Ensco plc

Annual Report and Financial Statements

Registered number 07023598

31 December 2014

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Strategic report

Our business

Ensco plc ("we," "our" or the "company") is one of the leading providers of offshore contract drilling services to the international oil and gas industry. We currently own and operate an offshore drilling rig fleet of 70 rigs, including seven rigs currently under construction, with drilling operations in most of the strategic markets around the globe. Our rig fleet includes ten drillships, 13 dynamically positioned semisubmersible rigs, five moored semisubmersible rigs and 42 jackup rigs. Our fleet is the world's second largest amongst competitive rigs, our ultra-deepwater fleet is one of the newest in the industry, and our premium jackup fleet is the largest of any offshore drilling company.

Our customers include many of the leading national and international oil companies, in addition to many independent operators. We are among the most geographically diverse offshore drilling companies, with current operations and drilling contracts spanning approximately 20 countries on six continents in nearly every major offshore basin around the world. The markets in which we operate include the U.S. Gulf of Mexico, Mexico, Brazil, the Mediterranean, the North Sea, the Middle East, West Africa, Australia and Southeast Asia.

We provide drilling services on a "day rate" contract basis. Under day rate contracts, we provide a drilling rig and rig crews and receive a fixed amount per day for each day we are performing drilling or related services. Our customers bear substantially all of the ancillary costs of constructing the well and supporting drilling operations, as well as the economic risk relative to the success of the well. In addition, our customers may pay all or a portion of the cost of moving our equipment and personnel to and from the well site. We do not provide "turnkey" or other risk-based drilling services.

Our business strategy has been to focus on ultra-deepwater floater and premium jackup operations and de-emphasise other assets and operations considered to be non-core or that do not meet our standards for financial performance. Consistent with this strategy, we sold fourteen rigs during the three-year period ended 31 December 2014. We are currently marketing for sale an additional seven rigs. We remain focused on our long-established strategy of high-grading our fleet. We will continue to invest in the expansion of our fleet where we believe strategic opportunities exist. During the three-year period ended 31 December 2014, we invested $3.3 billion in the construction of new drilling rigs.

Principal risks and uncertainties

The success of our business largely depends on the level of activity in the oil and gas industry, which can be significantly affected by volatile oil and natural gas prices. Brent crude oil prices have fallen during the last five months, from $95 per barrel to $60 per barrel on 23 February 2015. Operators have announced significant declines in capital spending in their 2015 budgets, including the cancellation or deferral of existing programmes. These declines in capital spending levels, coupled with additional newbuild supply, have put significant pressure on day rates and utilisation. The offshore contract drilling industry historically has been highly competitive and cyclical, with periods of low demand and excess rig availability that could result in adverse effects on our business. Our business will be adversely affected if we are unable to secure contracts on economically favorable terms. We may suffer losses if our customers terminate or seek to renegotiate our contracts, if operations are suspended or interrupted or if a rig becomes a total loss. Our customers may be unable or unwilling to fulfil their contractual commitments to us, including their obligations to pay for losses, damages or other liabilities resulting from operations under the contract.

Our industry

Operating results in the offshore contract drilling industry are cyclical and directly related to the demand for drilling rigs and the available supply of drilling rigs. While the cost of moving a rig and the availability of rig-moving vessels may cause the balance of supply and demand to vary somewhat between regions, significant variations between regions are generally of a short-term nature due to rig mobility.

We expect that 2015 will be a challenging year for drilling contractors as customers wait to gain additional clarity on commodity pricing and seek to reduce costs in the near-term by attempting to sub-let contracted rig time and re-negotiate existing contract terms. We believe the current market dynamics will create a challenging contracting environment into 2016. Since most factors that affect offshore exploration and development spending are beyond our control and because rig demand can change quickly, it is difficult for us to predict future industry conditions, demand trends or future operating results. Periods of low rig demand often result in excess rig supply, which generally results in reductions in utilisation and day rates; conversely, periods of high rig demand often result in a shortage of rigs, which generally results in increased utilisation and day rates.

Strategic report *(continued)*

Segment highlights

Floaters

Floater segment turnover declined slightly during 2014 due to a decline in rig utilisation, partially offset by an increase in average day rates and a full year of ENSCO DS-7 operating results. ENSCO DS-7 commenced drilling operations in Angola during the fourth quarter of 2013. Floater operating profit was negatively impacted by a $3.7 billion tangible fixed assets and other assets impairment charge incurred during 2014. Excluding the impact of the impairment charge, Floater operating profit declined slightly due to the aforementioned decline in rig utilisation and an increase in contract drilling expense as a result of higher personnel and repair and maintenance costs, partially offset by an increase in average day rates and a full year of ENSCO DS-7 drilling operations during 2014.

ENSCO DS-9 was contracted and is expected to commence a long-term contract in the U.S. Gulf of Mexico during the fourth quarter of 2015. ENSCO DS-8 was contracted and is expected to commence a long-term contract in Angola during the fourth quarter of 2015. ENSCO 8503 executed a long-term contract in the U.S. Gulf of Mexico with a 2.5 year term commencing during the second quarter of 2015.

Jackups

Jackup segment turnover increased slightly during 2014 due to new rigs commencing drilling contracts and an increase in average day rates. ENSCO 120 and ENSCO 122 commenced drilling operations under long-term contracts in the North Sea during the first and fourth quarters, respectively. ENSCO 121 commenced drilling operations under a long-term contract in the Netherlands during the second quarter. Jackup operating profit was negatively impacted by a $640.5 million tangible fixed assets and other assets impairment charge incurred during 2014. Excluding the impact of the impairment charge, Jackup operating profit increased due to the aforementioned fleet additions and increase in average day rates, partially offset by an increase in contract drilling expense due to higher personnel and repair and maintenance costs.

In the Middle East, ENSCO 76 was recontracted through December 2018 and ENSCO 84, ENSCO 96 and ENSCO 97 were recontracted through 2019. We executed a long-term contract in Angola for ENSCO 109 and Malaysia for ENSCO 52, both with an expected term of three years.

Business environment

Floaters

During the first half of 2014, the floater contracting environment was highly competitive due to a reduction in capital spending by operators, as well as an increase in global supply due to the delivery of newbuild floaters. More recently, these challenges were exacerbated by a steep decline in commodity prices during the fourth quarter that accelerated toward year-end, which led customers to significantly reduce capital budgets for 2015. Cancellations and delays of drilling programmes have increased, many rigs currently contracted are being sublet thereby creating incremental supply, and certain customers are requesting contract concessions. There are limited contracting opportunities in the current market, and day rates and utilisation are expected to decline during 2015.

Currently, there are approximately 80 competitive newbuild drillships and semisubmersible rigs reported to be under construction, of which approximately 30 are expected to be delivered before the end of 2015. Roughly half of the anticipated 2015 deliveries are without contracts, leading drilling contractors to retire or stack 35 older floaters since September 2014 due to a lack of available contracting opportunities. We expect that additional floaters will be retired or stacked during 2015 as lower commodity prices negatively impact the number of incremental contracting opportunities.

Jackups

Demand for jackups has also dropped due to the steep decline in commodity prices. Cancellations and delays of drilling programmes have increased, some rigs currently contracted are being sublet thereby creating incremental supply, and certain customers are requesting contract concessions. As a result, there are limited contracting opportunities in the current market, and day rates and utilisation are expected to decline during 2015.

Strategic report *(continued)*

Business environment *(continued)*

Currently, there are approximately 120 competitive newbuild jackup rigs reported to be under construction, of which approximately half are being built by companies that have not historically operated offshore drilling rigs. Approximately 60 of these competitive newbuild jackups are expected by year-end 2015, and most of these rigs are without contracts. As a result, we expect retirement and stacking of jackups to accelerate during 2015. Currently, there are approximately 40 marketed jackups older than 30 years of age that are idle and do not have contracted work. Additionally, approximately 80 competitive jackups that are 30 years of age or older have contracts that expire during 2015. Operating costs for idle rigs as well as capital expenditures required to recertify rigs during regulatory surveys may prove cost prohibitive and drilling contractors may instead elect to retire or stack these rigs.

Results of operations

The following table summarises our consolidated results of operations for the years ended 31 December 2014 and 2013 (in millions):

	2014	2013
Turnover	$4,889.4	$4,919.8
Operating (loss)/profit	(2,749.0)	1,595.3
(Loss)/profit on ordinary activities before taxation	(2,837.6)	1,492.5
Tax on (loss)/profit on ordinary activities	(70.6)	(234.5)
(Loss)/profit on ordinary activities after taxation	(2,908.2)	1,258.0
Minority interests	(14.1)	(9.7)
(Loss)/profit for the financial year	$(2,922.3)	$1,248.3

The net change in turnover was primarily due to a decline in Floater utilisation, partially offset by the addition of newbuild rigs and an increase in average day rates across our existing fleet. The change from an operating profit during 2013 to an operating loss during 2014 was primarily due to a tangible fixed assets and other assets impairment charge of $4,346.3 million recognised during 2014.

A significant number of our drilling contracts are of a long-term nature. Accordingly, an increase or decline in demand for contract drilling services generally affects our operating results and cash flows gradually over future periods as long-term contracts expire and new contracts and/or options are priced at current market rates.

Utilisation and average day rates

The following table summarises the rig utilisation and average day rates by reportable segment for the years ended 31 December 2014 and 2013:

	2014	2013
Rig utilisation(1)		
Floaters	67%	80%
Jackups	88%	88%
Total	80%	84%

	2014	2013
Average day rates(2)		
Floaters	$447,733	$407,187
Jackups	136,522	122,900
Total	$231,610	$223,099

Utilisation and average day rates *(continued)*

(1) Rig utilisation is derived by dividing the number of days under contract by the number of days in the period. Days under contract equals the total number of days that rigs have earned and recognised day rate turnover, including days associated with compensated downtime and mobilisations. When turnover is earned but is deferred and amortised over a future period, for example when a rig earns turnover while mobilising to commence a new contract or while being upgraded in a shipyard, the related days are excluded from days under contract.

For newly-constructed or acquired rigs, the number of days in the period begins upon commencement of drilling operations for rigs with a contract or when the rig becomes available for drilling operations for rigs without a contract.

(2) Average day rates are derived by dividing contract drilling turnover, adjusted to exclude certain types of non-recurring reimbursable turnover, lump sum turnover and turnover attributable to amortisation of drilling contract intangibles, by the aggregate number of contract days, adjusted to exclude contract days associated with certain mobilisations, demobilisations, shipyard contracts and standby contracts.

Backlog information

Our contract drilling backlog reflects firm commitments, represented by signed drilling contracts, and was calculated by multiplying the contracted day rate by the contract period. The contracted day rate excludes certain types of lump sum fees for rig mobilisation, demobilisation, contract preparation, as well as customer reimbursables and bonus opportunities. Contract backlog was adjusted for drilling contracts signed or terminated after each respective balance sheet date through 2 March 2015 and 26 February 2014, respectively.

The following table summarises our contract backlog of business as of 31 December 2014 and 2013 (in millions):

	2014	2013
Backlog		
Floaters	$6,756.1	$7,903.2
Jackups	2,743.8	2,781.1
Other	190.0	59.2
Total	$9,689.9	$10,743.5

Our Floaters segment backlog declined by $1.1 billion, primarily due to turnover realised during 2014, partially offset by new contract additions in the U.S. Gulf of Mexico. Backlog for our Jackups segment declined by $37.3 million, primarily due to turnover realised during 2014 and certain contract terminations, partially offset by new contracts in the Middle East and North Sea.

Our drilling contracts generally contain provisions permitting early termination of the contract (i) if the rig is lost or destroyed or (ii) by the customer if operations are suspended for a specified period of time due to breakdown of major rig equipment, unsatisfactory performance, "force majeure" events beyond the control of either party or other specified conditions. In addition, some of our drilling contracts permit early termination of the contract by the customer for convenience (without cause), generally exercisable upon advance notice to us and in some cases without making an early termination payment to us. There can be no assurances that our customers will be able to or willing to fulfil their contractual commitments to us.

The recent decline in oil prices, the perceived risk of a further decline in oil prices, and the resulting downward pressure on utilisation are causing some customers to consider early termination of select contracts despite having to pay onerous early termination fees in some cases. We are currently in discussions with some of our customers regarding these issues. Customers may request to re-negotiate the terms of existing contracts, or they may request early termination in some circumstances. Therefore, the amount of actual turnover earned and the actual periods during which turnover are earned will be different from amounts disclosed in our backlog calculations due to a lack of predictability of various factors, including newbuild rig delivery dates, unscheduled repairs, maintenance requirements, weather delays, contract terminations or renegotiations and other factors. Our current backlog of contract drilling turnover may not be fully realised, which may have a material adverse effect on our financial position, results of operations or cash flows. We may suffer losses if our customers terminate or seek to renegotiate our contracts, if operations are suspended or interrupted or if a rig becomes a total loss.

Strategic report *(continued)*

Environmental matters

Our operations are subject to laws and regulations controlling the discharge of materials into the environment, pollution, contamination and hazardous waste disposal or otherwise relating to the protection of the environment. Environmental laws and regulations specifically applicable to our business activities could impose significant liability on us for damages, clean-up costs, fines and penalties in the event of oil spills or similar discharges of pollutants or contaminants into the environment or improper disposal of hazardous waste generated in the course of our operations, which may not be covered by contractual indemnification or insurance and could have a material adverse effect on our financial position, operating results and cash flows. To date, such laws and regulations have not had a material adverse effect on our operating results, and we have not experienced an accident that has exposed us to material liability arising out of or relating to discharges of pollutants into the environment. However, the legislative, judicial and regulatory response to any well incidents could substantially increase our customers' liabilities in respect of oil spills and also could increase our liabilities. In addition to potential increased liabilities, such legislative, judicial or regulatory action could impose increased financial, insurance or other requirements that may adversely impact the entire offshore drilling industry.

Events in recent years, including the Macondo well incident, have heightened governmental and environmental concerns about the oil and gas industry. From time to time, legislative proposals have been introduced that would materially limit or prohibit offshore drilling in certain areas. We are adversely affected by restrictions on drilling in certain areas of the U.S. Gulf of Mexico and elsewhere, including the conditions for lifting the moratorium/suspension in the U.S. Gulf of Mexico, the adoption of associated new safety requirements and policies regarding the approval of drilling permits, restrictions on development and production activities in the U.S. Gulf of Mexico that have and may further impact our operations. As a result of Macondo, Bureau of Safety and Environmental Enforcement ("BSEE") issued a drilling safety rule in 2012 that included requirements for the cementing of wells, well control barriers, blowout preventers, well-control fluids, well completions, workovers and de-commissioning operations. In addition, BSEE has issued regulations requiring operators to have safety and environmental management systems ("SEMS") prior to conducting operations. Although drilling contractors are not currently required to enter into bridging documents which provide how the drilling contractors will assist the operator in compliance with their SEMS obligations. In addition, in August 2012, BSEE issued Interim Policy Document stating that it would begin issuing Incidents of Non-Compliance ("INC's") to operators for serious violations of BSEE regulations.

Although we have not yet incurred any material exposure from such regulations/decisions, the issuance of INC's could potentially make it easier for a successful assertion of third party claims against us. If new laws are enacted or other government actions are taken that restrict or prohibit offshore drilling in our principal areas of operation or impose environmental protection requirements that materially increase the liabilities, financial requirements or operating or equipment costs associated with offshore drilling, exploration, development or production of oil and natural gas, our financial position, operating results and cash flows could be materially adversely affected.

Employees

We employed 7,864 personnel worldwide as of 31 December 2014. The majority of our personnel work on rig crews and are compensated on an hourly basis. The following table summarises the split of women and men within the group as of 31 December 2014:

	Women	Men
Directors	2	8
Senior management	13	201
Other employees	504	7,136
Total	519	7,345

The company places considerable value on the involvement of its employees and maintains a practice of keeping them informed through formal and informal meetings and various internal publications.

Full and fair consideration is given to the employment of disabled persons, taking into account the degree of disablement, proposed job function and working environment. An employee who becomes disabled while in employment will continue where possible in the employment in which he or she was engaged prior to the disablement. Training and development is undertaken for all employees including disabled persons.

Strategic report *(continued)*

Social, community and human rights issues

We are not aware of any violations (alleged or actual) of any prevailing social, community or human rights standards.

By order of the board

Carl G. Trowell
Director, Chief Executive Officer
and President

31 March 2015

Directors' report

The directors of Ensco plc present their report for the year ended 31 December 2014.

Principal activity

The principal activity of Ensco plc, referred to herein as the company, and its subsidiaries, referred to herein as the group, is to provide offshore contract drilling services to the international oil and gas industry. Further information on our operations is included in the strategic report.

Business review and future outlook

Information on the performance of the business and the future outlook for the group is included in the strategic report.

Greenhouse gas emissions

Ensco's greenhouse gas emissions are categorised between two categories: direct emissions (from rig power generation and loss of refrigerants) and indirect emissions (from purchased electricity for onshore offices and warehouses).

The Companies Act 2006 requires reporting on the following greenhouse gases:

- Carbon dioxide ("CO_2");
- Methane ("CH_4");
- Nitrous Oxide ("N_2O");
- Hydrofluorocarbons ("HFCs");
- Perflorocarbons ("PFCs"); and
- Sulphur Hexafluoride ("SF_6").

PFCs and SF_6 are not emitted by Ensco. PFCs are used in aluminium production and semiconductor development. SF_6 is used in the electrical utility industry.

Our greenhouse gas emissions are reported in metric tons ("Mt") carbon dioxide equivalent ("CO_{2e}"). Calculations are performed using the emission factors and global warming potential for each chemical compound, which are in accordance with the current guidance from the UK Department for Environment, Food and Rural Affairs. The 2014 annual CO2e emitted from Ensco's worldwide operations is 1,095,604 Mt (2013: 1,097,628 Mt).

Ensco has developed an intensity ratio that we believe is the most relevant to the company and will provide the most useful information to readers on a comparative year over year basis. Ensco's intensity ratio is determined by dividing annual emissions by total installed horsepower for the rig fleet. Ensco's 2014 intensity ratio is .94 (2013: .96). The following table details our emissions by category.

Greenhouse Gas Emissions	2014	2013
Direct emissions (rigs owned by Ensco)	1,092,802Mt	1,095,356 Mt
Indirect emissions (onshore offices and warehouses)	2,802 Mt	2,272 Mt
Total Emissions	1,095,604 Mt	1,097,628 Mt
Intensity Ratio	.94	.96

Directors' report *(continued)*

Directors

The directors who held office during the year ended 31 December 2014 and up to the date of this report were as follows:

Daniel W. Rabun (Chairman)	
Carl G. Trowell	(appointed 2 June 2014)
David A. B. Brown	(resigned 19 May 2014)
J. Roderick Clark	
Roxanne J. Decyk	
Mary E. Francis CBE	
C. Christopher Gaut	
Gerald W. Haddock	
Francis S. Kalman	
Keith O. Rattie	
Paul E. Rowsey, III	

David A.B. Brown retired from the Board on 19 May 2014.

Third party indemnity provisions

The group has granted an indemnity to its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the UK Companies Act 2006. Such qualifying third party indemnity provision remains in force as of the date of approving the directors' report.

Dividends

Dividends declared and paid during the years ended 31 December 2014 and 2013 were $704.3 million ($3.00 per share) and $525.6 million ($2.25 per share), respectively. On 20 March 2015, the company paid a dividend in the amount of $35.2 million ($0.15 per share).

Exposure to price, credit, liquidity and cash flow risk

Price risk arises on financial instruments because of changes in, for example, equity prices. The group currently is not exposed to any material price risk.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The group is exposed to credit risk relating to its receivables from customers, cash and investments and use of derivatives in connection with the management of foreign currency exchange rate risk. The group minimises its credit risk relating to receivables from customers, which primarily consist of major international, government-owned and independent oil and natural gas companies, by performing ongoing credit evaluations and contracting insurance coverage when deemed appropriate. The group also maintains reserves for potential credit losses, which to date have been within management's expectations. The group minimises its credit risk relating to cash and investments by focusing on diversification and quality of instruments. Cash balances are maintained in major, well-capitalised commercial banks. Cash equivalents consist of a portfolio of high-grade instruments. Custody of cash and cash equivalents is maintained at several major financial institutions, and the group monitors the financial condition of those financial institutions. The group mitigates its credit risk relating to the counterparties of its derivatives by transacting with multiple, high-quality counterparties, thereby limiting exposure to individual counterparties, and by monitoring the financial condition of its counterparties.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Although our business is cyclical, we have historically relied on our cash flow from continuing operations to meet liquidity needs and fund the majority of our cash requirements. We have maintained a strong financial position through the disciplined and conservative use of debt, which has provided us the ability to achieve future growth potential through acquisitions and newbuild rig construction. A substantial portion of our cash flow has been invested in the expansion and enhancement of our fleet of drilling rigs through newbuild construction and upgrade projects and the return of capital to shareholders through dividend payments.

Directors' report *(continued)*

Exposure to price, credit, liquidity and cash flow risk *(continued)*

We expect to fund our short-term liquidity needs, including contractual obligations and anticipated capital expenditures, as well as dividends or working capital requirements, from our cash and cash equivalents, short-term investments, operating cash flows, funds borrowed under our commercial paper program and, if necessary, funds borrowed under our revolving credit facility.

We expect to fund our long-term liquidity needs, including contractual obligations, anticipated capital expenditures and dividends from our operating cash flows and, if necessary, funds borrowed under our revolving credit facility or other future financing arrangements. We may decide to access debt and/or equity markets to raise additional capital or increase liquidity as necessary.

Cash flow risk is the risk of exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability such as changes in foreign currency exchange rates. The group manages this risk by use of derivatives as explained below.

Use of derivatives

The functional currency of a substantial portion of the group's companies is the U.S. dollar. As is customary in the oil and natural gas industry, a majority of the group's turnover is denominated in U.S. dollars, however, a portion of the expenses incurred by its non-U.S. subsidiaries are denominated in currencies other than the U.S. dollar ("foreign currencies"). The group uses foreign currency forward contracts to reduce exposure to various market risks, primarily foreign currency exchange rate risk. The group maintains a foreign currency risk management strategy that utilises derivatives to reduce the group's exposure to unanticipated fluctuations in earnings and cash flows caused by changes in foreign currency exchange rates. Although no interest rate related derivatives were outstanding at 31 December 2014 and 2013, the group occasionally employs an interest rate risk management strategy that utilises derivative instruments to minimise or eliminate unanticipated fluctuations in earnings and cash flows arising from changes in, and volatility of, interest rates.

Policy and practice on payment of creditors

Statutory regulations issued under the UK Companies Act 2006 require companies to make a statement of their policy and practice in respect of the payment of trade creditors. Individual operating companies are responsible for agreeing terms and conditions for their business transactions and ensuring that suppliers are aware of the terms of payment. At year end, there were 51 days (2013: 43 days) of purchases in trade creditors.

Political and charitable contributions

The company did not make any political contributions during the year. The company made charitable contributions of $0.2 million during the year (2013: $0.8 million).

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

Our auditors, KPMG Audit Plc, have instigated an orderly wind down of business. The board intends to propose KPMG LLP be put forward to be appointed as auditors and a resolution concerning their appointment will be put to the forthcoming AGM of the company.

By order of the board

Carl G. Trowell
Director, Chief Executive Officer
and President

6 Chesterfield Gardens
London
W1J 5BQ
31 March 2015

Directors' remuneration report

Introduction

Ensco's ("we," "our" or the "company") compensation committee ("the committee") believes that our current program is competitive and appropriate within the market where we primarily compete for directors and executive talent. However, we are sensitive to the compensation governance practices prevalent in the United Kingdom and recognise that some characteristics of our current programmes may not be consistent with those practices. Some characteristics of our programmes that differ from typical UK practice but are common and competitively appropriate within our market include:

- Awards of time-vested restricted shares to executives: restricted shares are a common award type among our compensation and performance peer groups and are intended to help encourage retention, facilitate long-term share ownership and further align our executive directors with our shareholders' interests. Time-vested restricted shares make up 50% of our executive director's annual equity grant. The other 50% is granted in the form of performance unit awards, which are contingent upon achievement of certain levels of total shareholder return ("TSR") and return on capital employed ("ROCE") relative to our performance peer group.
- The use of equity for compensating non-executive directors: equity is a common component of non-executive director compensation within our compensation and performance peer groups, where it is widely considered to be a "best practice" for non-executive directors to receive at least 50% of their annual compensation in equity.

Board of directors and compensation committee membership

The following table lists the current members of the board of directors ("the board") and the compensation committee:

Board of Directors	Compensation Committee
Carl G. Trowell	
Daniel W. Rabun	
J. Roderick Clark	Chairperson
Roxanne J. Decyk	Member
Mary E. Francis CBE	
C. Christopher Gaut	Member
Gerald W. Haddock	
Francis S. Kalman	
Keith O. Rattie	
Paul E. Rowsey, III	

Mr. Trowell and Mr. Rabun are the only executive directors on the board. Mr. Trowell was appointed to the board on 2 June 2014. Mr. Trowell and Mr. Rabun do not receive additional compensation for their services as directors. All other members of the board are non-executive directors.

Mr. Rabun is retiring from the board effective as of the Annual General Meeting of Shareholders on 18 May 2015. Upon Mr. Rabun's retirement at the Meeting, Mr. Rowsey is expected to be appointed as Chairman, continuing our transition to an independent Chairman. David A. B. Brown retired from the board on 19 May 2014.

Compensation methodology and process

In carrying out its responsibilities for establishing, implementing and monitoring the effectiveness of our general and executive compensation philosophy, plans and programmes, our committee relies on outside experts to assist in its deliberations. During 2014, the committee received compensation advice and data from Pearl Meyer & Partners (PM&P), which has served the committee as an independent compensation consultant since 2008. The committee also received data regarding compensation trends, issues and recommendations from management, including our Vice President of Human Resources, who attends all committee meeting general sessions.

Directors' remuneration report *(continued)*

Compensation methodology and process *(continued)*

PM&P was engaged by the committee to provide counsel regarding our compensation philosophy and practices, including executive and non-executive director compensation. Regarding executive compensation, the services provided included a review of the principal components of compensation (base salary, cash bonus, short-term and long-term incentives), peer group selection (both compensation and performance peers), pay for performance assessment, and short-term and long-term incentive plan design. In respect of non-executive director compensation, PM&P reviewed the company's philosophy and practices regarding general board compensation, committee compensation, committee chair compensation and non-executive director equity award programmes. PM&P provided the committee with comparative market assessments of executive and non-executive director compensation levels, including information relative to compensation trends and prevailing practices. The committee regularly reviews the services provided by its outside consultants and believes that PM&P is independent in providing executive compensation consulting services.

We compete for executive-level talent with oilfield service companies as well as other industries and professions. Comparative salary data are obtained from several sources, including PM&P, industry-specific surveys, and compensation peer company proxy statements filed with the U.S. Securities and Exchange Commission. The committee reviews the composition of the compensation and performance peer groups. Our compensation peer group, which was approved by the committee for 2014 in consultation with PM&P, was composed of 13 drilling and oilfield services companies of a similar overall size and historical financial performance. The compensation peer group for 2014 was the same as our compensation peer group for 2013.

Compensation risk

The committee carefully considers the relationship between risk and our overall compensation policies, programmes and practices for the Chairman, CEO and non-executive directors. The committee continually monitors the company's general compensation practices, specifically the design, administration and assessment of our incentive plans, to identify any components, measurement factors or potential outcomes that might create an incentive for excessive risk-taking detrimental to the company. The committee has determined that the company's compensation plans and policies do not encourage excessive risk-taking.

The committee also paid particular attention to potential unintended consequences associated with the establishment of the Ensco Cash Incentive Plan ("ECIP") and performance unit award goals and related measurement criteria under the Long Term Incentive Plans ("LTIPs"). In formulating such goals and performance criteria, the committee focused on matters such as safety performance, financial performance, relative TSR, absolute and relative ROCE and Strategic Team Goals ("STGs"). The committee determined that such goals and performance criteria did not encourage participation in high-risk activities that are reasonably likely to have a material adverse effect on the company.

In addition, the committee believes that there are numerous good governance characteristics of our compensation programmes that serve to mitigate excessive risk taking. We have compensation recoupment policies in place in the ECIP and through our LTIPs. The committee will seek to claw back or reduce the size of cash incentive awards or proceeds from equity incentive awards for Mr. Rabun and Mr. Trowell, if they violate our Code of Business Conduct Policy, or in the case of certain financial restatements (including application of the provisions of the Sarbanes-Oxley Act of 2002, as amended, in the event of a restatement of our earnings).

Directors' remuneration policy

This part of the report sets out the Remuneration Policy which was approved by shareholders during the Annual General Meeting of Shareholders on 19 May 2014.

The Chief Executive Officer and Chairman are the only executive directors on our board, and all other directors are non-executive directors. This Remuneration Policy will first address our compensation philosophy for executive directors, followed by our compensation philosophy for non-executive directors.

Directors' remuneration report *(continued)*

Directors' remuneration policy *(continued)*

Our executive director compensation philosophy is based on the principles that the creation of shareholder value is the paramount measure of executive director performance and that this principle should be reflected in overall compensation. The business objectives against which we measure our performance include:

- profitable financial performance;
- preservation of a strong balance sheet;
- strategic and opportunistic enhancement of our asset base;
- positioning assets in markets that offer prospects for long-term growth in profitability;
- safety performance;
- operational efficiency; and
- customer satisfaction.

We believe that achievement of these business objectives will contribute to growth in shareholder value. We stress the importance of these objectives through the structure of our compensation program by placing the majority of the executive directors' pay at risk and subjecting a significant portion of their potential compensation to specific annual and long-term performance requirements.

In setting the remuneration policy for our executive directors, the committee takes into account certain characteristics that align the executive director with shareholders:

- Vast majority of officer pay at-risk, based on annual financial performance and growth in long-term shareholder value;
- 50% of officers' equity awards subject to achievement of specific performance criteria relative to our performance peer group;
- Executive and director share ownership guidelines (Chief Executive Officer guideline increased for 2014 to six times base salary);
- Minimum holding periods for stock and options until share ownership guidelines are met;
- Compensation clawback that applies to cash and equity awards;
- Prohibitions on the pledging or hedging of company stock;
- Prohibition on buyouts of underwater stock option awards;
- Prohibition on repricing of stock option awards;
- Prohibition on share/option recycling;
- No excise tax gross-ups;
- No single-trigger change-in-control severance benefits;
- No single-trigger vesting of time-based equity awards upon a change-of-control; and
- No guarantees for salary increases.

In support of our philosophy that executive director performance should be measured (and rewarded) based on the creation of shareholder value, and in continued support of our business objectives, we designed our executive director compensation program to accomplish the following primary goals:

- **Attract, retain and motivate** highly qualified individuals capable of leading us to achieve our business objectives;
- **Pay for performance** by providing competitive pay opportunities that result in realised pay which increases when we have strong financial performance and declines when we have poor financial performance; and
- **Ensure alignment with shareholders** through an emphasis on long-term equity-based compensation and enforcement of robust share ownership guidelines.

Directors' remuneration report *(continued)*

Directors' remuneration policy *(continued)*

Ensco's committee believes that the design of our current program is competitive and appropriate within the market where we primarily compete for executive talent and that the characteristics of our programmes listed above which align our executive directors with our shareholders are consistent with "best practices" in compensation governance for other companies listed on the New York Stock Exchange (the "NYSE").

Remuneration Policy for Executive Directors

The Remuneration Policy, which was approved at the Meeting on 19 May 2014, will apply until the Annual General Meeting of Shareholders in 2017, unless revised by a vote of shareholders ahead of that time. The following is a summary of the Remuneration Policy as it applies to executive directors:

Element	Purpose and Link to Strategy	Operation	Maximum Opportunity [1]	Performance Measures	Clawback[2]
Salary and Fees	Attract and retain high performing individuals reflecting market value of role and the executive director's skills, experience and performance.	Reviewed annually by the committee taking into account the executive director's contributions to our progress in achieving certain business objectives and by reference to the median salary paid to executive	Salary increases will ordinarily be in line with increases awarded to other employees in the company and will not ordinarily exceed 10% per annum. The committee reserves the discretion to increase total compensation in appropriate circumstances such as where the nature or scope of the executive director's role or responsibilities changes or in order to be competitive at the median level of peer	None, although overall performance of the individual is considered by the committee when setting salaries annually.	Not applicable
Benefits	Competitive benefits taking into account market value of role and benefits offered to the wider UK and U.S. management population.	Benefits include, but are not limited to, health insurance, life insurance and annual executive health physicals. Benefits include provisions for relocation assistance upon appointment if/when applicable. Components include: monthly housing allowance; cost of living allowance; transportation allowance; annual home leave allowance;	Set at a level the Committee considers appropriate as compared to benefits offered in connection with comparable roles by companies of a similar size in the relevant market. The committee reserves the discretion to introduce new benefits where it concludes that it is in the interests of the company to do so, having regard for the particular circumstances.	None	Not applicable

Directors' remuneration report *(continued)*

Remuneration Policy for Executive Directors *(continued)*

Element	Purpose and Link to Strategy	Operation	Maximum Opportunity[1]	Performance Measures	Clawback[2]
Annual Cash Bonus	Incentivise delivery of company strategic objectives and enhance performance.	Awards are tied to achievement of specific annual financial, operational, safety and strategic team goals. Provided to the executive director through the Ensco Cash Incentive Plan.	Discretionary increase of 25% above Ensco Cash Incentive Plan formula-derived awards.[3] The committee reserves the discretion to increase or decrease total compensation in appropriate circumstances such as where the nature or scope of a director's role or responsibilities changes or in order to be competitive at the median level of peer companies.	Formula-derived awards through the Ensco Cash Incentive Plan include annual goals with the potential for discretionary increases or decreases for individual performance of up to 25%. The committee uses this discretion sparingly to address exceptional circumstances.	The committee will seek to claw back or reduce the size of cash incentive awards for executive directors who violate our Code of Business Conduct Policy or in the case of certain financial restatements.
Employer Matching and Profit Sharing Programmes	Incentivise the delivery of company strategic targets.	The executive director may participate in the employer matching and profit sharing provisions of our defined contribution savings plans on a tax-deferred basis.	The maximum total matching contribution annually is 5% of eligible salary. Annual profit sharing distributions are limited to 5% of eligible employee salary.	None	Not applicable
Long-Term Incentive Plan	Incentivise long-term company financial performance in line with the company's strategy and long-term shareholder returns. Promotes alignment with shareholders by tying the majority of executive compensation to creation of long-term shareholder value and encouraging executives to build meaningful equity ownership stakes.	Provided through a combination of restricted shares and performance unit awards. Performance unit awards under the LTIP are earned based upon company performance over a three-year cycle, using pre-determined measures.	100% of target for restricted shares. 200% of target for performance unit awards.	Restricted shares are time-based and are not subject to performance measures. Performance unit awards are earned at the end of a three-year period subject to company performance against pre-determined measures.	The committee will seek to claw back or reduce the proceeds from equity incentive awards for executive directors who violate our Code of Business Conduct Policy or in the case of certain financial restatements.

(1) The committee reserves the right to make payments outside the Remuneration Policy in exceptional circumstances. The committee would only use this right where it believes the use is in the best interests of the company and when it would be impractical to seek prior specific approval of the shareholders of the company at a general meeting.

(2) The company has compensation recoupment policies in place in the ECIP and in our long-term incentive award agreements. Using this authority, the committee will seek to claw back or reduce the size of cash incentive awards or proceeds from equity incentive awards for executive directors who violate our Code of Business Conduct Policy or in the case of certain financial restatements (including application of the provisions of the Sarbanes-Oxley Act of 2002, as amended, in the event of a restatement of our earnings).

(3) The committee also has the discretion to reduce awards by up to 25% below the Ensco Cash Incentive Plan formula-derived awards.

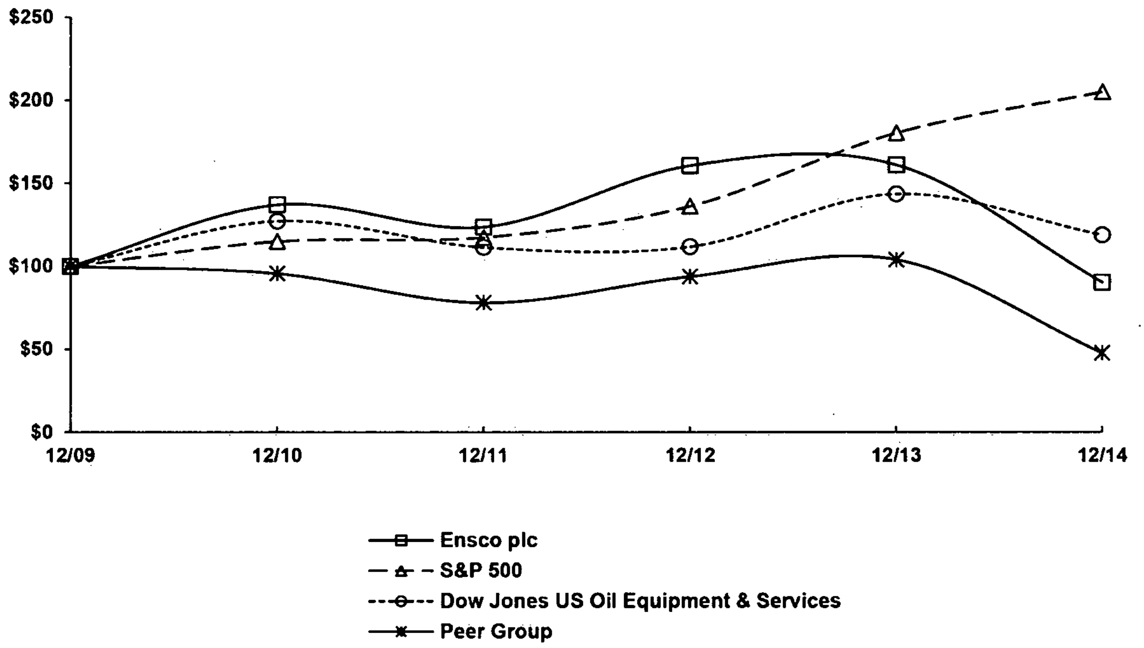
Directors' remuneration report *(continued)*

Total shareholder return

The chart below presents a comparison of the five-year cumulative total return, assuming $100 invested on 31 December 2009 for Ensco plc, the Standard & Poor's 500 Stock Price Index, the Dow Jones U.S. Oil Equipment & Services Index and a self-determined peer group. Total return assumes the reinvestment of dividends, if any, in the security on the ex-dividend date. Since Ensco operated exclusively as an offshore drilling company, a self-determined peer group composed exclusively of major offshore drilling companies has been included as a comparison.*

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*

Among Ensco plc, the S&P 500 Index, the Dow Jones US Oil Equipment & Services Index, and Peer Group



*$100 invested on 12/31/09 in stock or index, including reinvestment of dividends.
Fiscal year ending December 31.

* Our self-determined peer group is weighted according to market capitalisation and consists of the following companies: Atwood Oceanics Inc., Diamond Offshore Drilling Inc., Noble Corporation, Rowan Companies plc, Seadrill Limited and Transocean Ltd.

Share price

The highest and lowest prices of the company's Class A ordinary shares during the year ended 31 December 2014 were $57.45 and $25.88, respectively. The closing market price of the company's Class A ordinary shares on 31 December 2014 was $29.95.

Information subject to audit

The auditors are required to report on the information contained in the Share Price section above and tables A, B, C, D, E and F below.

Directors' remuneration report *(continued)*

Remuneration of executive directors

The Chief Executive Officer and Chairman, our only executive directors, do not receive any additional compensation for their services as directors. The table below summarises total CEO remuneration and includes annual bonus payouts and performance unit awards vesting as a percentage of maximum opportunity for the current year and previous four years.

Mr. Trowell was hired as our CEO and President on 2 June 2014. Upon hiring Mr. Trowell, Mr. Rabun retired as CEO but remained employed by the company as an executive director to serve as Chairman of the Board of Directors. The 2014 remuneration disclosed below reflects the total remuneration for Mr. Trowell during the period he served as CEO, including a prorated annual bonus payout.

	2014[1]	2013	2012	2011	2010
Total Remuneration	$7,758,001	$-	$-	$-	$-
Annual Bonus as a Percentage of Maximum	30%	-%	-%	-%	-%
Performance Awards Vesting as a Percentage of Maximum	N/A	-%	-%	-%	-%

(1) In connection with Mr. Trowell's hiring, he was granted a make-whole restricted share award subject to a three-year cliff vesting of $4.0 million.

The 2014 remuneration disclosed below reflects the total remuneration for Mr. Rabun during the period he served as CEO, including a prorated annual bonus payout.

	2014	2013	2012	2011	2010
Total Remuneration	$5,835,655	$11,383,983	$9,297,459	$10,574,713	$7,152,858
Annual Bonus as a Percentage of Maximum	30%	54%	77%	61%	68%
Performance Awards Vesting as a Percentage of Maximum	30%	40%	66%	43%	77%

CEO Compensation – Table A

Name	Year	Salary and Fees ($)	Taxable Benefits ($)[3]	Annual Incentives ($)[4]	Long-Term Incentives ($)[5]	Other ($)[6]	Total ($)
Executive Directors							
Carl G. Trowell[1] President and Chief Executive Officer	2014	544,985	345,064	6,867,952	-	-	7,758,001
Daniel W. Rabun[2]	2014	743,750	601,963	3,005,075	1,575,000	2,095,300	8,021,088
Chairman, Former President and Chief Executive Officer	2013	1,042,500	971,546	3,786,457	2,007,250	3,576,230	11,383,983

(1) Mr. Trowell was appointed to the board on 2 June 2014.

(2) Mr. Rabun retired as CEO on 2 June 2014 but remained Chairman of the board.

Directors' remuneration report *(continued)*

Remuneration of executive directors *(continued)*

(3) Taxable benefits provided to our executive directors includes the following:

Name	Year $	Group Term Life Insurance $	Dividends on Non-Vested Restricted Share Awards $	Cost of Living Allowance $	Foreign Service Premium $	Housing Allowance $	Transportation Allowance $	Other $	Total $
Carl G. Trowell	2014	377	273,167	-	-	-	-	71,520	345,064
Daniel W. Rabun	2014	1,080	185,903	66,574	65,625	20,680	14,908	247,193	601,963
	2013	10,062	273,659	148,790	156,375	334,445	31,785	16,430	971,546

(4) The executive director amounts disclosed in this column represent the aggregate grant-date fair value of restricted share awards or units granted during the respective year and bonuses awarded for the respective years pursuant to the ECIP. Amounts disclosed in this column related to annual bonus include amounts voluntarily deferred under the SERP. Mr. Rabun voluntarily deferred 100% of his bonus into his SERP account during 2013 and 2014.

In addition to the ECIP award, the Committee approved a "make-whole" award of $4 million in the form of time-vested restricted shares to compensate Mr. Trowell for long-term incentive value with his former employer which was forfeited upon his departure to join the company. This "make whole" award will cliff-vest at the end of three years.

(5) The amounts disclosed in this column represent cash paid to Mr. Rabun in connection with the settlement of performance unit awards granted during 2011 and 2012 for the respective three-year performance periods. Non-executive directors are not eligible to receive performance unit awards.

(6) Other benefits provided to our executive directors include the following:

Name	Year	Ensco Savings Plan	Profit Sharing Plan	SERP	Tax Equalisation	Total
Daniel W. Rabun	2014	$13,000	$37,188	$23,094	$2,022,018	$2,095,300
	2013	$12,750	$104,251	$39,375	$3,419,854	$3,576,230

Performance Unit Awards – Table B

The following table sets forth information regarding performance unit awards outstanding at the beginning and end of the year ended 31 December 2014 for each director serving on the board during 2014:

	Date of Grant	End of Period Over Which Qualifying Conditions Must be Fulfilled for Each Award(1)	Grant-date Fair Value of Performance Unit Awards at Beginning of FY ($)(2)(3)(4)	Grant-date Fair Value of Performance Unit Awards Granted During the FY ($)(2)(3)(4)	Actual Payout Related to Awards Which Vested During the FY ($)	Grant-date Fair Value of Performance Unit Awards at End of FY ($)(2)(3)(4)
Carl G. Trowell	2/6/2014	31/12/2016	-	2,500,009	N/A	2,500,009
Daniel W. Rabun	28/2/2012	31/12/2014	1,912,500	-	1,575,000	-
	25/2/2013	31/12/2015	2,843,740	-	N/A	2,843,740
	26/2/2014	31/12/2016	-	2,500,009 (5)	N/A	2,500,009

(1) Performance unit awards are measured over a three-year performance period. Any amounts earned under the performance unit awards are not payable until after the close of the performance period. Performance awards are subject to forfeiture if the recipient leaves the company prior to award payout.

Directors' remuneration report *(continued)*

Remuneration of executive directors *(continued)*

(2) Grant-date fair value for performance unit awards is measured using the estimated probable payout on the grant date. The performance unit awards are based upon financial performance measured over the three-year performance period. The awards granted during 2013 and 2014 are denominated in company shares and will be settled in company shares upon attainment of specified performance goals based on relative TSR and relative ROCE. The awards granted prior to 2013 may be settled in company shares, cash or combination thereof at the committee's discretion upon attainment of specified performance goals based on relative TSR, relative ROCE and absolute ROCE. The goals for the performance unit awards granted have three performance bands: a threshold, a target and a maximum. If the minimum threshold for the respective financial performance measure is not met, no amount will be paid for that component. Payments are calculated using straight-line interpolation for performance between the threshold and target and between the target and maximum for each component.

The resulting threshold, target and maximum estimated possible payouts for Mr. Rabun for the performance unit awards granted under the LTIP during 2012 for the performance period beginning 1 January 2012 and ending 31 December 2014 were as follows:

Threshold	Target	Maximum
$506,250	$2,250,000	$5,242,500

(3) TSR is defined as dividends paid during the performance period plus the ending share price of the performance period minus the beginning share price of the performance period, divided by the beginning share price of the performance period. Beginning and ending share prices are based on the average closing prices during the quarter preceding the performance period and the final quarter of the performance period, respectively. ROCE is defined as net income from continuing operations, adjusted for certain nonrecurring gains and losses, plus after-tax net interest expense, divided by total equity as of 1 January of the respective year plus the average of the long-term debt balances as of 1 January and 31 December of the respective year.

(4) The company's relative performance is evaluated against a group of nine performance peer companies, consisting of Atwood Oceanics, Inc., Diamond Offshore Drilling, Inc., Helmerich & Payne, Inc., Hercules Offshore, Inc., Nabors Industries Ltd., Noble Corporation, Parker Drilling Company, Rowan Companies plc and Transocean Ltd. If the group decreases in size during the performance period as a result of mergers, acquisitions or economic conditions, the applicable multipliers will be adjusted to pre-determined amounts based on the remaining number of performance peer group companies for the two relative performance measures.

(5) Mr. Rabun's performance unit awards granted during 2014 are payable on a prorated basis to reflect the amount of time Mr. Rabun is employed by the company during the respective performance period.

Remuneration of non-executive directors

The Remuneration Policy, which was approved at the Meeting on 19 May 2014, will apply until the Annual General Meeting of Shareholders in 2017, unless revised by a vote of shareholders ahead of that time. The following is a summary of the Remuneration Policy as it applies to non-executive directors:

Element	Purpose and Link to Strategy	Operation	Maximum Opportunity
Fees	Attract and retain qualified candidates.	Reviewed annually by the board. Fee increases, if applicable, are normally effective from on or around 1 June. The board considers pay data at our compensation peer group companies. The Lead Director and the chairs of the Audit, Compensation and Nominating and Governance Committees receive additional retainers. No eligibility for bonuses or retirement benefits. Compensation includes an element of stock-based compensation that is not subject to performance tests.	No prescribed maximum annual increase.
Benefits	Travel to the company's registered office.	Accommodation costs are recognised as a taxable benefit. Eligible to participate in U.S. and UK group health and welfare insurance plans.	None

Directors' remuneration report *(continued)*

Remuneration of non-executive directors *(continued)*

The compensation paid to the non-executive directors for the years ended 31 December 2014 and 2013 is reported in the table below.

Non-Executive Director Compensation – Table C

Name	Year	Salary and Fees ($)	Taxable Benefits ($)[2]	Annual Incentives ($)[3]	Other ($)	Total ($)
David A. B. Brown[1]	2014	25,000	14,696	-	-	39,696
	2013	98,626	26,417	250,148	493	375,684
J. Roderick Clark	2014	115,000	50,576	250,000	-	415,576
	2013	113,626	44,736	250,148	-	408,510
Roxanne J. Decyk	2014	100,000	33,830	250,000	-	383,830
	2013	86,264	13,207	250,148	-	349,619
Mary E. Francis CBE	2014	100,000	21,879	250,000	-	371,879
	2013	86,264	7,235	250,148	-	343,647
C. Christopher Gaut	2014	100,000	37,197	250,000	-	387,197
	2013	98,626	32,081	250,148	-	380,855
Gerald W. Haddock	2014	100,000	49,037	250,000	-	399,037
	2013	98,626	39,944	250,148	-	388,718
Francis S. Kalman	2014	100,000	43,345	250,000	-	393,345
	2013	98,626	34,449	250,148	-	383,223
Keith O. Rattie	2014	120,000	49,284	250,000	-	419,284
	2013	117,940	44,120	250,148	-	412,208
Paul E. Rowsey, III	2014	150,000	37,635	250,000	-	437,635
	2013	133,626	38,309	250,148	950	423,033

(1) Mr. Brown retired from the board on 19 May 2014.

(2) Taxable benefits provided to our non-executive directors includes dividends on non-vested restricted share awards, payments made by the company on the behalf of the directors for contributions to group health and welfare insurance and payments made by the company to reimburse directors for business expenses incurred in connection with the attendance of board meetings in the UK which are subject to UK income tax.

The payments made by the company to each director during 2014 and 2013 as reimbursement for business expenses incurred in connection with the attendance of board meetings in the United Kingdom, which are subject to UK income tax are as follows:

Name	2014 ($)	2013 ($)
David A. B. Brown	7,934	6,624
J. Roderick Clark	7,464	4,918
Roxanne J. Decyk	4,125	-
Mary E. Francis CBE	665	-
C. Christopher Gaut	3,776	2,050
Gerald W. Haddock	5,925	326
Francis S. Kalman	6,075	4,869
Keith O. Rattie	6,172	4,302
Paul E. Rowsey, III	4,214	8,478

(3) The non-executive director amounts disclosed in this column represent the aggregate grant-date fair value of restricted share units granted during the respective years.

Directors' remuneration report *(continued)*

Long-term incentives

Our long-term incentive compensation program is designed to provide our executive directors aggregate long-term incentive award opportunities (i.e. assuming target performance) in amounts that approximate the median value of long-term incentives awarded to executive directors of our compensation peer group companies. However, target opportunities also are based on an evaluation of individual performance. Consequently, in determining the target award amounts, the committee considers market data, individual contributions, potential to impact long-term shareholder value and the need to provide a strong retentive component in executive officer compensation. The program is reviewed annually to ensure that it is compliant and tax efficient with the overall objective of providing an optimum link between executive compensation and the creation of shareholder value.

A longstanding objective of the committee has been to motivate, reward and retain our CEO and other executive officers by means of equity compensation through our LTIP. The value of equity awards over time bears a direct relationship to the market price of our shares, which the committee believes will promote alignment with shareholders, instil a sense of ownership and shareholder perspective that will manifest itself in positive and sustainable long-term performance and provide a strong retentive element to our compensation programme. In order to accomplish these goals, our approach to long-term incentive compensation includes a combination of time-vested and performance-based equity awards, as shown in the table below.

The ECIP performance measures are selected annually by the committee to reflect the company's key strategic initiatives for the year and reflect both financial and non-financial objectives. The committee annually reviews the combination of performance measures in the LTIP, which currently include relative Total Shareholder Return ("TSR") and relative Return on Capital Employed ("ROCE"), to assess whether these remain the most appropriate measures of long-term performance for the company. TSR aligns with the company's focus on shareholder value creation and rewards the executive director for exceeding the performance of our performance peer group. ROCE constitutes a meaningful measure of efficiency in a capital intensive industry and supports the company's long-term strategy.

Performance targets are set to be aspirational but achievable, taking into account the company's strategic priorities and the economic environment. Ensco's approach to long-term incentive compensation for executive directors includes a combination of time-vested and performance-based equity awards, as shown in the table below:

Long-Term Incentive Approach

Long-term incentives	Description	Percent of TARGET annual grant date value
Time-vested Restricted Shares	Time vested awards vesting at the rate of 33.3% per year over three years. Consistent with our general practices (and those among our peer group companies), our unvested restricted shares have dividend and voting rights on the same basis as our outstanding shares.	50%
Performance Units	Performance unit awards are earned at the end of a three-year period subject to company performance in terms of TSR relative to peers and ROCE relative to peers. Awards are denominated and settled in cash or shares, although the committee expects to settle the awards in shares beginning with grants for the 2013-2015 period. Dividends are accrued over the performance period and paid out at the end of the performance period based upon the actual number of shares earned.	50%
Share Ownership Guidelines	Intended to further encourage accumulation of share ownership, our share ownership guidelines require the executive director to own shares having a fair market value of at least 6x base salary (increased during 2014 from 3x base salary). Executive directors who are not in compliance are required to retain any after-tax proceeds from vesting of shares or exercise of stock options in the form of shares until compliance is achieved. The guidelines are included in our Corporate Governance Policy.	

Directors' remuneration report *(continued)*

Long-term incentives *(continued)*

Time-vested Restricted Shares – Table D

The following table sets forth information regarding the number and amount of restricted share awards outstanding at the beginning and end of the year ended 31 December 2014 for each director serving on the board during 2014:

Name	Date of Grant	End of Period Over Which Qualifying Conditions Must be Fulfilled for Each Award[1]	Restricted Shares/Units Outstanding at Beginning of FY (#)	Restricted Shares/Units Granted During the FY (#)	Restricted Shares/Units Which Vested During the FY (#)	Market Price Per Share on Date of Grant ($)	Market Price Per Share on Vesting of Award ($)	Gain Realised Upon Vesting ($)	Restricted Shares/Units Outstanding at End of FY (#)
Carl G. Trowell	2/6/2014	2/6/2017 [2]	-	76,176	-	52.51	N/A	N/A	76,176
	2/6/2014	2/6/2017 [3]	-	47,610	-	52.51	N/A	N/A	47,610
Daniel W. Rabun	20/3/2006	20/3/2016 [4]	15,000	-	15,000	47.12	51.78	776,700	-
	7/2/2011	7/2/2014 [4]	21,408	-	21,408	52.13	52.81	1,130,556	-
	1/3/2011	1/3/2014 [4]	6,722	-	6,722	55.34	52.66	353,981	-
	25/7/2011	25/7/2014 [4]	2,091	-	2,091	52.73	52.51	109,798	-
	28/2/2012	28/2/2015 [4]	25,712	-	25,712	58.34	52.59	1,352,066	-
	25/2/2013	25/2/2016 [4]	42,846	-	42,846	58.35	52.79	2,261,840	-
	26/2/2014	18/5/2015 [5]	-	47,340	-	52.81	N/A	N/A	47,340
David A. B. Brown	1/6/2011	19/5/2014 [6]	1,412	-	1,412	54.30	49.70	70,176	-
	1/6/2012	19/5/2014 [6]	3,470	-	3,470	44.19	49.70	172,459	-
	3/6/2013	19/5/2014 [6]	4,134	-	4,134	60.51	49.70	205,460	-
J. Roderick Clark	1/6/2009	1/6/2014 [7]	1,114	-	1,114	41.29	52.66	58,663	-
	1/6/2010	1/6/2015 [7]	2,670	-	1,335	34.45	52.66	70,301	1,335
	1/6/2011	1/6/2014 [8]	1,412	-	1,412	54.30	52.66	74,356	-
	1/6/2012	1/6/2015 [8]	3,470	-	1,735	44.19	52.66	91,365	1,735
	3/6/2013	3/6/2016 [8]	4,134	-	1,378	60.51	53.41	73,599	2,756
	2/6/2014	2/6/2017 [8]	-	4,761	-	52.51	N/A	N/A	4,761
Roxanne J. Decyk	3/6/2013	3/6/2016 [8]	4,134	-	1,378	60.51	53.41	73,599	2,756
	2/6/2014	2/6/2017 [8]	-	4,761	-	52.51	N/A	N/A	4,761
Mary E. Francis CBE	3/6/2013	3/6/2016 [8]	4,134	-	1,378	60.51	53.41	73,599	2,756
	2/6/2014	2/6/2017 [8]	-	4,761	-	52.51	N/A	N/A	4,761
C. Christopher Gaut	1/6/2009	1/6/2014 [7]	1,114	-	1,114	41.29	52.66	58,663	-
	1/6/2010	1/6/2015 [7]	2,670	-	1,335	34.45	52.66	70,301	1,335
	1/6/2011	1/6/2014 [8]	1,412	-	1,412	54.30	52.66	74,356	-
	1/6/2012	1/6/2015 [8]	3,470	-	1,735	44.19	52.66	91,365	1,735
	3/6/2013	3/6/2016 [8]	4,134	-	1,378	60.51	53.41	73,599	2,756
	2/6/2014	2/6/2017 [8]	-	4,761	-	52.51	N/A	N/A	4,761
Gerald W. Haddock	1/6/2009	1/6/2014 [7]	1,114	-	1,114	41.29	52.66	58,663	-
	1/6/2010	1/6/2015 [7]	2,670	-	1,335	34.45	52.66	70,301	1,335
	1/6/2011	1/6/2014 [8]	1,412	-	1,412	54.30	52.66	74,356	-
	1/6/2012	1/6/2015 [8]	3,470	-	1,735	44.19	52.66	91,365	1,735
	3/6/2013	3/6/2016 [8]	4,134	-	1,378	60.51	53.41	73,599	2,756
	2/6/2014	2/6/2017 [8]	-	4,761	-	52.51	N/A	N/A	4,761

Directors' remuneration report *(continued)*

Long-term incentives *(continued)*

Name	Date of Grant	End of Period Over Which Qualifying Conditions Must be Fulfilled for Each Award[1]	Restricted Shares/Units Outstanding at Beginning of FY (#)	Restricted Shares/Units Granted During the FY (#)	Restricted Shares/Units Which Vested During the FY (#)	Market Price Per Share on Date of Grant ($)	Market Price Per Share on Vesting of Award ($)	Gain Realised Upon Vesting ($)	Restricted Shares/Units Outstanding at End of FY (#)
Francis S. Kalman	1/6/2011	1/6/2014 [8]	1,412	-	1,412	54.30	52.66	74,356	-
	1/6/2012	1/6/2015 [8]	3,470	-	1,735	44.19	52.66	91,365	1,735
	3/6/2013	3/6/2016 [8]	4,134	-	1,378	60.51	53.41	73,599	2,756
	2/6/2014	2/6/2017 [8]	-	4,761	-	52.51	N/A	N/A	4,761
Keith O. Rattie	1/6/2009	1/6/2014 [7]	1,114	-	1,114	41.29	52.66	58,663	-
	1/6/2010	1/6/2015 [7]	2,670	-	1,335	34.45	52.66	70,301	1,335
	1/6/2011	1/6/2014 [8]	1,412	-	1,412	54.30	52.66	74,356	-
	1/6/2012	1/6/2015 [8]	3,470	-	1,735	44.19	52.66	91,365	1,735
	3/6/2013	3/6/2016 [8]	4,134	-	1,378	60.51	53.41	73,599	2,756
	2/6/2014	2/6/2017 [8]	-	4,761	-	52.51	N/A	N/A	4,761
Paul E. Rowsey, III	1/6/2009	1/6/2014 [7]	1,114	-	1,114	41.29	52.66	58,663	-
	1/6/2010	1/6/2015 [7]	2,670	-	1,335	34.45	52.66	70,301	1,335
	1/6/2011	1/6/2014 [8]	1,412	-	1,412	54.30	52.66	74,356	-
	1/6/2012	1/6/2015 [8]	3,470	-	1,735	44.19	52.66	91,365	1,735
	3/6/2013	3/6/2016 [8]	4,134	-	1,378	60.51	53.41	73,599	2,756
	2/6/2014	2/6/2017 [8]	-	4,761	-	52.51	N/A	N/A	4,761

(1) Restricted share awards and units generally vest at rates of 20% or 33% per year, as determined by the committee, and are not subject to further performance conditions. The end of period date noted in the table above refers to the date on which all restricted share awards and units for the grant identified have vested.

(2) Restricted share units granted in the form of time-vested restricted shares that cliff vest after three years.

(3) Restricted share units vest (restrictions lapse) at a rate of 33.3% each year over a three-year period from the grant date.

(4) All Mr. Rabun's restricted share awards granted prior to 2014 fully vested on the day he retired as CEO.

(5) Mr. Rabun's restricted share awards granted during 2014 will fully vest on the day he ceases to be Chairman of the Board of Directors.

(6) Upon Mr. Brown's retirement from the Board of Directors on 19 May 2014, the restrictions on all unvested share awards lapsed pursuant to the 2005 LTIP.

(7) Restricted share awards granted to non-executive directors during 2009 and 2010 vest (restrictions lapse) at a rate of 20% each year from the grant date over a five-year period or upon retirement from our board.

(8) Restricted share units granted to non-executive directors between 2011 and 2014 vest (restrictions lapse) at a rate of 33.3% each year over a three-year period or upon retirement from our board.

Directors' remuneration report *(continued)*

Long-term incentives *(continued)*

Performance units

2014 Awards

The committee granted performance unit awards to our executive officers based upon long-term relative performance criteria during 2014 for the performance period beginning 1 January 2014 and ending 31 December 2016, as described in the table below:

		2014 Performance Award Matrix			
Performance Measure	**Weight**		**Threshold**	**Target**	**Maximum**
Relative TSR	50%	Rank	8 of 10	5 of 10	1 of 10
		Award Multiplier	0.25	1.00	2.00
Relative ROCE	50%	Rank	8 of 10	5 of 10	1 of 10
		Award Multiplier	0.25	1.00	2.00

For the purpose of the 2014 performance unit awards, the performance peer group against which we measure our performance is composed of the drilling companies listed below:

Performance Peer Group
Atwood Oceanics, Inc.
Diamond Offshore Drilling Inc.
Helmerich & Payne, Inc.
Hercules Offshore, Inc.
Nabors Industries Ltd.
Noble Corporation
Parker Drilling Company
Rowan Companies plc
Transocean Ltd

Our performance peer group is made up of companies who have international operations and are engaged in offshore drilling. We have selected these companies as performance peers due to similarity of business focus, capital structure and competitive conditions as well as the fact they are competitors within our industry. In addition, we consider our performance peers to be companies with whom we compete for capital from the equity market and which our shareholders might consider as alternative investments.

The performance peer group includes several companies from our compensation peer group along with four drilling companies not included in our compensation peer group (Atwood Oceanics, Hercules Offshore, Nabors Industries, and Parker Drilling). These companies are included as performance peers but not compensation peers due to:

- Significantly smaller size and scope in comparison to Ensco, in the case of Atwood, Hercules and Parker; and
- Differences in pay approach and structure among the NEO group, which create challenges for direct pay benchmarking, in the case of Nabors.

Directors' remuneration report *(continued)*

Long-term incentives *(continued)*

Performance units *(continued)*

2014 Awards *(continued)*

To account for the possibility of consolidation or other changes to the performance peer group over the performance period, actual performance will be measured against the companies that remain in the performance peer group at the end of the period. The schedule below provides a summary of how payout varies with performance depending upon the size of the performance peer group.

Relative Performance Measure Payout
(2014 - 2016 Performance Units)

Ensco Rank Against Peers	2014 - 2016 Award Multiplier (9 peers)	Multiplier (8 peers)	Multiplier (7 peers)
1	2.00	2.00	2.00
2	1.75	1.72	1.66
3	1.50	1.44	1.33
4	1.25	1.16	1.00
5	1.00	0.88	0.66
6	0.75	0.60	0.33
7	0.50	0.32	-
8	0.25	-	-
9	-	-	-
10	-	-	-

Target award opportunities for performance units granted to our NEOs under the LTIP during 2014 for the performance period beginning 1 January 2014 and ending 31 December 2016 were as follows:

2014 - 2016 Performance - Target Award Opportunities				
Named Officer	**Relative TSR (50%)**	**Relative ROCE (50%)**	**Total (100%)**	**Corresponding Performance Units (#)**
Mr. Trowell	$1,250,000	$1,250,000	$2,500,000	47,610
Mr. Rabun	$1,250,000	$1,250,000	$2,500,000	47,340

The committee selected relative TSR and ROCE as measures for the performance unit awards due, in part, to their prevalence in performance-based plans within our industry. Both measures also serve to align performance with shareholder interests and, as respects ROCE, constitute a meaningful measure of efficiency in a capital intensive industry.

- TSR is defined as dividends paid during the performance period plus the ending share price of the performance period minus the beginning share price of the performance period, divided by the beginning share price of the performance period. The beginning share price is based on the average daily closing price during the quarter preceding the performance period, and the ending share price is based on the average daily closing price of the last quarter of the performance period.

- ROCE is defined as net income from continuing operations, adjusted for certain nonrecurring gains and losses, plus after-tax net interest expense, divided by total equity as of 1 January of the respective year plus the average of the long-term debt balances as of 1 January and 31 December of the respective year.

Directors' remuneration report *(continued)*

Long-term incentives *(continued)*

Payout of 2012 - 2014 performance awards

Awards for the 2012 - 2014 performance period were subject to a similar performance matrix to that utilised for our 2014 grants, except that the ROCE component was split into relative ROCE and absolute ROCE against an objective internal target. Those awards are expected to be paid in cash in April 2015. The tables below summarise the calculation of final payout for those awards:

Performance Measure	Actual Performance	Corresponding Multiplier	Weight	=	Weighted Average Multiplier
Relative TSR	4 of 10	1.40	50%		70.0 %
Relative ROCE	9 of 10	-	25%		- %
Absolute ROCE	1.1%	-	25%		- %
TOTAL					**70.0%**

Chairman	Target Value 2012 - 2014 Performance Cycle	x	Weighted Average Multiplier	=	Total Award
Mr. Rabun	$2,250,000		70.0 %		$1,575,000

Directors' remuneration report *(continued)*

Director option ownership – Table E

The number of shares subject to options at the beginning and end of the year ended 31 December 2014 for each director serving on the board during 2014 is set forth in the following table. The options are not subject to performance conditions. During 2014, there were no options granted to directors serving on the board, and no previously granted options were modified.

Name	Date of Grant	Earliest Option Exercise Date	Option Expiration Date	Option Exercise Price ($)	Shares Subject to Options at Beginning of FY (#)	Options Exercised in 2014 (#)	Market Price on Date of Option Exercise ($)	Gain Realised Upon Option Exercise ($)	Options Expired in 2014	Shares Subject to Options at End of FY
Carl G. Trowell	-	-	-	-	-	-	N/A	N/A	-	-
Daniel W. Rabun	1/6/2007 (1)	1/6/2008 (3)	1/6/2014	60.74	125,000	-	N/A	N/A	125,000	-
	1/6/2009 (1)	1/6/2010 (4)	1/6/2016	41.29	32,499	-	N/A	N/A	-	32,499
	1/6/2010 (1)	1/6/2011 (4)	1/6/2017	34.45	50,499	-	N/A	N/A	-	50,499
	1/3/2011 (1)	1/3/2012 (4)	1/3/2018	55.34	28,896	-	N/A	N/A	-	28,896
	25/7/2011 (1)	25/7/2012 (4)	25/7/2018	52.73	9,270	-	N/A	N/A	-	9,270
David A. B. Brown	18/5/2005 (2)	18/5/2006 (5)	18/5/2015	25.76	3,471	-	N/A	N/A	-	3,471
	12/1/2006 (2)	12/1/2007 (5)	12/1/2016	40.57	11,107	-	N/A	N/A	-	11,107
	3/1/2007 (2)	1/3/2008 (5)	3/1/2017	35.12	11,107	-	N/A	N/A	-	11,107
J. Roderick Clark	-	-	-	-	-	-	N/A	N/A	-	-
Roxanne J. Decyk	-	-	-	-	-	-	N/A	N/A	-	-
Mary E. Francis CBE	-	-	-	-	-	-	N/A	N/A	-	-
C. Christopher Gaut	-	-	-	-	-	-	N/A	N/A	-	-
Gerald W. Haddock	1/6/2007 (1)	1/6/2007 (6)	1/6/2014	60.74	4,500	-	N/A	N/A	4,500	-
Francis S. Kalman	-	-	-	-	-	-	N/A	N/A	-	-
Keith O. Rattie	-	-	-	-	-	-	N/A	N/A	-	-
Paul E. Rowsey, III	1/6/2007 (1)	1/6/2007 (6)	1/6/2014	60.74	4,500	-	N/A	N/A	4,500	-

(1) Grants were made under the Ensco 2005 Long Term Incentive Plan.

(2) Grants were made under the Pride International Inc. 2004 Directors' Stock Incentive Plan.

(3) Options vested annually over a four-year period, except as may be deferred during certain specified regular or special blackout periods.

(4) Options vest annually over a three-year period, except as may be deferred during certain specified regular or special blackout periods.

(5) Options vested annually over a two-year period.

(6) Options were immediately exercisable.

Other remuneration

We do not have a defined benefit pension scheme.

Agreements with executive directors

Mr. Rabun

In connection with the announcement of Mr. Rabun's retirement on 13 November 2013, the company entered into a Restated and Superseding Employment Agreement with Mr. Rabun under which Mr. Rabun was to continue in his role as Chairman, President and Chief Executive Officer until a new Chief Executive Officer was appointed. Following the appointment of our new Chief Executive Officer on 2 June 2014 (the "Transition Date"), Mr. Rabun retired as our CEO and began serving only as our Chairman of the Board.

According to the terms of his agreement, upon termination of his employment as CEO, Mr. Rabun and his spouse became eligible to continue to participate in the company's group health plan until Mr. Rabun or his spouse, as applicable, become eligible for and covered by Medicare. Mr. Rabun's employment agreement also provides customary non-competition and non-solicitation covenants.

On the Transition Date, Mr. Rabun's unvested restricted stock units, unvested restricted stock awards, unvested stock options and unvested performance unit awards (subject to achievement of performance metrics) other than the awards granted in 2014 became fully vested.

The committee determined that the terms of the agreement were reasonable in light of competitive practice, Mr. Rabun's length of service with the company and the significant role he played in Ensco's success while serving as Chief Executive Officer. The committee also believes that the terms of Mr. Rabun's agreement were a key factor in ensuring a smooth transition of the CEO role.

Mr. Trowell

Mr. Trowell entered into an employment agreement with the company dated 3 May 2014 (the "Agreement"). Pursuant to the Agreement, Mr. Trowell's initial base salary was set at $934,260 per year, and he became eligible to receive an annual bonus based on the committee's evaluation of performance against pre-established goals under the ECIP.

Under the Agreement, Mr. Trowell was also granted (i) restricted stock units ("RSUs") under Ensco's Long-Term Incentive Plan (the "Plan"), valued at $2.5 million, and (ii) performance units under the Plan, valued at $2.5 million. The RSUs are subject to vesting over three years in three equal tranches, with accelerated vesting of 20% of the RSUs upon termination of employment by the company without cause or if Mr. Trowell resigns for good reason. If such termination occurs within two years following a change in control, or upon retirement after normal retirement age, death, or permanent and total disability, then 100% of the RSUs will fully vest upon termination. The performance units are subject to pro rata vesting upon retirement after normal retirement age in a performance period, with accelerated vesting of 20% of the performance units upon termination of employment by the company without cause or if Mr. Trowell resigns for good reason. If such termination occurs within two years following a change in control, or upon death or permanent and total disability, then 100% of the performance units will fully vest upon termination.

Mr. Trowell also received a "make-whole" award of RSUs valued at $4 million, subject to three-year cliff vesting. The "make-whole" award is subject to full accelerated vesting upon termination of employment by the company without cause or if Mr. Trowell resigns for good reason, or upon retirement after normal retirement age, death or permanent and total disability.

Mr. Trowell is not eligible to participate in the Ensco Savings Plan and Ensco's 2005 Supplemental Executive Retirement Plan (the "U.S. Retirement Plans"). During Mr. Trowell's appointment, he is eligible to receive cash payments in lieu of participation in the U.S. Retirement Plans equal to the amounts Ensco would have contributed to those plans (assuming, for purposes of calculating these amounts, that Mr. Trowell deferred the maximum amount possible under the U.S. Retirement Plans and the U.S. Internal Revenue Code). Mr. Trowell is eligible to participate in the same benefit plans and programmes in which other executive non-expatriate company employees who are based in the United Kingdom are eligible to participate.

Directors' remuneration report *(continued)*

Agreements with executive directors *(continued)*

If the Agreement is terminated by Ensco without cause, or if Mr. Trowell resigns for good reason, he is entitled to receive two years' base salary (or base salary for remainder of the initial three-year period, if greater). If such a termination occurs within two years following a change in control, Mr. Trowell will receive two years' base salary plus two times the average of Mr. Trowell's actual bonus paid under the Ensco 2005 Cash Incentive Plan for the three years (or, if less than three years of employment, such number of years) preceding the termination date. Non-compete provisions apply for one year following termination.

Agreements with non-executive directors

There are no agreements or letters of appointment in place with our non-executive directors. All directors are subject to annual nomination by our board and re-election by our shareholders.

Equity accumulation by our directors is encouraged, and we have specific security ownership guidelines, which are included in the Ensco Corporate Governance Policy. As respect to non-executive directors, within five years of appointment to the board, each such director should hold a number of shares of the company having a fair market value of at least five times the director's annual retainer. As respects named executive officers, guidelines specific to the position in question shall apply within five years of appointment to the position. The Chief Executive Officer should hold a number of shares having a fair market value of at least six times his or her base salary. Our directors are in compliance with these guidelines. The interest of the current directors in office as of 31 December 2014 in shares and share incentives are shown in the table below.

Share ownership guidelines and directors' interest in shares – Table F

Name	Unvested Restricted Shares/Units held as of 31 Dec 2014	Unrestricted Shares held as of 31 Dec 2014	Vested Unexercised Options held as of 31 Dec 2014	Unearned Performance Unit Awards held as of 31 Dec 2014[(1)]	Total Awards held as of 31 Dec 2014
Executive Directors					
Carl G. Trowell	123,786	2,200	-	47,610	173,596
Daniel W. Rabun	47,340	132,838	121,164	90,185	391,527
Non-executive Directors					
David A. B. Brown	-	7,232	25,685	-	32,917
J. Roderick Clark	10,587	18,404	-	-	28,991
Roxanne J. Decyk	7,517	891	-	-	8,408
Mary E. Francis CBE	7,517	-	-	-	7,517
C. Christopher Gaut	10,587	28,654	-	-	39,241
Gerald W. Haddock	10,587	24,277	-	-	34,864
Francis S. Kalman	9,252	22,400	-	-	31,652
Keith O. Rattie	10,587	20,625	-	-	31,212
Paul E. Rowsey, III	10,587	36,545	-	-	47,132

(1) The amounts disclosed represent the target level of performance for Mr. Trowell and Mr. Rabun's unearned performance unit awards as of 31 December 2014 and reflect the performance unit awards granted during 2013 and 2014 since they will be settled in shares.

Directors' remuneration report *(continued)*

Statement of change in pay of chief executive officer compared with employees

The table below summarises the percentage increase in salary, taxable benefits and annual incentives of the Chief Executive Officer and our employee population, as defined below, for the years ended 31 December 2014 and 2013.

Mr. Trowell was hired as our CEO and President on 2 June 2014. Upon hiring Mr. Trowell, Mr. Rabun retired as CEO on 2 June 2014 but remained employed by the company as an executive director to serve as Chairman of the Board of Directors. Therefore, total remuneration during 2014 reflects remuneration for Mr. Trowell and Mr. Rabun during the period they served as CEO, including prorated annual bonus payouts.

	Chief Executive Officer Percentage Change (2014 vs. 2013)	Employees Percentage Change (2014 vs. 2013)
Salary	(5.8)%	5.4 % (1)
Taxable Benefits	(11.1)% (2)	9.3 % (3)
Annual Incentives	114.5 % (4)	(9.3)% (5)

(1) We selected our corporate salaried employee population for this comparison due to the duties of these employees, the locations where they work and the structure of their remuneration.

(2) Mr. Trowell is a UK resident and does not receive overseas allowances.

(3) We selected our corporate salaried employee population eligible to receive overseas allowances in both 2013 and 2014 for this comparison due to the nature of taxable benefits.

(4) In connection with Mr. Trowell's hiring, he was granted a make-whole restricted share award subject to a three-year cliff vesting of $4.0 million.

(5) We selected our employee population that is eligible to receive annual equity awards and earn annual cash bonuses for this comparison.

Relative importance of spend on pay

The table below shows the overall spend on employee pay, dividend payments and capital expenditures for the years ended 31 December 2014 and 2013.

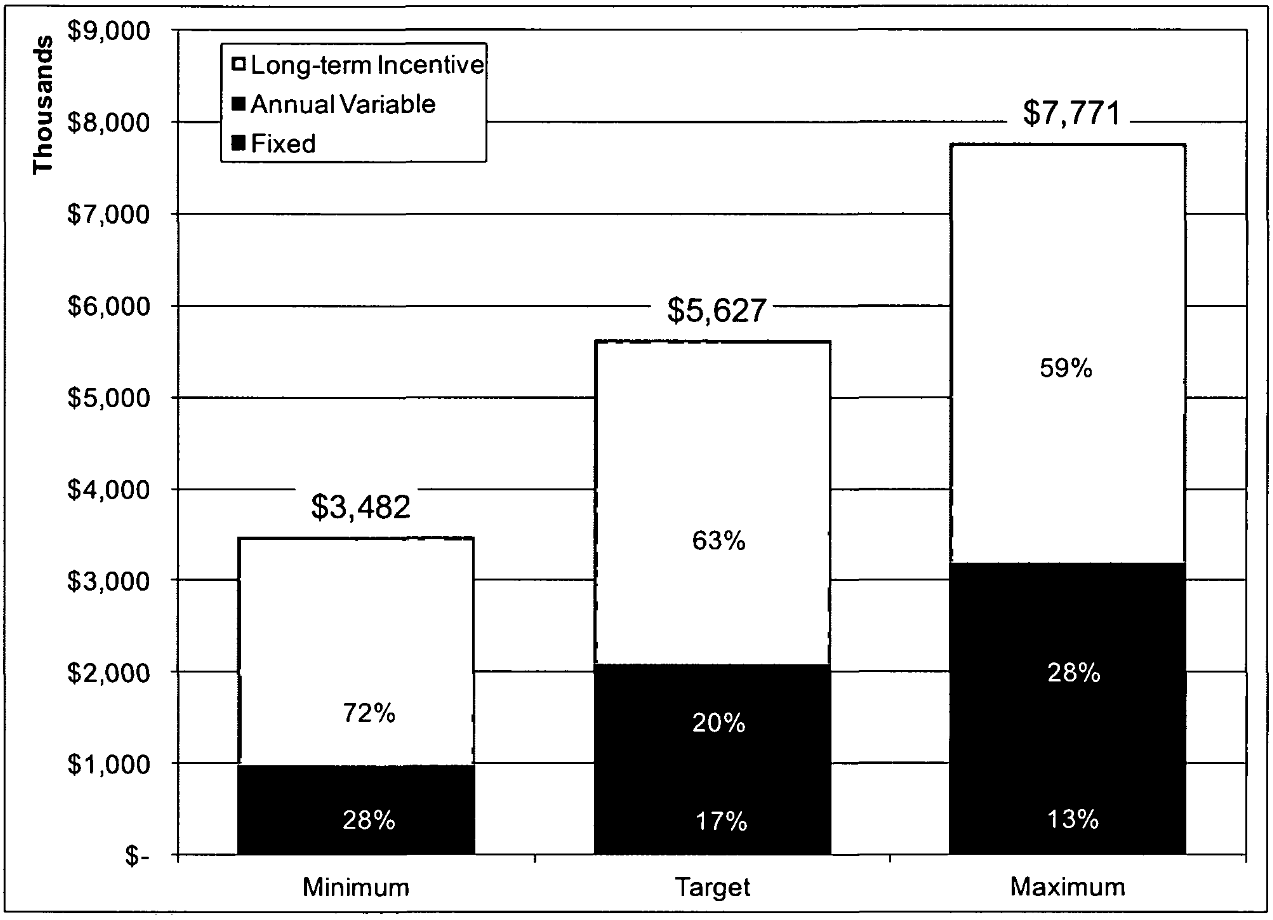
	2014	2013	Percentage Change
Employee Pay	$1,050,000,000	$1,041,500,000	1 %
Dividend Payments	$703,000,000	$525,600,000	34 %
Capital Expenditures(1)	$1,568,800,000	$1,779,200,000	(12)%

(1) Capital expenditures consist of expenditures on new rig construction, rig enhancement and minor upgrades and improvements. Depending on market conditions and opportunities, we may continue to invest a substantial portion of our cash flows to upgrade rigs for customer requirements and construct or acquire additional rigs.

Directors' remuneration report *(continued)*

Total expected remuneration by performance for our CEO for 2014

The total expected remuneration during the year ending 31 December 2014 for our CEO for a minimum, target and maximum performance is presented in the chart below.



Directors' remuneration report *(continued)*

Total expected remuneration by performance for our CEO for 2014 *(continued)*

Mr. Trowell was hired as our CEO and President on 2 June 2014. Upon hiring Mr. Trowell, Mr. Rabun retired as CEO but remained employed by the company as an executive director to serve as Chairman of the Board of Directors. The chart above reflects the aggregate remuneration for Mr. Trowell and Mr. Rabun during the period they served as CEO. The chart assumes no share price movement since the date of grant and excludes dividend accruals. Assumptions made for each scenario are as follows:

Performance Level	Fixed	Annual Variable Compensation (ECIP)	Long-term Incentive Compensation (LTIP)
Minimum (Below Threshold)	Base salary	0% earned if performance is below threshold/ minimum acceptable on all performance measures	Restricted stock earned at 100% Performance units at 0% (ROCE and TSR rank ninth or tenth in performance peer group). Actual value of awards will vary further based on dividend accrual and share price at date of settlement
Target (In Line with Expectation)	Base salary	100% of target earned (110% of salary for Mr. Trowell and 115% for Mr. Rabun) if financial and safety performance is at 100% of goals and strategic team goals achievement "meets expectations"	Restricted stock earned at 100% Performance units at 100% of target (ROCE and TSR rank fifth in the performance peer group) Actual value of awards will vary further based on dividend accrual and share price at date of settlement
Maximum	Base salary	200% of target earned (220% of salary for Mr. Trowell and 230% of salary for Mr. Rabun) if financial and safety performance exceeds maximum goals and strategic team goals are all achieved at an outstanding level (far exceeding expectations)	Restricted stock earned at 100% Performance units at 200% of target (ROCE and TSR rank first in performance peer group) Actual value of awards will vary further based on dividend accrual and share price at date of settlement

Directors' remuneration report *(continued)*

Shareholder voting on remuneration matters

The committee values shareholders' input on the design of our employee compensation programme. The committee also believes that our programmes are structured to deliver realised pay that is commensurate with performance and that we have a pay for performance approach to executive pay that holds management accountable for producing profitable growth. The committee also believes that we have adopted multiple compensation governance "best practices."

At our 2014 annual general meeting of shareholders, we received 156,560,796 votes in favour of our executive compensation program, 18,224,372 votes in opposition and 661,757 abstentions, for total support of 89%.

The results of a non-binding vote to approve the Directors' remuneration report for the year ended 31 December 2013 were as follows:

For		Against		Withheld		Broker Non-Votes	
No. of votes	%	No. of votes	%	No. of votes	%	No. of votes	%
178,750,006	88.1%	22,218,303	11.0%	1,782,917	0.9%	N/A	nil%

Based upon the strong level of shareholder support for our programmes expressed through our 2014 vote, and the committee's views on our current approach to executive compensation, we did not make any significant structural or philosophical changes to our programmes this year.

The Directors' remuneration report was approved by the board of directors on 31 March 2015 and was signed on its behalf by:

Carl G. Trowell
Director, Chief Executive Officer
and President

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, they have elected to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report, a Directors' Report and a Directors' Remuneration Report that complies with that law and those regulations.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENSCO PLC

We have audited the financial statements of Ensco plc for the year ended 31 December 2014 set out on pages 35 to 74. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 33, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2014 and of the group's loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

J. Lowes

Juliette Lowes (Senior Statutory Auditor)
for and on behalf of KPMG Audit PLC, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
31 March 2015

Consolidated Profit and Loss Account
for the year ended 31 December 2014

	Note	2014 $ millions	2013 $ millions
Turnover	*2*	4,889.4	4,919.8
Cost of sales			
Contract drilling expense		(2,405.6)	(2,408.7)
Depreciation and amortisation		(754.6)	(769.0)
		(3,160.2)	(3,177.7)
Gross profit		1,729.2	1,742.1
General and administrative expenses		(131.9)	(146.8)
Impairment of tangible fixed assets and other assets	*12*	(4,346.3)	-
Operating (loss)/profit		(2,749.0)	1,595.3
Net profit/(loss) on disposal of tangible fixed assets	*3*	49.6	(3.4)
Interest receivable and similar income	*7*	26.3	59.4
Interest payable and other similar items	*8*	(164.5)	(158.8)
(Loss)/profit on ordinary activities before taxation		(2,837.6)	1,492.5
Tax on (loss)/profit on ordinary activities	*9*	(70.6)	(234.5)
(Loss)/profit on ordinary activities after taxation		(2,908.2)	1,258.0
Minority interests	*22*	(14.1)	(9.7)
(Loss)/profit for the financial year		(2,922.3)	1,248.3
(Loss)/earnings per share			
Basic (loss)/earnings per share		(12.65)	5.34
Diluted (loss)/earnings per share		(12.65)	5.34

All of the results above are derived from continuing operations.

There were no recognised gains and losses other than the profits for the financial years reported above.

The accompanying notes on pages 40 to 74 form an integral part of these financial statements.

Consolidated Balance Sheet
at 31 December 2014

	Note	2014 $ millions	2013 $ millions
Fixed assets			
Intangible assets	*11*	2,549.7	2,741.6
Tangible fixed assets	*12*	10,780.3	14,295.1
		13,330.0	17,036.7
Current assets			
Stocks	*14*	240.1	256.2
Debtors (including $205.6 million (2013: $213.7 million) due after more than one year)	*15*	1,328.5	1,259.2
Investments	*13*	757.3	50.0
Cash at bank and in hand	*27*	664.8	165.6
		2,990.7	1,731.0
Creditors: amounts falling due within one year	*16*	(1,059.0)	(992.7)
Net current assets		1,931.7	738.3
Total assets less current liabilities		15,261.7	17,775.0
Creditors: amounts falling due after more than one year	*17*	(6,359.3)	(5,074.3)
Provisions for liabilities	*18*	(395.2)	(608.8)
Net assets		8,507.2	12,091.9
Capital and reserves			
Called up share capital	*20*	24.2	24.1
Other reserves	*21*	8,475.1	12,060.5
		8,499.3	12,084.6
Minority interests	*22*	7.9	7.3
Shareholders' funds		8,507.2	12,091.9

These financial statements were approved by the board of directors on 31 March 2015 and were signed on its behalf by:

Carl G. Trowell
Director, Chief Executive Officer
and President

The accompanying notes on pages 40 to 74 form an integral part of these financial statements.

Company Balance Sheet
at 31 December 2014

	Note	2014 $ millions	2013 $ millions
Fixed assets			
Investment	13	6,959.5	6,959.5
Tangible fixed assets	12	0.2	0.6
		6,959.7	6,960.1
Current assets			
Debtors (including $2,753.4 million (2013: $4,661.8 million) due after more than one year)	15	2,773.5	6,174.2
Investments	13	712.0	-
Cash at bank and in hand		287.3	46.5
		3,772.8	6,220.7
Creditors: amounts falling due within one year	16	(72.5)	(3,956.6)
Net current assets		3,700.3	2,264.1
Total assets less current liabilities		10,660.0	9,224.2
Creditors: amounts falling due after more than one year	17	(4,461.2)	(3,214.2)
Net assets		6,198.8	6,010.0
Capital and reserves			
Called up share capital	20	24.2	24.1
Other reserves	21	6,174.6	5,985.9
Shareholders' funds		6,198.8	6,010.0

These financial statements were approved by the board of directors on 31 March 2015 and were signed on its behalf by:

Carl G. Trowell
Director, Chief Executive Officer
and President

Company registered number: 07023598

The accompanying notes on pages 40 to 74 form an integral part of these financial statements.

Consolidated Cash Flow Statement
for the year ended 31 December 2014

	Note	2014 $ millions	2013 $ millions
Net cash inflow from operating activities	*26*	2,426.4	2,327.0
Returns on investments and servicing of finance			
Interest receivable and similar items received		13.5	58.7
Interest payable and similar items paid		(248.2)	(249.9)
Net cash outflow from returns on investments and servicing of finance		(234.7)	(191.2)
Taxation paid		(218.2)	(221.8)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(1,497.1)	(1,711.5)
Purchase of investments		(790.6)	(50.0)
Receipts from sales of tangible fixed assets		285.0	21.5
Receipts from maturities of investments		83.3	50.0
Advance payment received on sale of assets		-	33.0
Net cash outflow from capital expenditure and financial investment		(1,919.4)	(1,657.0)
Cash dividends paid		(703.0)	(525.6)
Cash outflow before financing		(648.9)	(268.6)
Long-term borrowings		1,246.4	-
Repayment of long-term borrowings		(60.1)	(47.5)
Proceeds from exercise of share options		2.6	22.3
Repurchase of own shares		(13.8)	(14.2)
Other		(27.0)	(13.3)
Net cash inflow/(outflow) from financing		1,148.1	(52.7)
Effect of exchange rate changes on cash		-	(0.2)
Increase/(decrease) in cash in the year		499.2	(321.5)
Reconciliation of net cash flow to movement in net funds	*27*		
Increase/(decrease) in cash in the year		499.2	(321:5)
Change in net debt resulting from cash flow		(1,186.3)	47.5
Change in net debt resulting from non-cash changes		40.7	28.7
Movement in net funds in the year		(646.4)	(245.3)
Net funds at the beginning of the year		(4,584.9)	(4,339.6)
Net funds at the end of the year		(5,231.3)	(4,584.9)

The accompanying notes on pages 40 to 74 form an integral part of these financial statements.

Reconciliations of Movements in Shareholders' Funds
for the year ended 31 December 2014

Group

	2014 $ millions	2013 $ millions
(Loss)/profit for the financial year	(2,922.3)	1,248.3
Cash dividends paid	(704.3)	(525.6)
Retained (deficit)/profit	(3,626.6)	722.7
Share-based compensation cost	48.7	46.6
Foreign currency translation	4.2	2.0
Shares issued for share-based compensation plans, net	2.1	21.8
Issuance of common shares	3,000.1	0.2
Cancellation of shares under capital reduction	(3,000.0)	-
Repurchase of own shares	(13.8)	(14.2)
Net (deduction)/addition to shareholders' funds	(3,585.3)	779.1
Opening shareholders' funds	12,084.6	11,305.5
Closing shareholders' funds	8,499.3	12,084.6

Company

	2014 $ millions	2013 $ millions
Profit for the financial year	883.2	1,107.6
Cash dividends paid	(704.3)	(525.6)
Retained profit	178.9	582.0
Share-based compensation cost	21.5	16.8
Shares issued for share-based compensation plans, net	2.1	21.8
Issuance of common shares	3,000.1	0.2
Cancellation of shares under capital reduction	(3,000.0)	-
Repurchase of own shares	(13.8)	(14.2)
Net addition to shareholders' funds	188.8	606.6
Opening shareholders' funds	6,010.0	5,403.4
Closing shareholders' funds	6,198.8	6,010.0

The accompanying notes on pages 40 to 74 form an integral part of these financial statements.

Notes

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules. Certain prior year balances have been amended to be consistent with the current year presentation.

The functional currency of the company is the U.S. dollar. The U.S. dollar is the prevalent currency used within the oil and natural gas industry and the group has a significant level of U.S. dollar cash flows, assets and liabilities. The group and parent company financial statements are therefore presented in U.S. dollars.

Going concern

The group's business activities, together with the factors likely to affect its future development, performance and financial position are set out in the Business review. The group has considerable financial resources together with contract backlog with a number of customers across different geographic areas. Therefore, the directors believe that the group is well placed to successfully manage its business risks. After having made the appropriate inquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Consequently, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings made up to 31 December 2014. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

In the company's financial statements, investments in subsidiary undertakings are stated at cost less amounts written-off. The carrying values of the investments in subsidiary undertakings are reviewed for impairment if events or changes in circumstances indicate that the carrying values may not be recoverable.

Under section 408 of the UK Companies Act 2006, the company is exempt from the requirement to present its own profit and loss account.

Foreign currency remeasurement

The functional currency of a substantial portion of the group's companies is the U.S. dollar. As is customary in the oil and natural gas industry, a majority of the group's turnover is denominated in U.S. dollars; however, a portion of the turnover and expenses incurred by its non-U.S. subsidiaries are denominated in currencies other than the U.S. dollar. Non-monetary balances are held at historical exchange rates. Monetary balances are translated at the year end exchange rates with any gains or losses taken to interest receivable and other similar income, interest payable and other similar items or other reserves. Transactions are shown in the profit and loss account at the average exchange rate during the month that the transaction occurred or the relevant hedged rate. Transaction gains and losses, including gains and losses on the settlement of certain derivative instruments, are included in interest receivable and similar income and interest payable and other similar items in the group's consolidated profit and loss account.

Notes *(continued)*

1 Accounting policies *(continued)*

Cash

Cash, for the purpose of the cash flow statement, consists of cash in hand, deposits repayable on demand and investments with a maturity of less than three months that are repayable on demand without penalty.

Tangible fixed assets and depreciation

All directly attributable costs incurred in connection with the acquisition, construction, enhancement and improvement of tangible fixed assets are capitalised, including allocations of interest incurred during periods that the group's drilling rigs are under construction or undergoing major enhancements and improvements. Repair and maintenance costs are charged to contract drilling expense in the period in which they occur. Upon sale or retirement of tangible fixed assets, the related cost and accumulated depreciation are removed from the balance sheet, and the resulting gain or loss is included in net profit/(loss) on disposal of tangible fixed assets.

The group's tangible fixed assets are depreciated on the straight-line method, after allowing for salvage values, over their estimated useful economic lives. Drilling rigs and related equipment are depreciated over estimated economic useful lives ranging up to 35 years. Buildings and improvements are depreciated over estimated economic useful lives ranging up to 30 years. Other equipment, including computer and communications hardware and software costs, is depreciated over estimated economic useful lives ranging up to 6 years.

Goodwill

Positive goodwill arising from an acquisition is capitalised, classified as an asset on the balance sheet and amortised on a straight-line basis over its estimated useful economic life. The estimated useful economic life of the group's goodwill is 20 years.

If a subsidiary or business is subsequently sold or closed, any goodwill arising on acquisition that has not been amortised through the profit and loss account is taken into account in determining the profit or loss on sale or closure.

Impairment of fixed assets and goodwill

The group evaluates the carrying value of its fixed assets for impairment when events or changes in circumstances indicate that a potential impairment exists. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of fixed assets is the greater of their net realisable value and value in use. An impairment loss is recognised whenever the carrying value of an asset exceeds its recoverable amount. Fixed assets held for sale are recorded at the lower of net book value or net realisable value.

Goodwill is tested for impairment at the end of the first full financial year following the acquisition and in subsequent periods if events or changes in circumstances indicate that the carrying value may not be recoverable. Impairment losses recognised in respect of income-generating units are allocated first to reduce the carrying amount of any goodwill allocated to income-generating units, then to the carrying amount of the tangible fixed assets in the unit on a pro rata basis.

Calculation of recoverable amount

In assessing value in use, the asset's expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the rate of return expected on an equally risky investment.

Reversals of impairment

An impairment loss is reversed on goodwill only if subsequent external events reverse the effect of the original event which caused the recognition of the impairment. When this occurs, the reversal of the impairment loss is recognised in the current period. For fixed assets where the recoverable amount increases as a result of a change in economic conditions or in the expected use of the asset, the reversal of the impairment loss is recognised in the current period.

Notes *(continued)*

1 Accounting policies *(continued)*

***Reversals of impairment** (continued)*

An impairment loss for goodwill and fixed assets is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Turnover and operating expenses

Substantially all of the group's drilling contracts ("contracts") are performed on a day rate basis, and the terms of such contracts are typically for a specific period of time or the period of time required to complete a specific task, such as drill a well. Contract turnover and expenses are recognised on a per day basis as the work is performed. Day rate turnover is typically earned, and contract drilling expense is typically incurred, on a uniform basis over the terms of the group's contracts.

In connection with some contracts, the group receives lump-sum fees or similar compensation for the mobilisation of equipment and personnel prior to the commencement of drilling services or the demobilisation of equipment and personnel upon contract completion. Fees received for the mobilisation or demobilisation of equipment and personnel are included in turnover. The costs incurred in connection with the mobilisation and demobilisation of equipment and personnel are included in contract drilling expense.

Mobilisation fees received and costs incurred are deferred and recognised on a straight-line basis over the period that the related drilling services are performed. Demobilisation fees and related costs are recognised as incurred upon contract completion. Costs associated with the mobilisation of equipment and personnel to more promising market areas without contracts are expensed as incurred.

In connection with some contracts, the group receives up-front lump-sum fees or similar compensation for capital improvements to its drilling rigs. Such compensation is deferred and recognised as turnover over the period that the related drilling services are performed. The cost of such capital improvements is capitalised and depreciated over the economic useful life of the asset.

The group must obtain certifications from various regulatory bodies in order to operate its drilling rigs and must maintain such certifications through periodic inspections and surveys. The costs incurred in connection with maintaining such certifications, including inspections, tests, surveys and drydock, as well as remedial structural work and other compliance costs, are deferred and amortised over the corresponding certification periods.

In certain countries in which the group operates, sales, use, value-added, gross receipts and excise tax may be assessed by the local government on the group's turnover. The group generally records tax-assessed turnover transactions on a net basis in its consolidated profit and loss account.

Taxation

The group conducts operations and earns profit in numerous countries and is subject to the laws of taxing jurisdictions within those countries, including the UK and U.S. Current taxes are recognised for the amount of taxes payable or refundable based on the laws and tax rates in the taxing jurisdictions in which operations are conducted and profit is earned.

The charge for taxation is based on taxable profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date except as otherwise required by FRS 19, "Deferred Tax." Deferred tax assets are recognised only to the extent that the directors consider that it is more-likely-than-not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Notes *(continued)*

1 Accounting policies *(continued)*

Taxation (continued)

In many of the jurisdictions in which the group operates, tax laws relating to the offshore drilling industry are not well developed and change frequently. Furthermore, the group may enter into transactions with affiliates or employ other tax planning strategies that generally are subject to complex tax regulations. As a result of the foregoing, the tax liabilities and assets the group recognises in its financial statements may differ from the tax positions taken, or expected to be taken, in the group's tax returns. Tax positions are evaluated for recognition using a more-likely-than-not threshold, and those tax positions requiring recognition are measured as the largest amount of tax benefit that is greater than 50% likely of being realised upon effective settlement with a taxing authority that has full knowledge of all relevant information. Interest and penalties relating to taxation are included in tax on profit on ordinary activities in the consolidated profit and loss account.

The group's drilling rigs frequently move from one taxing jurisdiction to another based on where they are contracted to perform drilling services. The movement of drilling rigs among taxing jurisdictions may involve a transfer of drilling rig ownership among the group's subsidiaries. The pre-tax profit resulting from intercompany rig sales is eliminated and the carrying value of rigs sold in intercompany transactions remains at the historical net depreciated cost prior to the transaction. The consolidated financial statements do not reflect the asset disposition transaction of the selling subsidiary or the asset acquisition transaction of the acquiring subsidiary. Taxation resulting from the transfer of drilling rig ownership among subsidiaries is recognised in tax on profit on ordinary activities in the year that the intercompany rig sale occurs. A corresponding deferred tax asset is also recognised and amortised over the remaining useful life of the related rig along with the tax effect of any reversing temporary differences resulting from the transfers,.

In some instances, the group may determine that certain temporary differences will not result in a taxable or deductible amount in future years, as it is more-likely-than-not the group will depart from a given taxing jurisdiction without such temporary differences being recovered or settled. Under these circumstances, no future tax consequences are expected and no deferred taxes are recognised in connection with such operations. The group evaluates these determinations on a periodic basis and, in the event the group's expectations relative to future tax consequences change, the applicable deferred taxes are recognised.

Dividend income received by Ensco plc from its subsidiaries is exempt from UK taxation. We do not provide deferred taxes on undistributed earnings of certain subsidiaries because our policy and intention is to reinvest such earnings indefinitely. Each of the subsidiaries for which we maintain such policy has significant net assets, liquidity, contract backlog and/or other financial resources available to meet operational and capital investment requirements and otherwise allow us to continue to maintain our policy of reinvesting the undistributed earnings indefinitely.

Share-based compensation

The group sponsors several share-based compensation plans that provide equity compensation to the group's employees, officers and directors. Share-based compensation cost is measured at fair value on the date of grant and recognised over the period in which each employee becomes unconditionally entitled to the awards (usually the vesting period). The amount of compensation cost recognised in the consolidated profit and loss account, with a corresponding increase in equity, is based on the awards ultimately expected to vest and, therefore, reduced for estimated forfeitures. All changes in estimated forfeitures are based on historical experience and are recognised as a cumulative adjustment to compensation cost in the period in which they occur. See "Note 25 – Employee compensation schemes" for additional information on the group's share-based compensation.

Notes *(continued)*

1 Accounting policies *(continued)*

Financial assets and liabilities

The company has elected not to adopt FRS 26, "Financial Instruments: Recognition and Measurement." Financial assets and liabilities consist of marketable securities held in the group's supplemental executive retirement plan (SERP) and derivatives.

The SERP is a non-qualified plan where eligible employees may defer a portion of their compensation for use after retirement. Assets held in the SERP consist of marketable securities and are measured at fair value based on quoted market prices. SERP assets are held on behalf of employees and are not available for use by the group.

The group uses various derivative financial instruments to manage its exposure to foreign currency exchange rate risk. Derivatives are measured at cost. Gains and losses on derivatives are recognised upon maturity.

Interest bearing borrowings

All interest bearing borrowings are immediately recognised at net proceeds. After initial recognition, debt is increased by the amortisation of finance cost and reduced by repayments made in the year. Debt finance costs are charged to the profit and loss account over the term of the debt at a constant rate on the carrying amount.

Provisions for litigation and other items

Provisions for legal claims or actions against the group are recognised when it is more-likely-than-not that the group has a present obligation as the result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Stocks

Stocks are stated at the lower of cost or net realisable value. Net realisable value is based on estimated selling price less any further costs expected to be incurred on disposal.

Leases

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Dividends on shares presented within equity

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the group. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Own shares

Transactions of the company sponsored stock compensation trust are treated as being those of the company and are therefore reflected in the parent company and group financial statements. In particular, the trust's purchases and sales of shares in the company are debited and credited directly to own share reserve.

Minority interests

Local third parties hold an interest in certain of the group's subsidiaries. These interests are presented as minority interests within the consolidated balance sheet, profit and loss account and cash flow statement.

Notes *(continued)*

1 Accounting policies *(continued)*

(Loss)/earnings per share

The group presents basic and diluted (loss)/earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the (loss)/profit attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted (loss)/earnings per share is determined by adjusting the (loss)/profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all potentially dilutive ordinary shares, consisting of share options granted to employees.

2 Segmental information

Our business consists of three operating segments: (1) Floaters, which includes our drillships and semisubmersible rigs, (2) Jackups and (3) Other, which consists of management services on rigs owned by third-parties. Our two reportable segments, Floaters and Jackups, provide one service, contract drilling.

General and administrative expense and depreciation expense incurred by our corporate office and goodwill amortisation are not allocated to our operating segments for purposes of measuring segment operating profit and were included in "Reconciling Items." Net assets not allocated to the group's operating segments were also included in "Reconciling Items."

The tables below set out information for each of the operating segments.

Year ended 31 December 2014

	Floaters $ millions	Jackups $ millions	Other $ millions	Operating Segments Total $ millions	Reconciling Items $ millions	Group Total $ millions
Turnover						
Turnover to third parties	2,934.3	1,862.8	92.3	4,889.4	-	4,889.4
Operating (loss)/profit	(2,647.9)	172.5	24.0	(2,451.4)	(297.6)	(2,749.0)
Net profit on disposal of tangible fixed assets	0.6	49.0	-	49.6	-	49.6
Interest receivable and other similar income	-	-	-	-	26.3	26.3
Interest payable and other similar items	-	-	-	-	(164.5)	(164.5)
(Loss)/profit on ordinary activities before taxation	(2,647.3)	221.5	24.0	(2,401.8)	(435.8)	(2,837.6)
Net assets	7,962.4	2,611.9	-	10,574.3	(2,067.1)	8,507.2

Notes *(continued)*

2 Segmental information *(continued)*

Year ended 31 December 2013

	Floaters $ millions	Jackups $ millions	Other $ millions	Operating Segments Total $ millions	Reconciling Items $ millions	Group Total $ millions
Turnover						
Turnover to third parties	3,109.5	1,735.2	75.1	4,919.8	-	4,919.8
Operating profit	1,158.2	737.1	16.6	1,911.9	(316.6)	1,595.3
Net loss on disposal of tangible fixed assets	-	(3.4)	-	(3.4)	-	(3.4)
Interest receivable and other similar income	-	-	-	-	59.4	59.4
Interest payable and other similar items	-	-	-	-	(158.8)	(158.8)
Profit on ordinary activities before taxation	1,158.2	733.7	16.6	1,908.5	(416.0)	1,492.5
Net assets	11,303.4	2,961.6	-	14,265.0	(2,173.1)	12,091.9

3 Net profit/(loss) on disposal of tangible fixed assets

	2014 $ millions	2013 $ millions
Net profit/(loss) on disposal of drilling rigs and equipment	49.6	(3.4)
Net tax benefit on disposal of drilling rigs and equipment	2.3	-

Notes *(continued)*

4 Notes to the profit and loss account

Group

Profit on ordinary activities before taxation is stated after charging	2014 $ millions	2013 $ millions
Impairment of tangible fixed assets	4,346.3	-
Depreciation	597.5	611.9
Amortisation of goodwill	157.1	157.1
Operating lease rentals – offices and equipment	54.4	53.6
Amortisation of other intangibles and other assets	(7.9)	(22.5)
	5,147.4	800.1

Auditors' remuneration	2014 $ millions	2013 $ millions
Audit of these financial statements – KPMG Audit Plc	0.3	0.4
Audit of UK subsidiary financial statements – KPMG Audit Plc	0.2	0.2
Amounts receivable by associates of the auditors in respect of:		
Audit of Ensco plc financial statements for other regulatory purposes	2.8	2.2
Audit of financial statements of subsidiaries pursuant to legislation	0.6	0.5
Other services relating to taxation	0.1	0.1

5 Remuneration of directors

	2014 $ millions	2013 $ millions
Directors' emoluments	5.6	6.9
Amounts receivable under long-term incentive schemes	13.4	8.0
	19.0	14.9

The aggregate of emoluments and amounts receivable under long-term incentive schemes of the highest paid director was $8.0 million (2013: $11.4 million). During the year, the highest paid director received shares under a long-term incentive scheme.

	2014	2013
The number of directors who exercised share options was:	-	6
The number of directors in respect of whose services shares were received or receivable under long-term incentive schemes was:	11	12

Notes *(continued)*

5 Remuneration of directors *(continued)*

The following directors benefited from qualifying third party indemnity provisions:

Daniel W. Rabun (Chairman)
Carl G. Trowell
J. Roderick Clark
Roxanne J. Decyk
Mary E. Francis CBE
C. Christopher Gaut
Gerald W. Haddock
Francis S. Kalman
Keith O. Rattie
Paul E. Rowsey, III

6 Staff numbers and costs

The average number of persons employed by the group (including directors) during the year, analysed by category, was as follows:

	Number of employees 2014	Number of employees 2013
Floaters	3,664	3,956
Jackups	2,567	2,190
Shore-based	1,767	1,658
	7,998	7,804

The aggregate payroll costs of these persons were as follows:

	2014 $ millions	2013 $ millions
Wages and salaries	925.6	884.3
Savings plan contributions	51.4	76.4
Share based payments	45.1	50.3
Social security costs	27.9	30.5
	1,050.0	1,041.5

The parent company had no employees during the year ended 31 December 2014 (2013: nil).

Notes *(continued)*

7 Interest receivable and similar income

Group	2014 $ millions	2013 $ millions
Interest receivable on cash and long-term receivables	22.7	16.6
Reimbursement from the Mexican tax authority	-	30.6
Net foreign currency exchange gains	-	6.0
Other income	3.6	6.2
	26.3	59.4

During 2013, the group received a $30.6 million reimbursement from the resolution of a dispute with the Mexican government.

8 Interest payable and other similar items

Group	2014 $ millions	2013 $ millions
Senior notes, debentures and bonds	239.6	226.5
Less finance costs capitalised	(78.2)	(67.7)
Net foreign currency exchange losses	3.1	-
	164.5	158.8

Finance costs have been capitalised into tangible fixed assets at a rate of 5.7% (2013: 5.7%).

9 Taxation

Analysis of charge in period	2014 $ millions	2013 $ millions
UK corporation tax		
Current tax at 21.5% (2013: 23.25%)	20.1	0.2
Foreign tax		
Current tax for the year	236.5	188.5
Adjustments in respect of prior years	29.2	22.5
	265.7	211.0
Total current tax	285.8	211.2
Deferred tax		
Origination/reversal of timing differences	(166.8)	46.3
Adjustments in respect of prior years	(48.4)	(23.0)
Total deferred tax	(215.2)	23.3
Tax on (loss)/profit on ordinary activities	70.6	234.5

Notes *(continued)*

9 Taxation *(continued)*

Factors affecting the tax charge for the current period

The current tax charge for the period is lower (2013: lower) than the standard rate of corporation tax in the UK of 21.5% (2013: 23.25%). The differences are explained below.

	2014 $ millions	2013 $ millions
Current tax reconciliation		
(Loss)/profit on ordinary activities before tax	(2,837.6)	1,492.5
Current tax at 21.5% (2013: 23.25%)	(610.1)	347.0
Effects of:		
Impairment of tangible fixed assets and other assets	934.5	-
Net expense in connection with resolutions of tax issues and adjustments relating to prior years	29.2	22.5
Change to UK tax law	21.6	-
Lower tax rates on non-U.K. earnings	(134.4)	(175.1)
Other	45.0	16.8
Total current tax charge	285.8	211.2

10 Dividends

The aggregate amount of dividends consists of:

	2014 $ millions	2013 $ millions
Dividends paid in the year	704.3	525.6

The quarterly dividends approved by the directors and paid by the company from 1 January 2014 to 31 December 2014 were:

Payment Date	Per Class A Ordinary Share $ per share	Total Dividends Paid $ millions
21 March 2014	0.75	175.6
20 June 2014	0.75	176.2
19 September 2014	0.75	176.1
19 December 2014	0.75	176.4
		704.3

On 20 March 2015, the company paid a dividend in the amount of $35.2 million ($0.15 per share) that was not recognised as a liability at the balance sheet date as it was approved by the directors subsequent to 31 December 2014.

Notes *(continued)*

10 Dividends *(continued)*

The quarterly dividends approved by the directors and paid by the company from 1 January 2013 to 31 December 2013 were:

Payment Date	Per Class A Ordinary Share $ per share	Total Dividends Paid $ millions
22 March 2013	0.50	116.5
10 June 2013	0.50	116.8
20 September 2013	0.50	116.9
20 December 2013	0.75	175.4
		525.6

11 Intangible assets

Group

	Goodwill $ millions	Other $ millions	Total $ millions
Cost			
At beginning of year	3,262.0	220.4	3,482.4
Disposal	-	-	-
At end of year	3,262.0	220.4	3,482.4
Amortisation			
At beginning of year	604.2	136.6	740.8
Charged in year	157.1	34.8	191.9
At end of year	761.3	171.4	932.7
Net book value			
At 31 December 2014	2,500.7	49.0	2,549.7
At 31 December 2013	2,657.8	83.8	2,741.6

Goodwill arose on the acquisitions of Chiles Offshore, Inc. during 2002 and Pride International, Inc. during 2011. The directors consider each acquisition separately for purposes of determining the amortisation period of any goodwill that arises. Goodwill arising on these acquisitions is amortised over a period of 20 years.

Other intangible assets arose from the acquisition of Pride International, Inc. and primarily represent the estimated fair values of Pride International, Inc.'s firm drilling contracts in place with favourable contract terms. The estimated fair values of Pride International, Inc.'s firm drilling contracts in place with unfavourable contract terms is included in Note 17 Creditors: amounts falling due after more than one year.

12 Tangible fixed assets

Group	Drilling rigs and equipment $ millions	Assets in course of construction $ millions	Other $ millions	Total $ millions
Cost				
At beginning of year	15,858.6	1,523.9	102.1	17,484.6
Additions	-	1,623.5	-	1,623.5
Disposals	(502.7)	(3.3)	(12.8)	(518.8)
Transfers	1,425.1	(1,471.8)	46.7	-
At end of year	16,781.0	1,672.3	136.0	18,589.3
Depreciation				
At beginning of year	3,135.8	-	53.7	3,189.5
Charge for year	583.8	-	13.7	597.5
Impairments	3,850.3	446.5	-	4,296.8
Disposals	(269.2)	-	(5.6)	(274.8)
At end of year	7,300.7	446.5	61.8	7,809.0
Net book value				
At 31 December 2014	9,480.3	1,225.8	74.2	10,780.3
At 31 December 2013	12,722.8	1,523.9	48.4	14,295.1

Included in additions to the cost of tangible fixed assets is $78.2 million (2013: $67.7 million) in respect of capitalised finance costs.

During the year, demand for our rigs deteriorated as a result of continued reductions in capital spending by our customers in addition to delays in our customers' drilling programmes. During the fourth quarter, Brent crude oil prices declined from approximately $95 per barrel to near $55 per barrel on 31 December 2014. The decline resulted in further reductions in capital spending by customers, including the cancellation or deferral of planned drilling programmes.

The reduction in demand, combined with the increasing supply from newbuild rig deliveries, led to a very competitive market. Contracting activity declined significantly and day rates and utilisation came under pressure, especially for older, less capable rigs. The significant supply and demand imbalance will continue to be adversely impacted by future newbuild deliveries, program delays and lower capital spending by operators.

In response to the adverse change in the current and anticipated rig business climate, management evaluated our rigs and committed to a plan to sell eight rigs: ENSCO 58, ENSCO 90, ENSCO 5000, ENSCO 5001, ENSCO 5002, ENSCO 6000, ENSCO 7500 and ENSCO DS-2. These rigs were written down to fair value, less costs to sell. We completed the sale of ENSCO 5000 in December 2014.

Management concluded that a triggering event had occurred for our remaining rigs and performed an asset impairment analysis for all rigs. We measured the fair value of the rigs by applying a projected discounted cash flows approach using a pre-tax discount rate of 12.5 percent. These valuations were based on assumptions regarding future day rates, utilisation, operating costs and capital requirements that require significant judgments. The tangible fixed assets impairment charge was $4,296.8 million (2013: nil).

Notes *(continued)*

12 Tangible fixed assets *(continued)*

Company	Lease hold improvements and office equipment $ millions
Cost	
At beginning of year	2.1
Additions	-
At end of year	2.1
Depreciation	
At beginning of year	1.5
Charge for year	0.4
At end of year	1.9
Net book value	
At 31 December 2014	0.2
At 31 December 2013	0.6

13 Investments

Group

	Short-term deposits $ millions
Cost	
At beginning of year	50.0
Additions	790.6
Repaid at maturity	(83.3)
At end of year	757.3

Short-term deposits consist of cash deposited with a financial institution for a specified period of time, which bears interest.

Notes *(continued)*

13 Investments *(continued)*

The group's principal subsidiary undertakings, which are all consolidated, are as follows:

	Country of Incorporation	Principal Activity	Percentage of Voting Securities Owned by the Group
Andre Maritime Ltd.	Bahamas	Rig owner	100%
C.A. Foravep	Venezuela	Dormant	100%
Caland Boren B.V.	Netherlands	Operating company	100%
Criwey Corporation SA	Uruguay	Dormant	100%
Drilling Labor Services Pte Ltd	Singapore	Dormant	100%
Dupont Maritime LLC	Liberia	Rig owner	100%
Durand Maritime S.A.S.	France	Dormant	100%
Ensco (Thailand) Limited	Thailand	Rig contracting company	100%
ENSCO Arabia Co. Ltd.	Saudi Arabia	Rig contracting company	50%
ENSCO Asia Company LLC	U.S. – Texas	Holding company	100%
ENSCO Asia Pacific Pte. Limited	Singapore	Operating company	100%
ENSCO Australia Pty. Limited	Australia	Rig contracting company	100%
ENSCO Barbados Limited	Cayman Islands	Rig owner	100%
ENSCO Brazil Servicos de Petroleo Ltda.	Brazil	Rig contracting company	100%
ENSCO Capital Limited	Cayman Islands	Operating company	100%
ENSCO Corporate Resources LLC	U.S. – Delaware	Operating company	100%
ENSCO de Venezuela, S.R.L.	Venezuela	Dormant	100%
Ensco Deepwater Drilling Limited	England	Holding company	100%
ENSCO Deepwater LLC	U.S. – Delaware	Rig owner	100%
Ensco Deepwater USA, Inc.	Delaware	Rig owner, rig contracting & holding company	100%
ENSCO Development Limited	Cayman Islands	Holding company	100%
Ensco do Brasil Petróleo e Gas Ltda.	Brazil	Operating company	100%
ENSCO Drilling Company (Nigeria) Ltd.	Nigeria	Dormant	100%
ENSCO Drilling Company LLC	U.S. – Delaware	Holding company	100%
ENSCO Drilling Mexico LLC	U.S. – Delaware	Rig contracting company	100%
Ensco Endeavors Limited	Cayman Islands	Holding company	100%
ENSCO Finance Limited	England	Operating company	100%
Ensco France S.A.S.	France	Rig owner	100%
ENSCO Gerudi (M) Sdn. Bhd.	Malaysia	Rig contracting company	49%
ENSCO Global GmbH	Switzerland	Rig owner	100%
ENSCO Global Investments L.P.	England	Holding company	100%
Ensco Global IV Ltd.	BVI	Rig owner	100%
ENSCO Global Limited	Cayman Islands	Holding company	100%
Ensco Global Offshore Drilling Ltd.	BVI	Rig owner	100%
ENSCO Global Resources Limited	England	Operating company	100%
Ensco Holdco Limited	England	Holding company	100%
ENSCO Holding Company	U.S. – Delaware	Holding company	100%
ENSCO Holland B.V.	The Netherlands	Rig contracting & operating company	100%
ENSCO Incorporated	U.S. – Texas	Operating & holding company	100%
Ensco Intercontinental GmbH	Switzerland	Rig owner	100%
ENSCO International Incorporated	U.S. – Delaware	Holding company	100%
Ensco International Management GP LLC	U.S. – Delaware	Dormant	100%
Ensco International Management LP LLC	U.S. – Delaware	Dormant	100%
ENSCO Investments LLC	U.S. – Nevada	Holding company	100%

Notes *(continued)*

13 Investments *(continued)*

	Country of Incorporation	Principal Activity	Percentage of Voting Securities Owned by the Group
ENSCO Labuan Limited	Malaysia	Operating company	100%
Ensco Management Corp.	BVI	Rig owner	100%
ENSCO Maritime Limited	Bermuda	Rig owner & rig contracting company	100%
ENSCO Oceanics Company LLC	U.S. – Delaware	Holding company	100%
Ensco North America LLC	U.S. – Delaware	Rig contracting company	100%
ENSCO Oceanics International Company	Cayman Islands	Rig contracting, operating & holding company	100%
ENSCO Offshore Company	U.S. – Delaware	Rig contracting company	100%
ENSCO Offshore International Company	Cayman Islands	Rig owner, rig contracting, operating & holding company	100%
ENSCO Offshore International Holdings Limited	Cayman Islands	Holding company	100%
Ensco Offshore International LLC	U.S. – Delaware	Rig owner & holding company	100%
Ensco Offshore Petróleo e Gas Ltda.	Brazil	Operating company	100%
ENSCO Offshore UK Limited	England	Rig contracting & holding company	100%
ENSCO Overseas Limited	Cayman Islands	Rig owner	100%
ENSCO Services Limited	England	Operating company	100%
ENSCO Services LLC	U.S. – Delaware	Operating company	100%
Ensco South Pacific LLC	U.S. – Delaware	Holding company	100%
Ensco Synergies LLC	U.S. – Delaware	Dormant	100%
Ensco Transcontinental I LLC	Nevada	Holding company	100%
Ensco Transcontinental I LP	England	Holding company	100%
Ensco Transcontinental II LLC	Nevada	Holding company	100%
Ensco Transcontinental II LP	England	Holding company	100%
Ensco Transcontinental III LP	England	Holding company	100%
ENSCO UK Limited	England	Operating company	100%
ENSCO United Incorporated	U.S. – Delaware	Holding company	100%
ENSCO Universal Limited	England	Holding company	100%
Ensco Wisconsin LLC	U.S. – Delaware	Rig owner	100%
ENSCO Worldwide GmbH	Switzerland	Rig owner	100%
ENSCO Worldwide Investments Limited	England	Holding company	100%
Foradel Sdn Bhd	Malaysia	Dormant	100%
Forasub B.V.	Netherlands	Holding company	100%
Forinter Limited	Channel Islands	Holding company	100%
Forwest Venezuela SA	Venezuela	Dormant	66%
International Technical Services LLC	U.S. – Delaware	Operating company	100%
Internationale de Travaux et de Materiel (I.T.M.) S.A.S.	France	Operating company	100%
Martin Maritime Ltd.	Bahamas	Rig owner	100%
Medfor (L) Ltd.	Malaysia	Dormant	100%
P.T. ENSCO Sarida Offshore	Indonesia	Rig contracting company	95%
Petroleum International PTE Ltd.	Singapore	Operating company	100%
Petroleum Supply Co.	U.S. – Delaware	Operating company	100%
Pride Arabia Co. Ltd.	Saudi Arabia	Operating company	75%
Pride Deepwater (BVI) 1, Ltd.	BVI	Rig owner	100%
Pride Deepwater (BVI) 2, Ltd.	BVI	Rig owner	100%

13 Investments *(continued)*

	Country of Incorporation	Principal Activity	Percentage of Voting Securities Owned by the Group
Pride Foramer S.A.S.	France	Rig contracting & holding & operating company	100%
Pride Forasol Drilling Nigeria Ltd.	Nigeria	Dormant	100%
Pride Forasol S.A.S.	France	Holding & operating company	100%
Pride Global III Ltd.	BVI	Rig owner & operating company	100%
Pride Global Offshore Nigeria Ltd.	Nigeria	Dormant	100%
Pride International Egypt LLC	Egypt	Dormant	100%
Pride International Ltd.	BVI	Holding & operating company	100%
Pride International Management Co. LP	U.S. – Texas	Dormant	100%
Pride International Services, Inc.	U.S. – Delaware	Dormant	100%
Pride International, Inc.	U.S. – Delaware	Holding company	100%
Somaser S.A.S.	France	Holding company	100%
Sonamer Angola Ltd.	Bahamas	Holding company	100%
Sonamer Drilling International Limited	Bahamas	Holding company	100%
Sonamer Limited	Bahamas	Holding company	100%
Sonamer Perfuracoes Ltd.	Bahamas	Operating company	85%

ENSCO Gerudi (M) Sdn. Bhd. and ENSCO Arabia Co. Ltd. have been consolidated due to the fact that the group maintains substantial control over these operations.

ENSCO Maritime Limited has a year-end date of 31 March. All other subsidiaries have a year-end date of 31 December. The functional currency of a substantial portion of the subsidiaries is the U.S. dollar.

Company

	Shares in group companies 2014 $ millions	Short-term deposits 2014 $ millions
Cost		
At beginning of period	6,959.5	-
Additions	-	712.0
At end of period	6,959.5	712.0

Short-term deposits consist of cash deposited with a financial institution for a specified period of time, which bears interest.

Notes *(continued)*

14 Stocks

Group stocks totalled $240.1 million at 31 December 2014 (2013: $256.2 million) and primarily are comprised of consumable supplies required to operate drilling rigs and equipment.

15 Debtors

Group

	2014 $ millions	2013 $ millions
Amounts falling due within one year		
Trade debtors	883.3	855.7
Prepaid taxes	90.6	88.1
Deferred mobilisation costs	58.3	47.4
Deferred tax assets	50.8	28.4
Prepaid expenses	33.8	18.5
Other debtors	6.1	7.4
	1,122.9	1,045.5
Amounts falling due in more than one year		
Deferred mobilisation costs	64.9	59.1
SERP assets	43.2	37.7
Deferred tax assets	36.0	30.7
Warranty and other claim receivables	30.6	30.6
Unbilled trade debtors	18.6	51.9
Other debtors	12.3	3.7
	205.6	213.7
	1,328.5	1,259.2

The group deferred tax assets are analysed as follows:

	2014 $ millions	2013 $ millions
Deferred turnover	42.0	19.2
Employee benefits, including share based compensation	22.9	23.0
Net operating loss carryforwards	13.1	10.1
Intercompany transfers of property	7.0	11.0
Other timing differences	1.8	(4.2)
	86.8	59.1

Notes *(continued)*

15 Debtors *(continued)*

Company

	2014 $ millions	2013 $ millions
Amounts falling due within one year		
Receivable from group companies	19.4	311.5
Prepaid expenses	0.7	0.9
Note receivable from group company	-	1,200.0
	20.1	1,512.4
Amounts falling due in more than one year		
Receivable from group companies	1,485.0	3,393.4
Note receivable from group company	1,268.4	1,268.4
	2,753.4	4,661.8
Total debtors	2,773.5	6,174.2

The note receivable from a group company in the amount of $1.2 billion matured on 31 December 2014. Interest was paid semiannually at a fixed rate of 4.75%.

The note receivable from a group company in the amount of $1.3 billion is due on 31 May 2018. Interest is payable semiannually at a fixed rate of 2.55%.

16 Creditors: amounts falling due within one year

Group

	2014 $ millions	2013 $ millions
Trade creditors	373.2	341.1
Deferred turnover	241.3	169.8
Personnel costs	195.2	219.0
Corporation tax	97.0	84.2
Interest payable to debt holders	83.8	68.0
Current maturities of interest bearing debt	34.8	47.5
Deferred gain on rig sales	22.0	-
Other creditors	11.7	63.1
	1,059.0	992.7

Notes *(continued)*

16 Creditors: amounts falling due within one year *(continued)*

Company

	2014 $ millions	2013 $ millions
Interest payable to debt holders	46.7	30.3
Amounts owed to group companies	20.9	278.0
Interest payable to group companies	3.8	8.7
Revolving loan agreements	-	3,638.0
Other creditors	1.1	1.6
	72.5	3,956.6

Revolving loan agreements due 2017

During 2012, the company entered into revolving loan agreements with two affiliated group companies. The maximum borrowing capacity under the agreements is $7.0 billion. Interest is paid quarterly in arrears at LIBOR plus 1.5%. The borrowings under the agreements are due on demand, but no later than 1 January 2017.

17 Creditors: amounts falling due after more than one year

Group

	2014 $ millions	2013 $ millions
Interest bearing debt	5,861.3	4,703.0
Deferred turnover	373.2	217.6
Supplemental executive retirement plan liabilities	45.1	40.5
Contract intangibles	40.7	69.1
Other creditors	39.0	44.1
	6,359.3	5,074.3

Interest bearing debt consists of the instruments discussed below.

Notes *(continued)*

17 Creditors: amounts falling due after more than one year *(continued)*

Senior Notes

On 29 September 2014, we issued $625.0 million aggregate principal amount of unsecured 4.50% senior notes due 2024 at a discount of $850,000 and $625.0 million aggregate principal amount of unsecured 5.75% senior notes due 2044 (collectively the "2014 Notes") at a discount of $2.8 million in a public offering. Interest on these notes is payable semiannually in April and October of each year commencing 1 April 2015. The 2014 Notes were issued pursuant to an Indenture between us and Deutsche Bank Trust Company Americas, as trustee (the "Trustee"), dated 17 March 2011 (the "Indenture") and a Second Supplemental Indenture between us and the Trustee, dated 29 September 2014. The net proceeds from the 2014 Notes are being used for general corporate purposes.

In March 2011, we issued $1.0 billion aggregate principal amount of unsecured 3.25% senior notes due 2016 at a discount of $7.6 million and $1.5 billion aggregate principal amount of unsecured 4.70% senior notes due 2021 (collectively the "2011 Notes") at a discount of $29.6 million in a public offering. Interest on these notes is payable semiannually in March and September of each year. These notes were issued pursuant to the Indenture, and a supplemental indenture between us and the Trustee, dated 17 March 2011.

Upon consummation of the Pride acquisition during 2011, we assumed the acquired company's outstanding debt comprised of $900.0 million aggregate principal amount of 6.875% senior notes due 2020, $500.0 million aggregate principal amount of 8.5% senior notes due 2019 and $300.0 million aggregate principal amount of 7.875% senior notes due 2040 (the "Acquired Notes"). Under a supplemental indenture, Ensco plc has fully and unconditionally guaranteed the performance of all obligations of Pride with respect to the Acquired Notes.

We may redeem each series of the 2014 Notes, in whole at any time or in part from time to time, prior to maturity. If we elect to redeem the 2014 Notes due 2024 before the date that is three months prior to the maturity date or the 2014 Notes due 2044 before the date that is six months prior to the maturity date, we will pay an amount equal to 100% of the principal amount of the notes redeemed plus accrued and unpaid interest and a "make-whole" premium. If we elect to redeem the 2014 Notes on or after the aforementioned dates, we will pay an amount equal to 100% of the principal amount of the notes redeemed plus accrued and unpaid interest, but we are not required to pay a "make-whole" premium. We may redeem each series of the 2011 Notes and the Acquired Notes, in whole or in part, at any time, at a price equal to 100% of their principal amount, plus accrued and unpaid interest and a "make-whole" premium.

The indentures governing the 2014 Notes, the 2011 Notes and the Acquired Notes contain customary events of default, including failure to pay principal or interest on such Notes when due, among others. The indentures governing the 2014 Notes, the 2011 Notes and the Acquired Notes also contain certain restrictions, including, among others, restrictions on our ability and the ability of our subsidiaries to create or incur secured indebtedness, enter into certain sale/leaseback transactions and enter into certain merger or consolidation transactions.

Debentures Due 2027

During 1997, a subsidiary issued $150.0 million of unsecured 7.20% Debentures due 15 November 2027 (the "Debentures") in a public offering. Interest on the Debentures is payable semiannually in May and November. We may redeem the Debentures, in whole or in part, at any time prior to maturity, at a price equal to 100% of their principal amount, plus accrued and unpaid interest and a "make-whole" premium. The Debentures are not subject to any sinking fund requirements.

The Debentures and the indenture and the supplemental indentures pursuant to which the Debentures were issued, also contain customary events of default, including failure to pay principal or interest on the Debentures when due, among others. The indenture and the supplemental indentures contain certain restrictions, including, among others, restrictions on our ability and the ability of our subsidiaries to create or incur secured indebtedness, enter into certain sale/leaseback transactions and enter into certain merger or consolidation transactions.

17 Creditors: amounts falling due after more than one year *(continued)*

MARAD Bonds Due 2015, 2016 and 2020

During 2001, a subsidiary issued $190.0 million of 15-year bonds which are guaranteed by MARAD to provide long-term financing for ENSCO 7500. In December 2014, we fully redeemed the remaining outstanding principal of these bonds and incurred a "make-whole" payment of $600,000, and MARAD released all of its interests in ENSCO 7500.

During 2003, a subsidiary issued $76.5 million of 17-year bonds which are guaranteed by MARAD to provide long-term financing for ENSCO 105. The bonds will be repaid in 34 equal semiannual principal instalments of $2.3 million ending in October 2020. Interest on the bonds is payable semiannually, in April and October, at a fixed rate of 4.65%.

Upon consummation of the acquisition of Pride International, Inc., we assumed $151.5 million of MARAD bonds issued to provide long-term financing for ENSCO 6003 and ENSCO 6004. The bonds are guaranteed by MARAD and will be repaid in semiannual principal instalments ending in 2016. Interest on the bonds is payable semiannually at a weighted average fixed rate of 4.33%.

Revolving Credit Facility

On 30 September 2014, we entered into an amendment to the Fourth Amended and Restated Credit Agreement (the "Five-Year Credit Facility"), among Ensco, Citibank, N.A., as Administrative Agent, DNB Bank ASA, as Syndication Agent, and a syndicate of banks. This amendment extended the Five-Year Credit Facility maturity date from 7 May 2018 to 30 September 2019 and increased the total commitment of the lenders from $2.0 billion to $2.25 billion. As amended, the Five-Year Credit Facility provides for a $2.25 billion senior unsecured revolving credit facility to be used for general corporate purposes.

Advances under the Five-Year Credit Facility bear interest at Base Rate or LIBOR plus an applicable margin rate (currently 0.125% per annum for Base Rate advances and 1.125% per annum for LIBOR advances) depending on our credit rating. Amounts repaid may be re-borrowed during the term of the Five-Year Credit Facility. We are required to pay a quarterly commitment fee (currently 0.125% per annum) on the undrawn portion of the $2.25 billion commitment, which is also based on our credit rating. In addition to other customary restrictive covenants, the Five-Year Credit Facility requires us to maintain a total debt to total capitalisation ratio of less than or equal to 50%. We have the right, subject to lender consent, to increase the commitments under the Five-Year Credit Facility to an aggregate amount of up to $2.75 billion. We had no amounts outstanding under the Five-Year Credit Facility as of 31 December 2014 and 2013.

Commercial Paper

We participate in a commercial paper program with four commercial paper dealers pursuant to which we may issue, on a private placement basis, unsecured commercial paper notes. During 2014, we increased the size of our program to permit the issuance of commercial paper notes in an aggregate principal amount not to exceed $2.25 billion at any time outstanding. Amounts issued under the commercial paper program are supported by the available and unused committed capacity under our credit facility. As a result, amounts issued under the commercial paper program are limited by the amount of our available and unused committed capacity under our credit facility. The proceeds of such financings may be used for capital expenditures and other general corporate purposes. The commercial paper bears interest at rates that vary based on market conditions and the ratings assigned by credit rating agencies at the time of issuance. The weighted-average interest rate on our commercial paper borrowings was 0.26% and 0.35% during 2014 and 2013, respectively. The maturities of the commercial paper will vary, but may not exceed 364 days from the date of issue. The commercial paper is not redeemable or subject to voluntary prepayment by us prior to maturity. We had no amounts outstanding under our commercial paper program as of 31 December 2014 and 2013.

Notes *(continued)*

17 Creditors: amounts falling due after more than one year *(continued)*

Interest bearing debt is repayable as follows:

Group	2014 $ millions	2013 $ millions
Interest bearing debt falling due within five years	1,046.5	1,104.2
Interest bearing debt falling due after five years	4,900.2	3,689.4
	5,946.7	4,793.6
Less: expired interest rate hedges, deferred financing costs and unamortised discounts included in interest bearing debt	(50.6)	(43.1)
	5,896.1	4,750.5

Company	2014 $ millions	2013 $ millions
Interest bearing debt	3,704.0	2,462.4
Note payable to group company	751.8	751.8
Amounts owed to group companies	5.4	-
	4,461.2	3,214.2

Senior Notes

On 29 September 2014, we issued $625.0 million aggregate principal amount of unsecured 4.50% senior notes due 2024 at a discount of $850,000 and $625.0 million aggregate principal amount of unsecured 5.75% senior notes due 2044 (collectively the "2014 Notes") at a discount of $2.8 million in a public offering. Interest on these notes is payable semiannually in April and October of each year commencing 1 April 2015. The 2014 Notes were issued pursuant to an Indenture between us and Deutsche Bank Trust Company Americas, as trustee (the "Trustee"), dated 17 March 2011 (the "Indenture") and a Second Supplemental Indenture between us and the Trustee, dated 29 September 2014. The net proceeds from the 2014 Notes are being used for general corporate purposes.

Senior Notes

In March 2011, we issued $1.0 billion aggregate principal amount of unsecured 3.25% senior notes due 2016 at a discount of $7.6 million and $1.5 billion aggregate principal amount of unsecured 4.70% senior notes due 2021 (collectively the "2011 Notes") at a discount of $29.6 million in a public offering. Interest on these notes is payable semiannually in March and September of each year. These notes were issued pursuant to the Indenture, and a supplemental indenture between us and the Trustee, dated 17 March 2011.

We may redeem each series of the 2014 Notes, in whole at any time or in part from time to time prior to maturity. If we elect to redeem the 2014 Notes due 2024 before the date that is three months prior to the maturity date or the 2014 Notes due 2044 before the date that is six months prior to the maturity date, we will pay an amount equal to 100% of the principal amount of the notes redeemed plus accrued and unpaid interest and a "make-whole" premium. If we elect to redeem the 2014 Notes on or after the aforementioned dates, we will pay an amount equal to 100% of the principal amount of the notes redeemed plus accrued and unpaid interest, but we are not required to pay a "make-whole" premium. We may redeem each series of the 2011 Notes and the Acquired Notes, in whole or in part, at any time, at a price equal to 100% of their principal amount, plus accrued and unpaid interest and a "make-whole" premium.

Notes *(continued)*

17 Creditors: amounts falling due after more than one year *(continued)*

Senior Notes (continued)

The indentures governing the 2014 Notes and the 2011 Notes contain customary events of default, including failure to pay principal or interest on such Notes when due, among others. The indentures governing the 2014 Notes, the 2011 Notes and the Acquired Notes also contain certain restrictions, including, among others, restrictions on our ability and the ability of our subsidiaries to create or incur secured indebtedness, enter into certain sale/leaseback transactions and enter into certain merger or consolidation transactions.

Commercial Paper

We participate in a commercial paper program with four commercial paper dealers pursuant to which we may issue, on a private placement basis, unsecured commercial paper notes. During 2014, we increased the size of our program to permit the issuance of commercial paper notes in an aggregate principal amount not to exceed $2.25 billion at any time outstanding. Amounts issued under the commercial paper program are supported by the available and unused committed capacity under our credit facility. As a result, amounts issued under the commercial paper program are limited by the amount of our available and unused committed capacity under our credit facility. The proceeds of such financings may be used for capital expenditures and other general corporate purposes. The commercial paper bears interest at rates that vary based on market conditions and the ratings assigned by credit rating agencies at the time of issuance. The weighted-average interest rate on our commercial paper borrowings was 0.26% and 0.35% during 2014 and 2013, respectively. The maturities of the commercial paper will vary, but may not exceed 364 days from the date of issue. The commercial paper is not redeemable or subject to voluntary prepayment by us prior to maturity. We had no amounts outstanding under our commercial paper program as of 31 December 2014 and 2013.

Revolving Credit Facility

On 30 September 2014, we entered into an amendment to the Fourth Amended and Restated Credit Agreement (the "Five-Year Credit Facility"), among Ensco, Citibank, N.A., as Administrative Agent, DNB Bank ASA, as Syndication Agent, and a syndicate of banks. This amendment extended the Five-Year Credit Facility maturity date from 7 May 2018 to 30 September 2019 and increased the total commitment of the lenders from $2.0 billion to $2.25 billion. As amended, the Five-Year Credit Facility provides for a $2.25 billion senior unsecured revolving credit facility to be used for general corporate purposes.

Advances under the Five-Year Credit Facility bear interest at Base Rate or LIBOR plus an applicable margin rate (currently 0.125% per annum for Base Rate advances and 1.125% per annum for LIBOR advances) depending on our credit rating. Amounts repaid may be re-borrowed during the term of the Five-Year Credit Facility. We are required to pay a quarterly commitment fee (currently 0.125% per annum) on the undrawn portion of the $2.25 billion commitment, which is also based on our credit rating. In addition to other customary restrictive covenants, the Five-Year Credit Facility requires us to maintain a total debt to total capitalisation ratio of less than or equal to 50%. We have the right, subject to lender consent, to increase the commitments under the Five-Year Credit Facility to an aggregate amount of up to $2.75 billion. We had no amounts outstanding under the Five-Year Credit Facility as of 31 December 2014 and 2013.

Notes *(continued)*

17 Creditors: amounts falling due after more than one year *(continued)*

Company

	2014 $ millions	2013 $ millions
Interest bearing debt falling due within five years	1,000.0	1,000.0
Interest bearing debt falling due after five years	2,750.0	1,500.0
	3,750.0	2,500.0
Less: deferred financing costs and unamortised discounts included in interest bearing debt	(46.0)	(37.6)
Total interest bearing debt	3,704.0	2,462.4

Promissory note due 2020

During 2010, the company issued a $751.8 million promissory note due 19 December 2020. Interest on the note is payable semiannually at a fixed rate of 4.75%.

Notes payable to group companies are repayable as follows:

	2014 $ millions	2013 $ millions
Notes payable to group companies due within five years	-	-
Note payable to group company due after five years	751.8	751.8
	751.8	751.8

18 Provisions for liabilities

Group

	Deferred taxation $ millions	Provision for tax uncertainties $ millions	Employee provision $ millions	ENSCO 74 provision $ millions	Other $ millions	Total $ millions
At beginning of year	391.6	148.0	28.0	6.4	34.8	608.8
Utilised during year	-	(14.2)	(14.8)	(6.4)	(5.1)	(40.5)
(Credit)/charge to the profit and loss for the year	(181.8)	17.3	6.5	-	(4.1)	(162.1)
Impact of changes in foreign currency exchange rates	-	(8.6)	(1.0)	-	(1.4)	(11.0)
At end of year	209.8	142.5	18.7	-	24.2	395.2

Notes *(continued)*

18 Provisions for liabilities *(continued)*

Deferred taxation

The elements of deferred taxation are as follows:

	2014 $ millions	2013 $ millions
Accelerated capital allowances on tangible fixed assets	284.8	423.0
Other timing differences	(75.0)	(31.4)
Total deferred tax liabilities	209.8	391.6
Deferred tax assets (see note 15)	(86.8)	(59.1)
	123.0	332.5

Provision for tax uncertainties

The group's tax positions are evaluated for recognition using a more-likely-than-not threshold. A provision is recognised for those tax positions where the likelihood of payment is greater than 50%.

Employee provision

We are involved in employee lawsuits and claims arising in the ordinary course of business. The outcome of such lawsuits and claims cannot be predicted with certainty, and the amount of the liability that could arise with respect to such lawsuits and claims has been recognised, nevertheless there can be no assurances as to the ultimate outcome.

Wreckage and debris removal provision

ENSCO 74 Loss

During 2008, ENSCO 74 was lost as a result of Hurricane Ike in the U.S. Gulf of Mexico. The sunken rig hull of ENSCO 74 was located approximately 95 miles from the original drilling location when it was struck by an oil tanker during 2009. Wreck removal operations on the sunken rig hull of ENSCO 74 were completed during 2010.

We filed a petition for exoneration or limitation of liability under U.S. admiralty and maritime law during 2009. A number of claimants presented claims in the exoneration/limitation proceedings. We have liability insurance policies that provide coverage for such claims as well as removal of wreckage and debris in excess of the property insurance policy sublimit, subject to a $10.0 million per occurrence deductible for third-party claims and an annual aggregate limit of $490.0 million.

The owner of a pipeline filed claims alleging that ENSCO 74 caused the pipeline to rupture during Hurricane Ike and sought damages for the cost of repairs and business interruption in an amount in excess of $26.0 million. During 2014, we reached an agreement with the owner of the pipeline to settle the claims for $9.6 million. Prior to the settlement, we incurred legal fees of $3.6 million for this matter. During 2014, we paid the remaining $6.4 million of our deductible under our liability insurance policy, which was included in provisions as of 31 December 2013. The remaining $3.2 million was paid by our underwriters under the terms of the related insurance policies.

The owner of the oil tanker that struck the hull of ENSCO 74 filed claims seeking monetary damages currently in excess of $5.0 million for losses incurred when the tanker struck the sunken hull of ENSCO 74. This matter went to trial in June 2014, and the company won a directed verdict on all claims. The plaintiff has the right to appeal the decision. We believe that it is not probable that a liability exists with respect to these claims.

18 Provisions for liabilities *(continued)*

Wreckage and debris removal provision *(continued)*

ENSCO 74 Loss (continued)

We believe all liabilities associated with the ENSCO 74 loss during Hurricane Ike resulted from a single occurrence under the terms of the applicable insurance policies. However, legal counsel for certain liability underwriters have asserted that the liability claims arise from separate occurrences. In the event of multiple occurrences, the self-insured retention is $15.0 million for two occurrences and $1.0 million for each occurrence thereafter. Although we do not expect final disposition of the claims associated with the ENSCO 74 loss to have a material adverse effect upon our financial position, operating results or cash flows, there can be no assurances as to the ultimate outcome.

ENSCO 29 Wreck Removal

During 2005, a portion of the ENSCO 29 platform drilling rig was lost over the side of a customer's platform as a result of Hurricane Katrina. In June 2014, we received a letter demanding that Ensco retrieve the derrick and drawworks from the seabed. Our property insurance policies include coverage for the ENSCO 29 wreckage and debris removal costs up to $3.8 million. We also maintain liability insurance policies that provide coverage under certain circumstances for wreckage and debris removal costs in excess of the $3.8 million coverage provided under the property insurance policies. We believe that it is not probable a liability exists with respect to this matter, and no liability has been recorded as of 31 December 2014. While we cannot reasonably estimate a range of possible loss at this time, it is possible that removal costs may be in excess of our insurance coverage. Although we do not expect costs associated with the ENSCO 29 wreck removal to have a material adverse effect upon our financial position, operating results or cash flows, there can be no assurances as to the ultimate outcome.

19 Fair value of derivatives and other financial assets

	2014 $ millions	2013 $ millions
Investment in time deposits	757.3	50.0
SERP assets	43.2	37.7
Unrealised (loss)/gain on foreign currency forward contracts, net	(26.3)	1.8

The fair value of the time deposits approximates their carrying value due to their short-term nature.

The fair value of the SERP assets was based on quoted market prices.

The fair value of the derivatives held was based on market prices that generally are observable for similar assets or liabilities at commonly quoted intervals.

20 Called up share capital

	2014 $ millions	2013 $ millions
Allotted, called up and fully paid		
240.7 million (2013: 239.5 million) Class A ordinary shares of U.S. $.10 each	24.1	24.0
50,000 (2013: 50,000) Class B ordinary shares of £1 each	0.1	0.1
	24.2	24.1

Notes *(continued)*

21 Other reserves

Group

	Share premium account $ millions	Merger reserves $ millions	Own share reserve $ millions	Other reserves $ millions	Profit and loss account $ millions	Total $ millions
At beginning of year	188.2	4,501.3	(86.9)	736.9	6,721.0	12,060.5
Loss for the financial year	-	-	-	-	(2,922.3)	(2,922.3)
Cash dividends paid	-	-	-	-	(704.3)	(704.3)
Share issuance capital reduction	-	(3,000.0)	-	-	-	(3,000.0)
Capital reduction	-	-	-	3,000.0	-	3,000.0
Shares issued for share-based compensation plans, net	-	-	41.7	(39.6)	-	2.1
Repurchase of own shares	-	-	(13.8)	-	-	(13.8)
Share-based compensation cost	-	-	-	48.7	-	48.7
Foreign currency translation	-	-	-	4.2	-	4.2
At end of year	188.2	1,501.3	(59.0)	3,750.2	3,094.4	8,475.1

Company

	Share premium account $ millions	Merger reserves $ millions	Own share reserve $ millions	Other reserves $ millions	Profit and loss account $ millions	Total $ millions
At beginning of year	184.6	4,501.3	(84.3)	(10.6)	1,394.9	5,985.9
Profit for the financial year	-	-	-	-	883.2	883.2
Cash dividends paid	-	-	-	-	(704.3)	(704.3)
Share issuance capital reduction	-	(3,000.0)	-	-	-	(3,000.0)
Capital reduction	-	-	-	3,000.0	-	3,000.0
Shares issued for share-based compensation plans, net	-	-	41.7	(39.6)	-	2.1
Repurchase of own shares	-	-	(13.8)	-	-	(13.8)
Share-based compensation cost	-	-	-	21.5	-	21.5
At end of year	184.6	1,501.3	(56.4)	2,971.3	1,573.8	6,174.6

In June 2014, we completed a capital reorganisation under UK law (the "Capital Reorganisation") that provides the company with greater flexibility going forward to return capital to shareholders in the form of dividends and share repurchases. The Capital Reorganisation, which was authorised by our Board of Directors and approved by our shareholders at the Annual General Meeting in May 2014, was achieved through the issuance and subsequent cancellation of $3.0 billion of a newly-created class of shares (the "Capital Reorganisation Shares"). The Capital Reorganisation Shares had no substantive economic or voting rights and were issued to a subsidiary of the company on 17 June 2014 for the benefit of existing shareholders solely for the purpose of the Capital Reorganisation transaction. Upon cancellation of the shares on 18 June 2014, $3.0 billion of the shareholders' equity of Ensco plc that was previously deemed non-distributable under UK law is now included in distributable reserves.

The Company sponsors an Employee Benefit Trust in which it holds the shares required to settle awards granted under equity-settled share-based payment plans, details of which can be seen in note 25. The Trust acquires the shares required to settle the awards from the Company at the nominal value of the shares.

Notes *(continued)*

22 Minority interests

Group	2014 $ millions	2013 $ millions
At beginning of year	7.3	5.7
Profit for year attributable to minority interests	14.1	9.7
Distributions to minority shareholders	(13.5)	(8.1)
At end of year	7.9	7.3

23 Contingent liabilities

Asbestos litigation

We and certain subsidiaries have been named as defendants, along with numerous third-party companies as co-defendants, in multi-party lawsuits filed in Illinois, Mississippi, Texas, Louisiana and the UK by approximately 125 plaintiffs. The lawsuits seek an unspecified amount of monetary damages on behalf of individuals alleging personal injury or death, primarily under the Jones Act, purportedly resulting from exposure to asbestos on drilling rigs and associated facilities during the 1960s through the 1980s.

In December 2013, we reached an agreement in principle with 58 of the plaintiffs to settle lawsuits filed in Mississippi for a nominal amount. A special master reviewed all 58 cases and made an allocation of settlement funds among the parties. The District Court Judge reviewed the allocations and accepted the special master's recommendations and approved the settlements. The settlement documents and final documentation for the individual plaintiffs are being processed. We intend to vigorously defend against the remaining claims and have filed responsive pleadings preserving all defenses and challenges to jurisdiction and venue. However, discovery is still ongoing and, therefore, available information regarding the nature of all pending claims is limited. At present, we cannot reasonably determine how many of the claimants may have valid claims under the Jones Act or estimate a range of potential liability exposure, if any.

We have other asbestos or lung injury claims pending against us in litigation in other jurisdictions. Although we do not expect final disposition of these asbestos or lung injury lawsuits to have a material adverse effect upon our financial position, operating results or cash flows, there can be no assurances as to the ultimate outcome of the lawsuits.

Other Matters

We are named defendants or parties in certain other lawsuits, claims or proceedings incidental to our business and are involved from time to time as parties to governmental investigations or proceedings, including matters related to taxation, arising in the ordinary course of business. Although the outcome of such lawsuits or other proceedings cannot be predicted with certainty and the amount of any liability that could arise with respect to such lawsuits or other proceedings cannot be predicted accurately, we do not expect these matters to have a material adverse effect on our financial position, operating results or cash flows.

In the ordinary course of business with customers and others, we have entered into letters of credit and surety bonds to guarantee our performance as it relates to our drilling contracts, contract bidding, customs duties, tax appeals and other obligations in various jurisdictions. Letters of credit and surety bonds outstanding as of 31 December 2014 totaled $263.9 million and are issued under facilities provided by various banks and other financial institutions. Obligations under these letters of credit and surety bonds are not normally called, as we typically comply with the underlying performance requirement. As of 31 December 2014, we had not been required to make collateral deposits with respect to these agreements.

Notes *(continued)*

24 Commitments

(a) Capital commitments at the end of the financial year, for which no provision has been made, related to the group's newbuild rig construction and rig enhancement projects are as follows:

Group

	2014 $ millions	2013 $ millions
Contractual commitments	1,769.9	2,408.2

The actual timing of these expenditures may vary based on the completion of various construction milestones, which are, to a large extent, beyond the group's control.

(b) Annual commitments under non-cancellable operating leases at the end of the financial year are as follows:

Group

	2014 Offices and equipment $ millions	2013 Offices and equipment $ millions
Operating leases which expire:		
Within one year	41.2	8.1
In the second to fifth years inclusive	26.5	20.1
Over five years	9.6	8.7
	77.3	36.9

Company

	2014 Offices and equipment $ millions	2013 Offices and equipment $ millions
Operating leases which expire:		
Within one year	-	-
In the second to fifth years inclusive	-	-
Over five years	1.3	0.8
	1.3	0.8

25 Employee compensation schemes

Share based payments

Our shareholders approved the 2012 Long-Term Incentive Plan (the "2012 LTIP") effective 1 January 2012, to provide for the issuance of non-vested share awards, share option awards and performance awards (collectively "awards"). Under the 2012 LTIP, 14.0 million shares were reserved for issuance as awards to officers, non-employee directors and key employees who are in a position to contribute materially to our growth, development and long-term success. As of 31 December 2014, there were 7.7 million shares available for issuance as awards under the 2012 LTIP. Awards may be satisfied by newly issued shares, including shares held by a subsidiary or affiliated entity, or by delivery of shares held in an affiliated employee benefit trust at the company's discretion.

Notes *(continued)*

25 Employee compensation schemes *(continued)*

Share based payments *(continued)*

Non-vested share awards

Grants of non-vested share awards generally vest at rates of 20% or 33% per year, as determined by a committee or subcommittee of the Board of Directors at the time of grant. Our non-vested share awards have voting and dividend rights effective on the date of grant. Compensation expense is measured using the market value of our shares on the date of grant and is recognised on a straight-line basis over the requisite service period (usually the vesting period).

Grants of non-vested share awards

Group

	2014	2013
Number of non-vested share awards granted (thousands)	1,242	1,018
Weighted-average grant-date fair value of non-vested share awards granted (dollars per share)	$51.22	$59.79

Non-vested share award related compensation cost recognised during 2014 was $41.6 million (2013: $42.9).

Share option awards

Share option awards ("options") granted to officers and employees generally become exercisable in 25% increments over a four-year period or 33% increments over a three-year period and, to the extent not exercised, expire on the seventh anniversary of the date of grant. Options granted to non-employee directors are immediately exercisable and, to the extent not exercised, expire on the seventh anniversary of the date of grant. The exercise price of options granted under the 2012 LTIP equals the market value of the underlying shares on the date of grant. As of 31 December 2014, options granted to purchase 472,000 shares with a weighted average exercise price of $41.09 were outstanding under the 2012 LTIP and predecessor or acquired plans. No options have been granted since 2011, and there were no unrecognised compensation costs related to options as of December 31, 2014. Share option awards are accounted for as equity settled awards, and share option related compensation cost recognised for the group during 2014 was $0.0 million (2013: $0.8 million).

Performance awards

Under the 2012 LTIP, performance awards may be issued to our senior executive officers. Performance awards granted prior to 2013 are payable in Ensco shares, cash or a combination thereof upon attainment of specified performance goals based on relative total shareholder return ("TSR") and absolute and relative return on capital employed ("ROCE"). Performance awards granted during 2013 and 2014 are payable in Ensco shares upon attainment of specified performance goals based on relative TSR and relative ROCE. The performance goals are determined by a committee or subcommittee of the Board of Directors.

Performance awards generally vest at the end of a three-year measurement period based on attainment of performance goals. Our performance awards granted prior to 2013 are classified as liability awards with compensation expense measured based on the estimated probability of attainment of the specified performance goals and recognised on a straight-line basis over the requisite service period. The estimated probable outcome of attainment of the specified performance goals is based on historical experience, and any subsequent changes in this estimate are recognised as a cumulative adjustment to compensation cost in the period in which the change in estimate occurs.

Our performance awards granted during 2013 and 2014 are classified as equity awards with compensation expense recognised on a straight-line basis over the requisite service period. The estimated probable outcome of attainment of the specified performance goals is based on historical experience, and any subsequent changes in this estimate for the relative ROCE performance goal are recognised as a cumulative adjustment to compensation cost in the period in which the change in estimate occurs.

25 Employee compensation schemes *(continued)*

Share based payments *(continued)*

Performance awards (continued)

The aggregate grant-date fair value of performance awards granted during 2014 and 2013 totaled $7.4 million and $8.2 million, respectively. The aggregate fair value of performance awards vested during 2014 and 2013 totaled $6.9 million and $7.4 million, respectively, all of which was paid in cash.

During the years ended 31 December 2014 and 2013, we recognised $3.4 million and $6.6 million of compensation expense for performance awards, respectively, which was included in general and administrative expense. As of 31 December 2014, there was $5.0 million of total unrecognised compensation cost related to unvested performance awards, which is expected to be recognised over a weighted-average period of 1.9 years.

Savings plans

We have savings plans, which cover eligible employees, as defined within each plan. We generally make matching cash contributions and voluntary profit sharing contributions to the plans. We match 100% of the amount contributed by the employee up to a maximum of 5% of eligible salary. Matching contributions totaled $20.7 million and $21.1 million for the years ended 31 December 2014 and 2013, respectively. Profit sharing contributions made into the plans require approval of the Board of Directors and are generally paid in cash. We recorded profit sharing contribution provisions of $30.7 million and $55.3 million for the years ended 31 December 2014 and 2013, respectively. Matching contributions and profit sharing contributions become vested in 33% increments upon completion of each initial year of service with all contributions becoming fully vested subsequent to achievement of three or more years of service. We have 1.0 million shares reserved for issuance as matching contributions under the Ensco Savings Plan.

26 Reconciliation of operating profit to operating cash flows

	2014 $ millions	2013 $ millions
Operating (loss)/profit	(2,749.0)	1,595.3
Impairment of tangible fixed assets and other assets	4,346.3	-
Depreciation	597.5	611.9
Goodwill amortisation	157.1	157.1
Increase/(decrease) in creditors	133.4	(28.0)
Share-based compensation cost	45.1	50.3
Decrease/(increase) in stocks	16.1	(48.6)
Increase in debtors	(78.0)	(31.9)
(Decrease)/increase in provisions	(31.8)	37.1
Other amortisation	(7.9)	(22.5)
Other, net	(2.4)	6.3
Net cash inflow from operating activities	2,426.4	2,327.0

Notes *(continued)*

27 Analysis of net funds

	At beginning of year $ millions	Cash flow $ millions	Other non-cash changes $ millions	At end of year $ millions
Cash in hand, at bank	165.6	499.2	-	664.8
Interest bearing debt due after one year	(4,703.0)	(1,199.0)	40.7	(5,861.3)
Interest bearing debt due within one year	(47.5)	12.7	-	(34.8)
Total	(4,584.9)	(687.1)	40.7	(5,231.3)

28 Earnings per share

The calculation of basic (loss)/earnings per share was based on the (loss)/profit attributable to ordinary shareholders divided by the weighted average number of ordinary shares outstanding of 231.6 million (2013: 230.9 million).

The calculation of diluted (loss)/earnings per share was based on the (loss)/profit attributable to ordinary shareholders divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares of 231.6 million (2013: 231.1 million).

The following table is a reconciliation of (loss)/profit for the financial year attributable to Ensco shares used in our basic and diluted (loss)/earnings per share computations for years ended 31 December 2014 and 2013:

	2014 $ millions	2013 $ millions
(Loss)/profit for the financial year	(2,922.3)	1,248.3
Profit from the financial year allocated to non-vested share awards	(7.9)	(15.1)
(Loss)/profit for the financial year attributable to Ensco shares	(2,930.2)	1,233.2

The following table is a reconciliation of the weighted-average shares used in our basic and diluted (loss)/earnings per share computations for years ended 31 December 2014 and 2013:

	2014 millions	2013 millions
Weighted-average shares - basic	231.6	230.9
Potentially dilutive shares	-	0.2
Weighted-average shares - diluted	231.6	231.1

Antidilutive share options totaling 0.4 million and 0.3 million for the years ended 31 December 2014 and 2013, respectively, were excluded from the computation of diluted EPS.

Notes *(continued)*

29 Sale-leaseback

In September 2014, we sold jackup rigs ENSCO 83, ENSCO 89, ENSCO 93 and ENSCO 98, which are all contracted to Pemex. We received proceeds of $211.8 million and incurred commissions and other incremental direct costs of $5.3 million. The carrying value of these rigs was $169.6 million.

In connection with this sale, we executed charter agreements with the purchaser to continue operating the rigs for the remainder of the Pemex contracts, which have anticipated completion dates in 2015 or 2016. We accounted for the transaction as a sale-leaseback, since we will retain a significant portion of the remaining use of the rigs as a result of the charter agreements.

We recorded an aggregate gain on sale of $7.5 million at the time of disposal, which represents the portion of the gain that exceeded the present value of payments due under the charter agreements, which is included in net profit/(loss) on disposal of tangible fixed assets for the year ended 31 December 2014. The remaining $29.4 million gain was deferred and will be amortised to contract drilling expense within the Jackup segment over the remaining charter term of each rig. Of the $29.4 million deferred gain, $7.0 million has been recognised in contract drilling expense in the year ended 31 December 2014 and $22.4 million is included in creditors: amounts falling due within one year and creditors: amounts falling due after more than one year as of 31 December 2014.

The operating results for ENSCO 83, ENSCO 89, ENSCO 93 and ENSCO 98 were included within the Jackup segment for periods prior to the date of sale (30 September 2014) and within the Other segment subsequent to the date of the sale.

30 Post Balance Sheet event

Dividend payment

On 20 March 2015, the company paid a dividend in the amount of $35.2 million ($0.15 per share).

Debt issuance and redemption

Senior Notes

On 12 March 2015, we issued $700.0 million aggregate principal amount of unsecured 5.20% senior notes due 2025 (the "2025 Notes") at a discount of $2.6 million and $400.0 million aggregate principal amount of unsecured 5.75% senior notes due 2044 (the "New 2044 Notes") at a discount of $18.7 million in a public offering. Interest on the 2025 Notes is payable semiannually on 15 March and 15 September of each year commencing on 15 September 2015. Interest on the New 2044 Notes is payable semiannually on 1 April and 1 October of each year commencing on 1 April 2015.

The 2025 Notes were issued pursuant to an Indenture between us and Deutsche Bank Trust Company Americas, as trustee (the "Trustee"), dated March 2011 (the "Base Indenture"), as supplemented by the Third Supplemental Indenture between us and the Trustee, dated as of 12 March 2015 (the "Third Supplemental Indenture"). The New 2044 Notes were issued as additional notes under the Base Indenture, as supplemented by the Second Supplemental Indenture between us and the Trustee, dated 29 September 2014 (the "Second Supplemental Indenture"), pursuant to which we previously issued $625.0 million aggregate principal amount of 5.75% senior notes due 2044 (the "Existing 2044 Notes") on 29 September 2014 (the Base Indenture, as amended and supplemented by the Second Supplemental Indenture and the Third Supplement Indenture, the "Indenture"). The New 2044 Notes are treated as a single series of debt securities with the Existing 2044 Notes under the Indenture (collectively, the "2044 Notes").

We may redeem the 2025 Notes or the 2044 Notes, in whole at any time or in part from time to time, prior to maturity. If we elect to redeem the 2025 Notes before the date that is three months prior to the maturity date or the 2044 Notes before the date that is six months prior to the maturity date, we will pay an amount equal to 100% of the principal amount of the notes redeemed plus accrued and unpaid interest and a "make-whole" premium. If we elect to redeem the 2025 Notes or the 2044 Notes on or after the aforementioned dates, we will pay an amount equal to 100% of the principal amount of the notes redeemed plus accrued and unpaid interest, but are not required to pay a "make-whole" premium.

Notes *(continued)*

30 Post Balance Sheet event *(continued)*

Debt issuance and redemption *(continued)*

The 2025 Notes, 2044 Notes and the Indenture also contain customary events of default, including failure to pay principal or interest on the 2025 Notes or 2044 Notes when due, among others. The Indenture contains certain restrictions, including, among others, restrictions on our ability and the ability of our subsidiaries to create liens on certain assets, enter into certain sale-leaseback transactions, enter into certain merger or consolidation transactions or transfers of all or substantially all of our assets.

Redemption of 2011 Senior Notes and MARAD obligations

We intend to use the proceeds from our March 2015 public offering to redeem the $1.0 billion outstanding aggregate principal amount of our 2011 Notes due 2016.

On 4 March 2015, we commenced a cash tender offer (the "Tender offer") for the $1.0 billion outstanding aggregate principal amount of our 2011 Notes due 2016. Senior notes totaling $854.6 million were settled on 12 March 2015 for $878.0 million (excluding accrued interest) using a portion of the net proceeds from the offering of the 2025 Notes and the New 2044 Notes. Under the terms of the Tender Offer, we paid a premium totaling approximately $23.4 million, which approximates the "make-whole" premium that would be required had we elected to redeem the debt. Unamortised debt discount and debt issuances costs of $1.8 million associated with the $854.6 million of notes tendered will be written-off in connection with the redemption.

During March 2015, we exercised our right available under the Indenture to call the $145.4 million of 2011 Notes due 2016 that remained outstanding following the consummation of the Tender Offer. We will pay a "make-whole" premium to redeem the remaining 2011 Notes due 2016 under the terms of the Indenture. We expect to use net proceeds from the 2025 Notes and New 2044 Notes offering to redeem the remaining 2011 Notes due 2016 in April 2015.

We also intend to use the remaining net proceeds from our March 2015 public offering, together with cash on hand, to redeem the remaining $65.3 million aggregate principal amount of 4.33% MARAD notes due 2016 and 4.65% MARAD bonds due 2020 (the "MARAD Obligations") and related "make-whole" premium due upon redemption.