

PACIFIC DRILLING V LIMITED

Balance Sheets
(in thousands) (unaudited)

	December 31,	
	2016	2015
Assets:		
Cash and cash equivalents.....	\$ 3,722	\$ —
Accounts receivable.....	—	30,696
Intercompany receivable.....	164,755	249,869
Materials and supplies.....	13,049	13,831
Prepaid expenses and other current assets.....	1,222	19
Total current assets.....	182,748	294,415
Property and equipment, net.....	580,969	611,610
Other assets.....	2,303	—
Total assets.....	\$ 766,020	\$ 906,025
Liabilities and shareholder's equity:		
Accounts payable.....	\$ 1,603	\$ 4,812
Intercompany payable.....	72,448	51,400
Long-term debt, current.....	419,725 ^(a)	—
Accrued expenses.....	250	2,294
Accrued interest.....	2,635	3,021
Total current liabilities.....	496,661	61,527
Long-term debt, net of current maturities.....	—	493,536
Intercompany long-term debt.....	260,643	260,643
Other long-term liabilities.....	3,862	3,635
Total long-term liabilities.....	264,505	757,814
Commitments and contingencies		
Shareholder's equity:		
Retained earnings	4,854	86,684
Total shareholder's equity.....	4,854	86,684
Total liabilities and shareholder's equity.....	\$ 766,020	\$ 906,025

^(a) Long-term debt, current as of December 31, 2016 is presented net of unamortized deferred financing costs as follows:

Balance	\$ 438,880
Less: unamortized deferred financing costs	(19,155)
Net	\$ 419,725

PACIFIC DRILLING V LIMITED

Statements of Operations
(in thousands) (unaudited)

	Years Ended December 31,	
	2016	2015
Revenues		
Contract drilling.....	\$ —	\$ 219,609
Costs and expenses		
Operating expenses.....	(14,079)	(61,270)
General and administrative intercompany expenses.....	(5,143)	(5,225)
Depreciation expense.....	(34,032)	(33,682)
	<u>(53,254)</u>	<u>(100,177)</u>
Operating income (loss)	(53,254)	119,432
Other income (expense)		
Interest expense.....	(41,559)	(40,033)
Intercompany interest expense.....	(22,303)	(22,356)
Gain on debt extinguishment.....	36,233	—
Other expense.....	(13)	(87)
	<u>(80,896)</u>	<u>56,956</u>
Income (loss) before income taxes.....	(80,896)	56,956
Income tax expense.....	(934)	(11,654)
	<u>(934)</u>	<u>(11,654)</u>
Net income (loss)	\$ (81,830)	\$ 45,302

PACIFIC DRILLING V LIMITED

Statements of Cash Flows
(in thousands) (unaudited)

	Years Ended December 31,	
	2016	2015
Cash flow from operating activities:		
Net income (loss)	\$ (81,830)	\$ 45,302
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation expense.....	34,032	33,682
Amortization of deferred revenue.....	—	(31,822)
Amortization of deferred costs.....	33	11,457
Amortization of deferred financing costs.....	6,840	2,484
Amortization of debt discount.....	532	517
Deferred income tax.....	458	3,812
Gain on debt extinguishment.....	(36,233)	—
Changes in operating assets and liabilities:		
Accounts receivable.....	30,696	11,339
Materials and supplies.....	782	(277)
Prepaid expenses and other assets.....	(3,997)	655
Accounts payable and accrued expenses.....	(4,998)	2,480
Deferred revenue.....	—	1,144
Net cash provided by (used in) operating activities.....	<u>(53,685)</u>	<u>80,773</u>
Cash flow from investing activities:		
Capital expenditures.....	(533)	(5,129)
Net cash used in investing activities.....	<u>(533)</u>	<u>(5,129)</u>
Cash flow from financing activities:		
Intercompany, net.....	102,630	(82,645)
Payments on long-term debt.....	(23,575)	—
Payments for financing costs.....	(21,115)	—
Net cash provided by (used in) financing activities.....	<u>57,940</u>	<u>(82,645)</u>
Increase (decrease) in cash and cash equivalents.....	3,722	(7,001)
Cash and cash equivalents, beginning of period.....	—	7,001
Cash and cash equivalents, end of period.....	<u>\$ 3,722</u>	<u>\$ —</u>