The Robert W. Campbell Award
Business Case No. 1

Noble Corporation
Project Windmill
Strategy
Structure
Systems
Staffing
Skills
Style
Shared values

THE ROBERT W. CAMPBELL AWARD
International Award for Business Excellence through Safety, Health and Environmental Management
Alignment

- Staffing
- Strategy
- Structure
- Systems
- Style
- Shared values
- Skills
NOBLE DRILLING CORP
Project Windmill

The Central Role of Health, Safety and Operational Excellence in International Expansion
What are the risks inherent to drilling oil?

- **Financial Risks:**
  - Boom and Bust Cycles in the Oil Industry
  - Unpredictable Oil Supply & Steadily Increasing Demand for Oil
  - Over-Supply of Drilling Assets

- **Physical Risks:**
  - Health & Safety of Rig Workers
    - especially in harsh deepwater locations

![Source: ODS Petrodata](chart.png)
Noble’s Strategy: Risk Reduction

Achieve Industry-Leading ROCE by Acquiring and Refurbishing Used Assets

- $90K per day: Day Rates necessary to earn 11% ROCE on $125 M cost to build a new rig
- $201K per day: Day Rates necessary to earn 11% ROCE on $350M cost to build a new rig

- US Gulf of Mexico 300’ ILC jackup average dayrates
- Worldwide 6,000’ and greater semisubmersible and drillship average dayrates
- Replacement dayrates - $125 million jackup; $350 million floater – ROCE of 11% over 25 years
Noble’s Strategy: Risk Reduction

Achieve **Operational Excellence**, by:

- **Reducing Financial Risks:**
  - Acquiring and buying during downturns to avoid overpaying and to boost ROCE
  - Growing into high-margin drilling markets (first offshore, now deepwater)
  - Minimizing debt

- **Reducing Physical Risks:**
  - Investing in HSE (Health, Safety and Environment)
    - Systems, processes, and top-of-the-line assets
## Proved Oil Reserves – 2004
(Top Twenty Countries)

<table>
<thead>
<tr>
<th>Country</th>
<th>Oil Reserves (Thousand million barrels)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Saudi Arabia</td>
<td>262.7</td>
</tr>
<tr>
<td>Iran</td>
<td>130.7</td>
</tr>
<tr>
<td>Iraq</td>
<td>115.0</td>
</tr>
<tr>
<td>UAE</td>
<td>97.8</td>
</tr>
<tr>
<td>Kuwait</td>
<td>96.5</td>
</tr>
<tr>
<td>Venezuela</td>
<td>78.0</td>
</tr>
<tr>
<td>Russian Federation</td>
<td>69.1</td>
</tr>
<tr>
<td>Libya</td>
<td>36.0</td>
</tr>
<tr>
<td>Nigeria</td>
<td>34.3</td>
</tr>
<tr>
<td>U.S.A.</td>
<td>30.7</td>
</tr>
<tr>
<td>China</td>
<td>23.7</td>
</tr>
<tr>
<td>Canada</td>
<td>16.9</td>
</tr>
<tr>
<td>Mexico</td>
<td>16.0</td>
</tr>
<tr>
<td>Qatar</td>
<td>15.2</td>
</tr>
<tr>
<td>Algeria</td>
<td>11.3</td>
</tr>
<tr>
<td>Brazil</td>
<td>10.6</td>
</tr>
<tr>
<td>Norway</td>
<td>10.0</td>
</tr>
<tr>
<td>Angola</td>
<td>8.9</td>
</tr>
<tr>
<td>India</td>
<td>5.6</td>
</tr>
<tr>
<td>UK</td>
<td>4.5</td>
</tr>
</tbody>
</table>

**Source** – BP 2004 Statistical Revue of World Energy

Thousand million barrels
The Tactics Behind Noble’s Strategy

Noble aligns its 7 Ss well, around HSE

(Strategy, Style, Skills, Staffing, Structure, Shared Values, Systems)

Noble is profitable and can therefore be safe

Noble is safe and therefore is profitable

Noble aligns its 7 Ss well, around HSE

(REPUTATION (fastest, deepest, safest))

Best employees
Best contracts
Low-rate financing

Financial Performance

Operational Excellence

HSE Investment
Noble’s Shared Values

Core Values that Serve as Guiding Principles:

- People = most important asset
  - Code of Business Conduct

From the Will of Lloyd Noble…

- Operational Excellence
  “My hope is that when into other hands are placed the responsibility for the management of our mutually built enterprise, those in command will not lose sight of the fact that no individual builds anything worthwhile by his effort alone; that, though none of us can be totally fair, as we are human, our companies will continue down through the years to attempt to give to people associated with them an equitable portion of the fruits of their labor which, of course, bears with it the like responsibility on the part of the management to weed out those who do not want to make a sincere contribution, in order that room may be made for those who do. It has been my further belief that it was the duty of management, and to that end my mind has been constantly surcharged, to so build the organization that when men evidenced capabilities to give them a part of my work and find other tasks to do which might result in increased benefits to the organization, or step aside; and, on the other hand, should death intervene, to have matters so arranged that I would be missed personally, while the machinery continued to function smoothly.”

- Social Responsibility

- Drilling Innovation

- Build Long Term Value

Enabled by HSE
Noble’s Management Style

Senior Management Style provides strong visual leadership founded on:

- Integrity and Honesty
  - “Code of Business Conduct”

- Commitment to HSE and Operational Excellence
  - Increased HSE spending as % of NI (8.5% in 2003)
  - Quarterly safety meetings & weekly world-wide conference calls
  - Environmental Steering Committee
  - Shared operational learning and best practice

- Commitment to their Employees
Noble’s Management Style

“People are our most important assets – Their safety our greatest responsibility.”

– James C. Day
Chairman of the Board
and Chief Executive Officer
Highly Skilled Staff maintains operational excellence

- Selective recruiting
- Personality and behavioral assessments -> right people, right jobs
- Testing process incorporates mental alertness
- Constant monitoring -> continuous improvement
- Hiring and promotion based on competence
Noble Develops Staff Skills

Continuous Training Focused on Safety

- Entry-level training
- Competency assurance program
- Safety-leadership training
  - Communication & Management skills
  - Group safety exercises and case studies
  - HSE policy awareness
  - Leadership skills
  - Personal Development
Noble’s HSE-centric Structure

- HSEQ Dept is a critical to organizational structure:
  - Determining and implementing policy
  - Setting performance goals
  - Measuring key performance indicators
  - Providing feedback to continually improve performance

- STS (Safety Training Supervisor) position
Noble’s HSEQ Management Systems – achieving operational excellence by driving:

- **Senior Management Commitment to HSEQ**
  - Quarterly safety meetings & weekly world-wide conference calls
  - Environmental Steering Committee
  - Investment in HSE Systems – integrated in the capital budget process:
    - ISO 9001 & 14001 Certification
    - International Safety Management Code
    - Lean Six Sigma
    - Rig Standardization Team

- **Organizational HSE-Focus**
  - Short Term Incentive Plan
  - "Right to Refuse Work" Policy
  - JSAs (Job Safety Analyses) – hazard identification and mitigation
  - Competency Assurance Program
Noble’s HSEQ Management *Systems* – achieving operational excellence by driving:

- **On-going HSE and Performance Monitoring**
  - HSE Committee
  - Robust audit plan where auditors are welcomed
  - NDOR (Noble Daily Operations Report) and I.D.E.A.S (Improved Drilling Efficiency Accountability System)
  - Dashboard Reports
Dashboard Reports: Leading and Lagging HSE Metrics are Reported to CEO and Board of Directors

**Leading Indicator**
Metric that is generated proactively with the goal of preventing an undesired event audits, job safety analysis, STOP observations etc.

**Lagging Indicator**
Metric that provides a historical baseline for tracking performance and identifying trends in incidents, emissions & turnover.
Noble HSE Management System

All Noble Divisions & Engineering are now participating in the Noble HSE Intranet / CD

Standardization:
1. HSE Polices
2. Engineering Standards
3. Safety Supplies
4. Medical Supplies
5. Rigging and Lifting Best Practices
6. Alerts
7. Publications
In 2000 Noble’s European Division became the first drilling contractor in the world to become ISO 14001 certified.
HSE Improvement as well as Growth

Note: Replacement value of fleet was $6.3 billion per Jefferies’ November/December 2003 report
Alignment of 7S’s → Shareholder Value

Claim Count

- Claims < $10k
- Claims > $10k, < $100k
- Claims > $100k

Year:
- 1998
- 1999
- 2000
- 2001
- 2002
- 2003
- 2004
Neddrill Rigs, 1994-2004

Post-Acquisition Results: HSE

Noble acquires rigs from Neddrill

LTI Rate

Recordable Rate
Post-Acquisition Results: HSE

Lost Time Incident (LTI) Rate Noble vs. IADC
(per 200,000 man-hours)

- Acquired Neddrill
Post-Acquisition Results: Financial

Leader in ROCE - (compared to direct competitors)

- **Noble**: 9.6% (2004), 7.9% (2003), 6.7% (2002)
- **Diamond**: 2.7% (2004), 2.5% (2003), 0.9% (2002)
- **ENSCO**: 6.3% (2004), 4.6% (2003), 3.8% (2002)
- **GlobalSantaFe**: 2.7% (2004), 2.7% (2003), 0.9% (2002)
- **Rowan**: 0.3% (2004), 0.1% (2003), 0.1% (2002)

Source: Noble Corporation, SEC Filings

(1) Year-to-date September 30, 2004 annualized, except Noble, which is actual full year 2004.
Post-Acquisition Results: Financial

Leading Margins and EPS - (compared to direct competitors)

Source: 2004 Form 10-K's
Post-Acquisition Results: Financial

$ per Share Remained Steady through Industry Cycles

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>Total</th>
<th>2005(e)</th>
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<tbody>
<tr>
<td>Noble</td>
<td>$1.57</td>
<td>$1.25</td>
<td>$1.09</td>
<td>$3.91</td>
<td>$2.22</td>
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<tr>
<td>Diamond</td>
<td>.47</td>
<td>(.37)</td>
<td>(.06)</td>
<td>.04</td>
<td>1.48</td>
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<tr>
<td>Ensco</td>
<td>.75</td>
<td>.72</td>
<td>.69</td>
<td>2.16</td>
<td>1.48</td>
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<tr>
<td>GlobalSantaFe</td>
<td>1.18</td>
<td>.46</td>
<td>.24</td>
<td>1.88</td>
<td>1.35</td>
</tr>
<tr>
<td>Rowan</td>
<td>(.17)</td>
<td>(.08)</td>
<td>.25</td>
<td>-</td>
<td>1.25</td>
</tr>
<tr>
<td>Transocean</td>
<td>1.14</td>
<td>.22</td>
<td>.32</td>
<td>1.68</td>
<td>1.45</td>
</tr>
</tbody>
</table>

Source: Noble Corporation, SEC Filings
Note: Excludes nonrecurring items reported by competitors
1 - Based on First Call estimates as of February 28, 2005
Post-Acquisition Results: Financial

**Noble: Real Long-Term Value Creators**

<table>
<thead>
<tr>
<th>Stock</th>
<th>Dec. 31, 2004</th>
<th>2004 Return</th>
<th>3-Year Return</th>
<th>Cumulative Return (based on $100 invested)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Noble</td>
<td>49.74</td>
<td>39%</td>
<td>46%</td>
<td>273</td>
</tr>
<tr>
<td>Diamond</td>
<td>40.05</td>
<td>95%</td>
<td>32%</td>
<td>140</td>
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<tr>
<td>Ensco</td>
<td>31.74</td>
<td>17%</td>
<td>28%</td>
<td>133</td>
</tr>
<tr>
<td>Rowan</td>
<td>25.90</td>
<td>12%</td>
<td>34%</td>
<td>118</td>
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<tr>
<td>Transocean</td>
<td>42.39</td>
<td>77%</td>
<td>25%</td>
<td>156</td>
</tr>
<tr>
<td>GlobalSantaFe</td>
<td>33.11</td>
<td>33%</td>
<td>16%</td>
<td>162</td>
</tr>
<tr>
<td>S&amp;P 500 Index</td>
<td>1211.92</td>
<td>9%</td>
<td>6%</td>
<td>151</td>
</tr>
<tr>
<td>OSX Index</td>
<td>123.94</td>
<td>32%</td>
<td>42%</td>
<td>172</td>
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</tbody>
</table>

*Since February 20, 1997 – beginning of OSX Index*
Winner of the inaugural National Safety Council Robert W. Campbell Award

International Award for Business Excellence through Safety, Health & Environmental Management.