term lease cost | 2,052 |
| Variable lease cost | 529 |
| Total lease cost | \$ 4,440 |

Supplemental cash flow information related to leases was as follows:

| | March 31, 2019 |
|--|-------------------|
| Cash paid for amounts included in the measurement of lease liabilities | |
| Operating cash flows from operating leases | \$ 2,200 |

Maturities of lease liabilities as of March 31, 2019 were as follows:

| | Operating Leases |
|----------------------------------|---------------------|
| 2019 | \$4,814 |
| 2020 | 5,917 |
| 2021 | 4,448 |
| 2022 | 3,618 |
| 2023 | 3,250 |
| Thereafter | 22,335 |
| Total lease payments | 44,382 |
| Less: Interest | (16,743) |
| Present value of lease liability | \$27,639 |

Note 10— Income Taxes

At March 31, 2019, the reserves for uncertain tax positions totaled \$195.1 million (net of related tax benefits of \$1.0 million). At December 31, 2018, the reserves for uncertain tax positions totaled \$183.8 million (net of related tax benefits of \$1.0 million).

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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. 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 11— Employee Benefit Plans

Pension costs include the following components for the three months ended March 31, 2019 and 2018:

| | Three Months Ended March 31, | | | |
|---------------------------------|------------------------------|----------|----------|----------|
| | 2019 | | 2018 | |
| | Non-U.S. | U.S. | Non-U.S. | U.S. |
| Interest cost | \$445 | \$2,178 | \$465 | \$2,045 |
| Return on plan assets | (634) | (2,578) | (716) | (2,979) |
| Recognized net actuarial gain | 3 | 692 | — | 411 |
| Net pension benefit cost (gain) | \$(186) | \$292 | \$(251) | \$(523) |

During the three months ended March 31, 2019 and 2018, we made no contributions to our pension plans. Effective December 31, 2016, employees and alternate payees accrue no future benefits under the U.S. plans and, as such, Noble recognized no service costs with the plans for the three months ended March 31, 2019 and 2018.

Note 12— Fair Value of Financial Instruments

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

| | March 31, 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) | |
| Assets - | | | | |
| Marketable securities | \$7,359 | \$ 7,359 | \$ — | \$ — |

| | December 31, 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) | |
| Assets - | | | | |
| Marketable securities | \$8,659 | \$ 8,659 | \$ — | \$ — |

Our cash, cash equivalents and restricted cash, accounts receivable, marketable securities and accounts payable are by their nature short-term. As a result, the carrying values included in our Condensed Consolidated Balance Sheets approximate fair value.

Note 13— 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 and Transocean later 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. The suit claims that five of our newbuild rigs that operated in the U.S. Gulf of Mexico violated Transocean patents relating to what is generally referred to as dual-activity drilling. We were aware of the patents when we constructed the rigs. The patents are now expired in the United States and most other countries. While there is inherent risk in litigation, we do

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not believe that our rigs infringe the Transocean patents or that there has been any breach of the 2007 agreement. The litigation continues, and the court has set a trial date in November 2019. We continue to defend ourselves vigorously against this claim.

Brazil commercial agent

We previously used a commercial agent in Brazil in connection with our Petróleo Brasileiro S.A. (“Petrobras”) drilling contracts. This agent represented a number of different companies in Brazil over many years, including several offshore drilling contractors. In November 2015, this agent pled guilty in Brazil in connection with the award of a drilling contract to a competitor and implicated a Petrobras official as part of a wider investigation of Petrobras’ business practices. Following news reports relating to the agent’s involvement in the Brazil investigation in connection with his activities with other companies, we conducted a review, which was substantially completed in 2017, of our relationship with the agent and with Petrobras. We have been in contact and cooperated with the SEC, the Brazilian federal prosecutor’s office and the U.S. Department of Justice (“DOJ”) about this matter and in December 2018, the SEC and the DOJ each advised us that they had closed their file on this matter. We have remained in contact with the Brazilian federal prosecutor’s office, who is aware of our internal review, and continue to cooperate with any questions or requests they may have. To our knowledge, neither the agent, nor the government authorities investigating the matter, has alleged that the agent or Noble acted improperly in connection with our contracts with Petrobras.

Paragon Offshore

On August 1, 2014, Noble-UK completed the separation and spin-off of a majority of its standard specification offshore drilling business (the “Spin-off”) through a pro rata distribution of all of the ordinary shares of its wholly-owned subsidiary, Paragon Offshore plc (“Paragon Offshore”), to the holders of Noble’s ordinary shares. In February 2016, Paragon Offshore sought approval of a pre-negotiated plan of reorganization (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 reorganization (the “New Plan”) in its bankruptcy proceeding. Under the New Plan, Paragon Offshore no longer needed the Mexican tax bonding that Noble-UK was 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 May 2, 2017, Paragon Offshore announced that it had reached an agreement in principle with both its secured and unsecured creditors to revise the New Plan to, among other things, create and fund a \$10.0 million litigation trust to pursue litigation against us. On June 7, 2017, the revised New Plan was approved by the bankruptcy court, and Paragon Offshore emerged from bankruptcy on July 18, 2017.

On December 15, 2017, the litigation trust filed claims relating to the Spin-off against us and certain of our current and former officers and directors in the Delaware bankruptcy court that heard Paragon Offshore’s bankruptcy. The complaint alleges claims of alleged actual and constructive fraudulent conveyance, unjust enrichment and recharacterization 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 complaint states that the litigation trust is seeking damages of approximately \$1.7 billion from the Company, an amount equal to the amount borrowed by Paragon Offshore immediately prior to the Spin-off, as well as unspecified amounts in respect of the claims against the officer and director defendants all of whom have indemnification arrangements with us. Discovery continues and the court has approved a litigation schedule, which could result in all pre-trial activity being completed during the second quarter of 2020. A trial date has not yet been set.

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. We intend to defend ourselves vigorously. However, there is inherent risk and substantial expense in litigation, and the amount of damages 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 could be substantial and could have a material adverse effect on our business, financial condition and results of operations. Because of our view of the merits of the claims and the significant discovery still to be conducted in the litigation, we are not currently able to make a reasonable estimation of the amount of possible loss we may incur, if any. Subsequent developments in the litigation may make such an estimation possible, in which case we may record a charge against our income when a loss is reasonably estimable. This may occur even though the litigation may still be ongoing. Any charge could be material and could have a material adverse effect on our financial condition and results of operations. It may also be materially different than any amount we are required to pay once the litigation is concluded.

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

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trust's claims against Noble under such entity insurance. The insurers have rejected coverage for these claims. 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 a series of agreements to effect the separation and Spin-off and govern the relationship between the parties after the Spin-off (the "Separation Agreements"), including 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 December 31, 2017, and such termination may continue to affect us in the future as liabilities arise for which we would have been indemnified by Paragon Offshore or would have had to indemnify Paragon Offshore. We do not expect that, overall, the rejection of the Separation Agreements by Paragon Offshore will have a material adverse effect on our financial condition or liquidity. However, any loss we experience with respect to which we would have been able to secure indemnification from Paragon Offshore under one or more of the Separation Agreements could have an adverse impact on our results of operations in any period, which impact may be material depending on our results of operations during this down-cycle.

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

Tax matters

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

Audit claims of approximately \$51.9 million attributable to income and other business taxes have been assessed against Noble entities in Mexico related to tax years 2005 and 2007. 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 recognize uncertain tax positions that we believe have a greater than 50 percent likelihood of being sustained. We cannot predict or provide assurance as to the ultimate outcome of any existing or future assessments.

Other contingencies

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.

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Note 14— Supplemental Financial Information

Condensed Consolidated Balance Sheets Information

Our restricted cash balance as of March 31, 2019 and December 31, 2018 consisted of \$1.3 million and \$0.7 million, respectively, and is included in “Prepaid expenses and other current assets.”

Condensed Consolidated Statements of Cash Flows Information

Operating cash activities

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

| | Noble-UK | | Noble-Cayman | |
|--|--------------------|------------|--------------------|------------|
| | Three Months Ended | | Three Months Ended | |
| | March 31, | | March 31, | |
| | 2019 | 2018 | 2019 | 2018 |
| Accounts receivable | \$(11,007) | \$22,892 | \$(11,007) | \$22,892 |
| Other current assets | 17,097 | 9,986 | 16,803 | 9,699 |
| Other assets | 3,700 | (11,668) | 4,506 | (10,552) |
| Accounts payable | (1,867) | 6,175 | (1,676) | 6,175 |
| Other current liabilities | (59,685) | (58,860) | (59,544) | (58,780) |
| Other liabilities | (6,455) | 2,697 | (6,455) | 2,697 |
| Total net change in assets and liabilities | \$(58,217) | \$(28,778) | \$(57,373) | \$(27,869) |

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 March 31, 2019 and December 31, 2018 were \$38.5 million and \$52.1 million, respectively.

Additions to property and equipment, at cost for which we had accrued a corresponding liability in accounts payable as of March 31, 2018 and December 31, 2017 were \$29.6 million and \$25.5 million, respectively.

In February 2019, we entered into the \$53.6 million 2019 Seller Loan to finance a portion of the purchase price for the Noble Joe Knight. See “Note 6— Debt” for additional information.

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Note 15— Condensed Consolidating Financial Information

Guarantees of Registered Securities

Noble-Cayman, or one or more 100 percent owned subsidiaries of Noble-Cayman, is an issuer, co-issuer or full and unconditional guarantor or otherwise obligated as of March 31, 2019 with respect to registered securities as follows (see “Note 6— Debt” for additional information):

| Notes ⁽¹⁾ | Issuer (Co-Issuer(s)) | Guarantor |
|------------------------------|--------------------------|--------------|
| 4.90% Senior Notes due 2020 | NHIL | Noble-Cayman |
| 4.625% Senior Notes due 2021 | NHIL | Noble-Cayman |
| 3.95% Senior Notes due 2022 | NHIL | Noble-Cayman |
| 7.75% Senior Notes due 2024 | NHIL | Noble-Cayman |
| 7.95% Senior Notes due 2025 | NHIL | Noble-Cayman |
| 6.20% Senior Notes due 2040 | NHIL | Noble-Cayman |
| 6.05% Senior Notes due 2041 | NHIL | Noble-Cayman |
| 5.25% Senior Notes due 2042 | NHIL | Noble-Cayman |
| 8.95% Senior Notes due 2045 | NHIL | Noble-Cayman |

⁽¹⁾ Our 2026 Notes are excluded from this list as they are unregistered securities issued in a non-public offering. The following condensed consolidating financial statements of Noble-Cayman, NHIL and all other subsidiaries present investments in both consolidated and unconsolidated affiliates using the equity method of accounting.

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CONDENSED CONSOLIDATING BALANCE SHEET

March 31, 2019

(in thousands)

(Unaudited)

| | Noble - Cayman | NHIL | Other Non-guarantor Subsidiaries of Noble | Consolidating Adjustments | Total |
|---|-------------------|-------------|--|------------------------------|--------------|
| ASSETS | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | \$1 | \$— | \$187,014 | \$— | \$187,015 |
| Accounts receivable | — | — | 211,729 | — | 211,729 |
| Taxes receivable | — | — | 16,303 | — | 16,303 |
| Accounts receivable from affiliates | 743,538 | 61,045 | 5,113,199 | (5,917,782) | — |
| Prepaid expenses and other current assets | 468 | — | 45,133 | — | 45,601 |
| Total current assets | 744,007 | 61,045 | 5,573,378 | (5,917,782) | 460,648 |
| Property and equipment, at cost | — | — | 11,017,281 | — | 11,017,281 |
| Accumulated depreciation | — | — | (2,510,699) | — | (2,510,699) |
| Property and equipment, net | — | — | 8,506,582 | — | 8,506,582 |
| Notes receivable from affiliates | 5,145 | — | 43,000 | (48,145) | — |
| Investments in affiliates | 7,656,540 | 8,787,194 | — | (16,443,734) | — |
| Other assets | — | — | 148,622 | — | 148,622 |
| Total assets | \$8,405,692 | \$8,848,239 | \$14,271,582 | \$(22,409,661) | \$9,115,852 |
| LIABILITIES AND EQUITY | | | | | |
| Current liabilities | | | | | |
| Current maturities of long-term debt | 300,000 | — | — | — | 300,000 |
| Accounts payable | 39 | 63 | 110,813 | — | 110,915 |
| Accrued payroll and related costs | — | — | 34,867 | — | 34,867 |
| Accounts payable to affiliates | 3,901,507 | 1,211,694 | 804,581 | (5,917,782) | — |
| Taxes payable | — | — | 26,482 | — | 26,482 |
| Interest payable | 1,044 | 60,170 | 2,987 | — | 64,201 |
| Other current liabilities | — | — | 59,038 | — | 59,038 |
| Total current liabilities | 4,202,590 | 1,271,927 | 1,038,768 | (5,917,782) | 595,503 |
| Long-term debt | — | 3,386,083 | 164,708 | — | 3,550,791 |
| Notes payable to affiliates | — | 43,000 | 5,145 | (48,145) | — |
| Deferred income taxes | — | — | 81,009 | — | 81,009 |
| Other liabilities | 19,929 | — | 285,145 | — | 305,074 |
| Total liabilities | 4,222,519 | 4,701,010 | 1,574,775 | (5,965,927) | 4,532,377 |
| Commitments and contingencies | | | | | |
| Shareholders' equity | 4,183,173 | 4,147,229 | 12,296,505 | (16,443,734) | 4,183,173 |
| Noncontrolling interests | — | — | 400,302 | — | 400,302 |
| Total equity | 4,183,173 | 4,147,229 | 12,696,807 | (16,443,734) | 4,583,475 |
| Total liabilities and equity | \$8,405,692 | \$8,848,239 | \$14,271,582 | \$(22,409,661) | \$9,115,852 |

NOBLE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATING BALANCE SHEET

December 31, 2018

(in thousands)

(Unaudited)

| | Noble- Cayman | NHIL | Other Non-guarantor Subsidiaries of Noble | Consolidating Adjustments | Total |
|---|------------------|--------------|--|------------------------------|--------------|
| ASSETS | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | \$— | \$17,818 | \$356,557 | \$— | \$374,375 |
| Accounts receivable | — | — | 200,722 | — | 200,722 |
| Taxes receivable | — | — | 20,498 | — | 20,498 |
| Short-term notes receivable from affiliates | — | — | 3,175,662 | (3,175,662) | — |
| Accounts receivable from affiliates | 275,726 | 61,046 | 4,823,902 | (5,160,674) | — |
| Prepaid expenses and other current assets | — | — | 61,917 | — | 61,917 |
| Total current assets | 275,726 | 78,864 | 8,639,258 | (8,336,336) | 657,512 |
| Property and equipment, at cost | — | — | 10,956,412 | — | 10,956,412 |
| Accumulated depreciation | — | — | (2,475,694) | — | (2,475,694) |
| Property and equipment, net | — | — | 8,480,718 | — | 8,480,718 |
| Notes receivable from affiliates | 5,145 | — | — | (5,145) | — |
| Investments in affiliates | 7,716,068 | 12,300,840 | — | (20,016,908) | — |
| Other assets | 609 | — | 124,540 | — | 125,149 |
| Total assets | \$7,997,548 | \$12,379,704 | \$17,244,516 | \$(28,358,389) | \$9,263,379 |
| LIABILITIES AND EQUITY | | | | | |
| Current liabilities | | | | | |
| Short-term notes payables to affiliates | \$— | \$3,175,662 | \$— | \$(3,175,662) | \$— |
| Accounts payable | 45 | — | 125,192 | — | 125,237 |
| Accrued payroll and related costs | — | — | 50,284 | — | 50,284 |
| Accounts payable to affiliates | 3,725,506 | 1,098,395 | 336,773 | (5,160,674) | — |
| Taxes payable | — | — | 29,386 | — | 29,386 |
| Interest payable | 3 | 99,997 | 100 | — | 100,100 |
| Other current liabilities | — | — | 60,012 | — | 60,012 |
| Total current liabilities | 3,725,554 | 4,374,054 | 601,747 | (8,336,336) | 365,019 |
| Long-term debt | — | 3,817,153 | 60,249 | — | 3,877,402 |
| Notes payable to affiliates | — | — | 5,145 | (5,145) | — |
| Deferred income taxes | — | — | 91,695 | — | 91,695 |
| Other liabilities | 19,929 | — | 255,866 | — | 275,795 |
| Total liabilities | 3,745,483 | 8,191,207 | 1,014,702 | (8,341,481) | 4,609,911 |
| Commitments and contingencies | | | | | |
| Shareholders' equity | 4,252,065 | 4,188,497 | 15,828,411 | (20,016,908) | 4,252,065 |
| Noncontrolling interests | — | — | 401,403 | — | 401,403 |
| Total equity | 4,252,065 | 4,188,497 | 16,229,814 | (20,016,908) | 4,653,468 |
| Total liabilities and equity | \$7,997,548 | \$12,379,704 | \$17,244,516 | \$(28,358,389) | \$9,263,379 |

NOBLE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS and COMPREHENSIVE INCOME (LOSS)
Three Months Ended March 31, 2019
(in thousands)
(Unaudited)

| | Noble- Cayman | NHIL | Other Non-guarantor Subsidiaries of Noble | Consolidating Adjustments | Total |
|---|------------------|------------|--|------------------------------|-------------|
| Operating revenues | | | | | |
| Contract drilling services | \$— | \$— | \$ 270,501 | \$ — | \$270,501 |
| Reimbursables and other | — | — | 12,387 | — | 12,387 |
| Total operating revenues | — | — | 282,888 | — | 282,888 |
| Operating costs and expenses | | | | | |
| Contract drilling services | 35 | — | 170,827 | — | 170,862 |
| Reimbursables | — | — | 9,395 | — | 9,395 |
| Depreciation and amortization | — | — | 108,772 | — | 108,772 |
| General and administrative | — | 3 | 7,592 | — | 7,595 |
| Total operating costs and expenses | 35 | 3 | 296,586 | — | 296,624 |
| Operating loss | (35 |) (3 |) (13,698 |) — | (13,736) |
| Other income (expense) | | | | | |
| Income (loss) of unconsolidated affiliates | (55,708 |) 2,184 | — | 53,524 | — |
| Income (loss) of unconsolidated affiliates - discontinued operations, net of tax | (3,821 |) (3,821 |) — | 7,642 | — |
| Interest expense, net of amounts capitalized | (1,318 |) (71,577 |) (2,228 |) 4,879 | (70,244) |
| Gain on extinguishment of debt, net | — | 31,266 | — | — | 31,266 |
| Interest income and other, net | 69 | (7 |) 7,323 | (4,879 |) 2,506 |
| Income (loss) before income taxes | (60,813 |) (41,958 |) (8,603 |) 61,166 | (50,208) |
| Income tax benefit | — | — | (2,865 |) — | (2,865) |
| Net income (loss) from continuing operations | (60,813 |) (41,958 |) (11,468 |) 61,166 | (53,073) |
| Net income (loss) from discontinued operations | — | — | (3,821 |) — | (3,821) |
| Net income (loss) | (60,813 |) (41,958 |) (15,289 |) 61,166 | (56,894) |
| Net (income) loss attributable to noncontrolling interests | — | — | (3,919 |) — | (3,919) |
| Net income (loss) attributable to Noble Corporation | (60,813 |) (41,958 |) (19,208 |) 61,166 | (60,813) |
| Other comprehensive income (loss), net | 1,058 | — | 1,058 | (1,058 |) 1,058 |
| Comprehensive income (loss) attributable to Noble Corporation | \$(59,755) | \$(41,958) | \$(18,150 |) \$ 60,108 | \$(59,755) |

NOBLE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS and COMPREHENSIVE INCOME (LOSS)
Three Months Ended March 31, 2018
(in thousands)
(Unaudited)

| | Noble- Cayman | NHIL | Other Non-guarantor Subsidiaries of Noble | Consolidating Adjustments | Total |
|---|------------------|-------------|--|------------------------------|-------------|
| Operating revenues | | | | | |
| Contract drilling services | \$— | \$— | \$ 229,106 | \$ — | \$229,106 |
| Reimbursables and other | — | — | 6,050 | — | 6,050 |
| Total operating revenues | — | — | 235,156 | — | 235,156 |
| Operating costs and expenses | | | | | |
| Contract drilling services | 81 | 604 | 135,721 | — | 136,406 |
| Reimbursables | — | — | 4,350 | — | 4,350 |
| Depreciation and amortization | — | — | 127,639 | — | 127,639 |
| General and administrative | 33 | 618 | 12,806 | — | 13,457 |
| Total operating costs and expenses | 114 | 1,222 | 280,516 | — | 281,852 |
| Operating loss | (114) | (1,222) | (45,360) | — | (46,696) |
| Other income (expense) | | | | | |
| Income (loss) of unconsolidated affiliates | (130,816) | 12,518 | — | 118,298 | — |
| Interest expense, net of amounts capitalized | (445) | (119,821) | — | 44,251 | (76,015) |
| Gain (loss) on extinguishment of debt, net | (2,336) | 5,419 | (11,851) | — | (8,768) |
| Interest income and other, net | 1,568 | (129) | 44,158 | (44,251) | 1,346 |
| Income (loss) before income taxes | (132,143) | (103,235) | (13,053) | 118,298 | (130,133) |
| Income tax benefit | — | — | (2,996) | — | (2,996) |
| Net income (loss) | (132,143) | (103,235) | (16,049) | 118,298 | (133,129) |
| Net (income) loss attributable to noncontrolling interests | — | — | 986 | — | 986 |
| Net income (loss) attributable to Noble Corporation | (132,143) | (103,235) | (15,063) | 118,298 | (132,143) |
| Other comprehensive income (loss), net | 991 | — | 991 | (991) | 991 |
| Comprehensive income (loss) attributable to Noble Corporation | \$(131,152) | \$(103,235) | \$ (14,072) | \$ 117,307 | \$(131,152) |

NOBLE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

Three Months Ended March 31, 2019

(in thousands)

(Unaudited)

| | Noble- Cayman | NHIL | Other Non-guarantor Subsidiaries of Noble | Consolidating Adjustments | Total |
|---|------------------|-------------|--|------------------------------|------------|
| Cash flows from operating activities | | | | | |
| Net cash provided by (used in) operating activities | \$ 2,973 | \$(110,170) | \$ 76,515 | \$ — | \$(30,682) |
| Cash flows from investing activities | | | | | |
| Capital expenditures | — | — | (96,793) |) — | (96,793) |
| Proceeds from disposal of assets | — | — | 7,930 | — | 7,930 |
| Notes receivable from affiliates | — | — | (43,000) |) 43,000 | — |
| Net cash provided by (used in) investing activities | — | — | (131,863) |) 43,000 | (88,863) |
| Cash flows from financing activities | | | | | |
| Borrowings on credit facilities | 300,000 | — | 50,000 | — | 350,000 |
| Repayment of long-term debt | — | (400,000) |) — | — | (400,000) |
| Debt issuance costs | — | — | (90) |) — | (90) |
| Dividends paid to noncontrolling interests | — | — | (5,020) |) — | (5,020) |
| Distributions to parent company, net | (12,077) | — | — | — | (12,077) |
| Advances (to) from affiliates | (290,895) | 449,352 | (158,457) |) — | — |
| Notes payable to affiliates | — | 43,000 | — | (43,000) | — |
| Net cash provided by (used in) financing activities | (2,972) |) 92,352 | (113,567) |) (43,000) | (67,187) |
| Net change in cash, cash equivalents and restricted cash | 1 | (17,818) |) (168,915) |) — | (186,732) |
| Cash, cash equivalents and restricted cash, beginning of period | — | 17,818 | 357,232 | — | 375,050 |
| Cash, cash equivalents and restricted cash, end of period | \$ 1 | \$ — | \$ 188,317 | \$ — | \$ 188,318 |

NOBLE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

Three Months Ended March 31, 2018

(in thousands)

(Unaudited)

| | Noble- Cayman | NHIL | Other Non-guarantor Subsidiaries of Noble | Consolidating Adjustments | Total |
|---|------------------|-------------|--|------------------------------|------------|
| Cash flows from operating activities | | | | | |
| Net cash provided by (used in) operating activities | \$7,313 | \$(135,393) | \$ 192,977 | \$ | —\$64,897 |
| Cash flows from investing activities | | | | | |
| Capital expenditures | — | — | (33,816) | — | (33,816) |
| Proceeds from disposal of assets | — | — | 117 | — | 117 |
| Net cash used in investing activities | — | — | (33,699) | — | (33,699) |
| Cash flows from financing activities | | | | | |
| Repayment of long-term debt | — | (738,555) | (213,654) | — | (952,209) |
| Issuance of senior notes | — | 750,000 | — | — | 750,000 |
| Debt issuance costs | (217) | (12,581) | (1,386) | — | (14,184) |
| Dividends paid to noncontrolling interests | — | — | (2,667) | — | (2,667) |
| Distribution to parent company, net | (13,318) | — | — | — | (13,318) |
| Advances (to) from affiliates | 6,221 | 147,567 | (153,788) | — | — |
| Net cash provided by (used in) financing activities | (7,314) | 146,431 | (371,495) | — | (232,378) |
| Net change in cash, cash equivalents and restricted cash | (1) | 11,038 | (212,217) | — | (201,180) |
| Cash, cash equivalents and restricted cash, beginning of period | 11 | 29,324 | 632,676 | — | 662,011 |
| Cash, cash equivalents and restricted cash, end of period | \$ 10 | \$40,362 | \$ 420,459 | \$ | —\$460,831 |

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion is intended to assist you in understanding our financial position at March 31, 2019, and our results of operations for the three months ended March 31, 2019 and 2018. The following discussion should be read in conjunction with the condensed consolidated financial statements and related notes contained in this Quarterly Report on Form 10-Q and the consolidated financial statements and notes thereto included in the Annual Report on Form 10-K for the year ended December 31, 2018 filed by Noble Corporation plc, a public limited company incorporated under the laws of England and Wales ("Noble-UK"), and Noble Corporation, a Cayman Islands company ("Noble-Cayman").

Forward-Looking Statements

This Quarterly Report on Form 10-Q includes "forward-looking statements" within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934, as amended. All statements other than statements of historical facts included in this report or in the documents incorporated by reference, including those regarding rig demand, the offshore drilling market, oil prices, contract backlog, fleet status, our future financial position, business strategy, impairments, repayment of debt, credit ratings, borrowings under our Credit Facilities (as defined herein) or other instruments, sources of funds, future capital expenditures, contract commitments, dayrates, contract commencements, extension or renewals, contract tenders, the outcome of any dispute, litigation, audit or investigation, plans and objectives of management for future operations, foreign currency requirements, results of joint ventures, indemnity and other contract claims, reactivation, refurbishment, conversion and upgrade of rigs, industry conditions, access to financing, impact of competition, governmental regulations and permitting, availability of labor, worldwide economic conditions, taxes and tax rates, indebtedness covenant compliance, dividends and distributable reserves, timing or results of acquisitions or dispositions, and timing for compliance with any new regulations are forward-looking statements. When used in this report, or in the documents incorporated by reference, the words "anticipate," "believe," "estimate," "expect," "intend," "may," "plan," "project," "should" similar expressions are intended to be among the statements that identify forward-looking statements. Although we believe that the expectations reflected in such forward-looking statements are reasonable, we cannot assure you that such expectations will prove to be correct. These forward-looking statements speak only as of the date of this report on Form 10-Q and we undertake no obligation to revise or update any forward-looking statement for any reason, except as required by law. We have identified factors including but not limited to market conditions, factors affecting the level of activity in the oil and gas industry, supply and demand of drilling rigs, factors affecting the duration of contracts, the actual amount of downtime, factors that reduce applicable dayrates, operating hazards and delays, risks associated with operations outside the U.S., actions by regulatory authorities, credit rating agencies, customers, joint venture partners, contractors, lenders and other third parties, legislation and regulations affecting drilling operations, compliance with regulatory requirements, violations of anti-corruption laws, shipyard risk and timing, delays in mobilization of rigs, hurricanes and other weather conditions, and the future price of oil and gas that could cause actual plans or results to differ materially from those included in any forward-looking statements. These factors include those referenced or described in Part I, Item 1A. "Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2018, our Quarterly Reports on Form 10-Q and in our other filings with the U.S. Securities and Exchange Commission ("SEC"). We cannot control such risk factors and other uncertainties, and in many cases, we cannot predict the risks and uncertainties that could cause our actual results to differ materially from those indicated by the forward-looking statements. You should consider these risks and uncertainties when you are evaluating us.

Executive Overview

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 Quarterly Report on Form 10-Q, our fleet of 25 drilling rigs consisted of 12 floaters (consisting of four semisubmersibles and eight drillships) and 13 jackups strategically deployed worldwide in both established and emerging ultra-deepwater and shallow water locations. We typically employ each drilling unit under an individual contract. Although the final terms of the contracts result from negotiations with our customers, many contracts are awarded based upon a competitive bidding process.

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.

Outlook

During early 2019, average crude oil prices have continued to increase from the price drop that began in early October 2018. At April 29, 2019, the closing price for a barrel of Brent crude oil was \$71.22, which approximated the average closing price for 2018 and exceeded the average closing price from 2017 by nearly \$17 per barrel. This has led to a slight improvement in customer activity, most notably across the jackup fleet. However, the challenging business environment for offshore drillers continued to persist due to an industry-wide rig supply imbalance that resulted from a multi-year period of investment in new offshore drilling capacity. Following the period of industry expansion, a period of oil price volatility

compelled exploration and production companies to deemphasize offshore programs while focusing instead on land-based opportunities. A portion of the newbuild capacity ordered prior to the decline in industry activity continues to exit shipyards, while the delivery of other newbuild rigs has been delayed into the future. In either case, these rigs have added to the prevailing supply imbalance. Since 2015, the industry has experienced a higher level of fleet attrition, as rigs are removed from the global supply due to a number of factors, including advanced service life, high maintenance and reactivation costs and limited customer appeal, but the pace of attrition is significantly less than what would be required to remedy the capacity imbalance. Additionally, our customers have adopted a cautious approach to offshore spending due, in part, to volatility in crude oil prices over the past four years. We expect that the offshore drilling programs of operators will remain somewhat curtailed, as our customers continue to favor cash flow realization over long cycle investment in offshore production and exploration. During 2018 and in the first quarter of 2019, we recognized improvement in leading edge dayrates in the high specification jackup sector, especially in regions such as the North Sea and Middle East where approximately 80 percent of our fleet is located. We remain cautiously optimistic that this trend will continue throughout 2019. However, the floating sector has not enjoyed the same pricing improvement as the jackup sector. While market improvement during the first quarter of 2019 gives cause for some optimism, additional customer activity will be required before floating sector dayrates move significantly higher.

In spite of the gradual improvement in offshore activities in 2018 and early 2019, we expect the business environment for the remainder of 2019 to remain challenging. The uncertainty of the viability and length of reductions in production agreed to by the Organization of Petroleum Exporting Countries (“OPEC”), the incremental production capacity in non-OPEC countries, including growing production from U.S. shale activity, the current U.S. political environment and fluid sentiment in oil markets are contributing to an uncertain oil price environment, leading to considerable uncertainty in our customers’ production spending plans. However, steady oil demand growth, the lack of production investments in various countries and the production limits agreed to by OPEC and other significant oil producing countries should support higher sustained crude prices, and lead to improved offshore spending by our customers over time. In general, recent contract awards have been subject to an extremely competitive bidding process. As a result, the contracts have been for dayrates and contract terms that are substantially lower than rates and terms were for the same class of rigs before this period of imbalance.

We cannot give any assurances as to when conditions in the offshore drilling market will improve, or when the oversupply of available drilling rigs will come back into balance.

Due to numerous factors that influence our customers' annual global offshore spending patterns, including geopolitical events, we cannot predict the future level of demand or dayrates for our services, or future conditions in the offshore contract drilling industry. However, we believe the existence of certain factors should over time contribute to an improvement in the market for our services, driven in part by an acceleration in customers’ offshore spending. These factors include:

- sustained crude oil prices;
- 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 believe that we are strategically well positioned during this period of fundamental weakness for several reasons, including our substantial backlog, modern fleet of high-specification rigs and strong operational capability. We also believe that these strengths will help us take advantage of any future market upcycle.

Results and Strategy

Our business strategy focuses on a balanced, high-specification fleet of both floating and jackup rigs and the deployment of our drilling rigs in oil and gas basins around the world. We emphasize safe operations through the employment of quality, well-trained crews and strive to manage rig operating costs through the practice of innovative

systems and processes, including the use of data analytics and predictive maintenance technology. Our floating and jackup drilling fleet is among the youngest, most modern and versatile in the industry. Our fleet consists predominately of technologically advanced units, equipped with sophisticated systems and components capable of executing our customers' increasingly complicated offshore drilling programs safely and with greater efficiency. A total of 16 of our drilling rigs have been delivered since 2011 following their construction in quality shipyards located primarily in Korea and Singapore. We have not engaged in newbuild rig construction since 2016.

We have also retired or sold 11 drilling rigs since late 2014, due in part to advanced service lives, high cost of operation and limited customer appeal. Current market conditions could lead to us stacking or retiring additional rigs. Although we plan to prioritize capital preservation and liquidity based on the challenging market conditions, from time to time we will also continue to evaluate opportunities to enhance our fleet of floating and jackup rigs, particularly focusing on higher specification rigs, to execute the increasingly complex drilling programs required by our customers.

On February 28, 2019, we purchased another GustoMSC CJ46 rig, the Noble Joe Knight. 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, PaxOcean Group (“PaxOcean”), in which 95% of the principal is due at the end of the four-year term. See “Note 6— Debt” to our condensed consolidated financial statements for additional information.

Spin-off of Paragon Offshore plc

On August 1, 2014, Noble-UK completed the separation and spin-off of a majority of its standard specification offshore drilling business (the “Spin-off”) through a pro rata distribution of all of the ordinary shares of its wholly-owned subsidiary, Paragon Offshore plc (“Paragon Offshore”), to the holders of Noble’s ordinary shares. In February 2016, Paragon Offshore sought approval of a pre-negotiated plan of reorganization (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 reorganization (the “New Plan”) in its bankruptcy proceeding. Under the New Plan, Paragon Offshore no longer needed the Mexican tax bonding that Noble-UK was 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 May 2, 2017, Paragon Offshore announced that it had reached an agreement in principle with both its secured and unsecured creditors to revise the New Plan to, among other things, create and fund a \$10.0 million litigation trust to pursue litigation against us. On June 7, 2017, the revised New Plan was approved by the bankruptcy court, and Paragon Offshore emerged from bankruptcy on July 18, 2017.

On December 15, 2017, the litigation trust filed claims relating to the Spin-off against us and certain of our current and former officers and directors in the Delaware bankruptcy court that heard Paragon Offshore’s bankruptcy. The complaint alleges claims of alleged actual and constructive fraudulent conveyance, unjust enrichment and recharacterization 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 complaint states that the litigation trust is seeking damages of approximately \$1.7 billion from the Company, an amount equal to the amount borrowed by Paragon Offshore immediately prior to the Spin-off, as well as unspecified amounts in respect of the claims against the officer and director defendants, all of whom have indemnification arrangements with us. Discovery continues and the court has approved a litigation schedule, which could result in all pre-trial activity being completed during the second quarter of 2020. A trial date has not yet been set.

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. We intend to defend ourselves vigorously. However, there is inherent risk and substantial expense in litigation, and the amount of damages 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 could be substantial and could have a material adverse effect on our business, financial condition and results of operations. Because of our view of the merits of the claims and the significant discovery still to be conducted in the litigation, we are not currently able to make a reasonable estimation of the amount of possible loss we may incur, if any. Subsequent developments in the litigation may make such an estimation possible, in which case we may record a charge against our income when a loss is reasonably estimable. This may occur even though the litigation may still be ongoing. Any charge could be material and could have a material adverse effect on our financial condition and results of operations. It may also be materially different than any amount we are required to pay once the litigation is concluded.

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. 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 a series of agreements to effect the separation and Spin-off and govern the relationship between the parties after the Spin-off (the "Separation Agreements"), including 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 December 31, 2017, and such termination may continue to affect us in the future as liabilities arise for which we would have been indemnified by Paragon Offshore or would have had to indemnify Paragon Offshore. We do not expect that, overall, the rejection of the Separation Agreements by Paragon Offshore will have a material adverse effect on our financial condition or liquidity. However, any loss we experience with respect to which we would have been able to secure indemnification from Paragon Offshore under one or more of the Separation Agreements could have an adverse impact on our results of operations in any period, which impact may be material depending on our results of operations during this down-cycle.

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

Contract Drilling Services Backlog

We maintain a backlog of commitments for contract drilling services. Our contract drilling services backlog reflects estimated future revenues attributable to signed drilling contracts. While backlog did not include any letters of intent as of March 31, 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 rig and period by multiplying the full contractual operating dayrate for such rig by the number of days remaining in the period, and for the three rigs contracted with Royal Dutch Shell plc ("Shell") mentioned below, we utilize 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 mobilization, demobilization and contract preparation, which are not expected to be significant to our contract drilling services revenues, amounts constituting reimbursables from customers or amounts attributable to uncommitted option periods under drilling contracts or letters of intent.

The table below presents the amount of our contract drilling services backlog and the percent of available operating days committed for the periods indicated:

| | Total (In thousands) | Year Ending December 31, | | | | | |
|---|-------------------------|--------------------------|-----------|-----------|-----------|----------|---|
| | | 2019 ⁽¹⁾ | 2020 | 2021 | 2022 | 2023 | |
| Contract Drilling Services Backlog | | | | | | | |
| Floaters ⁽²⁾⁽³⁾ | \$1,373,147 | \$373,525 | \$404,767 | \$338,025 | \$187,255 | \$69,575 | |
| Jackups | 899,825 | 352,803 | 313,677 | 166,805 | 66,540 | — | |
| Total ⁽⁴⁾ | \$2,272,972 | \$726,328 | \$718,444 | \$504,830 | \$253,795 | \$69,575 | |
| Percent of Available Days Committed ⁽⁵⁾ | | | | | | | |
| Floaters | | 53 | % 37 | % 27 | % 15 | % 6 | % |
| Jackups | | 75 | % 43 | % 31 | % 13 | % — | % |
| Total | | 64 | % 40 | % 29 | % 14 | % 3 | % |

⁽¹⁾ Represents a nine-month period beginning April 1, 2019. The backlog figure and days committed to contracts exclude the contract extension with Talos and the new one-year award with Exxon Mobil (Esso) for the Noble Don Taylor and excludes the contract extensions received for the Noble Joe Beall and Noble Sam Hartley, all of which were secured in April 2019.

⁽²⁾ As previously reported, three of our long-term drilling contracts with Shell, the Noble Bully II, Noble Globetrotter I and Noble Globetrotter II, contain a dayrate adjustment mechanism that utilizes 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 December 12, 2016, we amended those drilling contracts with Shell. As a result of the amendments, each of the contracts now has a contractual dayrate floor. The contract amendments for the Noble Globetrotter I and Noble Globetrotter II provide a dayrate floor of \$275,000 per day. The Noble Bully II contract contains a dayrate floor of \$200,000 per day plus daily operating expenses. The amendment also provided Shell the right to idle the Noble Bully II for up to one year at a special stacking rate. The Noble Bully II was idled at a rate of \$200,000 per day, effective April 3, 2017. In April 2018, we agreed with Shell to extend the idle period for the Noble Bully II through December 31, 2018 at a revised rate of \$230,000 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⁾ Noble and a subsidiary of Shell are involved in joint ventures that own and operate both the Noble Bully I and the Noble Bully II. Pursuant to these agreements, each party has an equal 50 percent share in both vessels. As of March 31, 2019, the backlog for the Noble Bully II totaled \$375.0 million, all of which is included in backlog. As of the same date, the Noble Bully I had no backlog. Noble's proportional interest in the backlog for these rigs totaled \$187.5 million.

⁽⁴⁾ Some of our drilling contracts provide the 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 mobilization rates and other factors that result in applicable dayrates lower than the full contractual operating dayrate. In addition, amounts included in the backlog may change because drilling contracts may be varied or modified by mutual consent or customers may exercise early termination rights contained in some of our drilling contracts or decline to enter into a drilling contract after executing a letter of intent. As a result, our backlog as of any particular date may not be indicative of our actual

operating results for the periods for which the backlog is calculated. See Part I, Item 1A, “Risk Factors – Our current backlog of contract drilling revenue may not be ultimately realized” in our Annual Report on Form 10-K for the year ended December 31, 2018.

As of March 31, 2019, Shell, Saudi Arabian Oil Company and Equinor ASA represented approximately 50.7 percent, 22.7 percent and 10.0 percent of our backlog, respectively.

Results of Operations

For the Three Months Ended March 31, 2019 and 2018

Net loss from continuing operations attributable to Noble-UK for the three months ended March 31, 2019 was \$67.1 million, or \$0.27 per diluted share, on operating revenues of \$282.9 million, compared to net loss from continuing operations for the three months ended March 31, 2018 of \$142.3 million, or \$0.58 per diluted share, on operating revenues of \$235.2 million.

As a result of Noble-UK conducting all of its business through Noble-Cayman and its subsidiaries, the financial position and results of operations for Noble-Cayman, and the reasons for material changes in the amount of revenue and expense items between March 31, 2019 and March 31, 2018, would be the same as the information presented below regarding Noble-UK in all material respects, with the exception of operating loss. During the three months ended March 31, 2019 and 2018, Noble-Cayman's operating losses were \$10.1 million and \$10.2 million lower, respectively, than that of Noble-UK. The operating loss difference is primarily a result of administration and other costs directly attributable to Noble-UK for operations support and stewardship-related services.

Key Operating Metrics

Operating results for our contract drilling services segment are dependent on three primary metrics: operating days, dayrates and operating costs. We also track rig utilization, which is a function of operating days and the number of rigs in our fleet. For more information on operating costs, see “—Contract Drilling Services” below. The following table presents the average rig utilization, operating days and average dayrates for our rig fleet for the periods indicated:

| | Average Rig Utilization (1) | | Operating Days (2) | | | Average Dayrates | | |
|----------|-----------------------------------|-----------------------------------|--------------------|-------|----------|------------------|-----------|----------|
| | Three Months Ended March 31, 2019 | Three Months Ended March 31, 2018 | 2019 | 2018 | % Change | 2019 | 2018 | % Change |
| Jackups | 93 % | 56 % | 923 | 706 | 31 % | \$127,150 | \$153,662 | (17) % |
| Floaters | 60 % | 37 % | 647 | 465 | 39 % | 236,715 | 259,326 | (9) % |
| Total | 76 % | 47 % | 1,570 | 1,171 | 34 % | \$172,305 | \$195,633 | (12) % |

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

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

Contract Drilling Services

The following table presents the operating results for our contract drilling services segment for the periods indicated (dollars in thousands):

| | Three Months Ended | | Change | |
|--|--------------------|-------------|-----------|--------|
| | March 31, 2019 | 2018 | \$ | % |
| Operating revenues: | | | | |
| Contract drilling services | \$270,501 | \$229,106 | \$41,395 | 18 % |
| Reimbursables and other ⁽¹⁾ | 12,387 | 6,051 | 6,336 | 105 % |
| | 282,888 | 235,157 | 47,731 | 20 % |
| Operating costs and expenses: | | | | |
| Contract drilling services | 171,728 | 136,849 | 34,879 | 25 % |
| Reimbursables ⁽¹⁾ | 9,395 | 4,350 | 5,045 | 116 % |
| Depreciation and amortization | 106,086 | 123,215 | (17,129) | (14)% |
| General and administrative | 15,999 | 22,083 | (6,084) | (28)% |
| | 303,208 | 286,497 | 16,711 | 6 % |
| Operating income (loss) | \$(20,320) | \$(51,340) | \$31,020 | (60)% |

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

Operating Revenues. The \$41.4 million increase in contract drilling services revenues for the three months ended March 31, 2019 as compared to the same period of 2018 was composed of a \$39.4 million increase due to an increased number of operating days and a \$2.0 million increase from higher dayrates. The revenue increase was due to a \$32.4 million and \$9.0 million increase in floater and jackup fleet revenues, respectively.

The \$32.4 million revenue increase in our floater fleet for the three months ended March 31, 2019 is attributable to a \$28.5 million increase due to an increased number in operating days as two rigs returned to service and to a \$3.9 million increase in average dayrates as compared to the same period of 2018.

The \$9.0 million revenue increase in our jackup fleet for the three months ended March 31, 2019 is attributable to a \$10.9 million increase due to more operating days, partially offset by a \$1.9 million decline in revenues associated with unfavorable dayrate changes as compared to the same period of 2018.

Operating Costs and Expenses. Contract drilling services costs increased \$34.9 million for the three months ended March 31, 2019 as compared to the same period of 2018. Rigs that returned to service in the current period contributed \$32.4 million to the increase in operating costs. Cost increases were seen across all rig related expense categories, including personnel-related expenses and expenses for repairs and maintenance as rigs returned to operations.

Depreciation and amortization decreased \$17.1 million for the three months ended March 31, 2019 as compared to the same period of 2018. The decline was due to the effect of rig impairments during 2018.

Other Income and Expenses

General and Administrative Expenses. General and administrative expenses decreased \$6.1 million during the three months ended March 31, 2019 as compared to the same period of 2018, primarily as a result of a decrease in employee-related costs and professional fees.

Interest Expense. Interest expense decreased \$5.8 million during the three months ended March 31, 2019 as compared to the same period of 2018. This decrease was primarily due to the retirement of a portion of various tranches of our senior notes as a result of tender offers and open market repurchases throughout 2018 and early 2019. This decrease was offset by the issuance of our Senior Notes due 2026 (the "2026 Notes") in January 2018 and the borrowing on our Credit Facilities (as defined herein) in early 2019. For additional information, see "Note 6— Debt" to our condensed consolidated financial statements.

Income Tax Provision. Our income tax provision decreased by \$0.1 million for the three months ended March 31, 2019 as compared to the same period of 2018. Included in the income tax provision for both periods was the tax effect from the gain and loss on debt extinguishment of \$6.6 million and \$1.8 million for the current and prior period, respectively. Excluding these one-time items, the income tax provision decreased by \$8.5 million due to a lower pre-tax loss and a higher worldwide effective tax rate in the current period as compared to the same period of 2018. The lower pre-tax loss generated a \$1.5 million decrease in the tax provision due to the negative tax rate in the comparable period and the higher worldwide effective tax rate reduced the tax provision by \$7.1 million in the current period. The increase in the worldwide effective tax rate is primarily a result of the geographic mix of income and sources of revenue during the current period.

Liquidity and Capital Resources

Overview

Net cash used in operating activities was \$40.8 million for the three months ended March 31, 2019 and net cash provided by operating activities was \$54.9 million for the three months ended March 31, 2018. The decrease in net cash provided by operating activities for the three months ended March 31, 2019 was primarily attributable to a reduction in contract drilling services margin in the current period as compared to the same period of 2018, as well as a one-time tax refund of \$84.5 million received in the first quarter of 2018. We had negative working capital of \$134.5 million at March 31, 2019 and working capital of \$293.6 million December 31, 2018.

Net cash used in investing activities for the three months ended March 31, 2019 was \$88.9 million as compared to \$33.7 million for the three months ended March 31, 2018. The variance primarily relates to the purchase of the Noble Joe Knight and the preparation of the Noble Johnny Whitstine to commence operations for its contract in the current period.

Net cash used in financing activities for the three months ended March 31, 2019 was \$57.9 million as compared to \$222.4 million for the three months ended March 31, 2018. During the current period, our primary use of cash included retirement of a portion of various tranches of our senior notes as a result of tender offers, offset by borrowings on 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 primary source of capital in the current period was cash generated from operating activities. 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 existing Credit Facilities 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.

At March 31, 2019, we had a total contract drilling services backlog of approximately \$2.3 billion, which includes a commitment of 64 percent of available days for the remainder of 2019 and 40 percent of available days for 2020. For additional information regarding our backlog, see “Contract Drilling Services Backlog.”

Capital Expenditures

Capital expenditures totaled \$136.8 million and \$37.9 million for the three months ended March 31, 2019 and 2018, respectively. Capital expenditures during the first three months of 2019 consisted of the following:

\$7.6 million for sustaining capital;

\$41.1 million in major projects, including reactivations and subsea and other related projects;

\$83.8 million to purchase the Noble Joe Knight (inclusive of cash paid and seller financing); and

\$4.3 million in capitalized interest.

Our total capital expenditure estimate for 2019 is approximately \$303.9 million.

\$90.9 million for sustaining capital;

\$119.9 million in major projects, including reactivations and subsea and other related projects;

\$83.8 million purchase of the Noble Joe Knight; and

\$9.3 million in capitalized interest.

From time to time we consider possible projects that would require expenditures that are not included in our capital budget, and such unbudgeted expenditures could be significant. In addition, we will continue to evaluate acquisitions of drilling units from time to time. Other factors that could cause actual capital expenditures to materially exceed plan include delays and cost overruns in shipyards (including costs attributable to labor shortages), shortages of equipment, latent damage or deterioration to hull, equipment and machinery in excess of engineering estimates and assumptions, changes in governmental regulations and requirements, 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 authorization of the Board of Directors of Noble-UK, provided that such dividends on issued share capital may be paid only out of Noble-UK's "distributable reserves" on its statutory balance sheet 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.

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 approximately 83.1 million ordinary shares (at current nominal value of \$0.01 per share). 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 three months ended March 31, 2019.

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. We currently do not have shareholder authority to repurchase shares. During the three months ended March 31, 2019, we did not repurchase any of our shares.

Credit Facilities

2015 Credit Facility

We have a \$300 million senior unsecured credit facility that will mature in January 2020 and is guaranteed by our indirect, wholly-owned subsidiaries, Noble Holding (U.S.) LLC ("NHUS") and Noble Holding International Limited ("NHIL") (the "2015 Credit Facility").

In January 2018, in connection with entering into the 2017 Credit Facility (as defined herein), we amended the 2015 Credit Facility, which caused, among other things, a reduction in the aggregate principal amount of commitments under the 2015 Credit Facility. As a result of the 2015 Credit Facility's reduction in the aggregate principal amount of commitments, we recognized a net loss of approximately \$2.3 million in the three months ended March 31, 2018. Borrowings under the 2015 Credit Facility bear interest at the London inter-bank offered rate ("LIBOR") plus an applicable margin, which is currently the maximum contractual rate of 1.65%. At March 31, 2019, we had \$300.0 million of borrowings outstanding under the 2015 Credit Facility.

2017 Credit Facility

On December 21, 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 (the "2017 Credit Facility" and, together with the 2015 Credit Facility, the "Credit Facilities"). The maximum aggregate amount of commitments under the 2017 Credit Facility is approximately \$1.5 billion. Borrowings under the 2017 Credit Facility are subject to certain conditions precedent, including that there be

no unused commitments to advance loans under the 2015 Credit Facility. 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. Borrowing under the 2017 Credit Facility bear interest at LIBOR

plus an applicable margin, which is currently the maximum contractual rate of 4.25%. At March 31, 2019, we had \$50.0 million of borrowings outstanding under the 2017 Credit Facility, plus \$3.4 million of performance letters of credit.

Both of our Credit Facilities have provisions which vary the applicable interest rates for borrowings based upon our debt ratings. We also pay a facility fee under the 2015 Credit Facility on the full commitments thereunder (used or unused) and 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 March 31, 2019, the interest rates and fees in effect under our Credit Facilities were the highest permitted interest rates under those agreements.

Debt Issuance

In January 2018, we issued \$750.0 million aggregate principal amount of 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.

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 debt to total capitalization ratio and minimum liquidity financial covenants substantially similar to the 2017 Credit Facility, 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.

Senior Notes Interest Rate Adjustments

Our Senior Notes due 2025 (the "2025 Notes") and our Senior Notes due 2045 (the "2045 Notes") 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 the 2020 Notes, the 2021 Notes, the 2022 Notes, and 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 recognized 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 recognized 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 recognized 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 recognized 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 recognized 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 recognized a net loss of approximately \$3.5 million.

Covenants

The 2017 Credit Facility contains certain financial covenants applicable to NHUK and its subsidiaries, including (i) a covenant restricting debt to total tangible capitalization to not greater than 0.55 at the end of each fiscal quarter, (ii) a minimum Liquidity requirement of \$300.0 million, (iii) a covenant that, beginning with the fiscal quarter ending March 31, 2018, the ratio of 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, beginning with the fiscal quarter ending March 31, 2018, 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.

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.

The 2015 Credit Facility is guaranteed by NHUS and NHIL. The 2015 Credit Facility contains a covenant that limits our ratio of debt to total tangible capitalization, as defined in the 2015 Credit Facility, to 0.60 at the end of each fiscal quarter.

In addition to the covenants from the Credit Facilities noted above, the covenants from the 2026 Notes described under “—Debt Issuance” above, and the covenants from the Seller Loans described under “—Seller Loans” 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 March 31, 2019, our debt to total tangible capitalization ratio under our 2017 Credit Facility was approximately 0.48 and we were in compliance with all applicable debt covenants. We continually monitor compliance with the covenants under our Credit Facilities, senior notes and Seller Loans and expect to remain in compliance throughout 2019.

Off-Balance Sheet Arrangements

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

New Accounting Pronouncements

See Part I, Item 1, Financial Statements, “Note 2— Accounting Pronouncements,” to the condensed consolidated financial statements for a description of the recent accounting pronouncements.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

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

Interest Rate Risk

We are subject to market risk exposure related to changes in interest rates on borrowings under our Credit Facilities. Interest on borrowings under our Credit Facilities is at an agreed upon percentage point spread over LIBOR, or a base rate stated in the agreements. Borrowings under the 2015 Credit Facility bear interest at LIBOR plus an applicable margin, which is currently the maximum contractual rate of 1.65%. At March 31, 2019, we had \$300.0 million of borrowings outstanding under the 2015 Credit Facility. Borrowing under the 2017 Credit Facility bear interest at LIBOR plus an applicable margin, which is currently the maximum contractual rate of 4.25%. At March 31, 2019, we had \$50.0 million of borrowings outstanding under the 2017 Credit Facility, plus \$3.4 million of performance letters of credit.

Our 2025 Notes and our 2045 Notes 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.

We maintain certain debt instruments at a fixed rate whose fair value will fluctuate based on changes in market expectations for interest rates and perceptions of our credit risk. The fair value of our total debt was \$2.9 billion at both March 31, 2019 and December 31, 2018. The decrease in the fair value of debt relates to a reduction in total principal amount outstanding due to our debt repayments during the period, partially offset by our debt issuance and changes in market expectations for interest rates and perceptions of our credit risk.

Foreign Currency Risk

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

We are exposed to risks on future cash flows to the extent that local currency expenses exceed revenues denominated in local currency that are other than the functional currency.

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. There were no foreign currency forward contracts outstanding or entered into during three months ended March 31, 2019.

Market Risk

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

benefit plan designed to maintain benefits for specified employees at the formula level in the qualified salary U.S. plan. We refer to the qualified U.S. plans and the excess benefit plan collectively as the “U.S. plans.”

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

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

Item 4. Controls and Procedures

Julie J. Robertson, Chairman, President and Chief Executive Officer of Noble-UK, and Adam C. Peakes, Senior Vice President and Chief Financial Officer of Noble-UK, have evaluated the disclosure controls and procedures of Noble-UK as of the end of the period covered by this report. On the basis of this evaluation, Ms. Robertson and Mr. Peakes have concluded that Noble-UK’s disclosure controls and procedures were effective as of March 31, 2019. Noble-UK’s disclosure controls and procedures are designed to ensure that information required to be disclosed by Noble-UK in the reports that it files with or submits to the SEC are recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms and is accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosure.

Julie J. Robertson, President and Chief Executive Officer of Noble-Cayman, and Adam C. Peakes, Director, Vice President and Chief Financial Officer of Noble-Cayman, have evaluated the disclosure controls and procedures of Noble-Cayman as of the end of the period covered by this report. On the basis of this evaluation, Ms. Robertson and Mr. Peakes have concluded that Noble-Cayman’s disclosure controls and procedures were effective as of March 31, 2019. Noble-Cayman’s disclosure controls and procedures are designed to ensure that information required to be disclosed by Noble-Cayman in the reports that it files with or submits to the SEC are recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms and is accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosure.

There were no changes in either Noble-UK’s or Noble-Cayman’s internal control over financial reporting that occurred during the quarter ended March 31, 2019 that have materially affected, or are reasonably likely to materially affect, the internal control over financial reporting of each of Noble-UK or Noble-Cayman, respectively.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Information regarding legal proceedings is presented in “Note 13— Commitments and Contingencies,” to our condensed consolidated financial statements included in Item 1 of Part I of this Quarterly Report on Form 10-Q and is incorporated herein by reference.

Item 1A. Risk Factors

There are numerous factors that affect our business and results of operations, many of which are beyond our control. In addition to the other information presented in this quarterly report, you should carefully read and consider “Item 1A. Risk Factors” in Part I and “Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations” in Part II of our Annual Report on Form 10-K for the year ended December 31, 2018, which contains descriptions of significant risks that might cause our actual results of operations in future periods to differ materially from those currently anticipated or expected.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

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. As of the date of this report, no such plan has been approved and during the three months ended March 31, 2019 there were no repurchases by Noble-UK of its shares.

Item 6. Exhibits

The following exhibits are filed as part of this Quarterly Report on Form 10-Q.

Index to Exhibits

Exhibit
Number Exhibit

- 2.1 Merger Agreement, dated as of June 30, 2013, between Noble Corporation, a Swiss corporation (“Noble-Swiss”) and Noble Corporation Limited (filed as Exhibit 2.1 to Noble-Swiss’ Current Report on Form 8-K filed on July 1, 2013 and incorporated herein by reference).
- 2.2 Agreement and Plan of Merger, Reorganization and Consolidation, dated as of December 19, 2008, among Noble Corporation, a Swiss corporation, Noble Corporation, a Cayman Islands company (“Noble-Cayman”), and Noble Cayman Acquisition Ltd. (filed as Exhibit 1.1 to Noble-Cayman’s Current Report on Form 8-K filed on December 22, 2008 and incorporated herein by reference).
- 2.3 Amendment No. 1 to Agreement and Plan of Merger, Reorganization and Consolidation, dated as of February 4, 2009, among Noble-Swiss, Noble-Cayman and Noble Cayman Acquisition Ltd. (filed as Exhibit 2.2 to Noble-Cayman’s Current Report on Form 8-K filed on February 4, 2009 and incorporated herein by reference).
- 3.1 Composite Copy of Articles of Association of Noble Corporation plc, a company incorporated under the laws of England and Wales (“Noble-UK”), as of June 10, 2014 (filed as Exhibit 3.1 to Noble-UK’s Quarterly Report on Form 10-Q for the quarter ended March 30, 2014 and incorporated herein by reference).
- 3.2 Memorandum and Articles of Association of Noble-Cayman (filed as Exhibit 3.1 to Noble-Cayman’s Current Report on Form 8-K filed on March 30, 2009 and incorporated herein by reference).
- 10.1* Noble Corporation 2019 Short-Term Incentive Plan.
- 10.2* Form of Noble Corporation Performance-Vested Restricted Stock Unit Award under the Noble Corporation 2015 Omnibus Incentive Plan.
- 10.3* Form of Noble Corporation Time-Vested Restricted Stock Unit Award under the Noble Corporation 2015 Omnibus Incentive Plan.
- 10.4* Noble Corporation Summary of Directors’ Compensation
- 10.5* Noble Corporation plc 2015 Omnibus Incentive Plan, restated as of May 1, 2019 (filed as Exhibit 10.1 to Noble-UK’s Current Report on Form 8-K filed on May 1, 2019 and incorporated herein by reference).
- 10.6* Noble Corporation plc 2017 Director Omnibus Plan, restated as of May 1, 2019 (filed as Exhibit 10.2 to Noble-UK’s Current Report on Form 8-K filed on May 1, 2019 and incorporated herein by reference).
- 31.1 Certification of Julie J. Robertson pursuant to the U.S. Securities Exchange Act of 1934, as amended, Rule 13a-14(a) or Rule 15d-14(a).
- 31.2 Certification of Adam C. Peakes pursuant to the U.S. Securities Exchange Act of 1934, as amended, Rule 13a-14(a) or Rule 15d-14(a).

32.1+ Certification of Julie J. Robertson pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.2+ Certification of Adam C. Peakes pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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Exhibit
Number Exhibit

101 Interactive Data File

*Management contract or compensatory plan or arrangement.

+Furnished in accordance with Item 601(b)(32)(ii) of Regulation S-K.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Noble Corporation plc, a public limited company incorporated under the laws of England and Wales

/s/ Adam C. Peakes
Adam C. Peakes
Senior Vice President and Chief Financial Officer Date
(Principal Financial Officer) May 2, 2019

/s/ Laura D. Campbell
Laura D. Campbell
Vice President and Controller Date
(Principal Accounting Officer) May 2, 2019

Noble Corporation, a Cayman Islands company
/s/ Adam C. Peakes
Adam C. Peakes
Director, Vice President and Chief Financial Officer Date
(Principal Financial Officer) May 2, 2019

/s/ Laura D. Campbell
Laura D. Campbell
Vice President and Controller Date
(Principal Accounting Officer) May 2, 2019