

PACIFIC DRILLING V LIMITED

Balance Sheets
(in thousands) (unaudited)

	December 31,	
	2015	2014
Assets:		
Cash and cash equivalents.....	\$ —	\$ 7,001
Accounts receivable.....	30,696	42,035
Intercompany receivable.....	249,869	252,297
Materials and supplies.....	13,831	13,554
Deferred financing costs, current.....	2,689	2,484
Deferred costs, current.....	—	11,508
Prepaid expenses and other current assets.....	19	4,435
Total current assets.....	297,104	333,314
Property and equipment, net.....	611,610	640,165
Deferred financing costs.....	2,661	5,350
Total assets.....	\$ 911,375	\$ 978,829
Liabilities and shareholder's equity:		
Accounts payable.....	\$ 4,812	\$ 3,079
Intercompany payable.....	51,400	136,473
Accrued expenses.....	2,294	1,327
Accrued interest.....	3,021	3,021
Deferred revenue, current.....	—	30,678
Total current liabilities.....	61,527	174,578
Long-term debt, net of current maturities.....	498,886	498,369
Intercompany long-term debt.....	260,643	260,643
Other long-term liabilities.....	3,635	3,857
Total long-term liabilities.....	763,164	762,869
Commitments and contingencies		
Shareholder's equity:		
Retained earnings	86,684	41,382
Total shareholder's equity.....	86,684	41,382
Total liabilities and shareholder's equity.....	\$ 911,375	\$ 978,829

PACIFIC DRILLING V LIMITED

Statements of Income
(in thousands) (unaudited)

	Year Ended December 31,	
	2015	2014
Revenues		
Contract drilling.....	\$ 219,609	\$ 230,356
Costs and expenses		
Operating expenses.....	(61,270)	(66,128)
General and administrative intercompany expenses.....	(5,225)	(5,612)
Depreciation expense.....	(33,682)	(33,431)
	<u>(100,177)</u>	<u>(105,171)</u>
Operating income	119,432	125,185
Other expense		
Interest expense.....	(40,033)	(39,160)
Intercompany interest expense.....	(22,356)	(24,657)
Other expense.....	(87)	(75)
	<u>56,956</u>	<u>61,293</u>
Income before income taxes	56,956	61,293
Income tax expense.....	(11,654)	(9,899)
	<u>(11,654)</u>	<u>(9,899)</u>
Net income	\$ <u>45,302</u>	\$ <u>51,394</u>

PACIFIC DRILLING V LIMITED

Statements of Cash Flows
(in thousands) (unaudited)

	Year Ended December 31,	
	2015	2014
Cash flow from operating activities:		
Net income	\$ 45,302	\$ 51,394
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation expense.....	33,682	33,431
Amortization of deferred revenue.....	(31,822)	(32,132)
Amortization of deferred costs.....	11,457	12,019
Amortization of deferred financing costs.....	2,484	2,293
Amortization of debt discount.....	517	477
Deferred income tax.....	3,812	2,268
Changes in operating assets and liabilities:		
Accounts receivable.....	11,339	28,220
Materials and supplies.....	(277)	(2,881)
Prepaid expenses and other assets.....	655	(4,596)
Accounts payable and accrued expenses.....	2,480	(1,833)
Deferred revenue.....	1,144	6,915
Net cash provided by operating activities.....	80,773	95,575
Cash flow from investing activities:		
Capital expenditures.....	(5,129)	(8,594)
Net cash used in investing activities.....	(5,129)	(8,594)
Cash flow from financing activities:		
Intercompany, net.....	(82,645)	(81,289)
Net cash used in financing activities.....	(82,645)	(81,289)
Increase (decrease) in cash and cash equivalents.....	(7,001)	5,692
Cash and cash equivalents, beginning of period.....	7,001	1,309
Cash and cash equivalents, end of period.....	\$ —	\$ 7,001