PHARMANETICS INC
Form 10-K
March 17, 2005
Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

x Annual Report pursuant to Section 13 or 15(D) of the Securities Exchange Act of 1934.

For the fiscal year ended December 31, 2004

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 0-25133

PharmaNetics, Inc.

(Exact name of registrant as specified in its charter)

North Carolina (State or other jurisdiction of incorporation or organization)	56-2098302 (I.R.S. Employer Identification No.)
3700 National Drive, Suite 211 Raleigh, North Carolina (Address of principal executive offices)	27612 (Zip Code)

Registrant s telephone number, including area code:

919-781-1640

Securities Registered Pursuant to Section 12(b) of the Act: None

Securities Registered Pursuant to Section 12(g) of the Act:

Common Stock (No Par Value)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (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 x No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ¨

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes ¨ No x

The aggregate market value of the voting stock held by non-affiliates of the registrant based upon $0.48 per share, the closing price of the common stock on June 30, 2004, on the OTC Bulletin Board, was approximately $4,861,000 as of such date. Shares of common stock held by each officer and director and by each person known by the registrant who owned 10% or more of the outstanding common stock have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status may not be conclusive for other purposes.

As of March 1, 2005, the registrant had outstanding 10,604,517 shares of common stock (no par value).

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant s Proxy Statement for the 2005 Annual Meeting of Shareholders are incorporated herein by reference into Part III of this report.

Table of Contents

NOTE REGARDING FORWARD-LOOKING STATEMENTS

Statements in this Annual Report on Form 10-K that are not descriptions of historical facts are forward-looking statements that are subject to risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors, including those set forth herein under the heading Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations Factors That Might Affect Future Results and elsewhere, as well as in the Company s other filings with the SEC, and including, in particular, the outcome of the Company s legal proceedings against Aventis Pharmaceuticals, Inc. and the impact of ceasing operations on the Company s ability to realize value on its assets.

Part I

Item 1. Business

PharmaNetics, Inc. (the Company or PharmaNetics), is a holding company incorporated in North Carolina in 1998 as the parent company of Cardiovascular Diagnostics, Inc. (CVDI). CVDI was incorporated in 1985 and, prior to ceasing substantially all of its operations in March 2004, developed, manufactured and marketed rapid diagnostics to dose, manage and screen patients on drugs affecting blood coagulation. The Company s products have included a proprietary analyzer and dry chemistry tests and controls, known as the Thrombolytic Assessment System, or TAS, that provide a physician, at the point of patient care, information that can affect therapy. The Company s tests were and can be used in the treatment of a variety of adverse conditions caused by abnormal blood clotting in different areas of the body, including angina, heart attack, stroke, deep vein thrombosis and pulmonary and arterial emboli.

TAS is a stat, or as soon as possible , point-of-care system capable of monitoring the formation and dissolution of blood clots. Such monitoring provides information which is critical to health care providers in administering drugs that either prevent the formation of blood clots or dissolve them, both of which are used in the treatment of a variety of medical disorders. Blood clotting, or hemostatic test results must be provided quickly because a majority of the drugs used to regulate clotting are cleared rapidly from the body, and certain drugs must be closely monitored to maintain drug levels within an effective treatment range. The Company believes that the TAS can provide critical information regarding the formation and dissolution of blood clots as well as drug monitoring on a timely basis, permitting quicker diagnosis and therapeutic intervention, which can improve therapy and the quality of patient care. The Company believes that this improvement may facilitate quicker transfers out of expensive critical care settings, reduce the overall length of hospital stays, reduce expenditures for laboratory equipment and its associated maintenance, and reduce the unnecessary use of drugs. In addition, point-of-care testing can reduce hospitals costs by reducing the numerous steps, paperwork and personnel used in collecting, transporting, documenting and processing blood samples.

The Company s products have included its TAS analyzer and a menu of tests and controls. FDA approved tests that have been sold for commercial use are listed and described below under the subheading Products . The Company formerly sold three other tests, the Lysis Onset Time (LOT), Ecarin Clotting Time (ECT) and a modified ecarin clotting time test for investigational use only which are described below under the subheading Research and Development Test Cards . In addition, the Company has obtained a special FDA approval, a Humanitarian Device Exemption, or HDE, for its ECT card, which is used in managing patients suffering from heparin induced thrombocytopenia, a condition characterized by persistent decrease in blood platelets resulting from the administration of the anti-clotting drug, heparin. HDE approval is an expedited FDA authorization process to market devices used in rare disease states where no existing solution is available. In connection with the developments described below, the Company has, since March 2004, ceased the development, production, sale and marketing of its test cards and other products.

Litigation Against Aventis

In November 2003, the Company filed a lawsuit in the United States District Court of the Eastern District of North

Table of Contents

Carolina against Aventis Pharmaceuticals, Inc. (Aventis). The Company, in cooperation with Aventis, has developed a rapid bedside test, known as the Enox test, that the Company believes enhances the way Lovenox®, a popular anti-blood clotting drug marketed by Aventis, currently is managed. The Company believes the test has the potential to facilitate the drug s use in patients in the cardiac community who stand to benefit from its use. Aventis collaborated with the Company in a multi-million dollar project in which it made milestone payments to the Company to develop and co-promote the test together with Lovenox for targeted patient populations. The lawsuit alleges that Aventis has engaged in false and misleading advertising of Lovenox, which damaged the Company s efforts to market and sell the Enox test card. The lawsuit also alleges that Aventis has failed to fulfill its obligation to promote the test and is systematically and falsely advising physicians that the test is not necessary through its claims that Lovenox requires no monitoring and is therapeutic from dose one. In addition to claims of false advertising, the Company s complaint includes allegations of tortious interference, fraud and breach of contract. Aventis filed counterclaims against the Company alleging slander, product disparagement, breach of contract and related claims. As part of the lawsuit, the Company requested that the court enter a preliminary injunction against Aventis to prevent Aventis from falsely advertising Lovenox.

In March 2004, the court held a hearing on the Company s motion for a preliminary injunction against Aventis. In April 2004, the court issued an order denying the Company s request for a preliminary injunction, but in denying the Company s motion, the court made a judicial determination that two of Aventis advertising claims regarding Lovenox were literally false. First, the court found that Aventis claim that Lovenox reaches therapeutic levels with ½ hour of administration to be literally false. Second, the court found literally false Aventis claim that Lovenox was therapeutic from dose one. Although the court did not grant the Company s request for a preliminary injunction, one of the reasons cited by the court for not enjoining these false advertising messages was that Aventis has discontinued using these false statements in its advertising. In particular, after the Company filed its false advertising lawsuit against Aventis in November 2003, almost immediately thereafter Aventis withdrew these statements from its advertising of Lovenox. In addition, the court found that certain disparaging statements made by Aventis representatives concerning the Enox test card were also literally false. Although the court elected not to issue a preliminary injunction, the court s order ultimately left the issues in dispute for the jury to decide. The court also ruled on Aventis Motion for Summary Judgment in which Aventis essentially sought dismissal of the Company s false advertising claims. In denying Aventis motion, the court noted that the Company had raised genuine issues of material fact concerning its claims against Aventis and, accordingly, the court ruled that the merits of this case should ultimately be evaluated by a jury. In order to prevail in a jury trial, the Company must prove a variety of factual issues as well as substantiate its calculation of damages. The Company expects the lawsuit and any appeals, even if successful, could take a year or more to complete and consume significant time and expense.

In preparation for the trial of its lawsuit against Aventis scheduled for April 2005, in March 2005 the court ruled on each party s motions for Summary Judgment. The court dismissed all of Aventis counterclaims against PharmaNetics, while also dismissing PharmaNetics claim of damages against Aventis for breach of contract for failing to co-promote the jointly-developed Enox test. However, the court denied Aventis motion to dismiss a number of PharmaNetics other claims, including some of the claims for disparagement and false and misleading advertising, as well as claims of unfair and deceptive trade practices under state law, leaving those claims for a jury to decide. PharmaNetics believes the court s dismissal of the breach of contract claim regarding the covenant to co-promote is erroneous and is considering its options for challenging that portion of the court s decision. PharmaNetics intends to continue to pursue the lawsuit vigorously.

If the Company were to receive any proceeds in connection with the Aventis litigation, after payment of litigation and remaining contractual and operating expenses, the Company would consider distributing such proceeds to its shareholders or using them to restart operations. Such determination would depend on a variety of factors, including the size and timing of any payments, the expenses of completing the litigation, management s assessment of the viability of restarting the business, the availability of necessary personnel and the requirements of applicable law. However, there can be no assurance that the Company will prevail in the litigation against Aventis or that if it does prevail, the proceeds would be sufficient to provide significant shareholder value.

Cessation of Operations and Sale of Business

In December 2003, the Company announced that, as a result primarily of the dispute and litigation with Aventis and its impact on the Company s business and prospects, it was seeking a variety of strategic alternatives, including the

Table of Contents

sale of its manufacturing operations. In March 2004, because a willing and able buyer for the Company s operations had not by then been identified, the Company terminated its distribution agreement with its distribution partner, Bayer Diagnostics (Bayer). In addition, the Company terminated the sales and technical service personnel formerly engaged by the Company through PDI, the contractor and provider of the Enox sales and technical support teams. Since filing the lawsuit, the Company has implemented and completed significant personnel reductions and has engaged Davenport & Company LLC (Davenport), an investment banking firm, as its financial advisor. Davenport is currently assisting the Company in pursuing a sale of its manufacturing operations and intellectual property. The Company believes these steps were necessary to conserve cash and position the Company for the proposed license or sale of its assets and intellectual property as well as to finance its lawsuit against Aventis. The Company is shifting its corporate strategy from a manufacturing/distribution model to that of a biotech model, whereby revenues, if any, would be tied to royalty streams from any future product sales. The Company is actively seeking a buyer for its operating assets and to sell or license its intellectual property with a significant portion of the potential valuation tied to royalties. In essence, if successful in implementing this new strategy, under such a potential arrangement the Company would be in a position to receive royalties on tests developed and would not be responsible for manufacturing and distribution. Although the Company has sold a substantial portion of its remaining non-critical assets, it has retained its intellectual property and the other assets it deems critical to its business and has mothballed them in an effort to sell them, subject to shareholder approval, to one or more potential buyers.

Because the Company was not able to comply with the minimum $2.5 million stockholders equity requirement for continued listing on the Nasdaq SmallCap Market, effective in May 2004 the Company was delisted from the Nasdaq SmallCap Market and its shares of common stock were thereafter qualified for quotation and trading on the Nasdaq OTC Bulletin Board.

The following discussion summarizes the Company s business prior to ceasing its operations in March 2004.

Industry Overview

Blood testing within the practice of laboratory medicine has been evolving in response to the introduction of new cardiovascular drugs and the physician s demand for information. This demand for information is particularly acute in blood testing, where access to timely and accurate results is critical to effective patient care. Initially, hospital blood analysis was performed in multiple small laboratories that typically used time-consuming manual techniques. The advent of automated blood testing allowed for centralization and standardization of laboratory tests. With improved access to blood analysis, physicians began to use laboratory tests as a primary diagnostic tool and consequently demanded more tests and faster results. In an effort to meet this demand, some hospitals established decentralized stat laboratories nearer the patient. These laboratories typically rely on technology designed for efficiency in a high-volume centralized department. The Company believes that reliance on this technology makes stat laboratories inadequate and expensive, creating a need for new technology suitable for use at the point of patient care. As diagnostics move closer to the patient, the centralized lab has had a reduced role in the purchasing decisions for point-of-care systems. The physician is more likely to have influence over the use of point-of-care technology given its ability to be a valuable tool for managing therapy.

Timely and accurate coagulation test results are important because a majority of the drugs used to regulate clotting are cleared rapidly from the body and these drugs must be closely monitored to maintain drug levels within a safe and effective treatment range. Recent advances in technology allow many blood tests to be performed at the point of patient care, where the physician can most effectively use test results. While speed is important in point-of-care testing, accuracy is critical. Because point-of-care testing is often performed by operators who lack special laboratory skills or training, error-proof testing systems are important.

Technology

The TAS was designed to perform blood analysis rapidly and accurately at the point of care to provide a solution to these current healthcare demands. The Company s core technology relating to both the TAS analyzer and test cards is currently protected by a number of U.S. and corresponding international patents. The TAS card technology combines a mixture of dry reagents and paramagnetic iron oxide particles, or PIOP, that is contained within the card s reaction chamber. The test card has the approximate dimensions and half the thickness of a standard credit

Table of Contents

card. Blood samples are introduced into this reagent/particle mixture, dissolving the dry reagent and freeing the magnetic particles to move within the card s chamber. When the oscillating magnetic field is generated by the TAS analyzer, the magnetic particles within the TAS card s reaction chamber move in response to the magnetic field. An optical sensor within the TAS analyzer monitors the motion of the magnetic particles without touching the blood sample. When movement diminishes to a predetermined amplitude, the TAS system determines that a clot has been formed.

Conversely, the same technology is used to measure the time required for a clot to dissolve. The Company s technology permits the measurement of clot dissolution by introducing a sample of blood to a mixture of magnetic particles and reagents including a clot-forming chemical, thereby inducing a clot. The system then measures the amount of time required for the induced clot to dissolve. The Company believes that TAS is the only point-of-care system capable of monitoring both coagulation and dissolution of clots. Furthermore, the TAS technology has the flexibility to allow new tests to be developed by using different reagents in the test cards.

Products

TAS Analyzer

The TAS analyzer weighs approximately four pounds and has a four-line LCD display, which is driven by software to prompt the technician to input the user and patient ID numbers, sample type, and timing of application of the blood.

The analyzer and test cards are designed to work effectively in a decentralized testing environment where they can be used by healthcare personnel who do not need formal central laboratory training. To operate TAS, a test card is passed through the magnetic strip reader of the analyzer, which automatically initiates quality controls and begins to elicit information from the operator through a series of prompts outlining the operating procedure for the specific test to be performed. The test card is then inserted into the TAS analyzer. A single drop of unprocessed, noncitrated or citrated whole blood or plasma is then placed into the reaction chamber of the test card, which already contains the appropriate mixture of dry reagents and PIOP for the test being performed. Typically within three minutes, the screen on the TAS analyzer displays a numerical test result, which is comparable to the result which would be achieved in a central laboratory using traditional testing procedures. The portable analyzer has been designed with a memory capability, may be connected to a printer, and with a software upgrade may be connected to the hospital s patient information system. The internal memory of the TAS analyzer allows for the storage of up to 1,000 individual test results and has an alphanumeric keypad that allows for the input of up to a 20-character patient identification code. Additionally, the keypad provides for coded entry so only authorized personnel can gain access to the system. The analyzer can operate either on wall current or on an internal rechargeable battery.

Accent

The Accent is a microprocessor-based hardware accessory to the TAS analyzer. It connects to the TAS analyzer and automatically calculates the information required by physicians to manage the anticoagulation of patients on heparin during cardiopulmonary bypass procedures. It can be used in conjunction with three of our test cards. The data collected by Accent can be transferred to a printer and/or hospital information system for storage.

FDA-Cleared Test Cards

The following describes the Company s test cards that have been cleared by the FDA.

The Enoxaparin test, or Enox test, detects the anticoagulant effect of enoxaparin, a low molecular weight heparin drug used for the treatment and prevention of blood clotting diseases. Enoxaparin is the world s top-selling low molecular weight heparin and is marketed by Aventis Pharmaceuticals in the United States under the brand name Lovenox® and outside the United States under the brand name Clexane®. This test was developed in a collaborative development program with Aventis. The test assists physicians in evaluating anticoagulation status rapidly before and during percutaneous coronary intervention (PCI), and before removing the sheath.

The PT, or Prothrombin Time, test is a general screening test that is used to assess a patient s baseline blood clotting

Table of Contents

function or to monitor the use of oral anticoagulants, such as warfarin. Warfarin is widely used in the United States for long-term treatment in patients who have previously developed clots, including after heart attacks, to inhibit clot formation and reduce the risk of developing additional clots. Physicians use the PT test to monitor and maintain drug levels within a safe treatment range; too little warfarin will not prevent a new clot from developing, and too much of the drug may result in a bleeding complication. Prior to ceasing operations in March 2004, the Company manufactured and sold three different types of PT test cards, a general purpose PT test card routinely used in the United States, the PT One, which uses a more sensitive scale of measurement, and the PT-NC, which is used with finger stick samples.

The aPTT, or Activated Partial Thromboplastin Time, test is a coagulation screening test which may be used in conjunction with the PT test to provide a global assessment of a patient s ability to form a blood clot. In addition, the aPTT test is used to monitor heparin, an injectable anticoagulant. Hospitals routinely use heparin as the initial treatment for patients with a blood clot, including patients suffering from heart attacks or strokes. Heparin also prevents blood clots from forming in patients undergoing procedures involving particular risks of clotting, such as angiography, open heart surgery, dialysis and several other surgeries. Heparin must be closely monitored to assure adequate anticoagulation without increasing the risk of developing a bleeding complication. Time is particularly important when monitoring heparin, since the intravenously administered drug affects a patient s coagulation system within minutes.

Generally, aPTT tests are incapable of monitoring high levels of heparin. The HMT, or Heparin Management Test, is a coagulation test for monitoring patients requiring high dose heparin therapy during procedures such as open heart surgery or dialysis. For example, during the course of an open heart surgery, the patient s blood may be tested as many as four to six times to assure an adequate heparin effect. The Company believes that its HMT test is a more effective test than comparable tests because it is easier to use and less prone to operator error. Also, it is not sensitive to changes in blood temperature or dilution, such as typically occur during bypass surgery.

In addition, the Company developed two more test cards that can be combined with our HMT test to provide a system for individualized heparin management during cardiac surgery. The HTT, Heparin Titration Test, and the PRT, Protamine Response Test, cards are combined with the HMT to provide a system for total individualized heparin management during cardiac surgery. Heparin management is complicated due to patients widely variable response to this drug as well as its clearance rate from the blood during surgery. Heparin dosing based on weight-based protocols is often unreliable, particularly in complicated cases with patients receiving simultaneous therapy. The Company believes the HTT/PRT approach should make it easier and cost effective to incorporate individual heparin management into routine practice.

The LHMT, or Low-range Heparin Management Test, card can be used principally in cardiac catheterization and interventional cardiology procedures. It is designed to monitor the effects of concentrations of heparin above the range of the aPTT test but below that of the HMTcard.

The Company s ECT, or Ecarin Clotting Time, test card is available for use under the FDA s Humanitarian Device Exemption program. The ECT card can be used in managing patients suffering from heparin induced thrombocytopenia. The FDA s approval only allows the use of the test for managing patients who receive Refludan®, an anticoagulant drug marketed by Pharmion and Berlex for patients undergoing cardiopulmonary bypass surgery.

Table of Contents

Research and Development Test Cards

Prior to the cessation of operations in March 2004, the Company performed research and development in an effort to expand its menu of tests for the TAS analyzer. The Company performed research and/or development on the following tests:

Test	Description
Ecarin Clotting Time (ECT)	Test to monitor direct thrombin inhibitors for use in patients treated for heart attack or prevention of deep vein thrombosis. Formerly sold under the HDE program.
Thrombin Inhibitor Management (TIM)	Test to allow the monitoring of oral antithrombin drugs for treatment of DVT and atrial fibrillation. The test requires FDA approval.
Synthetic Xa inhibitors	Test designed to monitor the anticoagulant effect of pentasaccharides. This test has been through feasibility study and subsequent development would require field and clinical trials.
LR Enox	Test to detect the anticoagulant effects of enoxaparin sodium in special patient populations receiving enoxparin for treatment of prophylaxis of deep vein thrombosis. This test has been developed through field trials and subsequent development would require clinical trials.
LRF	Test to monitor the effects of Ancrod, a fibrinogen-lowering drug for the treatment of stroke. This test has been developed through feasibility and subsequent development would require field and clinical trials.
SK Panel	Test to assess response to streptokinase. This test has been developed through feasibility and subsequent development would require field and clinical trials.
Lysis Onset Time (LOT)	Test to monitor a patient s lytic response to any thrombolytic drug used for the treatment of heart attack, stroke or other thrombotic diseases. This test has been developed through feasibility and subsequent development would require field and clinical trials.

Prior to or in connection with the Company s cessation of operations in March 2004, the Company has ceased further development and regulatory approval efforts related to all of its products, including these research and development test cards. Further development of these tests will likely be depend on whether a potential acquiror of the operations emerges and the outcome of the Company s litigation with Aventis.

Quality Control Products

The Company also formerly developed and sold single-use crush-vial controls for each test card. These controls were formerly produced by the Company and a contract manufacturer and allow quality assurance testing at the point of care. In addition, the Company formerly developed and sold an Electronic Quality Control (EQC) card used to test analyzer function.

Sales, Marketing and Distribution

The Company has substantially ceased all sales, marketing and distribution activities relating to all of its products.

Any future sales of the Company s products, by the Company or by a potential acquiror, will depend, not only upon the outcome of the Aventis litigation and the ability of the Company to restart or sell the business to a third party, but also upon acceptance of these products by the medical community as being useful and cost-effective. Market acceptance will depend upon several factors, including the establishment of the utility and cost-effectiveness of the Company s tests and the receipt of regulatory clearances in the United States and elsewhere. Coagulation testing has historically been performed and dominated by the hospital s central laboratory and the approval of the purchase of diagnostic equipment by a hospital is generally controlled by its central laboratory. PharmaNetics, along with several of its competitors, has sought to develop and sell into the newer and developing market for point-of-care coagulation testing. Central laboratories may resist yielding control of tests they have previously performed. The Company or others will also have to demonstrate to physicians that its diagnostic products perform as intended, meaning that the level of accuracy and precision attained by the products must be comparable to test results achieved by central laboratory systems.

Collaborations

The Company has substantially ceased all of its collaboration efforts in connection with the cessation of its operations in March 2004.

Table of Contents

Competition

The medical diagnostic testing industry has been characterized by rapidly evolving technology and intense competition. The TAS menu competed in the coagulation and hematology testing market with manufacturers that provide testing equipment to central and stat laboratories of hospitals. These laboratories currently perform a substantial portion of such testing. The TAS menu also competed with other point-of-care coagulation and hematology test system manufacturers. Laboratories provide some of the same tests performed by TAS; however, these laboratory tests generally require the use of skilled technicians and complex, expensive equipment. The Company believes that TAS offers several advantages over these laboratory-based instruments, including faster results, ease-of-use, reduced opportunity for error and cost-effectiveness.

Prior to ceasing operations in March 2004, the Company formerly competed with several companies, including Roche Diagnostics, International Technidyne Corporation (ITC) and Medtronic, that manufacture and market point-of-care coagulation and hematology test systems. ITC, in particular, has a large installed base of systems, which it has been selling for over 20 years. Despite the fact that the Company believes that TAS competed favorably with these systems, ITC s installed base could give it a competitive advantage. Other manufacturers and academic institutions may be conducting research and development with respect to blood testing technologies and other companies may in the future engage in research and development activities regarding products that compete with those of the Company. Many of the companies in the medical technology industry, including those listed above, have substantially greater capital resources, research and development staffs, sales and manufacturing capabilities and manufacturing facilities than the Company. Such entities may be developing or could in the future attempt to develop additional products competitive with TAS. Many of these companies also have substantially greater experience than the Company in research and development, obtaining regulatory clearances, manufacturing and marketing, and may therefore represent significant competition for the Company s products. There can be no assurance that the Company s competitors will not succeed in developing or marketing technologies and products that will be more effective or less expensive than those of the Company or that would render the Company s technology and products obsolete or noncompetitive.

Patents and Other Intellectual Property

The Company historically pursued patent applications to provide protection from competitors. A number of U.S. and corresponding international patents have been issued to the Company covering various aspects of the TAS technology. These patents expire between now and 2013. The value of the Company s technology will depend in part on its ability to enforce its patents, to preserve its trade secrets and for such technology to be put to use without infringing the proprietary rights of third parties. The Company s ability to protect its proprietary position could be jeopardized by its current lack of resources and its inability to pursue additional patents or monitor and enforce its rights under existing patents. No assurance can be given that the scope of any patent protection will exclude competitors or provide competitive advantages to the Company, that any of the Company s patents will be held valid if subsequently challenged or that others will not claim rights in or ownership to the patents and other proprietary rights held by the Company. Furthermore, others might have developed or will develop similar products, duplicate the Company s products or design around the Company s patents. If any relevant claims of third-party patents are upheld as valid and enforceable, the Company, or an acquiror of the Company, could be prevented from practicing the subject matter claimed in such patents or could be required to obtain licenses from the patent owners of each of such patents or to redesign its products or processes to avoid infringement. Such licenses might not be available or, if available, could be on terms unacceptable to the Company or an acquiror.

The Company also historically relied upon unpatented trade secrets to protect its proprietary technology. In particular, the Company believes that its custom-designed automated test card production line embodies proprietary process technology. Others may independently develop or otherwise acquire equivalent technology or otherwise gain access to the Company s proprietary technology and the Company might not ultimately be able to protect meaningful rights to such unpatented proprietary technology. There has been substantial litigation regarding patent and other intellectual property rights in the medical device industry.

Table of Contents

Tokuyama Soda License

In October 2004, the Company s License Agreement with Tokuyama Soda Company, Ltd. was terminated. Under this agreement, the Company had granted Tokuyama exclusive rights to manufacture and sell PT and aPTT tests and analyzers in Myanmar, Brunei, Hong Kong, Indonesia, Japan, Malaysia, China, Philippines, Taiwan, South Korea, Singapore and Thailand. Under the agreement, Tokuyama was required to pay the Company royalties based on Tokuyama s net sales of licensed products. The Company received royalty payments under this agreement of $57,864, $38,366 and $43,705 during the years ended December 31, 2004, 2003 and 2002, respectively.

Manufacturing

Before ceasing production of products in March 2004, the Company operated its manufacturing facility to assemble TAS analyzers. Vendors provided all molded parts, mechanical components and printed circuit boards. The Company assembled the components and provided final mechanical, electrical and chemistry testing of each analyzer. In addition, the Company operated proprietary automated test card production equipment. This automated production equipment was custom designed by the Company and built to its specifications. The Company believes that this production machinery embodies proprietary process technology.

Most of the raw materials and components used to manufacture the Company s TAS products are readily available. However, some of these materials are obtained from a sole supplier or a limited group of suppliers. PIOP and some reagents used in the TAS test cards are obtained from single sources. The reliance on sole or limited suppliers and the inability to maintain long-term agreements with suppliers involves several risks, including the inability to obtain an adequate supply of required raw materials and components and reduced control over pricing, quality and timely delivery. Any interruption in supply could have a material adverse effect on any future production of these products, whether by the Company or any other party acquiring the Company s assets.

Government Regulation

FDA

The medical devices previously marketed and manufactured by the Company are subject to extensive regulation by the FDA. Pursuant to the FDC Act, the FDA regulates the clinical testing, manufacture, design control, labeling, distribution and promotion of medical devices. Noncompliance with applicable requirements can result in, among other things:

fines,

injunction,

civil penalties,

recall or seizure of products,

total or partial suspension of production,

failure of the government to grant premarket clearance or premarket approval (PMA) for devices,

withdrawal of marketing approvals, or

criminal prosecution.

The FDA also has the authority to request repair, replacement or refund of the cost of any device manufactured or distributed by the Company.

Before a new device can be introduced into the market, the manufacturer must generally obtain marketing clearance through either a 510(k) notification, the HDE process or the more time-consuming PMA process. All of the Company s currently FDA-cleared products have qualified for either the 510(k) process or the accelerated HDE process. Commercial distribution of a device for which a 510(k) is required can begin only after the FDA issues an order finding the device to be substantially equivalent to a predicate legally marketed medical device. The FDA has recently been requiring a more rigorous demonstration of substantial equivalence than in the past. It generally takes from four to twelve months from submission of a 510(k) application to obtain a 510(k) clearance, but it might take longer. The FDA might determine that a proposed device is not substantially equivalent to a legally marketed device, or that additional information is needed before a substantial equivalence determination can be made. A request for additional data might require that additional clinical studies of the device s safety and efficacy be performed. A not substantially equivalent determination or a request for additional information could delay the

Table of Contents

market introduction of new products that fall into this category. For any of the Company s products that were cleared through the 510(k) process, modifications or enhancements that could significantly affect the safety or efficacy of the device or that constitute a major change to the intended use of the device would require a new 510(k). If the FDA requires the Company or an acquiror to submit a new 510(k) for any modification to the device, the Company or any acquiror might be prohibited from marketing the modified device until the 510(k) is cleared by the FDA.

Pursuant to FDA policy, manufacturers of devices labeled for investigational use only must establish a controlled program under which investigational devices are distributed to or utilized only by individuals, laboratories or healthcare facilities that have provided the manufacturer with a written certification of compliance indicating that:

- the device will be used for investigational purposes only;
- results will not be used for diagnostic purposes without confirmation of the diagnosis under another medically established diagnostic device or procedure;
- all investigations will be conducted with approval from an institutional review board, or IRB, using an IRB-approved study protocol, and patient informed consent; and
- the device will be labeled, and labeling will be maintained, in accordance with the applicable labeling regulations

Failure of the Company or recipients of the Company s investigational use only products to comply with these requirements could result in enforcement action by the FDA.

Any products formerly manufactured or distributed by the Company pursuant to FDA clearances or approvals are, or could become, subject to pervasive and continuing regulation by the FDA, including recordkeeping requirements and reporting of adverse experiences with the use of the device. Device manufacturers are required to register their facilities and list their devices with the FDA, and are subject to periodic inspections by the FDA and certain state agencies. The FDC Act requires devices to be designed and manufactured in accordance with QSR regulations which, when the Company was still conducting operations, imposed certain procedural and documentation requirements upon the Company with respect to design, manufacturing and quality assurance activities.

Regulations on Export

Export of products that have market clearance from the FDA in the United States does not require FDA authorization. However, foreign countries often require an FDA certificate for products for export, or CPE. To obtain a CPE, the device manufacturer must certify to the FDA that the product has been granted clearance in the United States and that the manufacturing facilities appeared to be in compliance with QSRs at the time of the last FDA inspection. The FDA will refuse to issue a CPE if significant outstanding QSR violations exist.

Export of products subject to the 510(k) requirements, but not yet cleared to market, are permitted without FDA authorization provided certain requirements are met. Unapproved products subject to the PMA requirements must be approved by the FDA for export. To obtain FDA export approvals certain requirements must be met and information must be provided to the FDA, including documentation demonstrating that the product is approved for import into the country to which it is to be exported and, in some instances, safety data from animal or human studies.

There can be no assurance that the FDA will grant export approval when such approval is necessary, or that the countries to which the devices are to be exported will approve the devices for import.

Products which the Company has previously exported that do not have premarket clearance in the United States include the LOT test, the ECT test and the modified ECT test. The Company has obtained CPEs for these tests. The Company believes that these products are subject to the 510(k) requirements and, consequently, did not request FDA approval for export. However, there can be no assurance that the FDA would agree with the Company that a 510(k) is needed rather than a PMA. If the FDA disagreed, it could significantly delay and impair the Company s ability to export these tests, if the Company or an acquiror desired to do so in the future.

Foreign Regulations

Sales of the Company s test products outside the United States are also subject to foreign regulatory requirements

Table of Contents

that vary widely from country to country. These laws and regulations range from simple product registration requirements in some countries to complex clearance and production controls in others. As a result, the processes and time periods required to obtain foreign marketing approval may be longer or shorter than those necessary to obtain FDA approval. These differences could affect the efficiency and timeliness of international market introduction of the Company s products, and there can be no assurance that the Company, if it so desired to do so in the future, would be able to obtain regulatory approvals or clearances for its products in foreign countries.

In marketing the Company s products in the member countries of the European Union prior to cessation of operations in March 2004, the Company was required to comply with the European Invitro Diagnostics Directive and to obtain CE Mark certification for the TAS analyzer. The CE Mark denotes conformity with European standards for safety and allows certified devices to be placed on the market in all EU countries. Medical devices may not be sold in EU countries unless they display the CE Mark. All of the applicable Company products formerly marketed in Europe had obtained CE Mark certification. The TAS Analyzer also must meet the requirements of the Electromagnetic Capability Directive. In Japan, the Company relies upon its collaborative partner, Tokuyama, to comply with applicable regulations regarding the product listing, manufacture and sale of products in that country.

CLIA

The Company s products are also subject to the requirements of the Clinical Laboratory Improvement Act of 1988, or CLIA. The CLIA requires all laboratories, including those performing blood chemistry tests, to meet specified standards in the areas of personnel qualification, administration, participation in proficiency testing, patient test management, quality control, quality assurance and inspections. There can be no assurance that regulations under and future administrative interpretations of CLIA will not have an adverse impact on the potential market for the Company s products.

Other Regulations

The Company and its products also were subject to a variety of state and local laws and regulations in those states or localities where its products were formerly marketed. Any applicable state or local laws or regulations might hinder the Company s or others ability to market the products in those states or localities. Use of the Company s products, if any, would also be subject to inspection, quality control, quality assurance, proficiency testing, documentation and safety reporting standards pursuant to the Joint Commission on Accreditation of Healthcare Organizations. Various states and municipalities might also have similar regulations.

Reimbursement

The Company s or an acquiror s ability to commercialize its products successfully in the future may depend in part on the extent to which reimbursement for the cost of such products and related treatment will be available from government health administration authorities (such as the Health Care Financing Administration, or HCFA), which determines Medicare reimbursement levels, private health insurers and other organizations (Payors). Payors are increasingly challenging the prices of medical products and services. Payors may deny reimbursement if they determine that a prescribed device has not received appropriate FDA or other governmental regulatory clearances, is not used in accordance with cost-effective treatment methods, or is experimental, unnecessary or inappropriate. In addition, under current HCFA regulations, equipment costs generally are not reimbursed separately, but rather are included in a single, fixed-rate, per-patient reimbursement. Also, the trend towards managed healthcare in the United States and the concurrent growth of organizations such as HMOs, which could control or significantly influence the purchase of healthcare services and products, as well as legislative proposals to reform healthcare or reduce government insurance programs, might result in customers demanding lower prices for the Company s TAS products. The cost containment measures that healthcare

providers are instituting and the impact of any healthcare reform could have an adverse effect on the Company s or an acquiror s ability to sell its products in the future.

There can be no assurance that reimbursement in the United States or foreign countries will be available for any of the Company s products, or that if available it will not be decreased in the future, or that any reduction in reimbursement amounts will not reduce the demand for or the price of the Company s products. The unavailability of third-party reimbursement or the inadequacy of the reimbursement for medical procedures using the Company s tests would have a material adverse effect on any future sale of the products.

Table of Contents

Product Liability and Insurance

The Company faces an inherent business risk of exposure to product liability claims in the event that the use of its products is alleged to have resulted in adverse effects. The Company did not renew its product liability insurance in March 2005. Consequently, product liability claims could have a material adverse effect on the Company s business prospects and financial condition.

Employees

The Company had only one employee, its chief executive officer, as of January 31, 2005. In March 2004, the Company eliminated its remaining employee workforce, except for the chief executive officer and a relatively small team of independent contractors to handle the limited administrative and financial responsibilities pending the outcome of the Aventis litigation.

The Company maintains a $500,000 key man life insurance policy on its chief executive officer. The loss of the service of this officer could have a material adverse effect on the Company s ability to continue its litigation against Aventis. Any potential resumption of operations of the Company in the future would depend in large part upon its ability to rehire, attract and retain highly skilled technical, management and sales and marketing personnel. Competition for such personnel is intense, and there can be no assurance that the Company would be successful in attracting and retaining such personnel.

Available Information

Our website address is www.pharmanetics.com. The Company will provide a copy of Form 10-K upon the written request of any shareholder. We also make available free of charge through our website our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports as soon as reasonably practicable after such material is electronically filed with or furnished to the Securities and Exchange Commission (SEC). The SEC s website is www.sec.gov. The public may read and copy any materials the Company files with the SEC at the SEC s Public Reference Room at 450 Fifth Street, N.W., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330.

Item 2. Properties

In early 2005, the Company negotiated a termination of the lease with its landlord by making a termination payment of $337,787. The Company s chief executive officer operates out of an office located at 3700 National Drive, Suite 211, Raleigh, North Carolina 27612.

Item 3. Legal Proceedings

In November 2003, the Company filed a lawsuit in the United States District Court of the Eastern District of North Carolina against Aventis Pharmaceuticals, Inc., the wholly-owned subsidiary of French pharmaceutical company, Aventis. The lawsuit alleges that Aventis has engaged in false and misleading advertising of its second largest drug, Lovenox®, which has damaged the Company s sales of its Enox test card, a rapid point-of-care test developed in cooperation with Aventis to enhance the way Lovenox is managed in the cardiac community. In addition to claims of false advertising, the Company s complaint includes allegations of tortious interference, fraud and breach of contract. Aventis filed counterclaims against the Company alleging slander, libel, product disparagement, breach of contract and related claims. As part of the lawsuit, the Company requested that the court enter a preliminary injunction against Aventis to prevent Aventis from falsely advertising Lovenox.

In March 2004, the court held a hearing on the Company s motion for a preliminary injunction against Aventis. In April 2004, the court issued an order denying the Company s request for a preliminary injunction, but in denying the Company s motion, the court made a judicial determination that two of Aventis advertising claims regarding Lovenox were literally false. First, the court found that Aventis claim that Lovenox reaches therapeutic levels within 1/2 hour of administration to be literally false. Second, the court found literally false Aventis claim that

Table of Contents

Lovenox was therapeutic from dose one. Although the court did not grant the Company s request for a preliminary injunction, one of the reasons cited by the court for not enjoining these false advertising messages was that Aventis has discontinued using these false statements in its advertising. In particular, after the Company filed its false advertising lawsuit against Aventis in November 2003, almost immediately thereafter Aventis withdrew these statements from its advertising of Lovenox.

In addition, the court found that certain disparaging statements made by Aventis representatives concerning the Enox test card were also literally false. Although the court elected not to issue a preliminary injunction, its order ultimately left the issues in dispute for the jury to decide. The court also ruled on Aventis Motion for Summary Judgment in which Aventis essentially sought dismissal of the Company s false advertising claims. In denying Aventis motion, the court noted that the Company had raised genuine issues of material fact concerning its claims against Aventis and, accordingly, the court ruled that the merits of the case should ultimately be evaluated by a jury. In order to prevail in a jury trial, the Company must prove a variety of factual issues as well as substantiate its calculation of damages.

In preparation for the trial of its lawsuit against Aventis scheduled for April 2005, in March 2005 the court ruled on each party s motions for Summary Judgment. The court dismissed all of Aventis counterclaims against PharmaNetics, while also dismissing PharmaNetics claim of damages against Aventis for breach of contract for failing to co-promote the jointly-developed Enox test. However, the court denied Aventis motion to dismiss a number of PharmaNetics other claims, including some of the claims for disparagement and false and misleading advertising, as well as claims of unfair and deceptive trade practices under state law, leaving those claims for a jury to decide. PharmaNetics believes the court s dismissal of the breach of contract claim regarding the covenant to co-promote is erroneous and is considering its options for challenging that portion of the court s decision. PharmaNetics intends to continue to pursue the lawsuit vigorously.

Item 4. Submission of Matters to a Vote of Security Holders

No matters were submitted to a vote of the shareholders during the fourth quarter ended December 31, 2004.

Executive Officers

The following sets forth information as of March 1, 2005 with respect to the sole remaining executive officer of the Company, including his name, age, position with the Company and business experience during the last five years.

John P. Funkhouser, age 51, was elected President, Chief Executive Officer and a director of the Company in October 1993. Since April 2004, he has also served as the Company s Chief Financial Officer. Since February 1998, Mr. Funkhouser has served as Chairman of the Board of Directors of the Company. Mr. Funkhouser served as President and Chief Executive Officer of Coeur Laboratories, Inc., a wholly-owned subsidiary of CVDI, from 1992 until completion of the sale of Coeur in June 1999. Before his employment with Coeur, Mr. Funkhouser was a General Partner with Hillcrest Group, a venture capital firm, and worked for over nine years in managing venture capital portfolio companies. Mr. Funkhouser has also, since early 2005, served as President and CEO of Ablatrics, Inc., a private medical device start-up company that is focused on the development of specialized surgical equipment. Mr. Funkhouser holds a B.A. from Princeton University and an M.B.A. from the University of Virginia.

Part II

Item 5. Market for Registrant s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

(a) Price Range of Common Stock

Since May 13, 2004, the Company s common stock has traded on the OTC Bulletin Board under the symbol PHAR.OB . Immediately prior to May 13, 2004, the Company s common stock traded on the Nasdaq SmallCap

Table of Contents

Market under the symbol PHAR . The following sets forth the quarterly high and low closing prices of the common stock of the Company for the periods indicated as reported on the OTC Bulletin Board or Nasdaq SmallCap Market, as applicable. These prices are based on quotations between dealers, which do not reflect retail mark-up, mark-down or commissions, and do not necessarily represent actual transactions.

	High	Low
Fiscal year ended December 31, 2004		
First Quarter	$ 2.93	$ 1.45
Second Quarter	2.34	0.35
Third Quarter	0.55	0.37
Fourth Quarter	1.23	0.38
Fiscal year ended December 31, 2003		
First Quarter	10.35	6.93
Second Quarter	9.60	5.55
Third Quarter	5.93	3.80
Fourth Quarter	4.99	1.40

On December 30, 2004, the closing sale price for the common stock as reported on the OTC Bulletin Board was $0.73 per share.

(b) Approximate Number Of Equity Security Holders

As of March 1, 2005, the number of record holders of the company s common stock was approximately 99, and the Company believes that the number of beneficial owners was approximately 3,500.

(c) Dividends

The Company has never paid a cash dividend on its common stock and anticipates that for the foreseeable future any earnings will be retained for use in its business and, accordingly, does not anticipate the payment of cash dividends on its common stock.

Item 6. Selected Consolidated Financial Data

The selected financial data presented below summarizes certain financial data and should be read in conjunction with the more detailed consolidated financial statements of the Company and the notes thereto included elsewhere in this Annual Report on Form 10-K along with said consolidated financial statements. See Management s Discussion and Analysis of Financial Condition and Results of Operations and Business . The historical results are not necessarily indicative of the operating results to be expected in the future.

Table of Contents

PHARMANETICS, INC. AND SUBSIDIARIES

Selected Consolidated Financial Data (in thousands, except per share data)

	Year Ended December 31,				
	2004	**2003**	**2002**	**2001**	**2000**
RESULTS OF OPERATIONS					
Net product sales to related party	$ 1,688	$ 5,388	$ 3,863	$ 2,895	$ 3,322
Net product sales to third parties	180	126	227	1,644	947
Grant/royalty income	58	38	44	24	46
Development income	1,042	1,042	587	264	492
Total revenue	2,968	6,594	4,721	4,827	4,807
Operating expenses:					
Cost of goods sold	1,109	3,922	3,495	4,046	3,590
General and administrative	5,206	4,099	4,899	4,525	3,330
Sales and marketing	396	3,453	1,498	1,208	1,051
Research and development		10,423	122,326	382,748	

Frank Sovis President, North America	2007	240,000		127,893		21,173	389,066
Michael Azar	2007	206,250		127,893	9,265	25,641	369,050
Vice President-Administration and Secretary	2006	170,833	50,000		6,417	29,890	257,141
Larry Garretson Former Vice President Operations	2007	81,410	34,750			253,500	369,660

Notes:

(1) The amounts shown reflect the dollar amount recognized for financial statement reporting purposes for the fiscal year ended December 31, 2007, in accordance with FAS123(R) for restricted stock awards held by the named executive officers. The awards, which were granted in June, 2007, were valued based on the 7 day closing price of our common stock preceding the date of grant. The pricing was determined by our compensation committee prior to the grant date.

(2) The Company expensed $248,931 for financial reporting purposes for the fiscal year ended December 31, 2007, in accordance with FAS 123(R), for stock appreciation rights (or SARs) held by Mr. Saeli. Compensation expense for the SARs for each financial reporting period is based on the change in the fair value of the SARs during the period and the percentage of the award that is vested. See 2006 Executive Stock Appreciation Rights Plan in Note 15 to the financial statements in our Form 10-K for the fiscal year ended December 31, 2007 for the weighted average assumptions used to estimate the fair value of the SARs during 2007. The change in fair value during the period also reflects changes in the market price of our common stock during the period.

(3) Change in Non-Qualified Deferred Compensation Earnings consists of plan earnings for the calendar year 2007 as reported by the plan.

The following table sets forth information with respect to amounts shown in the All Other Compensation column of the summary compensation table.

2007 ALL OTHER COMPENSATION

Name	Year	Perquisites and Other Personal Benefits ($)	Company Contributions to Retirement and 401(k) Plans ($)	Company Contributions to Non Qualified Deferred Compensation Plans ($)	Severance Payments / Accruals ($)[2]	Total ($)
Thomas L. Saeli	2007	29,884	3,500	3,500		36,884
David J. Fallon	2007	17,577	3,500	2,826		23,903
Robert Skandalaris	2007	25,930	3,500			29,430
Frank Sovis	2007	17,673	3,500			21,173
Michael Azar	2007	19,786	2,356	3,500		25,641
Larry Garretson	2007		3,500		250,000	253,500

(1) Severance amounts reported include all termination compensation paid and/or accrued in 2007.

The following table sets forth information with respect to perquisites granted during 2007 to each of our executive officers listed in the summary compensation table. The amounts in the table are included in the summary compensation table in the All Other Compensation column.

2007 PERQUISITES

Name	Year	Business / Auto Allowance	Expense Reimbursement	Fuel Reimbursement	Club Dues	Total Perquisites and Other Personal Benefits
Thomas L. Saeli	2007	18,000		4,409	7,475	29,884
David J. Fallon	2007	9,000	4,809	3,768		17,577
Robert Skandalaris	2007	13,200		2,830	9,900	25,930
Frank Sovis	2007	10,000		4,973	2,700	17,673
Michael Azar	2007	13,200		2,346	4,240	19,786
Larry Garretson	2007					

Equity Awards

The following table sets forth certain information with respect to options and other plan-based awards granted during or for the year ended December 31, 2007 to each of our executive officers listed in the summary compensation table.

2007 GRANTS OF PLAN-BASED AWARDS

Name	Grant Date	Number of Non-Equity Incentive Plan Units Granted (#)	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units[1] (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards ($ / Sh)	Closing Price on Grant Date[2] ($ / Sh)	Grant Date Fair Value of Stock and Option Awards ($)
			Thresh-old ($)	Target ($)	Maxi-mum ($)	Thresh-old (#)	Target (#)	Maxi-mum (#)					
Thomas L. Saeli	6/29/2007								6,257			20.44	127,893
David J. Fallon	6/29/2007								751			20.44	15,350
Robert Skandalaris	6/29/2007								6,257			20.44	127,893
Frank Sovis	6/29/2007								6,257			20.44	127,893
Michael Azar	6/29/2007								6,257			20.44	127,893
Larry Garretson													

Notes:

(1) Shares awarded as a matching contribution in connection with the Company s 2001 Equity Incentive Plan, initially subject to a vesting period expiring two years from the date of grant in accordance with the terms of such plan.

(2) Price indicates the closing price of our common stock on June 29, 2007, the date of grant. The grant price per share was $19.98, which represents the 7 day closing price of our common stock preceding the date of grant. The pricing was determined by our compensation committee prior to the grant date.

In 2007, the Company granted restricted stock awards under the Company s 2001 Stock Incentive Plan to certain executive officers, including certain of the Company s named executive officers. In connection with the restricted stock awards, each of the named executive officers entered into a Restricted Stock Award Agreement with the Company. Each Restricted Stock Award Agreement, in addition to certain other provisions, provided that the named executive officer receives one share of common stock (the Matched Shares) for every two shares of common stock that the named executive officer purchased under the Plan (the Purchased Shares). The actual number of shares of our common stock received by each named executive officer pursuant to these Restricted Stock Award Agreements are set forth in the table entitled 2007 Grants of Plan-Based Awards in this Compensation Discussion and Analysis.

The Matched Shares were initially subject to a two-year vesting period, which among other things, required that the named executive officer remain employed by the Company. In the event of a change in control of the Company (as defined in the Plan), any unvested shares would immediately vest in the recipient. In January, 2008, the compensation committee of the board of directors waived the vesting requirement, resulting in the issuance of the Matched Shares owing to each executive officer.

During 2007, one non-employee director received stock awards in the total aggregate amount of 759 shares of common stock pursuant to our 2001 Non-Employee Director Stock Incentive Plan. This award was made in the form of a 33% match of purchases of common stock made by such person on the open market, and is subject to a two-year restriction on trading.

The following table sets forth certain information with respect to all unexercised options and SAR units held by our named executive officers.

2007 OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

	Option Awards					Stock Awards			
Name	Number of Securities Underlying Unexercised Options (#) Exercisable[1][2]	Number of Securities Underlying Unexercised Options (#) Unexercisable[2]	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)[3]
Thomas L. Saeli	37,500	112,500		15.35	3/1/2016				
	12,500	37,500		16.75	3/23/2016				
	12,500	37,500		17.50	3/27/2016				
	6,250	18,750		18.25	10/27/2016				
	6,250	18,750		18.25	11/15/2016				
	12,500	37,500		19.00	12/14/2016				
	12,500	37,500		19.75	12/19/2016				
								6,257	102,052
David J. Fallon								751	12,249
Robert Skandalaris	15,000[4]			5.33	5/17/2008				
								6,257	102,052
Frank Sovis								6,257	102,052
Michael Azar	21,999[5]			5.33	5/17/2008				
								6,257	102,052
Larry Garretson									

Notes:

(1) All option awards outstanding were either vested upon date of grant or upon a period of years; however all option awards were completely vested as of December 31st, 2007.

(2) Each amount included for Mr. Saeli represents a Stock Appreciation Right (hereafter referred to as a SAR), vesting, according to the terms of grant, in equal annual increments over a four year period from the date of grant. SARs disclosed as exercisable reflect 25% of the total number of SARs granted to Mr. Saeli, and SARs disclosed as unexercisable reflect the remaining 75% of the total number of SARs. SARs vest/vested as follows, with full vesting upon a change in control of the company:

Grant Date	SARs Granted	Vesting Schedule	Expiration Date
03/01/06	150,000	25% on each of 3/1/07, 3/1/08, 3/1/09, 3/1/10	03/01/16
03/23/06	50,000	25% on each of 3/23/07, 3/23/08, 3/23/09, 3/23/10	03/23/16
03/27/06	50,000	25% on each of 3/27/07, 3/27/08, 3/27/09, 3/27/10	03/27/16
10/27/06	25,000	25% on each of 10/27/07, 10/27/08, 10/27/09, 10/27/10	10/27/16
11/15/06	25,000	25% on each of 11/15/07, 11/15/08, 11/15/09, 11/15/10	11/15/16
12/14/06	50,000	25% on each of 12/14/07, 12/14/08, 12/14/09, 12/14/10	12/14/16
12/19/06	50,000	25% on each of 12/19/07, 12/19/08, 12/19/09, 12/19/10	12/19/16

(3) Based on the price of one share of our common stock at the close of business on December 31, 2007.

(4) These options were exercised by Mr. Skandalaris in March, 2008, and are no longer outstanding.

(5) Includes 2,000 options that Mr. Azar contributed to charity in December 2007.

The following table sets forth certain information with respect to options exercised and stock awards vested during 2007 by each of our executive officers listed in the summary compensation table.

2007 OPTION EXERCISES AND STOCK VESTED

	Option Awards		Stock Awards	
Name	**Number of Shares Acquired on Exercise (#)**	**Value Realized on Exercise ($)**	**Number of Shares Acquired on Vesting (#)**	**Value Realized on Vesting ($)**
Thomas L. Saeli				
David J. Fallon			738(1)	14,701(1)
Robert Skandalaris				
Frank Sovis				
Michael Azar				
Larry Garretson				

Notes:

(1) Represents shares held by Mr. Fallon but subject to a restriction on trading which expired in 2007.

Post-Employment Compensation

Non-Qualified Deferred Compensation

In 2001, we adopted the Noble International, Ltd. Deferred Compensation Plan (the DCP) for certain key employees, including executive officers. The DCP generally enabled participants to defer all or a portion of their cash compensation earned in a particular year. If an individual elected to defer any amount, the deferred amounts were not reported as compensation for federal income tax purposes in the year earned and were credited to the individual s deferred compensation plan account. Our board of directors had discretion to determine those employees eligible to participate under the DCP, with Noble matching 50% of the first $2,400 in deferred compensation for a maximum annual match of $1,200. Deferred compensation account balances accrued earnings based on the investment options selected by the participant. Interest, dividends and market value changes were reflected in the individual s deferred compensation plan account. The DCP provided that deferred compensation account balances are to be paid following the termination of the participant s employment with us, in a lump sum or over a period of time not to exceed 15 years as determined by us in our sole discretion. Payments under the DCP were to be made in cash.

In December 2006, we amended in its entirety the DCP (as amended, the NQDC plan) to comply with recent regulatory and legislative activity and to make the DCP more attractive to our highly compensated employees. All deferrals made after December 2006 will be in accordance with the NQDC plan. After giving effect to the amendment, a committee of the board has discretion to determine those employees eligible to participate, and for 2008 all employees with a base salary of $100,000 have been determined to be eligible to participate. Pursuant to the NQDC plan, Noble will match 100% of the first $1,200 in deferred compensation and 50% of the next $4,600, with an maximum annual match of $3,500. The maximum deferral that may be made in any plan year by a participant cannot not exceed 80% of salary or 100% of an annual bonus. Our common stock is not an eligible investment option. Accrued earnings, interest, dividends and market value changes are reflected in the individual s deferred compensation plan account in a similar manner as the DCP. We have provided for our obligations to participants in the NQDC plan through a rabbi trust. The NQDC plan also allows in-service distributions in accordance with elections made by the participant at the time of deferral and otherwise in accordance with applicable laws, rules and regulations. Distributions under the NQDC plan upon death/disability or retirement may be in lump sum or installments over a period not to exceed 15 years as elected by the participant at the time of designation of deferral. Distributions made upon termination of employment for any other reasons are made in a lump sum as soon as practical after termination. We do not provide any other non-qualified defined contribution or other deferred compensation plans.

The following table sets forth certain information with respect to non-qualified deferred compensation contributions and earnings during 2007 by each of our executive officers listed in the summary compensation table.

2007 NONQUALIFIED DEFERRED COMPENSATION

Name	Executive Contributions in Last Fiscal Year ($)[1]	Registrant Contributions in Last Fiscal Year ($)[2]	Aggregate Earnings in Last Fiscal Year ($)[3]	Aggregate Withdrawals / Distributions ($)	Aggregate Balance at Last Fiscal Year-End ($)[4]
Thomas L. Saeli	28,415	3,500	329		32,244
David J. Fallon	5,000	2,826	3,926		55,569
Robert Skandalaris			18,770		92,549
Frank Sovis					
Michael Azar	7,500	3,500	9,265		101,070
Larry Garretson					

(1) Executive contributions in 2007 are included in salary amounts listed on the Summary Compensation Table.

(2) Registrant contributions in 2007 are included in the all other compensation amounts listed on the Summary Compensation Table.

(3) Aggregate earnings are defined as participant s earnings on plan value throughout 2007. These amounts are reported in nonqualified deferred compensation earnings in the Summary Compensation Table.

(4) The following table reflects the deferred compensation plan contributions made by each of the Named Executive Officers and employee matching contributions in the years when such officers were Named Executive Officers and their compensation was reported in the proxy. Mr. Sovis and Mr. Garretson have not previously been Named Executive Officers. All of these amounts below were reported in the respective Summary Compensation Tables for the years noted.

	Saeli	Fallon	Skandalaris	Azar
2007	$ 31,915	$ 7,826	$	$ 11,000
2006		14,200		18,835
2005	n/a	n/a		$ 11,828
2004	n/a	n/a	12,270	$ 10,789
2003	n/a	n/a	13,930	$ 13,200
2002	n/a	n/a	11,000	$ 8,000
2001	n/a	n/a	15,605	$ 2,400

Other Post-Employment Payments

We have entered into Employment or Severance Agreements with Messrs. Saeli, Fallon, Skandalaris and Azar. The Employment Agreements will give rise to post-employment payments by us as follows:

Thomas L. Saeli: If Mr. Saeli is terminated without cause or leaves voluntarily for good reason, he will receive 12 months of his base salary in effect immediately prior to termination. In the event he leaves voluntarily or involuntarily within six months of a change of control, he will receive two years base salary in effect on the date of termination. Payments made to Mr. Saeli will be made in accordance with Noble s customary payroll practices, which currently provide for bi-monthly payments. We will also continue to provide health benefits and monthly country club dues for the relevant period in the event of a change of control, his termination without cause or if he leaves voluntarily for good reason. Mr. Saeli s Employment Agreement also requires acceleration of vesting and payment of his Stock Appreciation Rights (SARs) in the event severance is payable upon a change in control. Upon disability, he will receive 12 months of his monthly base salary in effect on the date of termination, continuation of health benefits and payment of any vested SARs. If Mr. Saeli resigns without good

19

cause, he will be entitled to receive compensation for unused vacation. Mr. Saeli s Employment Agreement requires him, as a condition to receiving payment for termination, to refrain from defaming or threatening to defame our character and to refrain from disclosing our confidential information.

David J. Fallon: Mr. Fallon s Employment Agreement generally provides that, if his employment is terminated without cause, he leaves voluntarily for good reason or upon disability, we will make severance payments to him for 12 months, or at our option in lump-sum payable within 30 days, in an amount equal to his base salary in effect immediately prior to termination. As a condition to receiving termination compensation, he must refrain from directly or indirectly defaming or impugning our character or the character of our employees and directors. Furthermore, upon termination, the Agreement requires him to reasonably cooperate with us with respect to information and knowledge about us which is uniquely within his control and knowledge.

Michael C. Azar: Mr. Azar s Employment Agreement provided that if he is terminated without cause, leaves voluntarily for good reason or upon disability, he would receive payments equal to one year of the highest base salary earned by him during his service with us, which shall not be less than $240,000 payable, over 12 months following termination. As a condition to receiving termination compensation, he must refrain from directly or indirectly defaming or impugning our character or the character of our employees and directors. Furthermore, upon termination, the agreement requires him to reasonably cooperate with us with respect to information and knowledge about us which is uniquely within his control and knowledge.

Robert J. Skandalaris: Mr. Skandalaris Employment Agreement provided that if he were terminated without cause, left voluntarily for good reason, left voluntarily or involuntarily, with or without cause, upon a change of control or upon disability, he would receive severance equal to three time his highest annual salary during the preceding three years with us (which highest salary could not be deemed to be less that $400,000 per year) plus payment of any earned incentive bonus, all of which were payable, at our option, over 12 months following termination or in a lump sum payable within 30 days of the termination.

All of the Employment Agreements, with the exception of Mr. Skandalaris , are subject to, unless we provide prior notice, automatic one-year extensions. Mr. Skandalaris Agreement was subject to automatic three-year extensions. Furthermore, if, according to the Employment Agreements, prior to our payment of any severance amount to Robert J. Skandalaris or Michael C. Azar, our independent auditors determine that severance payments we make would be subject to the excise tax on parachute payments imposed by Section 4999 of the Internal Revenue Code or any comparable state or local law, we will gross up, within ten days after such determination, on a after-tax basis, the executive s compensation for all federal, state and local income and excise taxes and any penalties and interest. If our independent auditors have not made a determination regarding the excise taxes on the executive s severance payments prior to the time the executive is required to file a tax return reflecting the severance payments, the executive will be entitled to receive a gross-up payment calculated on the basis of the excise tax reported in the executive s tax return. In the event a tax authority determines that the amount of excise tax imposed on the severance payments is greater than the amount determined by our independent auditors or reflected on the executive s tax return, the executive will be entitled to receive the full gross-up from us calculated on the basis of the tax authority s determination of the amount of excise tax.

The definition of cause in the Employment Agreements of Messrs. Saeli and Fallon includes:

An admission of, or conviction of, fraud, embezzlement or theft against us;

A plea of no contest or guilty to, or conviction of, a felony or any crime involving moral turpitude;

Misappropriation of our funds;

Gross negligence, willful or reckless conduct likely to harm our reputation;

Substance abuse interfering with job performance;

Violations of the duty of loyalty; or

Material breach of any provision of the employment agreement.

The definition of cause in Messrs. Azar and Skandalaris Employment Agreements means intentional theft, fraud, gross negligence, habitual neglect of duties, or perpetual violation of our policies.

The definition of good reason in the Employment Agreements of Messrs. Azar, Fallon and Skandalaris means, if we have received written notice of a change in the employee s position, removal from office or a change in the duties and responsibilities of the current office such that the duties and responsibilities are such that they do not generally belong to an officer in a similar position, and have failed to remedy such event within 30 days. The definition of good reason in Mr. Saeli s Employment Agreements includes:

A reduction in base salary contrary to the terms of the Employment Agreement or the failure to receive benefits;

A failure to be included in our bonus and incentive programs in effect at the time of signing the Employment Agreement;

A substantial change in the employee s duties and responsibilities which are not generally consistent with the duties and responsibilities of an employee in a similar position; or

A relocation of more than 40 miles from the employee s current work location.

The definition of change of control in the Employment Agreements of Messrs. Skandalaris and Saeli includes:

A sale or transfer of more than 50% of our ownership interest to an unaffiliated entity;

A merger or similar transaction resulting in our shareholders owning less than 50% of the entity of the surviving corporation;

Our failure to assign the agreement to a successor upon a merger;

A resignation of a majority of our board if they resign without recommending successors;

Our filing of bankruptcy or our agreement to a plan reorganization or our dissolution and liquidation; or

A sale or transfer of substantially all of our assets.

After termination of employment for any reason, all of the Employment Agreements require that the employee refrain from:

competing with us; and

disclosing or using our confidential information and trade secrets.

All of the named executive officers must refrain from disclosing or using our confidential information and trade secrets indefinitely, with the exception of Mr. Saeli, whose Employment Agreement provides for confidentiality for a term of two years following termination. Mr. Fallon must refrain from competing with us for a period of two years following termination, unless terminated by us for reasons other than for cause, in which case he must not compete with us for a period of one year. According to the terms of their Employment Agreements, Messrs. Azar and Skandalaris would be prohibited from competing with us for three years following termination unless terminated by us for reasons other than for cause, in which case the prohibition would be for a period of one year. Mr. Saeli must refrain from competing with us for one year following termination unless terminated by us for reasons other than for cause or if he voluntarily leaves for good reason, in which case Mr. Saeli must not compete with us or become employed by any of our competitors throughout the period he is receiving severance payments from us.

All of the agreements have waiver provisions that allow provisions of the agreements, including breach of the non-competition and confidentiality provisions, to be waived by a signed written waiver executed by a majority of our board (or in some instances by our chief executive officer) and the employee.

Subsequent Departures of Robert J. Skandalaris and Michael C. Azar: On April 15, 2008, Robert J. Skandalaris resigned as an employee and director of the Company. Mr. Skandalaris departure arose in connection with an Exercise of Sale Option Agreement entered into between Mr. Skandalaris and ArcelorMittal S.A. As part of his departure, Mr. Skandalaris and the Company entered into a Severance and Release Agreement (Severance Agreement), which incorporated, among other things certain severance benefits to which Mr. Skandalaris was entitled under the terms of his amended employment agreement. As part of his Severance Agreement, Mr. Skandalaris will receive his annual base salary for a period of three (3) years from the date of his departure at a rate of $400,000 per year. In addition, Mr. Skandalaris will receive Company paid health care insurance for a period of three (3) years, as well as the services of a Company compensated administrative assistant for a period of two (2) years from the date of departure. As part of the Severance Agreement, an entity affiliated with Mr. Skandalaris is entitled to use of approximately 1,200 square feet of office space within the Company s corporate offices for a period of two (2) years at an annual rate of $1.00 per year. The corporate office space is currently rented by the Company at a rate of approximately $1.83 per square foot per month. Subsequent to February 1, 2009 and until January 31, 2010, the Company s rental rate will be approximately $1.88 per square foot per month.

Michael C. Azar departed the Company in May, 2008. Pursuant to the terms of a Severance and Release Agreement between the Company and Mr. Azar, Mr. Azar will receive his annual base salary for a period of twelve (12) months from the date of his departure at a rate of $350,000 (his base salary for 2008), as well as health care coverage provided by the Company for the same period.

The following table sets forth certain information with respect to post-termination payments payable by us to each of our executive officers listed in the summary compensation table, assuming such executive officer s employment was terminated as of the last business day of 2007 (or, in the case of Mr. Garretson, based on the actual date of termination).

2007 POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL

Name	Benefit	Termination w/o Cause or for Good Reason[1]	Retirement or Voluntary Termination[2]	Death	Disability[3]	Voluntary or Involuntary Termination Upon Change in Control[4]
Thomas L. Saeli	Severance Pay	575,000			575,000	1,150,000
	Health Care Benefits Continuation[5]	8,372			8,372	16,744
	Stock Appreciation Right Vesting					144,000
	Country Club Dues	7,475			7,475	14,950
	Unused Vacation	44,231	44,231			44,231
	Total	635,078	44,231		590,847	1,354,078
David J. Fallon	Severance Pay	300,000			300,000	300,000
Robert Skandalaris[6]	Severance Pay	1,200,000			1,200,000	1,200,000
Tax Gross-Up[7]						410,139
Total		1,200,000			1,200,000	1,610,139
Frank Sovis						
Michael Azar[8]	Severance Pay	300,000			300,000	300,000
Larry Garretson[9]	Severance Pay	250,000				

(1) Based on actual triggering/termination date for Mr. Garretson. Assumes the triggering event took place on the last business day of 2007 for all other officers.

(2) Amounts comprised solely of unused vacation.

(3) Includes 12 months of base salary, which is subject to offset by any disability payments to employee in accordance with Noble s disability program.

(4) Severance payments to Mr. Saeli are payable upon voluntary or involuntary termination within six months of a change in control. Severance payments to all other named executives are payable only upon involuntary termination after a change in control.

(5) Estimated based on the average cost per employee, net of employee contributions.

(6)

Mr. Skandalaris resigned in April, 2008. The terms of his Severance Agreement are described under the caption Other Post-Employment Payments in the Compensation Discussion and Analysis.

(7) Pursuant to Mr. Skandalaris Employment Agreement, the Company agreed to reimburse Mr. Skandalaris for all excise taxes that are imposed on the executive pursuant to Section 280G of the Internal Revenue Code and any income and excise taxes that are payable by the executive as a result of this reimbursement.

(8) Mr. Azar departed the Company in May, 2008. The terms of his Severance and Release Agreement are described under the caption Other Post-Employment Payments in the Compensation Discussion and Analysis.

(9) Pursuant to the terms of a Severance Agreement between the Company and Mr. Garretson, Mr. Garretson is entitled to receive $250,000 as severance compensation, payable in equal monthly installments over twelve months from April 27, 2007, his date of termination. As a condition to the severance payments, Mr. Garretson has agreed to (i) refrain from defaming us; (ii) upon our request, cooperate with us with respect to information and knowledge regarding us which is uniquely in his control; (iii) refrain from competing with us for a period of one year; and (iv) refrain, indefinitely, from disclosing or using our confidential information.

Director Compensation

Directors who are employees of Noble receive no compensation, as such, for their service as members of the board. In 2007, directors who were not employees of the company but who were not deemed to be independent directors under NASDAQ Rules received an annual fee of $40,000, and directors deemed independent under NASDAQ Rules received $65,000, payable in cash or our common stock. In addition, Van E. Conway, Chairman of our audit committee in 2007, and Larry Wendling, the chairman of our compensation committee in 2007, each earned an additional $10,000 for their service in such capacities. Our non-employee directors may elect to receive all or a part of their annual director compensation via stock awards under our non-employee director plan. The pricing of the stock for awards in 2007 was the value of the stock on the date of our 2007 annual meeting of shareholders. Directors who received all or a portion of the fee in stock also received a matching distribution of 33% of the amount of the fee paid in stock, subject to a $15,000 per year limit on stock purchase participation awards. All directors are reimbursed for expenses incurred in connection with attendance at meetings.

Each director who is not, and has not been during the immediately preceding 12-month period, an employee of the company or any subsidiary of the company is eligible to participate in our non-employee director plan, provided that the director is not separately compensated by us as a consultant and does not fail to attend (or otherwise participate in) at least two-thirds of the board meetings. The non-employee director plan provides for the grant of incentive awards consisting of stock grants and stock purchase participation awards. The stock award shares and stock purchase participation award limit are established by the compensation committee at its first meeting following the annual meeting of stockholders each year. Currently, stock purchase participation awards are limited to a maximum of $15,000 per year.

Stock awards will be subject to such restrictions and conditions to the vesting of awards as the compensation committee deems appropriate, including, without limitation, that the non-employee director remain in the continuous service of Noble for a certain period. However, no restricted stock award may vest prior to six months from its date of grant other than in connection with a participant s death or disability.

Stock awards will be subject to such restrictions and conditions to the vesting of awards as the compensation committee deems appropriate, including, without limitation, that the non-employee director remain in the continuous service of Noble for a certain period. However, no stock award may vest prior to six months from its date of grant other than in connection with a participant s death or disability.

In 2007, we issued 10,832 shares of our common stock to directors under this plan. Of these, 10,073 were issued as a portion of (or a matching component related to) directors fees and 759 pursuant to a match made by one non-employee director who purchased shares of the company in the open market.

The following table sets forth certain information with respect to fees and other compensation paid during 2007 to each member of our board of directors, excluding directors who are listed in the summary compensation table.

2007 DIRECTOR COMPENSATION

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)[1][3]	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
Jean-François Crancée	40,000						40,000
Van E. Conway	25,000	71,939					96,939
Robert K. Burgess		69,996					69,996
Larry R. Wendling	30,000	52,493					82,493
Jean-Luc Maurange	40,000						40,000
Philippe Landron	65,000						65,000
Ronald E. Harbour	65,000						65,000
Joseph Day[2]	13,333						13,333
Mark Behrman[2]	13,333						13,333
Fred Hubacker[2]	13,333						13,333

Notes:

(1) The amounts shown reflect the dollar amount recognized for financial statement reporting purposes for the fiscal year ended December 31, 2007, in accordance with FAS123(R) for stock compensation. These awards represent shares issued in lieu of cash compensation plus additional shares as a matching contribution by the Company with respect to the compensation shares. The awards were valued using the closing price of our common stock on the date of grant.

(2) Director until August 31, 2007.

(3) Except as noted in the table, none of the non-employee Directors held any stock options or stock rights awards as of December 31, 2007.

REPORT OF THE BOARD OF DIRECTORS ON COMPENSATION

Our board of directors, as constituted on April 28, 2008, reviewed and discussed with management the Compensation Discussion and Analysis (the CD&A) for the year ended December 31, 2007. Based on these reviews and discussions, on April 29, 2008, the board of directors approved the inclusion of the CD&A in this proxy statement.

Sincerely,

Jean-François Crancée

Thomas L. Saeli

Jean-Luc Maurange

Philippe Landron

THE COMMITTEE ON DIRECTORS AND BOARD GOVERNANCE

The Committee on Directors and Board Governance is currently composed of two directors, Philippe Landron and James R. Thomas. Each meets the criteria for independence specified in the listing standards of the NASDAQ.

The principal function of the committee on directors and board governance are to:

- consider and recommend to the board qualified candidates for election as directors;
- periodically prepare and submit to the board for adoption the committee s selection criteria for directors nominees;
- recommend to the board and management a process for new board member orientation;
- consider matters of corporate governance and board practices and recommend improvements to the board;
- review periodically our charter and bylaws in light of statutory changes and current best practices;
- review periodically the charter, responsibilities, membership and chairmanship of each committee of the board and recommend appropriate changes;
- review director independence, conflicts of interest, qualifications and conduct and recommend to the board removal of a director when appropriate; and
- annually assess the committee s performance.

The committee on directors and board governance s charter is posted on our website, www.nobleintl.com, in the investor relations section.

The committee on directors and board governance did not meet in fiscal year 2007. See Nominating Procedures below for further information on the nominating process.

Nominating Procedures

The Standstill and Stockholder Agreement among the Company, ArcelorMittal and Robert J. Skandalaris provides certain director nomination rights to ArcelorMittal. In addition, the board has adopted membership guidelines that outline the desired composition of the board and the criteria to be used in selecting directors. These guidelines provide that the board should be composed of directors with a variety of experience and backgrounds who have high-level managerial experience in a complex organization and who represent the balanced interests of shareowners as a whole rather than those of special interest groups. Other important factors in board composition include diversity, age, international background and experience and specialized expertise. A significant majority of the board should be directors who are not our past or present employees or a significant stockholder, customer or supplier.

In considering candidates for the board, including nominees recommended by security holders, the committee on directors and board governance considers the entirety of each candidate s credentials and does not have any specific, minimum qualifications that must be met. The committee is guided by the composition guidelines set forth above and by the following basic selection criteria: highest character, integrity and experience.

Director Independence

The board of directors has determined that, for 2007, five of our nine directors were independent under the rules of the NASDAQ. The independent directors were Larry R. Wendling, Van E. Conway, Robert K. Burgess, Ronald E. Harbour and Philippe Landron. In addition, Fred L. Hubacker and Joseph C. Day were independent directors until their departures in August, 2007. The other two directors were Robert J. Skandalaris, former

chairman of the board, and Thomas L. Saeli, our chief executive officer. Each of the directors serving on the audit committee, the compensation committee and the committee on directors and board governance were independent under the standards of the NASDAQ. The Company has determined that 4 of the 7 nominees to our board of directors in this proxy statement, Messrs. McCracken, Picard, Landron and Thomas, are independent under the rules of the NASDAQ.

Meetings of Non-Employee Directors

The non-employee directors of the board typically meet in executive session without management present either prior to or immediately following each scheduled board meeting, and as otherwise needed. When the non-employee directors of the board or respective committee meet in executive session without management, and its chairman is unavailable for the executive session, a temporary chair is selected from among the directors to preside at the executive session.

Charters

We have adopted charters for our audit, compensation, executive and corporate governance committees. These charters are published on our website: *www.nobleintl.com*. We will provide, without charge, a copy of the charters to any stockholder upon written request to our corporate secretary.

Code of Ethics

We have adopted a code of ethics that applies to all of our employees, executive officers and directors including our principal executive officer, principal financial officer, general counsel and principal accounting officer. This code of ethics includes provisions covering compliance with laws and regulations, insider trading practices, conflicts of interest, confidentiality, protection and proper use of our assets, accounting and record keeping, fair competition and fair dealing, business gifts and entertainment, payments to government personnel and reporting of illegal or unethical behavior. The code of ethics is posted on our website at *www.nobleintl.com*. Any waiver of any provision of the code of ethics granted to an executive officer or director may only be made by the board of directors and will be promptly disclosed on our website.

Whistleblower Policy

Our whistleblower policy is published on our website: *www.nobleintl.com*. We will provide, without charge, a copy of the whistleblower policy to any stockholder upon written request to our corporate secretary, Andrew J. Tavi. In 2007, we did not receive any complaints under the whistleblower policy relating to any alleged improprieties in accounting or internal controls.

Audit Committee

The board of directors has adopted a written charter for the audit committee which is posted on our website, *www.nobleintl.com*, in the investor relations section.

Audit Committee Report

The audit report set forth below shall not be deemed incorporated by reference by any general statement incorporating by reference this proxy statement into any filing under the Securities Act of 1933 or under the Securities Exchange Act of 1934, except to the extent that we specifically incorporate this information by reference, and shall not otherwise be deemed filed under such acts.

Management is responsible for our internal controls, financial reporting process and compliance with laws and regulations and ethical business standards. The independent auditor is responsible for performing an independent audit of our consolidated financial statements in accordance with generally accepted auditing

standards and issuing a report thereon. The audit committee s responsibility is to monitor and oversee these processes on behalf of the board of directors. Due to the resignations of two of our audit committee members in February, 2008, our entire board of directors acted as our audit committee for purposes of the audit of our financial statements for the year ended December 31, 2007. In this context, the board reviewed and discussed with management and the independent auditors the audited financial statements. The board of directors discussed with the independent auditors the matters required to be discussed by Statement on Auditing Standards No. 61 (Communication with Audit Committees, as amended, which was superseded by Statement on Auditing Standards no. 114 effective December 15, 2006 (Communications with Audit Committees). In addition, the board of directors has received from the independent auditors the written disclosures required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees) and discussed with them their independence from Noble and its management. Moreover, the board of directors has considered whether the independent auditor s provision of other non-audit services to Noble is compatible with the auditor s independence. In reliance on the reviews and discussions referred to above, the undersigned members of our board of directors at the time of filing our annual report on Firm 10-K for the year ended December 31, 2007 determined that the audited financial statements be included in such report, for filing with the SEC.

Sincerely,

Jean François Crancée

Philippe Landron

Jean-Luc Maurange

Thomas L. Saeli

Required Stockholder Vote to Approve the Election of Directors

The election of each nominee for director will require the affirmative vote of the holders of a plurality of the outstanding shares of our common stock present, in person or by proxy, at the stockholder meeting. A plurality of the votes, as distinguished from a majority, is the greatest number of votes cast FOR a director nominee by those voting. Therefore, abstentions and broker-non-votes will have no effect with respect to the election of directors.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT STOCKHOLDERS VOTE FOR EACH OF THE NOMINEES LISTED ABOVE.

PROPOSAL 2: APPROVAL OF THE POTENTIAL ISSUANCE OF COMMON STOCK TO ARCELORMITTAL EQUAL TO OR EXCEEDING 20% OF OUR OUTSTANDING COMMON STOCK UPON CONVERSION OF CONVERTIBLE SUBORDINATED NOTE.

Background

On March 19, 2008, we entered into a Securities Purchase Agreement (the Securities Purchase Agreement) with ArcelorMittal S.A. (ArcelorMittal). Pursuant to the Securities Purchase Agreement, ArcelorMittal agreed to provide subordinated debt financing to us in the form of a convertible subordinated loan in the principal amount of $50 million evidenced by a Convertible Subordinated Note dated March 20, 2008 (the Issuance Date) that matures on March 20, 2013 (as amended and restated on April 18, 2008, the Convertible Note). We used the proceeds from the Convertible Note to pay down senior indebtedness; the proceeds also provided us with additional liquidity.

Conversion Terms of the Convertible Note

The Convertible Note is convertible, in whole or in part, into shares of our common stock (Common Stock) until March 13, 2013. The Convertible Note is convertible into shares of Common Stock at an initial conversion price of $15.75 per share which is equal to a 25% premium over the average of each trading day s volume-weighted average price (Average Price) from and including January 15, 2008 to and including February 15, 2008. The initial conversion price is subject to adjustment as follows: on June 30, September 30, December 31, 2008 and March 31, 2009 (each, a Reset Date), the conversion price will adjust to the lower of (i) the conversion price in effect at such Reset Date and (ii) a 30% premium over the Average Price for the 30 days ending on the last trading day immediately preceding such Reset Date. In no event, however, will the conversion price be less than a 30% premium over an Average Price of $8.00, or $10.40 per share.

The conversion price is also subject to adjustment if certain events occur, including a stock split, stock dividend, recapitalization or the issuance of shares of Common Stock, options or other securities convertible into or exchangeable for shares of Common Stock at a price per share, or a conversion or exchange price per share, less than the conversion price of the Convertible Note that is then in effect (collectively, the Anti-dilution Adjustments).

Upon conversion of the Convertible Note, the amount to be converted will include any accrued and unpaid interest and any late charges with respect to the principal and interest converted.

Stockholder Approval Requirement

Our common stock is traded on the NASDAQ Global Select Market under the symbol NOBL. Consequently, we are subject to the Nasdaq Marketplace Rules (the Marketplace Rules). Although the issuance of the Convertible Note did not require stockholder approval under Delaware law, our certificate of incorporation or bylaws or the Marketplace Rules, the issuance of Common Stock equal to or exceeding 20% of our Common Stock issued and outstanding on the Issuance Date upon conversion of the Convertible Note does require stockholder approval under Marketplace Rule 4350(i)(1)(D)(ii). This rules does not allow for the conversion of the Convertible Note to the extent that the number of shares to be issued equals or exceeds 20% of the shares outstanding as of the issue date.

Marketplace Rule 4250(i)(1)(D)(ii) requires NASDAQ-listed issuers to obtain stockholder approval prior to any issuance or potential issuance of securities representing 20% or more of the outstanding common stock or voting power of the issuer before such issuance for a price less than the greater of the book or market value of the issuer s common stock. For purposes of Rule 4350(i)(1)(D)(ii), the outstanding common stock or voting power of the issuer is determined as of a date the issuer enters into a binding agreement with respect to such issuance or potential issuance and the market value of the issuer s common stock is deemed to be the closing bid price of the issuer s common stock immediately prior to entering into such binding agreement.

Marketplace Rule 4350(i)(1)(D)(ii) is applicable to the Convertible Note because (i) the Common Stock issuable upon conversion of the Convertible Note may exceed 20% of the Common Stock outstanding on the Issuance Date and (ii) the initial conversion price of the Convertible Note is less than the Common Stock s book value on the Issuance Date.

To comply with Marketplace Rule 4350(i)(1)(D)(ii), we agreed in the Securities Purchase Agreement to submit a proposal at our next annual meeting of stockholders to allow for the issuance of all shares of Common Stock issuable upon conversion of the Convertible Note and to use our best efforts to obtain stockholder approval of the proposal. The Convertible Note provides that if we do not obtain stockholder approval, then we may not issue an aggregate amount of shares of Common Stock upon conversion of the Convertible Note that is equal to or in excess of 20% of the Common Stock issued and outstanding on the Issuance Date.

ArcelorMittal holds approximately 49.95% of our currently outstanding Common Stock and may vote these shares with respect to the proposal.

Consequences of the Approval of this Proposal

If the stockholders approve this proposal, then (i) we shall have obtained stockholder approval in satisfaction of Marketplace Rule 4350(i)(1)(D)(ii); (ii) our stockholders shall have authorized the issuance upon conversion of the Convertible Note shares of Common Stock equal to or in excess of 20% of the shares of Common Stock issued and outstanding on the Issuance Date; and (iii) we will be permitted to issue such shares of Common Stock upon conversion of the Convertible Note.

Conversion of the Convertible Note benefits us because, to the extent the outstanding principal amount of the Convertible Note is converted into shares of Common Stock, we are no longer obligated to pay such principal or the interest otherwise due thereon.

Regardless of whether this proposal is approved, assuming a conversion price of $10.40 per share (which is the minimum conversion price that would result from the reset based upon market price, as described above), 4,720,244 shares of our Common Stock can be issued to ArcelorMittal upon conversion of the Convertible Note, because the Convertible Note and Marketplace Rules permit ArcelorMittal to receive the number of shares of Common Stock which is less than 20% of the voting power on the Issuance Date. If the stockholders approve this proposal, assuming a conversion price of the Convertible Note of $10.40 per share, the maximum number of additional shares issuable upon conversion of the Convertible Note as a result of stockholder approval is 87,448 (without taking into effect any Anti-dilution Adjustments or inclusion of unpaid interest or late fees on the Convertible Note). Therefore, if the stockholders approve this proposal, conversion of the Convertible Note will result in the possible issuance of a maximum of 4,807,692 shares of the Company s Common Stock (without taking into effect any Anti-dilution Adjustments or inclusion of interest or late fees on the Convertible Note). Stockholder approval also would allow the issuance of additional shares to the extent of any Anti-dilution Adjustments (to the extent not currently permitted).

Conversion of the Convertible Note will dilute our earnings per share, dilute the voting interest of our existing stockholders and may result in a decrease in the market price of our Common Stock.

Even if stockholders approve this proposal, the decision to convert the Convertible Note remains with ArcelorMittal, and ArcelorMittal may determine not to convert the Convertible Note.

Consequences of the Failure to Approve this Proposal

If the stockholders do not approve this proposal, ArcelorMittal will continue to have the right upon conversion of the Convertible Note to receive the maximum number of shares of our Common Stock which is less than 20% of the voting power outstanding on the Issuance Date. Assuming a conversion price of $10.40, the maximum number of shares which ArcelorMittal will be entitled to receive if this proposal is not approved is 4,720,244 (without taking into effect any the Anti-dilution Adjustments or inclusion of unpaid interest or late fees on the Convertible Note).

In the event the proposal is not approved at this annual meeting, we expect to include a proposal for such approval not later than our next annual meeting.

Required Stockholder Vote to Approve the Potential Issuance of Common Stock To ArcelorMittal Equal to or Exceeding 20% of our Outstanding Common Stock Upon Conversion of Convertible Subordinated Note.

Approval of the issuance of common stock to ArcelorMittal upon conversion of the Convertible Note, to the extent the number of shares issued equals or exceeds 20% of Noble s common stock outstanding as March 20, 2008, requires the affirmative vote of a majority of the shares of our common stock cast in person or by proxy, at the stockholder meeting.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR APPROVAL OF THE POTENTIAL ISSUANCE TO ARCELORMITTAL OF COMMON STOCK EQUAL TO OR EXCEEDING 20% OF OUR OUTSTANDING COMMON STOCK UPON CONVERSION OF THE CONVERTIBLE SUBORDINATED NOTE.

PROPOSAL 3: RATIFICATION OF AUDITORS

The board of directors has appointed Deloitte & Touche LLP as independent public accountants, to audit our consolidated financial statements for the year ending December 31, 2008, and to perform other appropriate services as directed by our management and board of directors.

A proposal will be presented at the meeting to ratify the appointment of Deloitte & Touche LLP as our independent public accountants. It is expected that a representative of Deloitte & Touche LLP will be present at the annual meeting to respond to appropriate questions or to make a statement if he or she so desires. Stockholder ratification of the selection of Deloitte & Touche LLP as our independent public accountants is not required by our bylaws or other applicable legal requirement. However, the board of directors is submitting the selection of Deloitte & Touche LLP to the stockholders for ratification as a matter of good corporate practice. If the stockholders fail to ratify this appointment, other independent public accountants will be considered by the board of directors upon recommendation of the audit committee. Even if the appointment is ratified, the board of directors at its discretion may direct the appointment of a different independent accounting firm at any time during the year if it determines that such a change would be in the best interests of us and our stockholders.

Required Stockholder Vote to Approve the Ratification of our Independent Registered Public Accountants

The ratification of our independent registered public accountants will require the affirmative vote of the holders of at least a majority of the outstanding shares of our common stock present, in person or by proxy, at the stockholder meeting. Abstentions will therefore have the same effect as a vote against the ratification of our auditors. Broker non-votes will not have any impact with respect to the vote on this proposal.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT OUR STOCKHOLDERS VOTE FOR RATIFICATION OF THE APPOINTMENT OF OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS.

PROPOSAL 4: ADJOURNMENT

Purpose

In the event there are not sufficient votes present, in person or by proxy, at the annual meeting to approve the other proposals, our chief executive officer, acting in his capacity as chairperson of the meeting, may propose an adjournment of the meeting to a later date or dates to permit further solicitation of proxies.

Required Stockholder Vote to Approve the Adjournment Proposal

Approval of the adjournment proposal will require the affirmative vote of the holders of at least a majority of the outstanding shares of our common stock present, in person or by proxy, at the stockholder meeting. Abstentions will therefore have the same effect as a vote against the adjournment proposal. Broker non-votes will not have any impact with respect to the vote on this proposal.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT OUR STOCKHOLDERS VOTE FOR APPROVAL TO ADJOURN THE MEETING IN THE EVENT THAT STOCKHOLDERS FAIL TO APPROVE ANY OF THE OTHER PROPOSALS.

VOTING RIGHTS AND REQUIREMENTS

Voting Securities

The securities entitled to vote at the annual meeting consist of all of the outstanding shares of our common stock, $.00067 par value per share. The close of business on June 9, 2008 has been fixed by our board of directors as the record date. Only stockholders of record as of the record date may vote at the annual meeting.

Quorum

The presence at the annual meeting of the holders of record of a number of shares of our common stock and proxies representing the right to vote shares of our common stock in excess of one-half of the number of shares of our common stock outstanding as of the record date will constitute a quorum for transacting business.

SECURITY OWNERSHIP OF CERTAIN

BENEFICIAL OWNERS AND MANAGEMENT OF NOBLE

The following table sets forth information, as of April 23, 2008, concerning the shares of Noble common stock owned beneficially by: (i) each person known by us to own more than 5% of the Noble common stock; (ii) each director and nominee for director; (iii) our executive officers named in the summary compensation table; and (iv) all of our executive officers and directors as a group. Except as otherwise indicated, each stockholder listed below has sole voting and investment power with respect to the shares beneficially owned by such person. Except as otherwise indicated, all references to shares of common stock (including option shares) in this proxy statement reflect adjustments made pursuant to our three-for-two split of common stock effected on February 3, 2006.

Name and Address of Beneficial Owner[1]	Number of Shares Beneficially Owned[2]	Percentage of Common Stock Beneficially Owned[2]
Robert J. Skandalaris[3]	49,104	*
Thomas L. Saeli[4]	53,225	*
Jean-François Crancée	0	*
Philippe Landron	0	*
Jean-Luc Maurange	0	*
David J. Fallon[5]	6,311	*
Richard McCracken	0	*
Gerard Picard	0	*
James Thomas	0	*
Frank J. Sovis[6]	18,770	*
Michael C. Azar[7]	21,300	*
Larry Garretson	0	*
ArcelorMittal S.A.[8] 19 avenue de la Liberte L-2390 Luxembourg Luxembourg	15,030,562	56.0%
St. Denis J. Villere & Company, L.L.C.[9] 601 Poydras St., Suite 1808 New Orleans, LA 70130	3,047,811	13.93%
Soundpost Partners, L.P. / Jamie Lester[10] 405 Park Avenue, 6th Floor New York, NY 10022	1,500,000	6.4%
Munder Capital Management[11] 480 Pierce Street Birmingham, MI 48009	1,311,352	5.6%
All directors and executive officers as a group (13 persons)[12]	100,206	*

* Less than 1%

(1) Unless otherwise indicated the address of each named person is 840 W. Long Lake Road, Suite 601, Troy, Michigan 48098.

(2) Ownership percentages are based on 23,651,761 shares of common stock outstanding (excluding treasury shares). Beneficial ownership is determined in accordance with the rules of the SEC and means voting and investment power with respect to the securities. In accordance with such rules, in computing the number of shares beneficially owned by a person and the percentage ownership of that person, each share of common stock subject to options or other rights to acquire shares of common stock held by that person that will become exercisable within 60 days of the date is deemed outstanding. Such shares, however, are not deemed outstanding for the purpose of computing the percentage ownership of any other person.

(3) Director and Chairman until his resignation in April, 2008. Information is based exclusively on Schedule 13D/A filed by Mr. Skandalaris with the SEC on April 8, 2008.

(4) Includes 16,287 shares of common stock that we granted to Mr. Saeli in connection with his appointment as chief executive officer, which shares are restricted from trading during Mr. Saeli s initial employment term.

(5) Excludes options to purchase 25,000 shares of our common stock at $14.7 per share that are not vested, but vest ratably over three years from January 7, 2008.

(6) Excludes options to purchase 19,000 shares of our common stock at $14.7 per share that are not vested, but vest ratably over three years from January 7, 2008.

(7) Includes options to purchase 19,999 shares of common stock at $5.33 per share expiring in 2008.

(8) Information is based exclusively on Schedule 13D/A filed by ArcelorMittal S.A. with the SEC on April 8, 2008. Includes (i) 3,174,603 shares issuable upon conversion of a convertible subordinated loan made by ArcelorMittal to the Company in the principal amount of $50 million (the Convertible Loan), based upon the current conversion rate of $15.75 per share, and (ii) 41,904 shares held by Mr. Robert Skandalaris with respect to which ArcelorMittal has an option to purchase. The conversion price and number of shares issuable upon converting the Convertible Loan is subject to adjustment on each of June 30, September 30 and December 31, 2008 and March 31, 2009 based upon the simple average of each day s trading volume-weighted average price for the 30 days ending on the last trading day immediately preceding each such date. The conversion price also is subject to adjustment in certain events. See Convertible Loan under the heading Certain Relationships and Related Transactions .

(9) Information is based exclusively on Schedule 13G/A filed by St. Denis J. Villere & Company, L.L.C., a Louisiana limited liability company, with the SEC on January 14, 2008.

(10) Information is based exclusively on Schedule 13G filed by Soundpost Partners, L.P., a Delaware limited partnership, and Jamie Lester, with the SEC on April 11, 2008.

(11) Information is based exclusively on Schedule 13G filed by Munder Capital Management, a Delaware general partnership, with the SEC on February 14, 2008.

(12) Excludes options to purchase 198,000 shares of our common stock at $14.7 per share issued to our executive officers in January, 2008 that are not vested. The options vest ratably over three years from January 7, 2008.

Stock Ownership Guidelines

In November 2006, our compensation committee approved stock ownership and retention criteria for our executive officers, effective January 1, 2007. Under these guidelines, all of our executive officers are required to purchase a minimum amount of our stock, valued at the time of purchase, and to maintain this minimum amount throughout their tenure as an executive officer. Our chief executive officer is required to purchase and maintain shares equal to two times his base salary, and each other executive officer is required to purchase and maintain shares of our common stock equal to such officer s base salary. Our executive officers must satisfy these minimum requirements within five years from the later to occur of (a) January 1, 2007 or (b) the date upon which such executive officer became an executive officer.

Our directors are also encouraged to purchase and maintain a minimum amount of our stock, and to maintain this minimum amount throughout their tenure as a director. Specifically, each director is encouraged to own $100,000 in our common stock within five years from the date they first serve as a director.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires our officers, directors and persons who beneficially own more than 10% of a registered class of our equity securities to file reports of securities ownership and changes in such ownership with the SEC. Directors, certain officers and greater than 10%

beneficial owners are also required by rules promulgated by the SEC to furnish us with copies of all Section 16(a) forms they file.

Based solely upon a review of the copies of Form 3, Form 4 and Form 5 filings furnished to us, or written representations that no Form 5 filings were required, we believe that during the period from January 1, 2007 through December 31, 2007, all Section 16(a) filing requirements applicable to our officers, directors and greater than 10% beneficial owners were complied with, except the following initial statements of beneficial ownership of our common stock on Form 3 which were filed late: (1) a statement filed by Timothy Gargaro on October 4, 2007 which should have been filed by September 29, 2007; (2) a statement filed by Dirk Vandenberghe on October 3, 2007 which should have been filed by September 21, 2007; (3) a statement filed by George Ianev on October 4, 2007 which should have been filed by September 29, 2007; (4) a statement filed by Robert Burgess on October 11, 2007 which should have been filed by September 10, 2007; (5) a statement filed by Tad Machrowicz filed on March 13, 2008 which should have been filed by September 29, 2007 and (6) a statement filed by Scott Kehoe filed on March 13, 2008 which should have been filed by September 29, 2007.

Principal Accounting Firm Fees

The aggregate amount of fees billed by Deloitte & Touche LLP for professional services rendered for the audit of our annual financial statements for the years ended December 31, 2006 and December 31, 2007 are as follows:

	2006	2007
Audit Fees	$ 680,574	$ 1,210,000
Audit Related Fees	0	$ 67,500
Total Audit and Audit-Related Fees	$ 680,574	$ 1,277,500
Tax Fees	277,472	2,157,000
All Other Fees	175,183	0
Total Fees	$ 1,133,229	$ 3,434,500

Audit Fees. These fees are for professional services rendered in connection with the audit of our annual financial statements for the year ended December 31, 2006 and December 31, 2007, and for the reviews of the financial statements included in our quarterly reports on Form 10-Q for those years.

Financial Information System Design and Implementation Fees. There were no fees billed by Deloitte & Touche LLP for professional services rendered to us for the year ended December 31, 2007, for the design and implementation of financial information systems.

Tax Fees. These fees relate to federal, state and foreign tax compliance services, including preparation, compliance, advice and planning.

All Other Fees. These fees are for professional services rendered in connection with our acquisitions, debt and equity offerings and other miscellaneous services.

The audit committee has adopted an audit and non-audit services pre-approval policy, which requires the committee s pre-approval of audit and non-audit services performed by the independent auditor to assure that the provisions of such services does not impair the auditor s independence. For the year ended December 31, 2007, the audit committee approved all of the audit and non-audit services rendered by Deloitte & Touche LLP listed above.

EQUITY COMPENSATION PLAN INFORMATION

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	34,999	$ 5.33	1,583,898
Equity compensation plans not approved by security holders		N/A	N/A
Total	34,999	$ 5.33	1,583,898

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Our code of ethics requires that all business transactions be at arms length, negotiated in good faith and based on merit alone, and that no employee, officer or board member may have a personal, financial or family interest that could in any way prevent the individual from acting in the best interest of Noble. Any conflict of interest approval relating to board members or executive officers may only be made after review and approval by the disinterested members of the board of directors. The following matters were and are subject to review pursuant to the foregoing guidelines.

Employment of James Skandalaris

We employ James (Lee) Skandalaris, the son of our former chairman, Robert Skandalaris, as director of corporate development at an annual salary of $115,000. James Skandalaris was also paid a bonus of $40,000 during 2007. Prior to joining us in 2006, James Skandalaris worked in a similar capacity at Lear Corporation with our chief executive officer (prior to his joining us). The hiring of James Skandalaris was based on the recommendation of our chief executive officer upon evaluation of James Skandalaris performance at Lear Corporation and was not proposed by our chairman. Our compensation committee reviewed and approved the salary and bonus paid to James Skandalaris in 2007.

Acquisition of ArcelorMittal Laser-welded Blank Business and Related Agreements.

On August 31, 2007, the Company acquired substantially all of the tailor laser-welded blank business conducted by ArcelorMittal S.A. and its affiliates in Europe, India, China and the United States (the ArcelorMittal Business) in exchange for (i) 9.375 million newly-issued shares of the Company s common stock, (ii) cash payments of $116.3 million, less capitalized lease obligations, accrued taxes and adjustments for working capital at closing and (iii) $15.0 million paid in the form of a 6% subordinated note maturing in 2012 (the ArcelorMittal Transaction). The newly-issued shares of the Company s common stock were valued at $18.00 per share.

At closing of the ArcelorMittal Transaction on August 31, 2007, ArcelorMittal transferred (i) to one of the Company s European subsidiaries, all the outstanding ArcelorMittal Business in Europe, China and India, and (ii) to one of the Company s U.S. subsidiaries, all the outstanding equity interests in ArcelorMittal s U.S. subsidiary that operates the U.S. portion of the ArcelorMittal Business. The ArcelorMittal Business the Company acquired does not include two laser-welded blank production plants owned by ArcelorMittal subsidiaries in Belgium and Germany, but these facilities are subject to a contract manufacturing agreement with the Company.

In connection with the ArcelorMittal Transaction, ArcelorMittal, the Company and, in certain instances, Mr. Skandalaris, the Company s chairman of the board of directors at the time, entered into a number of

additional agreements that addressed corporate governance matters and the rights of ArcelorMittal and Mr. Skandalaris as stockholders.

Our entire Board of Directors approved the ArcelorMittal Transaction.

Stockholder and Governance Matters

Standstill and Stockholder Agreement

At the closing of the ArcelorMittal Transaction, the Company, ArcelorMittal and Mr. Skandalaris entered into the Standstill and Stockholder Agreement. Mr. Skandalaris rights under the Standstill and Stockholder Agreement and related agreements terminated in April 2008 in connection with the acquisition by ArcelorMittal of substantially all of the shares owned by Mr. Skandalaris and his affiliates.

Pursuant to the Standstill and Stockholder Agreement, Mr. Skandalaris and ArcelorMittal agreed for two years from the closing of the ArcelorMittal Transaction not to, among other things: (i) acquire any additional shares of the Company; (ii) solicit proxies or become a participant in an election contest without the other party s permission; and (iii) enter into an arrangement with a third party with respect to voting, acquiring, holding or disposing of any of the Company s securities. In addition, the Company and ArcelorMittal agreed for two years from the closing of the ArcelorMittal Transaction not to: (i) acquire any additional shares of the other party; (ii) solicit proxies or become a participant in an election contest involving the other party; (iii) enter into an arrangement with a third party with respect to voting, acquiring, holding or disposing of any of the securities of the other party; (iv) seek to place a representative on the other party s board of directors or seek to call a meeting of stockholders of the other party; or (v) solicit or assist any person with respect to any business transaction involving the other party.

Under the Standstill and Stockholder Agreement, if ArcelorMittal sold 1.0 million or more of the shares of common stock in the Company that it owned to a third party, then Mr. Skandalaris had the right to sell his common stock in the Company (at the same price and on the same terms). Similarly, Mr. Skandalaris had certain put rights to ArcelorMittal following his death, disability or removal from the Company s board of directors or as the chairman thereof, but, if such rights were not exercised following the expiration of the put term, ArcelorMittal had certain call rights to purchase all of Mr. Skandalaris stock. In addition, if Mr. Skandalaris disagreed with ArcelorMittal regarding a strategic matter for the Company, then Mr. Skandalaris had the put right to sell all of his shares, together with shares of his affiliates, to ArcelorMittal at a pre-determined price but, if such rights were not exercised following the expiration of the put term, ArcelorMittal had the right to purchase all of Mr. Skandalaris and affiliates shares. If ArcelorMittal declined to purchase Mr. Skandalaris shares, then the standstill provisions of the Standstill and Stockholder Agreement would terminate, but the other provisions of the Standstill and Stockholder Agreement, including certain mutual rights of first refusal on sales of shares, would remain in place. Lastly, if Mr. Skandalaris voluntarily resigned from the Company s board of directors or refused to serve as a director, the restrictions on sales of shares by Mr. Skandalaris during the first two years from the ArcelorMittal closing would no longer apply, except that ArcelorMittal would have a right of first refusal on any shares that Mr. Skandalaris determined to sell.

Representation on the Company s Board of Directors

Following the closing of the ArcelorMittal Transaction, the Company s board of directors was expanded from seven to nine members. ArcelorMittal and Mr. Skandalaris nominated four directors and one director, respectively. In addition, each of ArcelorMittal and Mr. Skandalaris were granted certain nomination rights to the audit, compensation and governance committees of the Company s board of directors. The nomination rights in favor of either party expire if its stock ownership falls below certain pre-determined thresholds. Following the closing of the ArcelorMittal Transaction, and for so long as ArcelorMittal retained any nomination rights, Mr. Skandalaris agreed to vote his common stock of the Company in favor of ArcelorMittal s nominees, and for

so long as Mr. Skandalaris retained any nomination rights, ArcelorMittal agreed to vote its common stock of the Company in favor of Mr. Skandalaris nominee.

Strategic Matters

Following the closing of the ArcelorMittal Transaction, and until the earlier of a change of control or the fifth anniversary thereof, the Company agreed not to take any action on certain strategic matters without the prior approval of both Mr. Skandalaris and ArcelorMittal.

Non-competition

Following the closing of the ArcelorMittal Transaction, and until the fifth anniversary thereof, Mr. Skandalaris agreed not to invest in, be employed by, or otherwise engage in a laser-welded blanks business other than the Company.

Registration Rights Agreement

Under the Registration Rights Agreement, the Company granted to ArcelorMittal and Mr. Skandalaris registration rights with respect to the shares of Common Stock that ArcelorMittal received in the ArcelorMittal Transaction and that Mr. Skandalaris previously owned. These registration rights grant to ArcelorMittal the right to require the company to file up to four registration statements at ArcelorMittal s request.

Commercial Matters

Steel Supply and Services

In conjunction with the ArcelorMittal Transaction, ArcelorMittal Auto, a subsidiary of ArcelorMittal, and the Company entered into a five-year Steel Supply and Services Agreement. This agreement will automatically renew for additional five-year terms unless either party provides the other party with a written termination notice at least two years prior to the expiration of the initial term or any renewal term. However, if ArcelorMittal ever owns fewer than 4,687,500 shares of the Company s Common Stock, ArcelorMittal Auto may terminate its supply upon two years prior notice and may terminate its services upon 18 months prior notice.

Under this agreement, ArcelorMittal Auto supplies all flat-rolled carbon steel products needed by the Company in its European production facilities. ArcelorMittal Auto has agreed to provide the Company with the most favorable pricing contemporaneously provided by ArcelorMittal Auto, with respect to similar volumes and on the same terms and conditions, to any European laser-welded-blanks competitor of the Company.

In addition, under the Steel Supply and Services Agreement ArcelorMittal Auto provides marketing, technical support, sales, credit risk, invoicing, collections, consulting and research and development services to the Company for its European business. ArcelorMittal Auto provides the sales, credit, invoicing and collection services to the Company at no additional charge. ArcelorMittal Auto further bears the credit risk on all sales of the Company s European products. All research and development plans will be jointly agreed to by the Company and ArcelorMittal Auto. ArcelorMittal Auto will bear approximately the first 2.0 million of research and development cost each year. The Company will pay any cost in excess of 2.0 million. ArcelorMittal Auto will grant the Company a license to use the intellectual property that is developed on the same terms as provided in the parties Intellectual Property Licensing Agreement referred to below.

Contract Manufacturing Agreement

In conjunction with the ArcelorMittal Transaction, ArcelorMittal and the Company entered into a four-year Contract Manufacturing Agreement which may be extended one additional year at the Company s option. Under

the terms of the Contract Manufacturing Agreement, two ArcelorMittal subsidiaries in Belgium and Germany manufacture laser-welded blanks, unwelded blanks (with certain exceptions) and patch-welded blanks solely for two of the locations acquired by the Company in the ArcelorMittal Transaction. The manufacture of unwelded blanks under the agreement will terminate on December 31, 2008. Under the terms of the Contract Manufacturing Agreement, ArcelorMittal will charge the Company only for costs defined in the agreement. The pricing terms that ArcelorMittal will provide the Company for steel supply under the Steel Supply and Services Agreement will also apply to the steel provided under the Contract Manufacturing Agreement. To induce the Company to terminate the Contract Manufacturing Agreement early and to free space within ArcelorMittal s facilities, ArcelorMittal has granted the Company the option to take ownership of the laser-welding machines used by the two ArcelorMittal subsidiaries. Upon the Company s removal of such machines, ArcelorMittal will reduce the $15.0 million subordinated note given by the Company to ArcelorMittal by an amount equal to $3.0 million multiplied by a fraction, the numerator of which equals the aggregate book value of the machines removed and the denominator of which equals the aggregate book value of all laser-welding machines at the two ArcelorMittal subsidiaries.

Intellectual Property Assignment; Intellectual Property License Agreement

As part of the ArcelorMittal Transaction, ArcelorMittal transferred to one of the Company s European affiliates certain intellectual property used in the ArcelorMittal Business by an Intellectual Property Assignment, and ArcelorMittal and the Company entered into an Intellectual Property License Agreement. Under the Intellectual Property License Agreement, the intellectual property used in the ArcelorMittal Business that was not transferred under Intellectual Property Assignment (subject to specific exceptions) is licensed to the Company. Under the Intellectual Property License Agreement, ArcelorMittal granted the Company a royalty free, perpetual exclusive license to use the specified patents and other intellectual property that were owned by ArcelorMittal and were used in the ArcelorMittal Business. ArcelorMittal retained the right to use these patents and other intellectual property outside of the field of laser-welded blanks. There are exceptions to the exclusivity of the license for certain uses by vehicle manufacturers and ArcelorMittal s joint venture with Gestamp Automoción in Mexico and Spain. The license will convert from an exclusive license to a non-exclusive license upon the latter of: (a) the fifth anniversary of the closing; or (b) the date ArcelorMittal and its affiliates own fewer than 4,687,500 shares of the Company s common stock (as adjusted for stock splits, stock dividends or similar events affecting all Company stockholders equally).

Support Services for the Business

Under a Transition Services Agreement between the Company and ArcelorMittal, ArcelorMittal provides all reasonable transition services, as previously furnished to the ArcelorMittal Business, that the Company needs to efficiently manage the ArcelorMittal Business while integrating the laser-welded blank properties and assets into the Company s business. These services include, among other things, information technology, human resources administration, electrical and other utility service (where legally and contractually permitted), accounting and tax services, purchasing and business development. The Company has agreed to provide ArcelorMittal all reasonable transition services that ArcelorMittal needs in order to fulfill any contractual or other obligation not transferred to the Company that would, but for the transaction, be fulfilled by ArcelorMittal using the laser-welded blank properties and assets. The term of the Transition Services Agreement is three years, except for ArcelorMittal s provision of information technology-related services, which will be for a term of four years. Either party may terminate the receipt of any specific service provided to it on at least 90 days notice. The price of ArcelorMittal s services to the Company is not to exceed 3.3 million for the first two years after the closing.

Tailored Blank Business of Powerlasers

The ArcelorMittal Business acquired by the Company in the ArcelorMittal Transaction did not include the tailored blank business conducted by Powerlasers. Powerlasers is owned by Dofasco, Inc., a Canadian steel producer that ArcelorMittal acquired in February 2006. The stock of Dofasco is held for ArcelorMittal s benefit

by a Dutch trust, the directors of which previously declined to approve ArcelorMittal s request to sell Dofasco to a German buyer. The directors of the Dutch trust control the decision to sell any Dofasco assets, including Powerlasers. Under the Share Purchase Agreement for the ArcelorMittal Business, the parties agreed that, subject to certain conditions, if and when ArcelorMittal is permitted to directly or indirectly sell the shares of Powerlasers to the Company, the Company would purchase the Powerlasers shares from ArcelorMittal (or from Dofasco, as the case may be). The Company has received notice from ArcelorMittal that ArcelorMittal is now permitted to directly or indirectly sell the shares of Powerlasers.

The Share Purchase Agreement for the ArcelorMittal Business provided that the purchase price for Powerlasers would be $50.0 million, subject to adjustment if the 2006 earnings before interest, taxes, depreciation and amortization (EBITDA) of Powerlasers is less than Cdn $7,750,000. In that case, the purchase price would be $50.0 million less the U.S. dollar equivalent of the product of (1) 6.5 times (ii) the difference between Cdn $7,750,000 and the 2006 EBITDA of Powerlasers. The agreement provided that the price would be payable in the form of a one-year promissory note bearing interest at the prime rate and subordinated in favor of the Company s senior credit facilities.

The Share Purchase Agreement for the ArcelorMittal Business provides that ArcelorMittal would represent and warrant to the Company that: (1) the Powerlasers business, assets and assumed liabilities as of the closing do not include any liabilities other than (i) trade payables (other than transaction costs) and employment liabilities related to the employees of Powerlasers and (ii) other liabilities against which ArcelorMittal would indemnify the Company; and (2) Powerlasers has sufficient, positive net working capital to continue operation of its business consistent with past practice.

The agreement for the acquisition of Powerlasers is also required to contain substantially the same representations, warranties and conditions as the Share Purchase Agreement for the ArcelorMittal Business, except that the Powerlasers agreement would include reasonable adjustments based on the smaller size of the Powerlasers transaction, and would not include a material adverse change condition, except with respect to any event occurring in 2007 that would have a material adverse effect (other than a reduction in EBITDA) on the Powerlasers business, considered as a whole.

Convertible Loan

On March 19, 2008, the Company entered into a Securities Purchase Agreement with ArcelorMittal pursuant to which ArcelorMittal agreed to provide subordinated debt financing to the Company in the form of a convertible subordinated loan in the principal amount of $50 million. The Convertible Loan transaction closed on March 20, 2008, and the Convertible Loan is evidenced by a Convertible Subordinated Note dated March 20, 2008 that matures on March 20, 2013.

The Convertible Subordinated Note is convertible into shares of the Company s Common Stock, in whole or in part, from time to time until March 13, 2013. The Convertible Subordinated Note initially is convertible into shares of Common Stock at $15.75 per share, a price equal to a 25% premium over the simple average of each trading day s volume-weighted average price (Average Price) from and including January 15, 2008 to and including February 15, 2008 (the Initial Conversion Price), subject to adjustment as follows. On each of June 30, September 30, and December 31, 2008 and March 31, 2009 (each, a Reset Date), the conversion price will adjust to the lower of (i) the conversion price in effect at such Reset Date and (ii) a 30% premium over the Average Price for the 30 days ending on the last trading day immediately preceding such Reset Date (but not below a 30% premium over an Average Price of $8.00, i.e., $10.40 per share); provided that, in the absence of approval by the Company s stockholders, in no event will the number of shares issuable upon conversion equal or exceed 20% of the Company s outstanding shares on March 20, 2008, the date of disbursement of the loan. Accordingly, partial conversions of the Convertible Subordinated Note are permitted. The conversion price also is subject to adjustment, from time to time, in certain events, including upon any stock split, stock dividend, recapitalization or otherwise, or the issuance of shares of Common Stock or options or other securities

convertible into or exchangeable for shares of Common Stock at a price per share, or a conversion or exchange price per share, less than the conversion price of the Convertible Subordinated Note then in effect. Upon conversion, the amount to be converted also will include accrued and unpaid interest, if any, and late charges, if any, with respect to the principal and interest converted.

Pursuant to the Securities Purchase Agreement, the Company has agreed: (a) at the next annual meeting of the Company s stockholders, to submit for approval a proposal to allow the issuance of the shares upon conversion in accordance with NASDAQ Marketplace Rule 4350(i) and to use its best efforts to solicit its stockholders approval of such issuance and to cause its Board of Directors to recommend to the stockholders that they approve such proposal; (b) to avail itself of the controlled company exemption regarding corporate governance requirements under the NASDAQ listing requirements at any time that ArcelorMittal s beneficial ownership (including shares held by ArcelorMittal s affiliates) exceeds 50% of the outstanding shares of Common Stock; and (c) promptly following the designation by ArcelorMittal of nominees to serve on the Company s Board of Directors and board committees (the Nominees), to use its best efforts to cause the Nominees to be duly elected to fill vacancies on the Board of Directors in accordance with the Standstill and Stockholder Agreement, as amended by the Agreement and Waiver referred to below.

In connection with the closing under the Securities Purchase Agreement, the Company, ArcelorMittal and Mr. Skandalaris also entered into an Agreement and Waiver which waived the applicability to ArcelorMittal of the standstill provisions and other provisions of the Standstill and Stockholders Agreement. The Company, ArcelorMittal and Mr. Skandalaris also entered into a First Amendment to Registration Rights Agreement (the Amendment to Registration Rights Agreement), which amended the Registration Rights Agreement, dated August 31, 2007, to provide that the Convertible Subordinated Note and the shares issuable upon its conversion are included as securities that ArcelorMittal may require the Company to register.

Our Board of Directors approved the Convertible Loan transaction.

Subordinated Loan for European Operations

On March 28, 2008, Noble European Holdings B.V. (Noble BV), a subsidiary of Noble the Company, entered into a Letter Agreement (the Letter Agreement) with BNP Paribas (BNP) and ArcelorMittal with respect to the Facilities Agreement dated as of August 31, 2007 by and among Noble BV, certain of its subsidiaries named therein and BNP as arranger, agent, security agent and lender (the European Credit Agreement).

Pursuant to the Letter Agreement, the lenders under the European Credit Agreement agreed to, among other things, (i) waive breaches relating to the failure to timely deliver financial statements for the year ended December 31, 2007, an accompanying compliance certificate and an annual budget for 2008 and (ii) waive certain financial covenants for the period ended December 31, 2007.

The waivers provided by the lenders were subject to several conditions, including, without limitation, that Noble BV provide a prepayment in the amount of 20,000,000 no later than May 2, 2008, which prepayment must be funded by the proceeds of a subordinated loan provided to Noble BV by ArcelorMittal or one of its affiliates (the Subordinated ArcelorMittal Loan). The waiver grants by the Letter Agreement would expire and be of no further force or effect if these or any other stated conditions failed to occur. In the event of expiration of the waivers, an Event of Default would occur pursuant to the terms of the European Credit Agreement.

On May 2, 2008 Noble European Holdings B.V. and ArcelorMittal entered into and funded the Subordinated ArcelorMittal Loan. The Subordinated ArcelorMittal Loan requires semi-annual payments of interest at the rate of EURIBOR plus 180 basis points, which matches the interest rate under the European Credit Agreement, and is payable in full within 10 days after expiration or termination of the European Credit

Agreement. The European Credit Agreement is scheduled to terminate on August 31, 2012. As a result of the consummation of the Subordinated ArcelorMittal Loan, the waivers granted by the lenders are still in effect.

Severance Agreement with Robert Skandalaris

In April, 2008, we entered into a severance and release agreement with Robert Skandalaris, our former chairman. See Other Post Employment Payments in the Compensation Discussion and Analysis in this proxy statement for details of the severance and release agreement. Our Board of Directors approved the severance and release agreement with Mr. Skandalaris.

OTHER MATTERS

The board of directors does not know of any other matters to come before the meeting. However, if any other matters properly come before the meeting, it is the intention of the persons designated as proxies to vote in accordance with their best judgment on such matters.

STOCKHOLDER PROPOSALS

Stockholders who intend to have a proposal considered for inclusion in our proxy materials for presentation at the 2009 annual meeting of stockholders must submit the written proposal to us no later than January 31, 2009. Stockholders who intend to present a proposal at the 2009 annual meeting of stockholders without inclusion of such proposal in our proxy materials are required to provide notice of such proposal to us no later than April 15, 2009. The persons named in our proxy for our annual meeting of stockholders to be held in May 2009 may exercise discretionary voting power with respect to any such proposal as to which we do not receive timely notice. We reserve the right to reject, rule out of order, or take other appropriate action with respect to any proposal that does not comply with these and other applicable requirements.

EXPENSES AND SOLICITATION

Noble will pay the cost of soliciting proxies. Directors, officers and employees of Noble may solicit proxies on behalf of Noble in person or by telephone, facsimile or other means.

In accordance with the regulations of the SEC and the NASDAQ, Noble also will reimburse brokerage firms and other custodians, nominees and fiduciaries for their expenses incurred in sending proxies and proxy materials to beneficial owners of Noble common stock.

The reports of the audit committee and the compensation committee included elsewhere in this proxy statement do not constitute soliciting materials and should not be deemed filed or incorporated by reference into any other filing made by us under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that we specifically incorporated these reports by reference in another filing.

WHERE YOU CAN FIND MORE INFORMATION

We file reports, proxy statements and other information with the SEC as required by the Exchange Act. To read or obtain copies of our SEC filings, you may visit the SEC in person, request the documents in writing at prescribed rates or view our filings on the SEC website at:

SEC Public Reference Room

100 F Street, N.E.

Washington, D.C. 20549

(800) SEC-0330

www.sec.gov

Statements contained in this proxy statement are qualified in all respects by reference to the copy of the relevant agreement referenced in this proxy statement.

If you would like additional copies of this proxy statement, or if you have questions about any of the proposals to be voted on at the annual meeting, you should contact:

Noble International, Ltd.

Attn: Andrew J. Tavi

Corporate Secretary

840 W. Long Lake Road, Suite 601

Troy, Michigan 48098 (USA)

(248) 519-0700

You can also find additional information about us at our Internet website at: *http://www.nobleintl.com/home.html.* Information contained on our Internet website does not constitute part of this document.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

We have elected to incorporate by reference certain information into this proxy statement. By incorporating by reference, we can disclose important information to you by referring you to another document we have filed separately with the SEC. The information incorporated by reference is deemed to be part of this proxy statement, except for information incorporated by reference that is superseded by information contained in this proxy statement or incorporated by reference to a subsequent document that we filed with the SEC. This proxy statement incorporates by reference the following documents:

- our annual report on Form 10-K and Form 10-K/A filed on April 14, 2008 and April 29, 2008 for the year ended December 31, 2007;
- our quarterly report on Form 10-Q for the quarterly period ended March 31, 2008; and
- any documents we file with the SEC prior to the 2008 annual meeting of stockholders.

You may request a copy of any document incorporated by reference herein at no cost, by writing or calling us at the following address:

Noble International, Ltd.

Attn: Andrew J. Tavi

Corporate Secretary

840 W. Long Lake Road, Suite 601

Troy, Michigan 48098 (USA)

(248) 519-0700

You should only rely on the information contained or incorporated by reference in this proxy statement. We have not authorized anyone else to provide you with different information.

ANNUAL REPORT

Our annual report to stockholders for the year ended December 31, 2007 and our quarterly report on Form 10-Q for our first fiscal quarter of 2008, accompany this proxy statement. **You may request a copy of our annual report on Form 10-K, as amended, and quarterly report on Form 10-Q, at no cost, including financial statements and financial statement schedules filed with the SEC, by contacting us at the address or telephone number set forth above.**

REQUEST TO RETURN PROXIES PROMPTLY

A Proxy is enclosed for your use. Please mark, date, sign and return the Proxy at your earliest convenience or vote through the telephone or Internet procedures set forth on the proxy card. The Proxy requires no postage if mailed in the United States in the postage-paid envelope provided. A prompt return of your Proxy will be appreciated.

By Order of the Board of Directors,

Andrew J. Tavi,
Secretary

Troy, Michigan

June , 2008

NOBLE INTERNATIONAL, LTD. PROXY 2008 ANNUAL MEETING

Solicited on behalf of the Board of Directors for the Annual Meeting on July 17, 2008

The undersigned, a Stockholder of Noble International, Ltd., a Delaware corporation, appoints each of Thomas E. Saeli and Andrew J. Tavi, individually as his, her or its true and lawful agent and proxy, with full power of substitution, to vote all the shares of stock that the undersigned would be entitled to vote if personally present at the Annual Meeting of Stockholders of Noble International, Ltd. to be held at _____, on Thursday, July 17, 2008 at 10:00 a.m., and any adjournment(s) thereof, with respect to the following matters which are more fully explained in the Proxy Statement of the Company dated June __ 2008, receipt of which is acknowledged by the undersigned:

NOBLE INTERNATIONAL, LTD.

June __, 2008

Co. # _____ Acct. # _____

PROXY VOTING INSTRUCTIONS

TO VOTE BY MAIL. Please date, sign and mail your proxy card in the envelope provided as soon as possible.

TO VOTE BY TELEPHONE (TOUCH-TONE ONLY). Please call toll-free 1-800-PROXIES and follow the instructions. Have your control number and the proxy card available when you call.

TO VOTE BY INTERNET. Please access the web page at www.voteproxy.com and follow the on-screen instructions. Have your control number available when you access the web page.

YOUR CONTROL NUMBER IS

ITEM 1: ELECTION OF DIRECTORS

_____ **FOR** all nominees (Except as listed below) _____ **WITHHOLD AUTHORITY** (As to all nominees.)

Nominees: **Richard P. McCracken, Jean-François Crancée, Jean-Luc Maurange, Philippe Landron, Gerard Picard, James R. Thomas, and Thomas E. Saeli**

Instruction: To withhold authority to vote for any individual nominee(s), write that nominee s name in the space provided below.

ITEM 2: PROPOSED ISSUANCE OF COMMON STOCK TO ARCELORMITTAL UPON CONVERSION OF NOBLE S 6.00% CONVERTIBLE SUBORDINATED NOTE DUE MARCH 20, 2013 TO THE EXTENT THE NUMBER OF SHARES ISSUED EQUALS OR EXCEEDS 20% OF NOBLE S COMMON STOCK OUTSTANDING AS OF MARCH 20, 2008

_____ FOR _____ AGAINST _____ ABSTAIN

ITEM 3: RATIFICATION OF DELOITTE & TOUCHE LLP AS THE COMPANY S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

ITEM 4: THE TRANSACTION OF SUCH OTHER BUSINESS AS MAY PROPERLY COME BEFORE THE ANNUAL MEETINGS

This proxy will be voted in accordance with the instructions given. If no direction is made, the shares represented by this proxy will be voted FOR the election of the directors nominated by the Board of Directors, FOR the proposed issuance of common stock to ArcelorMittal upon conversion of its convertible subordinated note to the extent the number of shares issued equals or exceeds 20% of our common stock outstanding as of March 20, 2008, and FOR the ratification of Deloitte & Touche as the Company s Independent Registered Public Accounting Firm, and will be voted in accordance with the discretion of the proxies upon all other matters which may come before the Annual Meeting.

DATED: , 2008

Signature of Stockholder

Signature of Stockholder

PLEASE SIGN AS YOUR NAME APPEARS ON THE PROXY

Trustees, Guardians, Personal and other Representatives, please indicate full titles.