



# Investor Presentation

April 10, 2013

# Forward Looking Statements

Certain statements and information in this presentation may constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include words or phrases such as “believe,” “expect,” “anticipate,” “plan,” “intend,” “foresee,” “should,” “would,” “could” or other similar words, which are generally not historical in nature. These forward-looking statements are based on our current expectations and beliefs concerning future developments and their potential effect on us. While management believes that these forward-looking statements are reasonable as and when made, there can be no assurance that future developments affecting us will be those that we anticipate. All comments concerning our expectations for future revenues and operating results are based on our forecasts for our existing operations and do not include the potential impact of any future acquisitions. Our forward-looking statements involve significant risks and uncertainties (some of which are beyond our control) and assumptions that could cause actual results to differ materially from our historical experience and our present expectations or projections. These risks include, among others, risks associated with the oil and gas market and its impact on demand for our services, including supply and demand for oil and gas and expectations regarding future energy prices; our substantial level of indebtedness; our need for cash to meet our debt service obligations; our limited number of assets and small number of customers; downtime and other risks associated with offshore rig operations including, but not limited to unpaid downtime resulting from unplanned maintenance or repairs; changes in worldwide rig supply and demand, competition and technology; termination of our customer contracts; our limited operating history; political and economic circumstances in the countries in which we operate, including corruption, militant activities, political instability, ethnic unrest and regionalism in Nigeria and other countries where we may operate; strikes and work stoppages; governmental regulatory, legislative and permitting requirements affecting drilling operations; delays or cost overruns in construction projects; shortages of equipment, spare parts and ancillary services; ability to fully realize current backlog of drilling contract revenue; ability to secure drilling contracts prior to deployment of newbuild drillships; our levels of operating and maintenance costs; availability of skilled workers and related labor costs; compliance with governmental, tax, environmental and safety regulations; any non-compliance with anti-bribery laws; effects of new products and new technologies in our industry; hazards in the oilfield services industry; adequacy of insurance coverage in the event of a catastrophic event; our ability to obtain indemnity from customers; and terrorism, piracy and military action.

For additional information regarding known material factors that could cause our actual results to differ from our projected results, please see our filings with the SEC, including our Annual Report on Form 20-F and Current Reports on Form 6-K.

Existing and prospective investors are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date hereof. We undertake no obligation to publicly update or revise any forward-looking statements after the date they are made, whether as a result of new information, future events or otherwise.



# Company Profile

## Committed to being the Preferred Ultra-Deepwater Drilling Contractor

- Most modern floater fleet
- Exclusively focused on ultra-deepwater
- NYSE: PACD
- Market Cap: \$[2.1 Billion] <sup>(1)</sup>
- Employees: >1,000
- Contract Backlog: \$3.4 Billion
- Fleet: 8 ultra-deepwater drillships
  - 4 Operating
  - 4 Under construction



# Becoming the Preferred Ultra-Deepwater Drilling Contractor

100% of Enterprise Value Invested from 2008 - 2013

	1Q2011	1Q2012	1Q2013
Number of Rigs	4	6	8
Number of Operating Rigs	0	3	4
Number of Drilling Contracts	2	4	6
Contract Backlog (billion)	\$1.5	\$2.1	\$3.4
Aggregate Capital Raised (billion)	\$3.9	\$4.2	\$5.7
Number of Employees	~500	~900	>1,000
Primary Stock Listing <sup>(2)</sup>	Oslo OTC	NYSE	NYSE

# Creating Shareholder Value Through Sustainable Differentiation

Performance Excellence



Growth



Capital Management



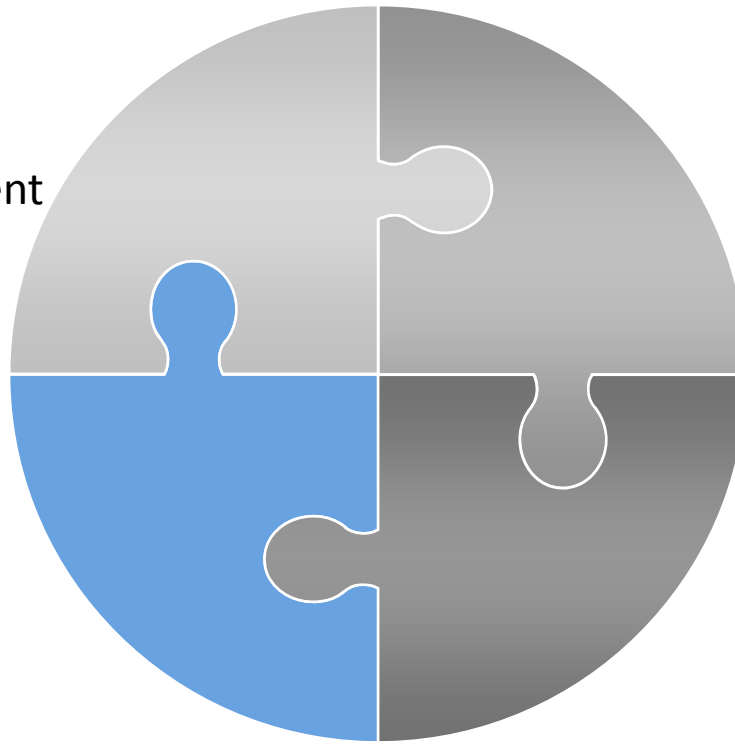
# Performance Excellence Built on Four Cornerstones

## Functional Excellence

- Right resources
- Performance management
- Processes

## Strong Team

- Transparency
- Delivering on promises
- Experience



## Asset Quality

- Right sized fleet
- Consistency
- Technology

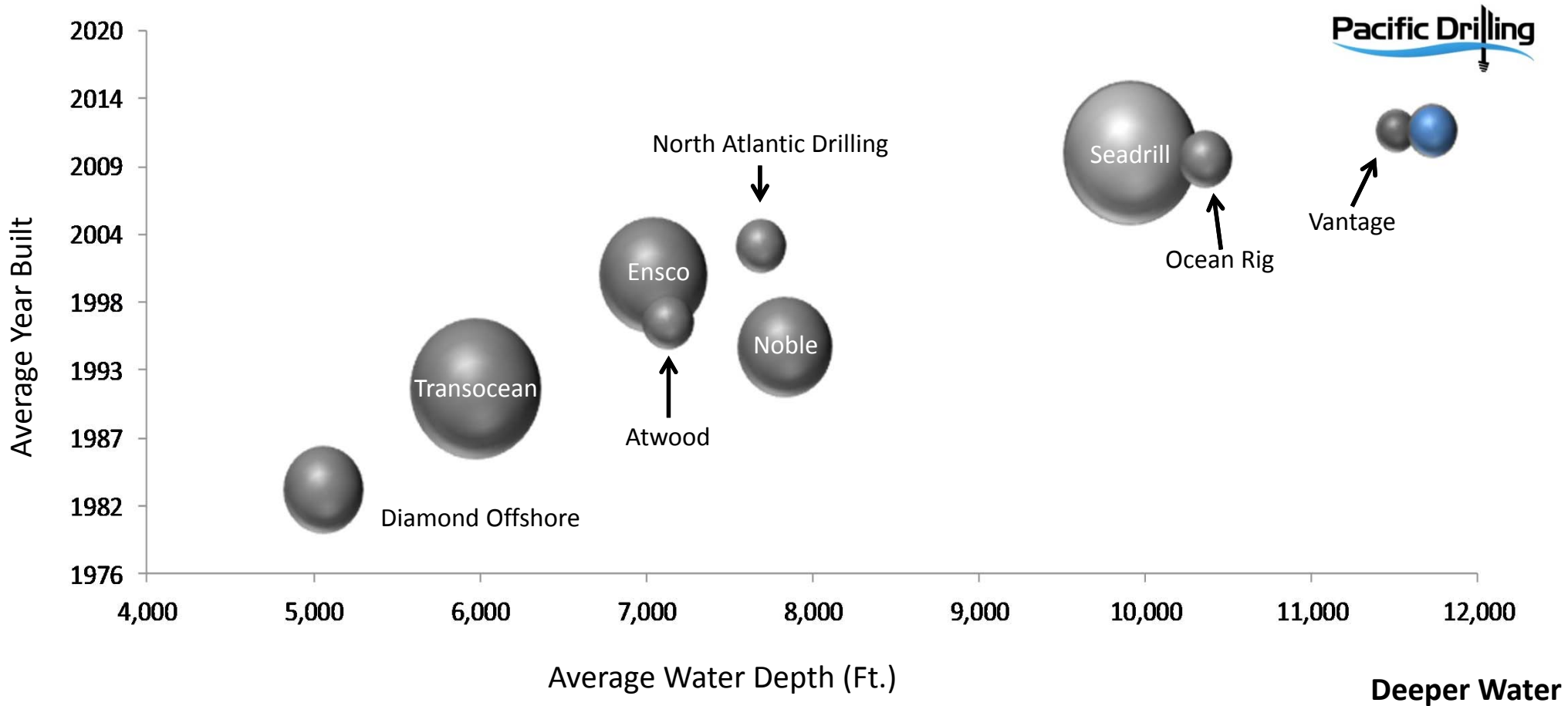
## Targeted Approach

- Clients
- Geographies

# Newest and Most Capable UDW Fleet in the Industry

## Average Floater Fleet Depth and Age <sup>(3)</sup>

More Modern

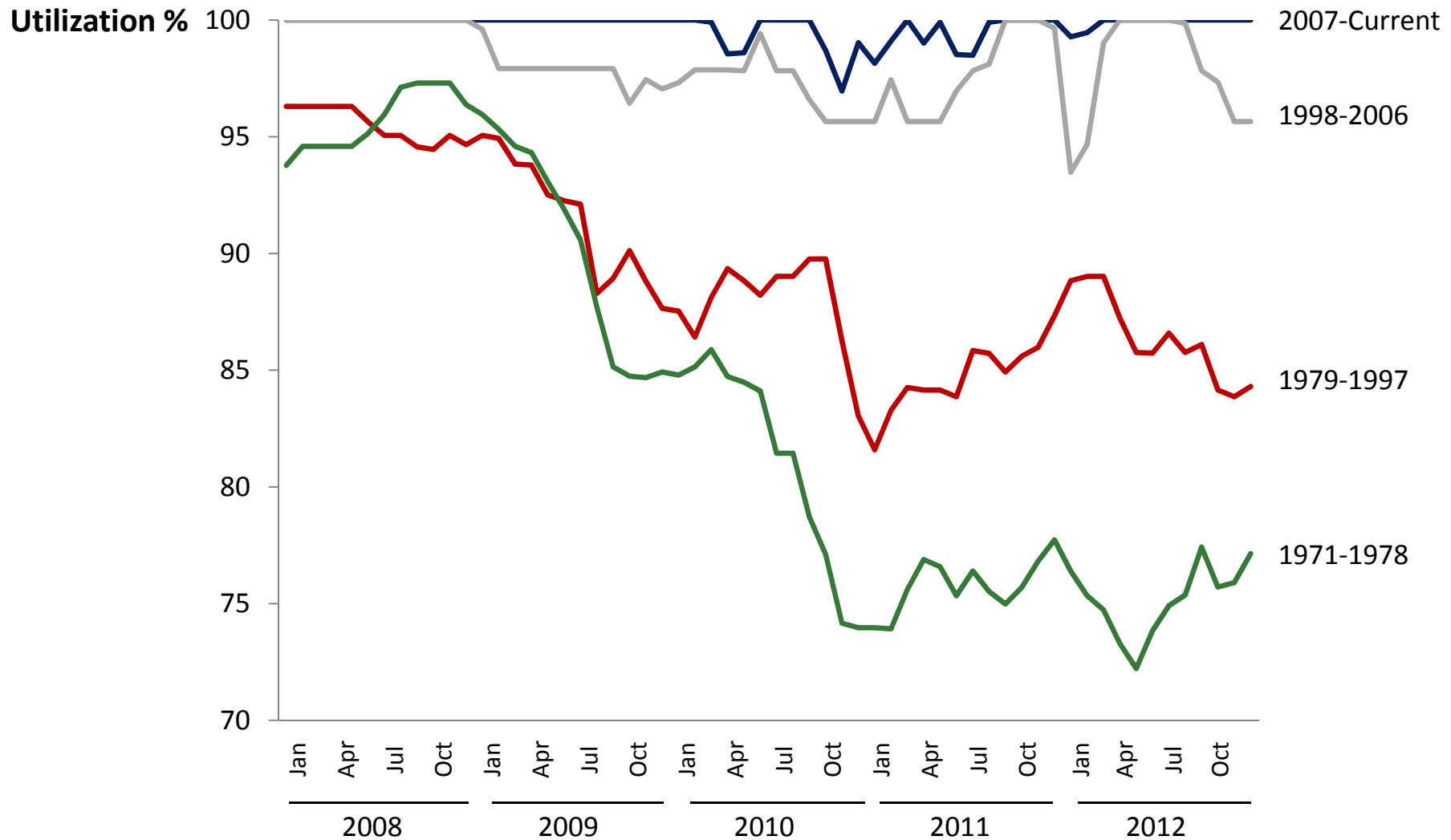


7 Area of bubble represents total enterprise value, including committed capital expenditures.



# Newer Rigs Enjoy Higher Utilization Rates Throughout Cycle

## Floater Utilization Since 2008 by Build Cycle<sup>(4)</sup>



# Dual Gradient Drilling: Game-Changing Technology

## A Proven Well Construction Advance

- Removes the effect of mud weight in the riser column and provides better pressure control
- Especially important in deeper water and wellbores (e.g. Gulf of Mexico or pre-salt Brazil)
- Well is fully controlled in the event of riser disconnect; safer and more efficient
- Should allow operators to access wells which were previously problematic or inaccessible

## Value to Operators

Offshore Magazine (May 1<sup>st</sup>, 2010)

*"It's easier, safer, better for the environment, less expensive, the risks decrease, and the outcomes are more predictable. I think it will be the way we drill deepwater wells in the future."*

-Chevron North America

BOEMRE Report (May 2011)<sup>(5)</sup>

*"The most impressive aspect of Dual Gradient Drilling is that it is as safe or safer than current conventional drilling techniques..."*

## Value to Pacific Drilling

- Sole drilling contractor with knowledge and equipment to provide mud-lift based Dual Gradient Drilling in ultra-deepwater
- Anticipate a long-term competitive advantage
- Cost to upgrade existing rigs uneconomic

Where We Are Now....



Where We Want To Be....



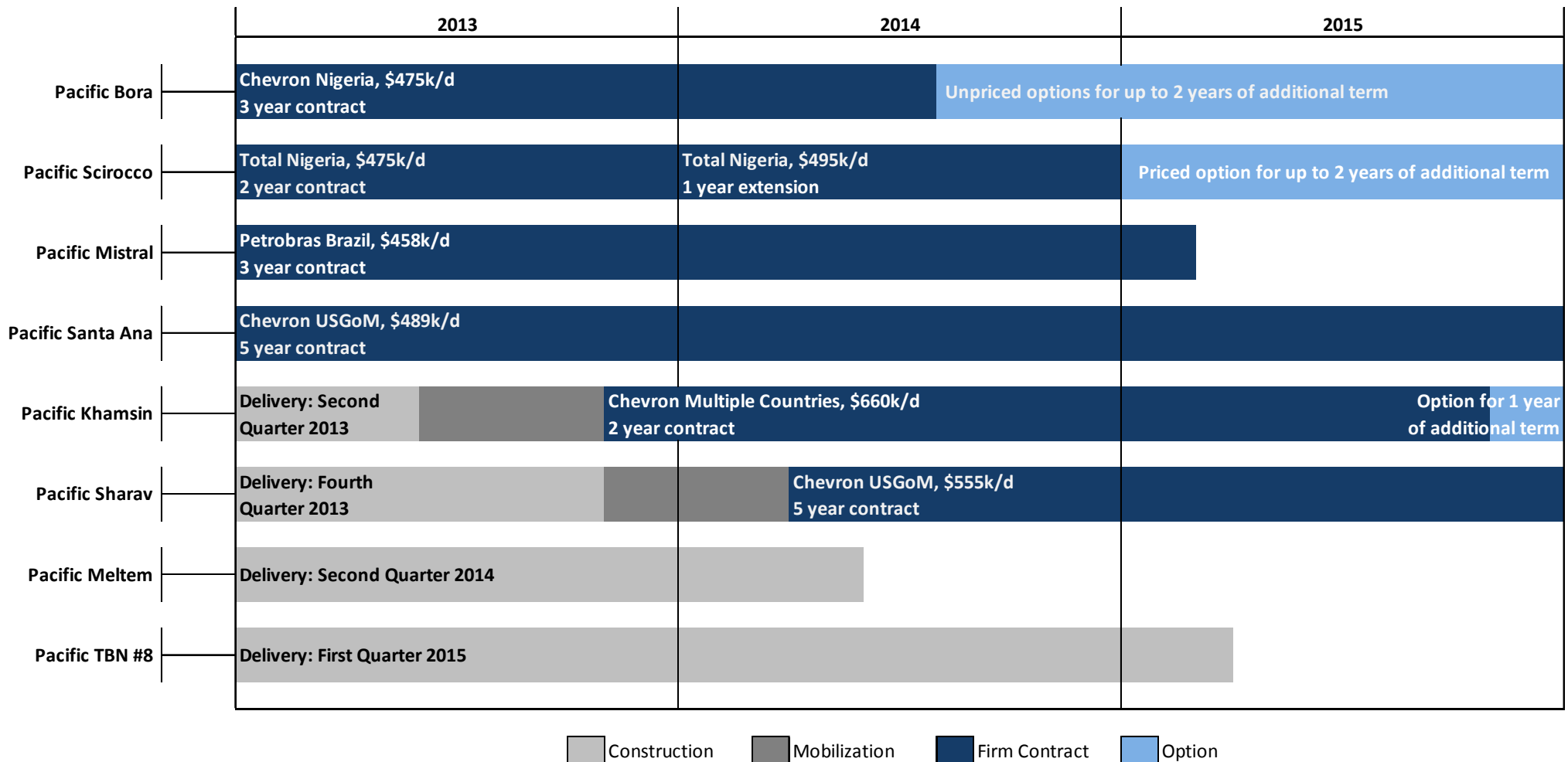
# Performance Excellence Delivers Enhanced Margins

- Standardized equipment and procedures
- Application of best practices
- Enhanced relationships with clients and potential clients
- Better retention of key personnel
- Optimize levels of fleet spares and inventory / warehousing
- Consistency in job roles, equipment and procedures across rigs

**Maximize Revenues**  
+  
**Control Costs**

# \$3.4 Billion Backlog with Blue Chip Operators

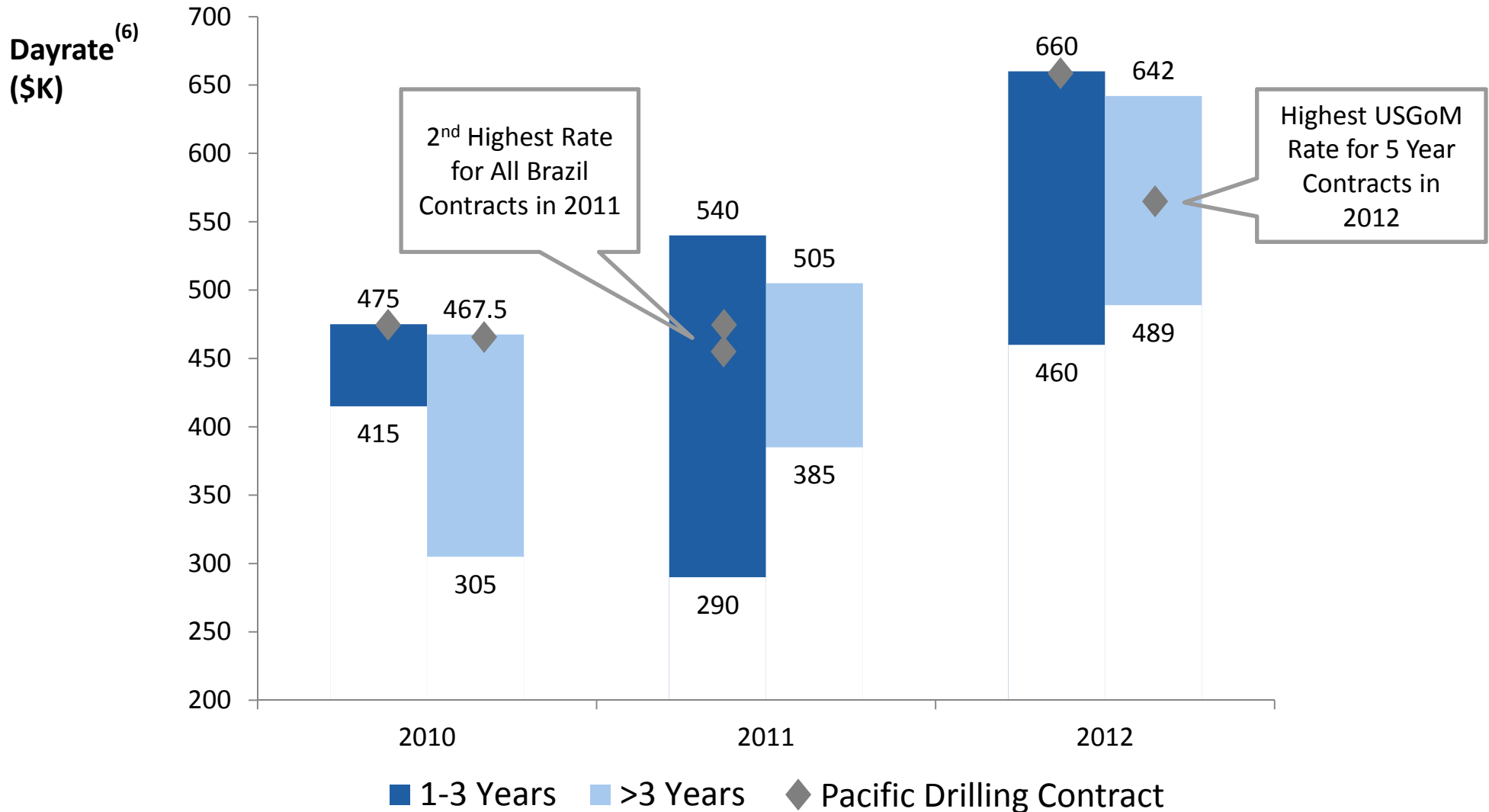
## Backlog as of March 31, 2013



Daily contract revenue does not include mobilization, demobilization, contract preparation and client contract upgrade revenues. For the *Pacific Khamsin*, Chevron has the right to deploy the rig in multiple countries, including Nigeria, Liberia & certain countries in Asia. The indicated dayrate is based on deployment in Nigeria, and the contract provides for dayrate adjustment for change in drilling locale.

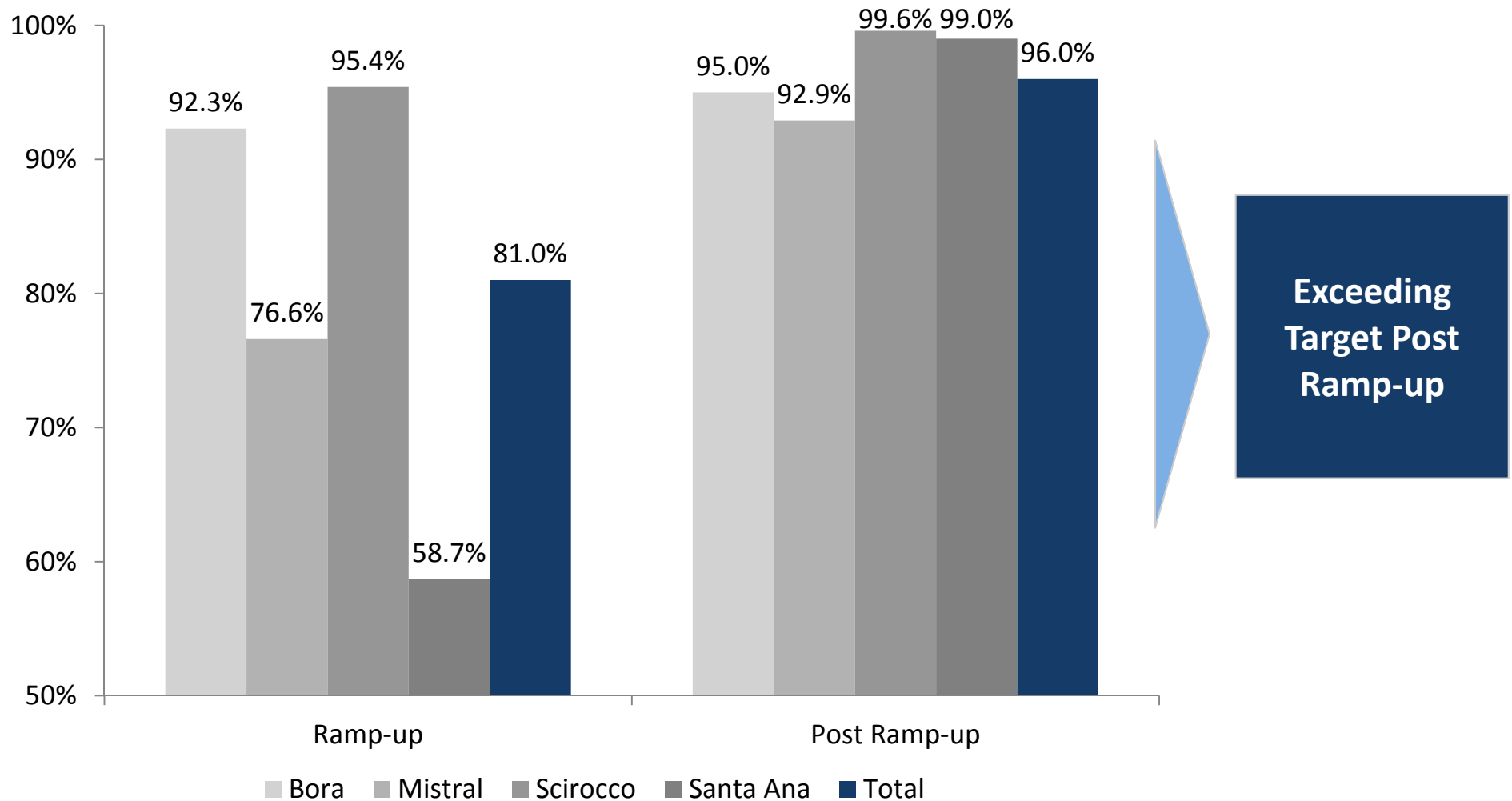
# Contracting Success Maximizes Revenue Potential

## Range of Contract Dayrates by Term and Year Signed for 5<sup>th</sup> Gen and Later Ultra-Deepwater Floaters



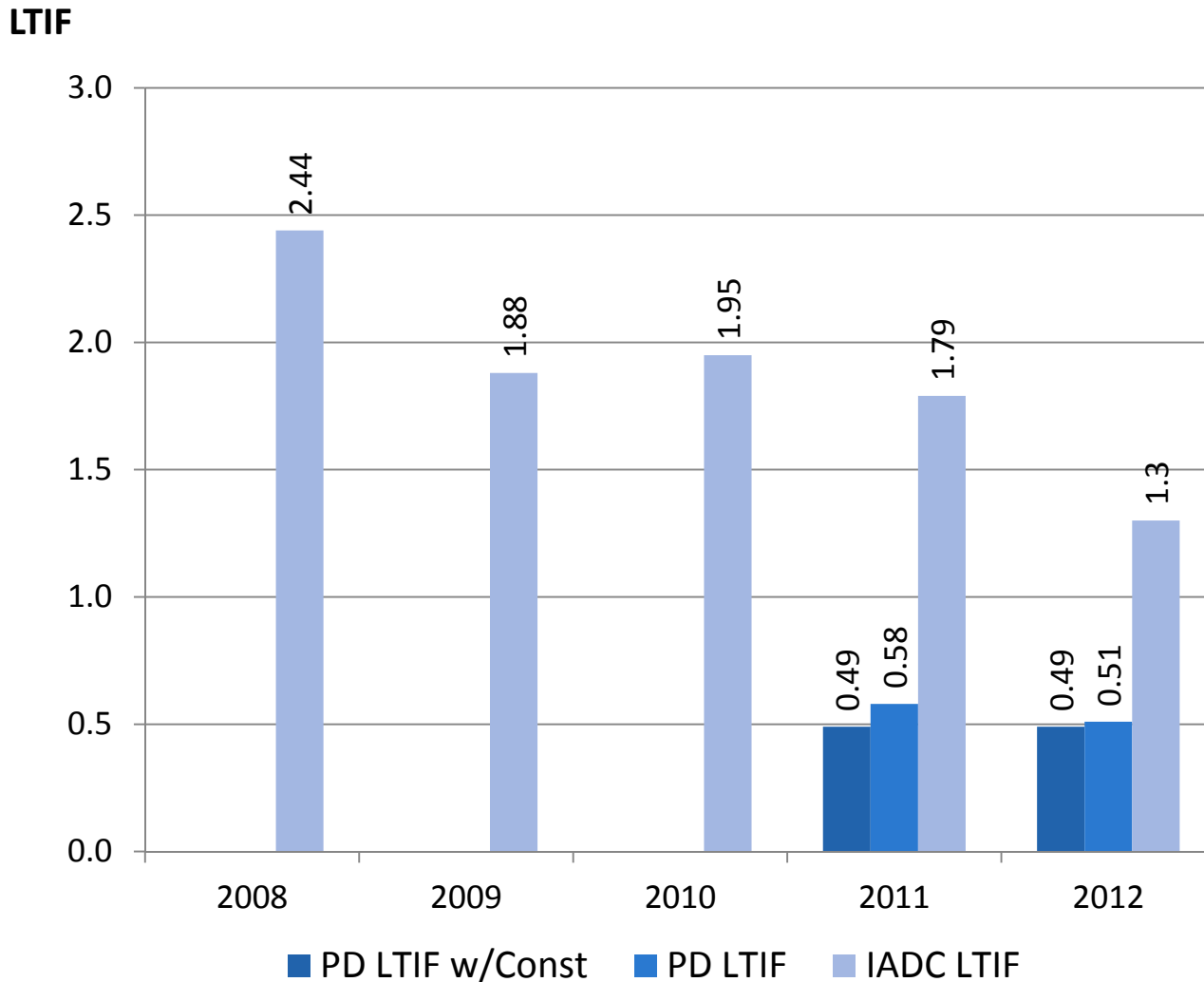
# Focus on Uptime Optimizes Revenue Capture

## Cumulative Revenue Efficiency by Period, Through YE 2012 <sup>(7)</sup>



Revenue efficiency is defined as actual contractual dayrate revenue (excludes mobilization fees, upgrade reimbursements and other revenue sources) divided by the maximum amount of contractual dayrate revenue that could have been earned during such period.

# Exceptional Safety Performance



- No lost time incidents (LTIs) during construction (approximately 775,000 man hours)
- *Pacific Bora* achieved 2 years without an LTI
- *Pacific Scirocco* and *Pacific Mistral* achieved 1 year without an LTI

# Creating Shareholder Value Through Sustainable Differentiation

Performance Excellence



Growth

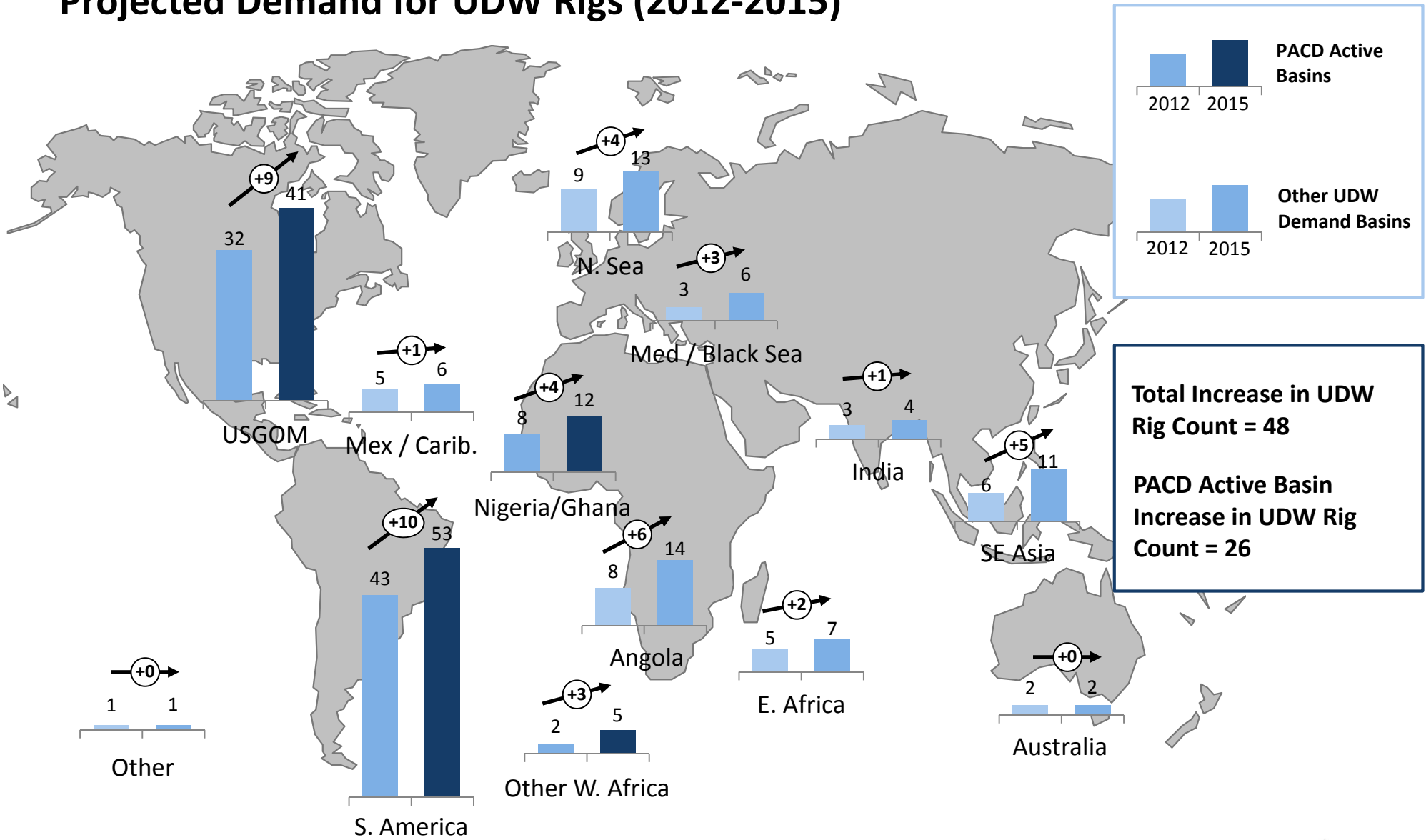


Capital Management



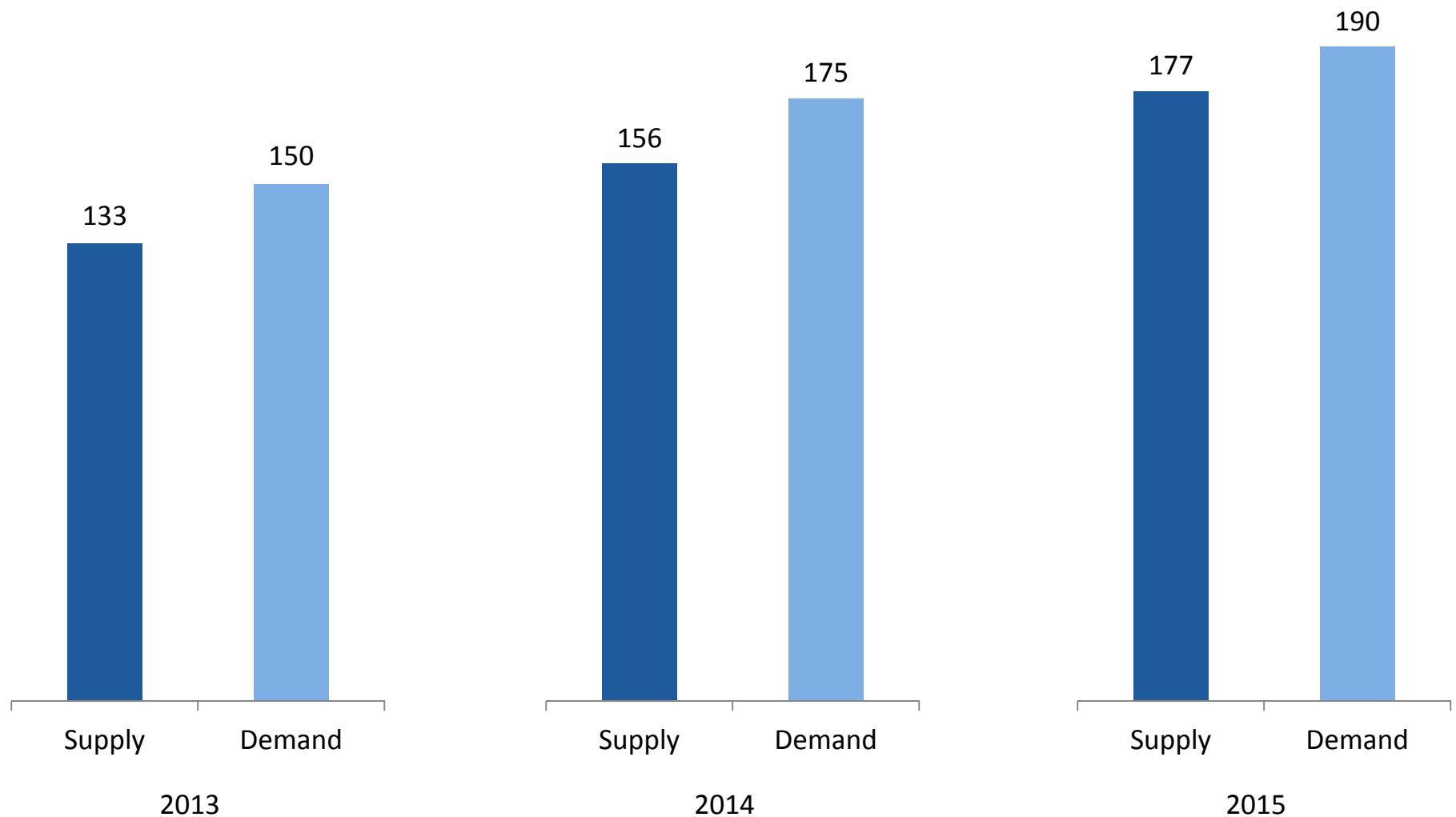
# A Global Growth Market

## Projected Demand for UDW Rigs (2012-2015)<sup>(8)</sup>



# UDW Demand Expected to Exceed Supply Beyond 2015

## Supply and Demand Forecast<sup>(8)</sup>



17 For rigs with water depth capability of 7,500 ft or greater. Includes only announced newbuild orders.

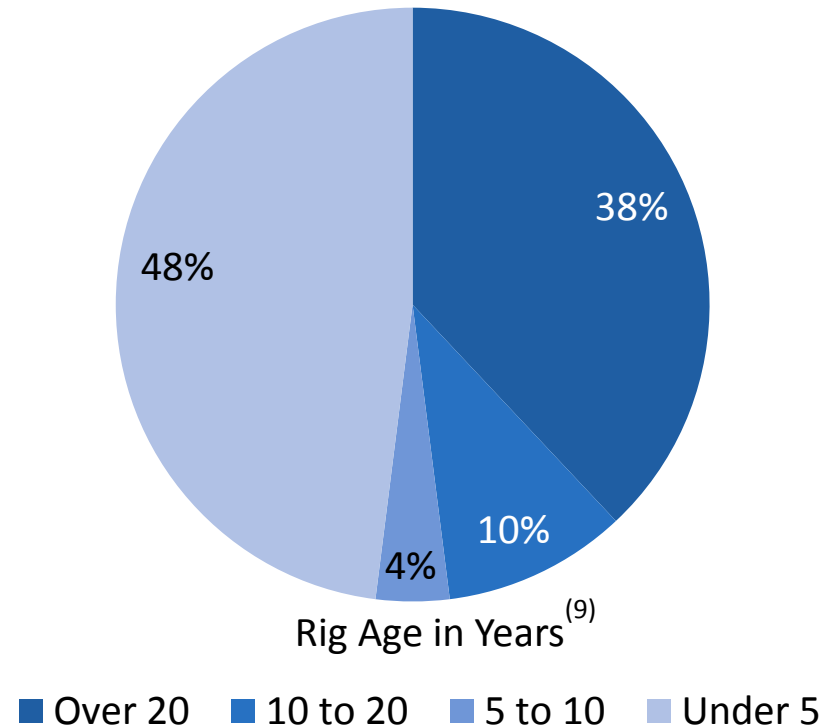
# Demand Further Supported by Market Bifurcation

## Advanced Drillships Deliver on Industry Requirements in All Water Depths

### Industry Trends

1. Challenges of remote drilling sites
2. Drilling deeper and with longer offsets
3. Greater drilling efficiency to reduce total well costs
4. Advances in well construction techniques, e.g. intelligent completions
5. More demanding downhole environments, e.g. high pressure & high temperature drilling
6. Increasingly demanding regulatory climate

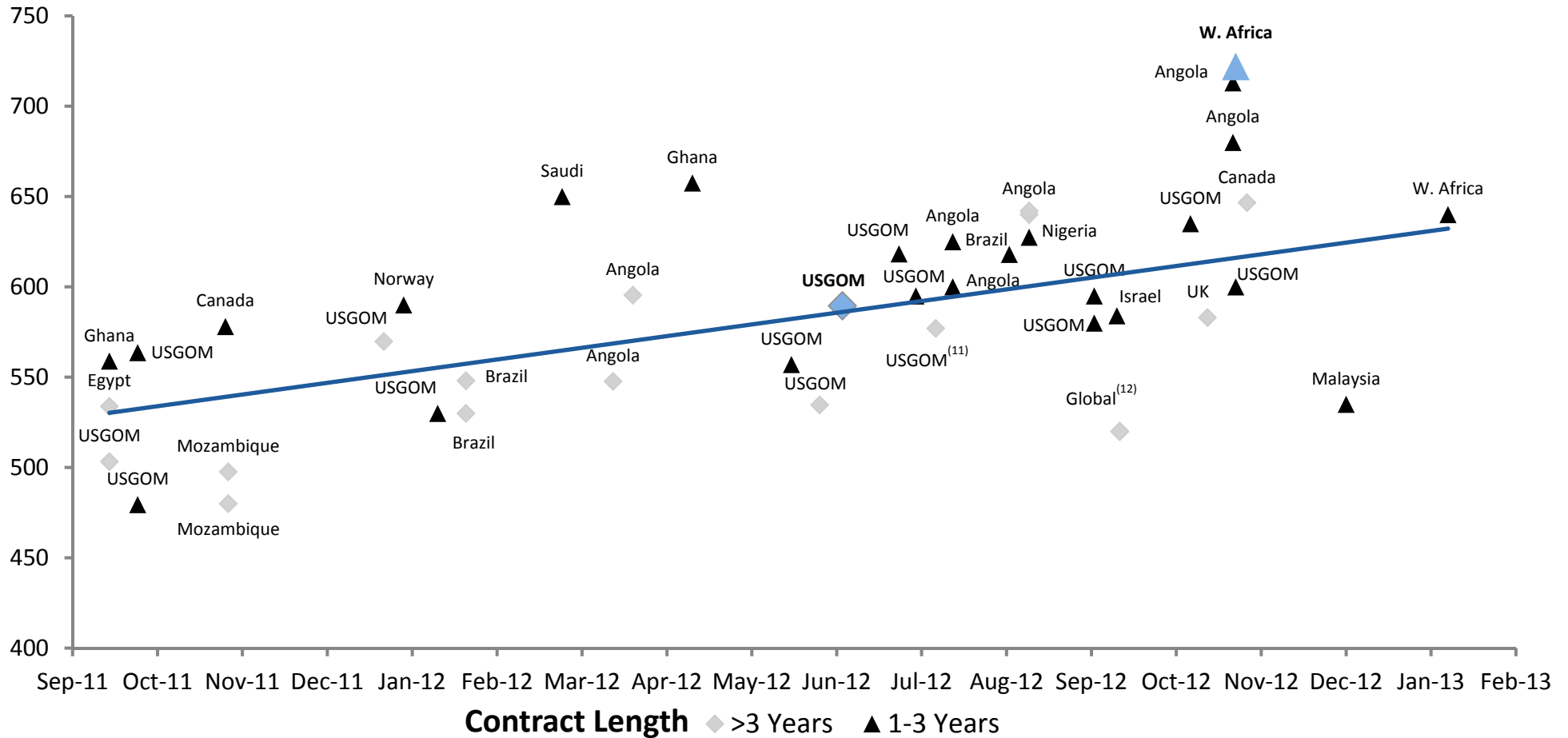
### Over 48% of Floaters Greater than 10 Years Old



# Dayrates Have Responded to the Tight Market

## All-in Contract Costs and Term for 5<sup>th</sup> Gen and Later Ultra-Deepwater Floaters<sup>(10)</sup>

Dayrate (\$K)



Accounts for dayrate cost as well as mobilization and upgrades to arrive at a total projected backlog cost to the operator, where available. Blue data points denote Pacific Drilling contracts.

# Targeted 12 Rig Fleet

## Disciplined Growth and Risk Mitigation



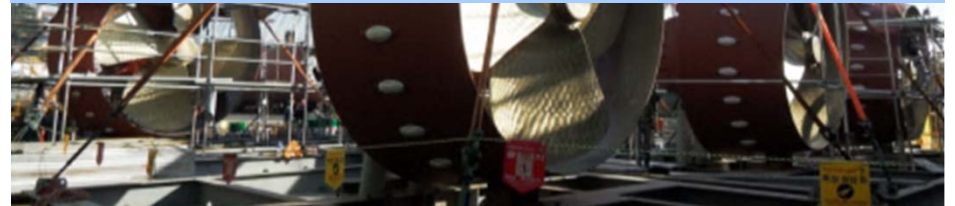
### Financial



- Long term market view
- Financing costs & timing
- Maximum 2 uncommitted newbuilds
- Turnkey shipyard contracts



### Operational

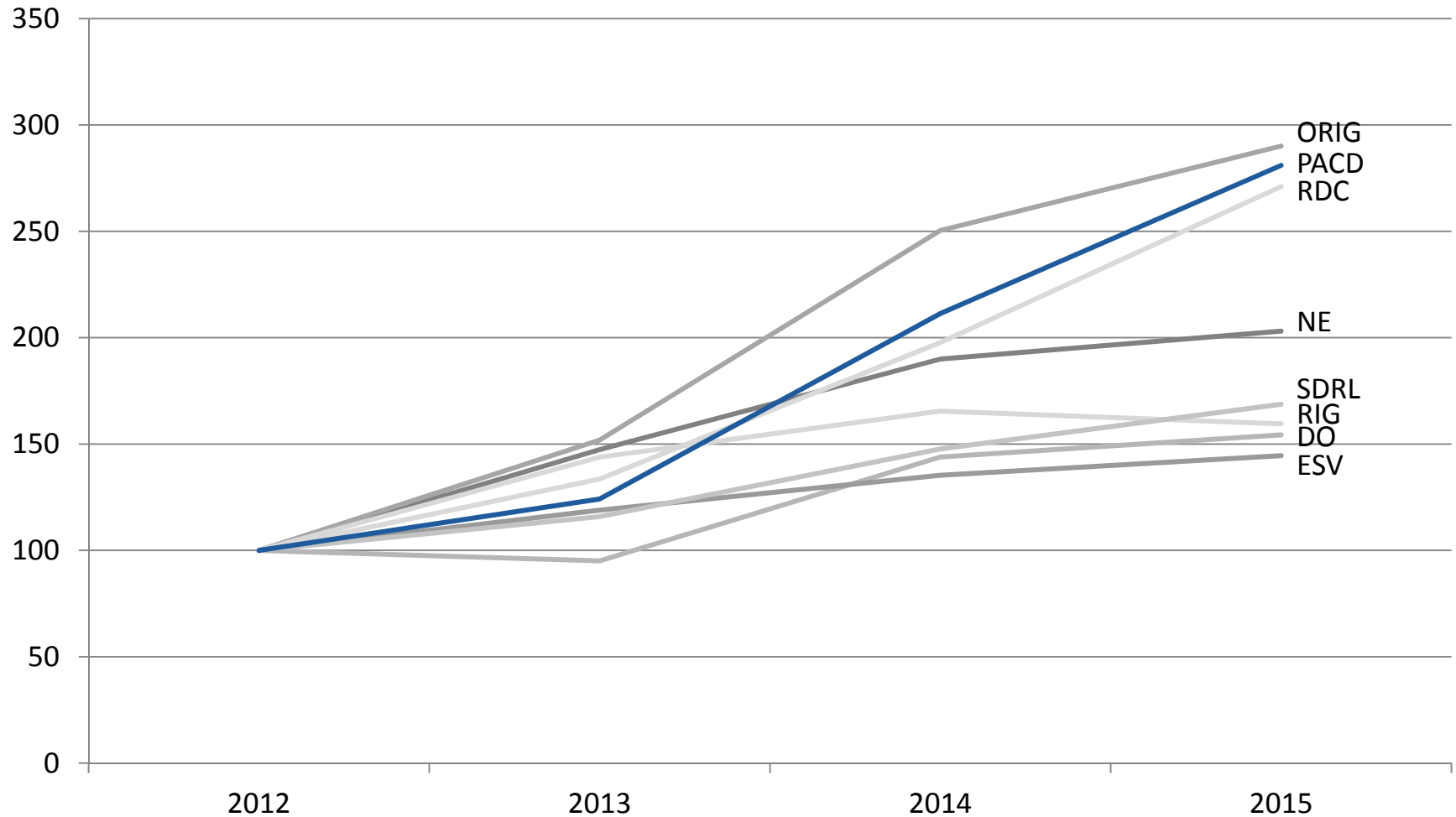


- Proven rig designs built by world class shipyard
- Construction quality oversight
- Mature delivery and startup processes
- Management bandwidth

# Consensus Forecasts PACD Offers Superior Growth

Consensus Projected CAGR = 41%

Projected  
EBITDA Growth



# Creating Shareholder Value Through Sustainable Differentiation

Performance Excellence



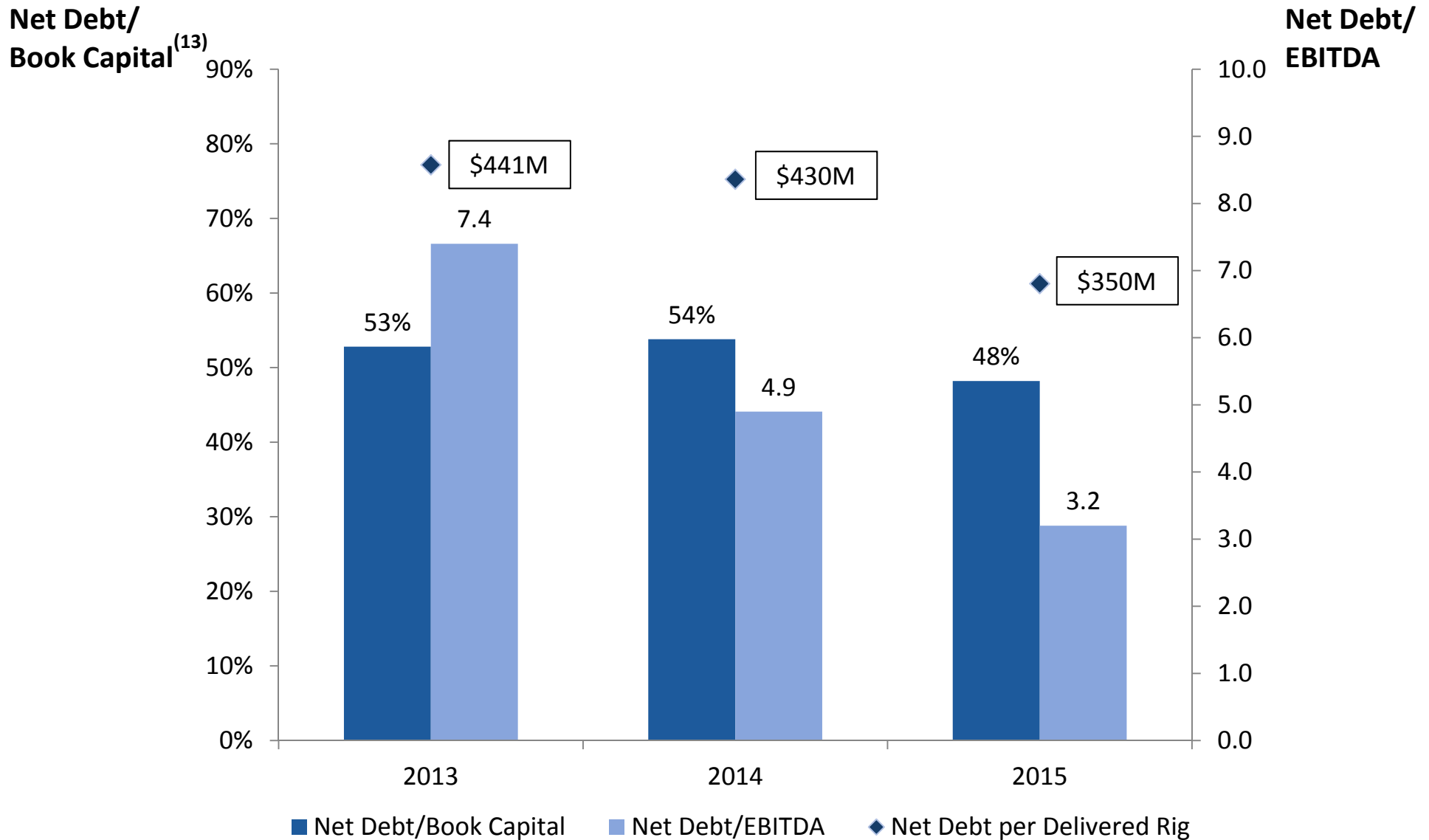
Growth



Capital Management



# Deleveraging of Existing Fleet Increases Equity Value

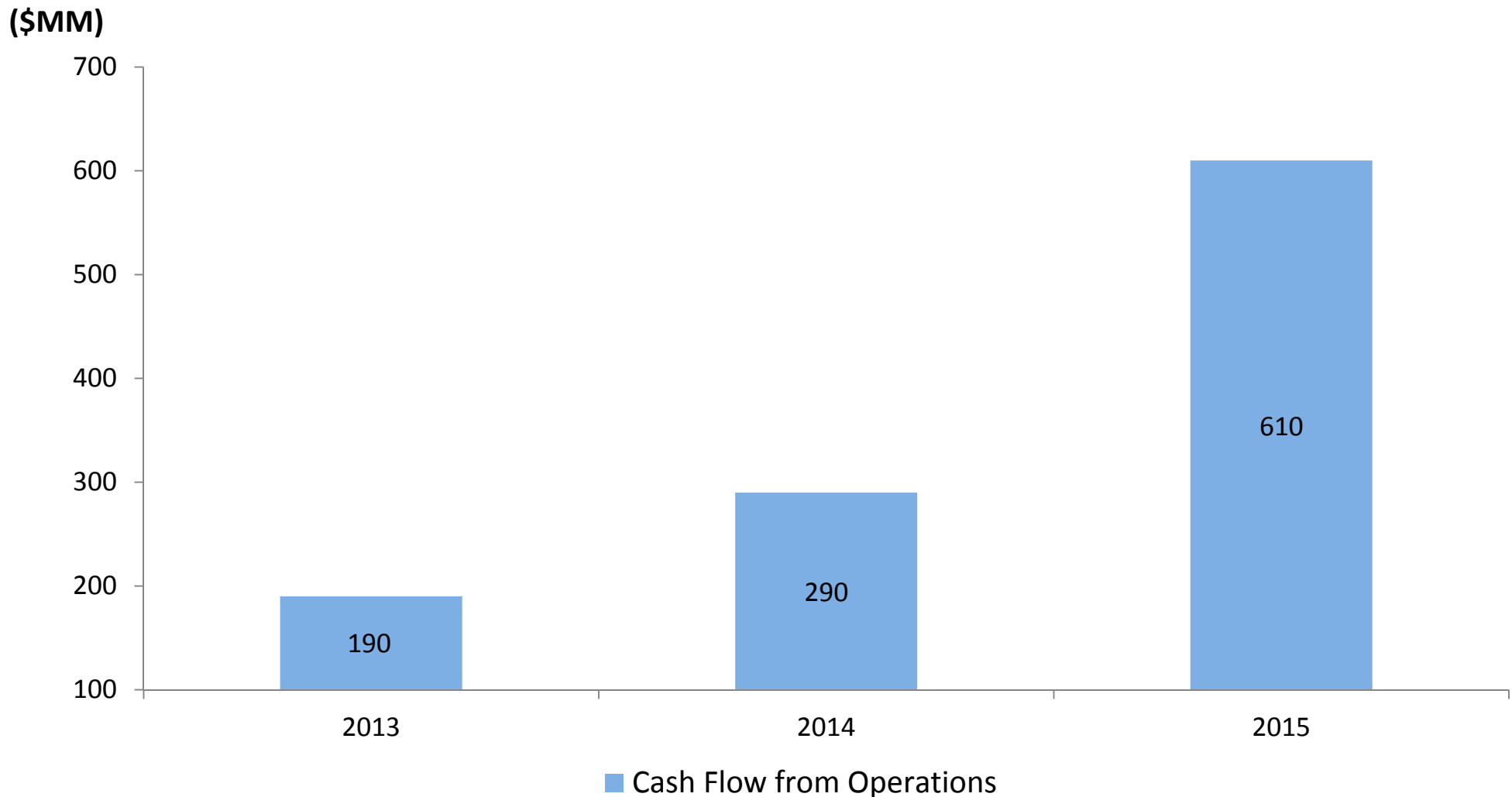


Forecast for 2013-2015 by Pacific Drilling.

Assumes fleet size of 8 rigs; closing of \$1B secured senior credit facility used to finance remaining capex for *Pacific Sharav* and *Pacific Meltem*; contemplated debt financing for *Pacific TBN #8*; no additional equity issuances.

# Growth in Profitability and Cash Flow From 8 Rig Fleet Should Allow for Return of Cash to Shareholders

## Cash Flow from Operations Forecast



Forecast for 2013-2015 by Pacific Drilling. Assumes fleet size of 8 rigs; closing of \$1B secured senior credit facility used to finance remaining capex for *Pacific Sharav* and *Pacific Meltem*; contemplated debt financing for *Pacific TBN #8*; no additional equity issuances.

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## Questions & Answers

# Investor Contact



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# Footnotes

1. Closing stock price of \$[9.60] as of April 5, 2013, and 216.9 MM shares outstanding.
2. Pacific Drilling shares continue to be listed on the Norwegian OTC A list.
3. Enterprise value data from Thomson Reuters as of January 29, 2013. Average water depth and average year built for deepwater fleet from IHS-Petrodata as of January 29, 2013. Includes assets under construction and on order.
4. Data from IHS-Petrodata through December 31, 2012. Analysis by Pacific Drilling. "2007-Current" adjusted to remove impact of Ocean Courage and Petrobras 10,000 in 2009, which were subject to construction finance issues and unable to work.
5. United States Bureau of Ocean Energy Management, Regulation and Enforcement. Risk Profile of Dual Gradient Drilling by Stress Engineering Services Inc. May 2011.
6. Data from IHS-Petrodata. Analysis by Pacific Drilling.
7. Ramp-up phase is defined as the first 6 months of operations. Revenue efficiency through December 31, 2012.
8. Supply data from IHS-Petrodata as of January 2013. Newbuild supply weighted by portion of the year during which it is eligible to work. Demand analysis by Pacific Drilling. Demand projections should be regarded as a general estimate of forecasted market conditions. Our projections are derived from internal analysis and include uncertainty. This internal analysis incorporates factors including, but not limited to, known tenders existing in the marketplace, potential future tenders as projected by IHS-Petrodata, perceptions of operator intent derived through marketing discussions, news articles regarding political conditions and potential regulatory developments in deepwater-active countries, and presentations by peers, deepwater operators, and analysts, all with a view towards projecting a range of potential outcomes. For each region, we label the most likely outcome within this range as the 'base case.' The numbers presented on this slide correspond to our 'base case' for each region.
9. Floater age data from IHS-Petrodata as of January 28, 2013. Analysis by Pacific Drilling. Includes rigs under construction.
10. Data from IHS-Petrodata as of January 28, 2013. Analysis by Pacific Drilling. Priced option exercises not included. Does not include contracts less than 1 year in duration.
11. Three rig deal (19 years, \$4B) between Seadrill and BP; have assumed the average term and rate across the three rigs with a \$20 MM mobilization for each of the two newbuild rigs.
12. Four rig deal (10 year, \$7.6B) between Transocean and Shell. The locations for the rigs are not announced (assume \$25MM for mobilization each).
13. Net book debt to capital ratio defined as long term book debt less total cash divided by long term book debt less total cash plus book shareholders' equity.

# Appendix: Maintaining Flexibility in Financing

## Debt Outstanding as of December 31, 2012 (\$MM)

	Amortizing	Balloon	Total	Maturity
Project Finance Facility	\$656	\$800	\$1,456	Oct 2015
8.25% Senior Unsecured Note	-	\$300	\$300	Feb 2015
7.25% Senior Secured Note	-	\$500	\$500	Nov 2017

## Debt Closed in First Quarter 2013 (\$MM)

	Amortizing	Balloon	Total	Maturity
Senior Secured Credit Facility	\$417	\$583	\$1,000	May 2019

### \$2.2B of equity raised

- ~\$1.6B from main sponsor
- \$600MM from private placement April 2011
- \$57MM from IPO November 2011

### First seven rigs fully funded

- ~\$2.1B in remaining capex as of December 31, 2012 and with addition of *Pacific TBN #8* ordered in January 2013
- Expect to fund 3 rigs currently under construction through existing cash, cash flow generation and existing long term debt
- Expect to fund eighth rig through existing cash, cash flow generation and future long term debt