

PACIFIC DRILLING V LIMITED

Balance Sheets
(in thousands) (unaudited)

	September 30, 2016	December 31, 2015
	<u>2016</u>	<u>2015</u>
Assets:		
Accounts receivable.....	\$ —	\$ 30,696
Intercompany receivable.....	209,977	249,869
Materials and supplies.....	13,434	13,831
Prepaid expenses and other current assets.....	1,354	19
Total current assets.....	<u>224,765</u>	<u>294,415</u>
Property and equipment, net.....	589,380	611,610
Other assets.....	1,675	—
Total assets.....	<u>\$ 815,820</u>	<u>\$ 906,025</u>
Liabilities and shareholders' equity:		
Accounts payable.....	\$ 1,706	\$ 4,812
Intercompany payable.....	67,173	51,400
Accrued expenses.....	131	2,294
Accrued interest.....	10,598	3,021
Total current liabilities.....	<u>79,608</u>	<u>61,527</u>
Long-term debt, net of current maturities.....	435,863	493,536
Intercompany long-term debt.....	260,643	260,643
Other long-term liabilities.....	3,111	3,635
Total long-term liabilities.....	<u>699,617</u>	<u>757,814</u>
Commitments and contingencies		
Shareholders' equity:		
Retained earnings	<u>36,595</u>	<u>86,684</u>
Total shareholders' equity.....	<u>36,595</u>	<u>86,684</u>
Total liabilities and shareholders' equity.....	<u>\$ 815,820</u>	<u>\$ 906,025</u>

PACIFIC DRILLING V LIMITED

Statements of Operations
(in thousands) (unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Revenues				
Contract drilling.....	\$ —	\$ 46,872	\$ —	\$ 169,418
Costs and expenses				
Operating expenses.....	(3,110)	(14,103)	(11,213)	(46,816)
General and administrative intercompany expenses.....	(1,182)	(1,258)	(3,775)	(4,138)
Depreciation expense.....	(8,554)	(8,432)	(25,487)	(25,216)
	(12,846)	(23,793)	(40,475)	(76,170)
Operating income (loss)	(12,846)	23,079	(40,475)	93,248
Other expense				
Interest expense.....	(9,157)	(10,012)	(28,619)	(30,005)
Intercompany interest expense.....	(5,737)	(5,801)	(17,030)	(16,944)
Gain on debt extinguishment.....	22,002	—	36,233	—
Other expense.....	(11)	(29)	(16)	(65)
Income (loss) before income taxes.....	(5,749)	7,237	(49,907)	46,234
Income tax expense.....	(61)	(2,565)	(182)	(8,478)
Net income (loss)	\$ (5,810)	\$ 4,672	\$ (50,089)	\$ 37,756

PACIFIC DRILLING V LIMITED

Statements of Cash Flows
(in thousands) (unaudited)

	Nine Months Ended September 30,	
	2016	2015
Cash flow from operating activities:		
Net income (loss)	\$ (50,089)	\$ 37,756
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation expense.....	25,487	25,216
Amortization of deferred revenue.....	—	(24,703)
Amortization of deferred costs.....	196	8,977
Amortization of deferred financing costs.....	1,981	1,844
Amortization of debt discount.....	413	384
Deferred income taxes.....	182	(2,238)
Gain on debt extinguishment.....	(36,233)	—
Changes in operating assets and liabilities:		
Accounts receivable.....	30,465	17,426
Materials and supplies.....	397	(1,903)
Prepaid expenses and other assets.....	(3,157)	2,443
Accounts payable and accrued expenses.....	2,227	10,417
Deferred revenue.....	—	1,144
Net cash provided by (used in) operating activities.....	(28,131)	76,763
Cash flow from investing activities:		
Capital expenditures.....	(427)	(4,052)
Net cash used in investing activities.....	(427)	(4,052)
Cash flow from financing activities:		
Intercompany, net.....	52,133	(79,712)
Payments on long-term debt.....	(23,575)	—
Net cash provided by (used in) financing activities.....	28,558	(79,712)
Decrease in cash and cash equivalents.....	—	(7,001)
Cash and cash equivalents, beginning of period.....	—	7,001
Cash and cash equivalents, end of period.....	\$ —	\$ —