

NOBLE CORP
Form 10-Q
May 02, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended: March 31, 2013

OR

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

For the transition period from _____ to _____

Commission file number: 000-53604

NOBLE CORPORATION

(Exact name of registrant as specified in its charter)

Switzerland
(State or other jurisdiction of
incorporation or organization)

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

Dorfstrasse 19A, Baar, Switzerland 6340

(Address of principal executive offices) (Zip Code)

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

Commission file number: 001-31306

NOBLE CORPORATION

(Exact name of registrant as specified in its charter)

Cayman Islands
(State or other jurisdiction of
incorporation or organization)

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

Suite 3D, Landmark Square, 64 Earth Close, P.O. Box 31327 George Town, Grand Cayman, Cayman Islands, KY1-1206

(Address of principal executive offices) (Zip Code)

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

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

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

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

Noble-Swiss:	Large accelerated filer <input checked="" type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input type="checkbox"/>	Smaller reporting company <input type="checkbox"/>
Noble-Cayman:	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>

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

Number of shares outstanding and trading at April 26, 2013: Noble Corporation (Switzerland) 253,273,925

Number of shares outstanding at April 26, 2013: Noble Corporation (Cayman Islands) 261,245,693

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

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

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

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

	March 31, 2013	December 31, 2012
ASSETS		
Current assets		
Cash and cash equivalents	\$ 214,528	\$ 282,092
Accounts receivable	887,759	743,673
Taxes receivable	115,720	112,423
Prepaid expenses	97,961	43,962
Other current assets	112,597	123,175
Total current assets	1,428,565	1,305,325
Property and equipment, at cost	17,329,558	16,971,666
Accumulated depreciation	(4,144,693)	(3,945,694)
Property and equipment, net	13,184,865	13,025,972
Other assets	276,528	276,477
Total assets	\$ 14,889,958	\$ 14,607,774
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable	\$ 319,674	\$ 350,147
Accrued payroll and related costs	118,706	132,728
Interest payable	23,701	68,436
Taxes payable	147,557	135,257
Dividends payable	33,340	66,369
Other current liabilities	169,207	158,512
Total current liabilities	812,185	911,449
Long-term debt	4,844,193	4,634,375
Deferred income taxes	223,500	226,045
Other liabilities	347,395	347,615
Total liabilities	6,227,273	6,119,484
Commitments and contingencies		
Shareholders' equity		

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Shares; 254,014 and 253,348 shares outstanding	712,000	710,130
Treasury shares, at cost; 755 and 589 shares	(27,806)	(21,069)
Additional paid-in capital	92,289	83,531
Retained earnings	7,215,777	7,066,023
Accumulated other comprehensive loss	(112,352)	(115,449)
Total shareholders equity	7,879,908	7,723,166
Noncontrolling interests	782,777	765,124
Total equity	8,662,685	8,488,290
Total liabilities and equity	\$ 14,889,958	\$ 14,607,774

See accompanying notes to the unaudited consolidated financial statements.

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

	Three Months Ended March 31,	
	2013	2012
Operating revenues		
Contract drilling services	\$ 928,737	\$ 746,310
Reimbursables	21,174	35,141
Labor contract drilling services	21,054	16,008
Other	10	231
	970,975	797,690
Operating costs and expenses		
Contract drilling services	484,087	420,011
Reimbursables	14,922	30,601
Labor contract drilling services	12,249	9,232
Depreciation and amortization	206,156	171,077
General and administrative	25,570	23,126
Gain on contract extinguishment	(1,800)	
	741,184	654,047
Operating income	229,791	143,643
Other income (expense)		
Interest expense, net of amount capitalized	(27,301)	(10,496)
Interest income and other, net	(425)	1,785
Income before income taxes	202,065	134,932
Income tax provision	(34,352)	(21,589)
Net income	167,713	113,343
Net (income) loss attributable to noncontrolling interests	(17,653)	6,832
Net income attributable to Noble Corporation	\$ 150,060	\$ 120,175
Net income per share		
Basic	\$ 0.59	\$ 0.47
Diluted	\$ 0.59	\$ 0.47

See accompanying notes to the unaudited consolidated financial statements.

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NOBLE CORPORATION (NOBLE-SWISS) AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(In thousands)

(Unaudited)

	Three Months Ended	
	March 31,	
	2013	2012
Net income	\$ 167,713	\$ 113,343
Other comprehensive income (loss), net of tax		
Foreign currency translation adjustments	2,657	(41)
Foreign currency forward contracts	(1,202)	2,417
Amortization of deferred pension plan amounts (net of tax provision of \$730 in 2013 and \$720 in 2012)	1,642	1,385
Other comprehensive income, net	3,097	3,761
Net comprehensive (income) loss attributable to noncontrolling interests	(17,653)	6,832
Comprehensive income attributable to Noble Corporation	\$ 153,157	\$ 123,936

See accompanying notes to the unaudited consolidated financial statements.

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

	Three Months Ended March 31,	
	2013	2012
Cash flows from operating activities		
Net income	\$ 167,713	\$ 113,343
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	206,156	171,077
Deferred income taxes	(2,735)	(4,075)
Amortization of share-based compensation	10,155	8,753
Net change in other assets and liabilities	(178,737)	(188,472)
Net cash from operating activities	202,552	100,626
Cash flows from investing activities		
Capital expenditures	(371,990)	(364,883)
Change in accrued capital expenditures	(66,312)	(127,393)
Net cash from investing activities	(438,302)	(492,276)
Cash flows from financing activities		
Net change in borrowings outstanding on bank credit facilities	209,680	(825,000)
Proceeds from issuance of senior notes, net of debt issuance costs		1,186,636
Contributions from joint venture partners		40,000
Financing costs on credit facilities	(1,895)	
Par value reduction/dividend payments	(33,335)	(36,370)
Proceeds from employee stock transactions	473	2,479
Repurchases of employee shares surrendered for taxes		