

Date: February 6, 2013

Analyst Name: Matt Leid

## CIF Stock Recommendation Report (Spring 2013)

Company Name and Ticker: Noble Corporation (NE)

### Section (A) Summary

Recommendation Buy: <b>Yes</b> No		Target Price: \$45.00	Stop-Loss Price: \$34.00
Sector: Energy	Industry: Oil/Gas Drilling	Market Cap (in Billions): \$10,467.68	# of Shrs. O/S (in Millions): 252.72
Current Price: \$40.74	52 WK Hi: \$41.71	52 WK Low: \$28.73	EBO Valuation: \$31.70
Morningstar (MS) Fair Value Est.: \$55	MS FV Uncertainty: Moderate	MS Consider Buying: \$33	MS Consider Selling: \$85.25
EPS (TTM): 3.39	EPS (FY1): 3.39	EPS (FY2): 4.86	MS Star Rating:
Next Fiscal Yr. End "Year": 2013 "Month": December	Last Fiscal Qtr. End: Less Than 8 WK: Y <b>N</b>	If Less Than 8 WK, next Earnings Ann. Date:	Analyst Consensus Recommendation: Hold
Forward P/E: 11.99	Mean LT Growth: 13.00%	PEG: 0.92	Beta: 1.22
% Inst. Ownership: 89.24%	Inst. Ownership- Net Buy: Y <b>N</b>	Short Interest Ratio: 1.10	Short as % of Float: N/A
<b><u>Ratio Analysis</u></b>	<b><u>Company</u></b>	<b><u>Industry</u></b>	<b><u>Sector</u></b>
P/E (TTM)	20.22	80.74	12.82
P/S (TTM)	2.95	1.91	3.07
P/B (MRQ)	1.36	1.23	1.00
P/CF (TTM)	7.96	7.63	9.24
Dividend Yield	1.26	1.97	2.29
Total Debt/Equity (MRQ)	60.01	48.49	15.31
Net Profit Margin (TTM)	15.68	7.35	10.45
ROA (TTM)	3.96	2.69	4.52
ROE (TTM)	6.83	4.87	8.15

<p><b><u>Investment Thesis</u></b></p> <p>Pros:</p> <ul style="list-style-type: none"> <li>• Noble is in one of the fastest growing industries within the energy sector</li> <li>• The firm has top notch technology and is focused on maintaining a strong level of customer service.</li> <li>• The Relative valuation tells us that there is a possibility that the firm may be undervalued at this time.</li> <li>• Short interest is lower than its two closest competitors and has been dropping for some time.</li> <li>• Technical analysis suggests that now is a good time to invest in NE.</li> </ul> <p>Cons:</p> <ul style="list-style-type: none"> <li>• Earnings estimates have been lowered several times recently as margins within the industry are being squeezed.</li> <li>• The fundamental valuation suggests that the firm might be overvalued.</li> </ul> <p>Conclusion: While margins for the industry have been decreasing somewhat, this may be offset by increasing technology (to reduce cost) and continued revenue growth. I believe this is an industry that our portfolio should be exposed to and Noble Corporation is among the best companies to invest in within the Oil/Gas drilling industry.</p>	<p><b><u>Summary</u></b></p> <p>Provide brief summary of your analysis in each section that follows</p> <p><b><u>Company Profile:</u></b></p> <p>Company has offshore drilling operations around the world.</p> <p><b><u>Fundamental Valuation:</u></b></p> <p>The fundamental valuation suggests that the current stock price is highly overvalued.</p> <p><b><u>Relative Valuation:</u></b></p> <p>The relative valuation provides implied prices near the 52 week low and high range, and suggests the stock may be undervalued.</p> <p><b><u>Revenue and Earnings Estimates:</u></b></p> <p>Earnings estimates have been declining despite increases revenue estimates. Margins within the industry are becoming less attractive.</p> <p><b><u>Analyst Recommendations:</u></b></p> <p>Overall recommendation is outperform.</p> <p><b><u>Institutional Ownership:</u></b></p> <p>Strong institutional ownership with a very small net sell.</p> <p><b><u>Short Interest:</u></b></p> <p>Short interest has been decreasing and is at a lower level than competitors.</p> <p><b><u>Stock Price Chart:</u></b></p> <p>Performance has been in line with competition in medium to long term.</p>
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## **Section (B) Company Profile (two pages maximum)**

### **Company Summary**

Noble Corporation is a Swiss company that is a leader in offshore drilling contracting for the oil and gas industry. This means they perform contract drilling services all around the world using their fleet of 80 mobile offshore drilling units and one floating production storage and offloading unit. The company is able to drill in ultra-deepwater and harsh environments using its high tech fleet. Noble has been in the contract drilling business since 1921. About 98% of operating revenue was obtained from offshore contract drilling operations in 2011.

The firm has multiple types of rigs to drill in different situations. Semisubmersibles are floating platforms that can submerge to a predetermined depth. The company has 14 of these. Drillships are self-propelled vessels that maintain their position over a well. The fleet size of this unit is also 14. Jackups are the most common with a fleet size of 49. Jackups include areas for storage, crew members, and even a helicopter landing. Lastly, submersibles are mobile drilling platforms work by flooding a lower deck which sinks to the sea floor in order to begin drilling. Currently the fleet only contains two submersibles.

As of February 15, 2012, the fleet was spread across multiple areas around the globe. This included Mexico, Brazil, the North Sea, the Mediterranean, West Africa, the Middle East, India, and the Asian Pacific.

### **Business Model, Competition, Environment and Strategy**

The goal of the company is to be the preferred offshore drilling contractor for the oil and gas industry. To do this they focus on providing a safe work environment for their employees while protecting the environment, increasing share value, and great customer service. They strive to maintain quality workers and leading technology.

The competition within the industry is intense due to the lack of differentiation and decreasing margins. In order to compete the company must continue to invest large amounts of capital into increasing its fleet size and capabilities.

## Section (C) Fundamental Valuation (EBO)

PARAMETERS	FY1	FY2	Ltg									
EPS Forecasts	3.39	4.86	13.00%									
Book value/share (last fye)	30.56											
Discount Rate	14.38%											
Dividend Payout Ratio (POR)	26.52%											
Next Fsc Year end	2013											
Current Fsc Mth (1 to 12)	2											
Target ROE (industry avg.)	17.07%											
Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Long-term EPS Growth Rate (Ltg)			0.1300	0.1300	0.1300	0.1300	0.1300					
Forecasted EPS	3.39	4.86	5.49	6.21	7.01	7.92	8.95					
Beg. of year BV/Shr	30.560	33.051	36.622	40.657	45.217	50.370	56.193					
Implied ROE		0.147	0.150	0.153	0.155	0.157	0.159					
(Beg. ROE, from EPS forecasts)	0.111	0.147	0.150	0.153	0.155	0.157	0.159	0.162	0.164	0.166	0.168	0.171
(ROE-k)	-0.033	0.003	0.006	0.009	0.011	0.014	0.016	0.018	0.020	0.022	0.025	0.027
(1-POR)*(ROE-1)	0.000	0.082	0.108	0.110	0.112	0.114	0.116	0.117	0.119	0.120	0.122	0.124
	1.000	1.082	1.198	1.330	1.480	1.648	1.839	2.054	2.298	2.575	2.889	3.247
	-0.033	0.004	0.007	0.012	0.017	0.022	0.029	0.037	0.046	0.058	0.071	0.087
0.144	0.144	0.144	0.144	0.144	0.144	0.144	0.144	0.144	0.144	0.144	0.144	0.144
	1.144	1.308	1.496	1.712	1.958	2.239	2.561	2.930	3.351	3.833	4.384	5.014
0.265												
PV(growth*AROE)	-0.03	0.00	0.00	0.01	0.01	0.01	0.01	0.01	0.01	0.02	0.02	0.02
	0.97	0.97	0.98	0.99	0.99	1.00	1.02	1.03	1.04	1.06	1.07	1.09
(Assume this yr's AROE forever)	-0.20	0.02	0.03	0.05	0.06	0.07	0.08	0.09	0.10	0.10	0.11	0.12
(P/B if we stop est. this period)	0.77	0.99	1.01	1.03	1.05	1.07	1.09	1.11	1.14	1.16	1.19	1.21
	24.14	31.06	31.70	32.34	32.97	33.59	34.20	34.88	35.59	36.33	37.11	37.91
	30.56	33.05	36.62	40.66	45.22	50.37	56.19	62.77	70.23	78.68	88.29	99.22
	3.39	4.86	5.49	6.21	7.01	7.92	8.95	10.15	11.51	13.07	14.87	16.94
		0.434	0.130	0.130	0.130	0.130	0.130	0.133	0.134	0.136	0.137	0.139

### Inputs (provide below input values used in your analysis)

EPS forecasts (FY1 & FY2): \$3.39 and \$4.86

Long-term growth rate: 13.00%

Book value /share (along with book value and number of shares outstanding):

Book value: \$7,723,200,000

# of shares outstanding: 252,720,000

Book value / share: \$30.56  
Dividend payout ratio: 26.52%  
Next fiscal year end: 2013  
Current fiscal month: 2  
Target ROE: 17.07%

### Output

Above normal growth period chosen: 3 years

EBO valuation (Implied price from the spreadsheet): \$31.70

### Sensitivity Analysis

EBO valuation would be (you can include more than one scenario in each of the following):

\$34.20 if changing above normal growth period to seven years

\$32.50 if changing growth rate from mean (consensus) to the highest estimate 16%

\$30.91 if changing growth rate from mean (consensus) to the lowest estimate 10%

\$27.97 if changing discount rate to 16%

\$31.70 if changing target ROE to 14%

## Section (D) Relative Valuation

NE													
				Mean FY2									
				Earnings Estimate	Forward	Mean LT	PEG	P/B	ROE	Value	P/S	P/CF	
				(next fiscal year)	P/E	Growth Rate		(MRQ)	5 yr ave	Ratio	TTM	TTM	
1	NBR	Nabors Industries	\$ 4,892.97	\$ 16.36	\$ 1.30	12.58	11.60%	1.08	0.84	8.36%	0.10	0.71	4.02
2	DO	Diamond Offshore Drill	\$ 10,606.62	\$ 76.61	\$ 5.13	14.93	10.95%	1.36	2.34	31.95%	0.07	3.55	9.24
3	ESV	Ensco PLC	\$ 14,949.02	\$ 64.15	\$ 7.01	9.15	27.10%	0.34	1.28	13.96%	0.09	3.54	8.46
4	RIG	Transocean Ltd	\$ 20,446.62	\$ 57.10	\$ 4.82	11.85	24.70%	0.48	1.36	6.37%	0.21	2.13	15.55
	NE	Noble Corporation	\$ 10,467.68	\$ 40.66	\$ 3.39	11.99	13.00%	0.92	1.39	14.88%	0.09	2.95	7.96
Implied Price based on:						P/E	PEG	P/B		Value	P/S	P/CF	
1	NBR	Nabors Industries				\$42.66		\$47.81	\$24.57	\$43.73	\$9.79	\$20.53	
2	DO	Diamond Offshore Drilling Inc				\$50.63		\$60.10	\$68.45	\$31.88	\$48.93	\$47.20	
3	ESV	Ensco PLC				\$31.02		\$14.88	\$37.44	\$39.91	\$48.79	\$43.21	
4	RIG	Transocean Ltd				\$40.16		\$21.14	\$39.78	\$92.93	\$29.36	\$79.43	
		High				\$50.63		\$60.10	\$68.45	\$92.93	\$48.93	\$79.43	
		Low				\$31.02		\$14.88	\$24.57	\$31.88	\$9.79	\$20.53	
		Median				\$41.41		\$34.47	\$38.61	\$41.82	\$39.07	\$45.21	

From the top panel

The forward P/E ratios of all five competitors are fairly similar. Only DO stands out as being somewhat out of the range of the other values, as it is over \$2 higher than any other company. Most of the PEG ratios are very close to 1. The two companies that have much higher growth rates (ESV and RIG) also have noticeably smaller PEG ratios. NBR has a P/B that is much lower than the other companies listed. Part of the reason for this may be that they have a large amount of debt, so their P/S and P/CF will also be lower than their peers. DO has a large P/B. This might be related to the fact that their ROE is much higher than the other companies and this return makes investors willing to pay a higher price. Besides the before mentioned NBR, all the companies have similar P/S values. Lastly, RIG stands out as having a large P/CF. It was unclear as to what was the leading cause of this number.

All but two of the implied prices fall with the 52-week high and low. Most of the implied prices are also close to the current price of \$40.74. We can see that PEG gives us the lowest implied price of only \$34.47 while P/CF gives us \$45.21.

### **From the bottom panel**

The two implied prices that stand out as being outlier prices are those derived from PEG and P/CF. Typically PEG isn't the most useful ratio to use for energy stocks. However, because offshore drilling is an area of higher growth than many other energy industries, this number is likely somewhat relevant. The P/CF, while not being the first ratio one would normally look to, is also something that can't be ruled out as it is looked at to see how the many investments of the firm are paying off.

Price to earnings is the most useful valuation tool for NE. This makes sense, as we often will look to P/E when determining the value of an energy company. Ultimately, companies within this industry have to spend a lot on their operations, and the earnings they are able to gain from those operations is a good place to start assessing the value of an individual firm compared to its peers. Moreover, this valuation from my spreadsheet is one for which the outliers do not pull the implied price dramatically in one direction or the other.

## **Section (E) Revenue and Earnings Estimates**

## HISTORICAL SURPRISES

Sales and Profit Figures in US Dollar (USD)

Earnings and Dividend Figures in US Dollar (USD)

Estimates vs Actual	Estimate	Actual	Difference	Surprise %
<b>SALES (in millions)</b>				
Quarter Ending Dec-12	957.90	966.37	8.47	0.88
Quarter Ending Sep-12	899.17	884.03	15.14	1.68
Quarter Ending Jun-12	895.74	898.92	3.19	0.36
Quarter Ending Mar-12	801.86	797.69	4.17	0.52
Quarter Ending Dec-11	774.43	751.04	23.38	3.02
<b>Earnings (per share)</b>				
Quarter Ending Dec-12	0.61	0.51	0.10	16.38
Quarter Ending Sep-12	0.49	0.45	0.04	7.46
Quarter Ending Jun-12	0.57	0.59	0.02	4.00
Quarter Ending Mar-12	0.42	0.47	0.05	12.31
Quarter Ending Dec-11	0.53	0.50	0.03	5.91

1 & 3. As is often the case, Noble tends to surprise analysts more with their earnings number than their revenue. The revenue surprises have been off from estimates by 0.36% to 3.02% whereas the earnings surprises have been off by 4% to 16.38%

2. Three out of five revenue surprises in the last five quarters have been negative. Three out of five earnings surprises were also negative, though not in the same quarters.

4. For the most recent surprise, the market reacted more strongly to the positive surprise in revenue than the large negative surprise in earnings. This might be because some of the new rigs ran into some issues this year and investors see that as being a temporary issue. The other responses from the market seem to be more closely tied to earnings, as stock price increases when earnings surprises were positive and decreases when surprises were negative.

## CONSENSUS ESTIMATES ANALYSIS

Sales and Profit Figures in US Dollar (USD)

Earnings and Dividend Figures in US Dollar (USD)

	# of Estimates	Mean	High	Low	1 Year Ago
<b>SALES (in millions)</b>					
Quarter Ending Mar-13	25	1,024.27	1,097.30	983.50	1,004.11
Quarter Ending Jun-13	25	1,088.82	1,164.21	1,010.95	1,037.74
Year Ending Dec-13	35	4,448.59	4,671.00	4,149.70	4,330.95
Year Ending Dec-14	31	5,372.73	5,802.40	4,438.30	4,915.85
<b>Earnings (per share)</b>					
Quarter Ending Mar-13	34	0.71	0.94	0.57	0.93
Quarter Ending Jun-13	34	0.80	1.12	0.59	1.00
Year Ending Dec-13	41	3.39	4.56	2.45	4.26
Year Ending Dec-14	38	4.86	6.14	3.05	5.20
LT Growth Rate (%)	2	13.00	16.00	10.00	12.68

1. We can see that all of the revenue estimates have been trending up from a year ago. Meanwhile, all of the earnings estimates have been trending down. This is a clear indication that margins are being squeezed. It's worth noting that the decrease in earnings estimates has been greater than the increase in revenue estimates. The LT growth estimate only has two analysts that have given estimates, so its slight movement can't really tell us much, though it also increased.
2. For both revenue and earnings the trends are most notable for the out- quarter and FY2 than the near- quarter and FY1.



## CONSENSUS ESTIMATES TREND

Sales and Profit Figures in US Dollar (USD)

Earnings and Dividend Figures in US Dollar (USD)

	Current	1 Week Ago	1 Month Ago	2 Month Ago	1 Year Ago
<b>SALES (in millions)</b>					
Quarter Ending Mar-13	1,024.27	1,024.36	1,020.61	1,022.42	1,004.11
Quarter Ending Jun-13	1,088.82	1,089.89	1,111.92	1,125.73	1,037.74
Year Ending Dec-13	4,448.59	4,450.04	4,492.85	4,521.22	4,330.95
Year Ending Dec-14	5,372.73	5,373.62	5,340.35	5,363.60	4,915.85
<b>Earnings (per share)</b>					
Quarter Ending Mar-13	0.71	0.74	0.86	0.86	0.93
Quarter Ending Jun-13	0.80	0.84	1.08	1.12	1.00
Quarter Ending Dec-13	3.39	3.57	4.18	4.30	4.26
Quarter Ending Dec-14	4.86	5.00	5.56	5.65	5.20

**Copy/paste the “Estimates Revisions Summary” Table from *Reuters.com*, “Analysts” tab (include both revenue and earnings)**

1 & 2. Again we see that there are more upward revisions for sales and downward for earnings. However, there are a greater number of downward revisions to earnings than upward to revenue.

3. The last week has seen a fairly large number of downward revisions to earnings.

## ESTIMATES REVISIONS SUMMARY

	Last Week		Last 4 Weeks	
Number Of Revisions:	Up	Down	Up	Down
<b>Revenue</b>				
Quarter Ending Mar-13	3	1	7	8
Quarter Ending Jun-13	2	2	2	12
Year Ending Dec-13	2	4	9	20
Year Ending Dec-14	1	3	16	8
<b>Earnings</b>				
Quarter Ending Mar-13	0	6	1	22
Quarter Ending Jun-13	0	6	0	21
Year Ending Dec-13	0	9	1	34
Year Ending Dec-14	0	6	0	27

## Section (F) Analysts' Recommendations

## ANALYST RECOMMENDATIONS AND REVISIONS

1-5 Linear Scale	Current	1 Month Ago	2 Month Ago	3 Month Ago
(1) BUY	14	15	16	16
(2) OUTPERFORM	15	18	19	19
(3) HOLD	9	4	4	4
(4) UNDERPERFORM	2	2	1	1
(5) SELL	0	0	0	0
No Opinion	0	0	0	0
Mean Rating	1.98	1.82	1.75	1.75

Over the last three months analysts have become noticeably more bearish on this stock. Most of the changes have occurred in the last month. Since the last month there is one less buy, three less outperforms, and five more holds. The one additional sell has been there for a month. They do seem to be converging to outperform. This movement is someone consistent with what I have read on Morningstar and in other articles, as the industry has had fairly recent decreases in margins. However, this doesn't fit what the stock's performance has been over the same time period.

Revision Date	Upgrade or Downgrade	Current Recommendation	Previous Recommendation	Firm	Last Revision
The most recent revision date					
1/24/2013	Downgrade	Hold	Buy	Aros	4 months ago
1/8/2013	Downgrade	Hold	Buy	Raymond	6 months ago
12/10/2012	Upgrade	Strong Buy	Hold	Baird	12 months ago
12/10/2012	Upgrade	Strong Buy	Buy	Ghunter	3 weeks ago
The earliest revision					

date in the last two months					
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## Section (G) Institutional Ownership

Noble Corporation Institutional Ownership				
NE				
Ownership Activity	# of Holders	% Beg. Holders	Shares	% Shares
Shares Outstanding			252,716,970	100.00%
# of Holders/Tot Shares Held	644	100.94%	225,524,624	89.24%
# New Positions	16	2.51%		
# Closed Positions	10	1.57%		
# Increased Positions	66	10.34%		
# Decreased Positions	99	15.52%		
Beg. Total Inst. Positions	638	100.00%	225,793,758	89.35%
# Net Buyers/3 Mo. Net Chg	-33	40.00%	-269,134	-0.11%

Ownership Information	% Outstanding		
Top 10 Institutions % Ownership	NA		
Mutual Fund % Ownership	NA		
Float %	NA		
> 5% Ownership			
Holder Name	% Outstanding	Report Date	
NA	NA	NA	

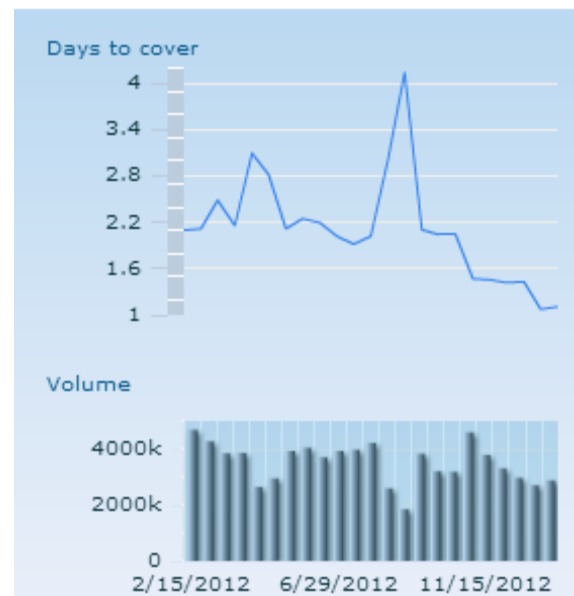
- Institutions have been decreasing ownership on a net basis. The amount of the decrease has been extremely insignificant.

2. With institutional ownership above 90%, there is sizable institutional interest and support for this firm.
3. There were no owners with greater than 5% that I could find with the assigned source.
4. Overall, the high level of institutional ownership is a bullish indicator.

## Section (H) Short Interest (two pages)

### NE Short Interest

Settlement Date	Short Interest	Avg Daily Share Volume	Days To Cover
1/15/2013	3,193,623	2,871,343	1.112240
12/31/2012	2,893,524	2,688,668	1.076192
12/14/2012	4,259,666	2,970,591	1.433946
11/30/2012	4,711,920	3,310,185	1.423461
11/15/2012	5,539,753	3,792,550	1.460693
10/31/2012	6,765,972	4,588,382	1.474588
10/15/2012	6,486,904	3,174,556	2.043405
9/28/2012	6,516,349	3,190,246	2.042585
9/14/2012	8,049,420	3,817,078	2.108791
8/31/2012	7,645,893	1,841,919	4.151047
8/15/2012	7,826,216	2,596,187	3.014504
7/31/2012	8,514,446	4,211,096	2.021907
7/13/2012	7,597,961	3,955,693	1.920766
6/29/2012	7,933,706	3,921,667	2.023044
6/15/2012	8,126,365	3,694,899	2.199347
5/31/2012	9,082,536	4,033,711	2.251658
5/15/2012	8,320,676	3,920,669	2.122259
4/30/2012	8,276,549	2,936,112	2.818881
4/13/2012	8,173,728	2,636,657	3.100035
3/30/2012	8,315,209	3,855,678	2.156614
3/15/2012	9,547,631	3,830,466	2.492551
2/29/2012	9,062,232	4,273,373	2.120627
2/15/2012	9,837,615	4,680,974	2.101617



### DO Short Interest

Settlement Date	Short Interest	Avg Daily Share Volume	Days To Cover
1/15/2013	8,688,077	988,204	8.791785
12/31/2012	8,214,157	1,002,834	8.190944
12/14/2012	9,165,681	915,202	10.014927
11/30/2012	8,093,102	1,254,361	6.451972
11/15/2012	8,456,718	1,459,766	5.793201
10/31/2012	8,400,172	1,590,030	5.283027
10/15/2012	9,332,448	1,009,021	9.249013
9/28/2012	9,905,368	1,492,939	6.634811
9/14/2012	9,072,230	1,207,143	7.515456
8/31/2012	10,064,857	967,058	10.407708
8/15/2012	9,594,895	1,037,804	9.245383
7/31/2012	10,824,590	1,820,348	5.946440
7/13/2012	11,060,878	1,255,450	8.810290
6/29/2012	10,507,616	1,448,101	7.256135
6/15/2012	11,202,411	1,375,646	8.143382
5/31/2012	11,144,195	1,275,847	8.734742
5/15/2012	10,275,835	1,382,215	7.434325
4/30/2012	10,179,944	1,460,108	6.972049
4/13/2012	9,948,144	1,313,125	7.575931
3/30/2012	10,419,796	1,528,798	6.815679
3/15/2012	10,061,004	1,362,815	7.382516
2/29/2012	10,154,612	1,721,181	5.899793
2/15/2012	9,566,701	1,648,297	5.803991



## ESV Short Interest

Settlement Date	Short Interest	Avg Daily Share Volume	Days To Cover
1/15/2013	5,369,259	1,775,535	3.024023
12/31/2012	6,776,914	1,492,906	4.539411
12/14/2012	6,804,599	1,722,526	3.950361
11/30/2012	6,869,202	2,684,087	2.559232
11/15/2012	6,930,983	2,835,989	2.443939
10/31/2012	7,465,602	2,005,158	3.723199
10/15/2012	9,325,562	1,718,195	5.427534
9/28/2012	10,769,322	3,010,904	3.576774
9/14/2012	9,436,401	2,307,605	4.089262
8/31/2012	8,965,069	2,967,869	3.020709
8/15/2012	8,468,262	2,067,440	4.096013
7/31/2012	3,422,553	8,918,382	1.000000
7/13/2012	3,109,304	2,196,294	1.415705
6/29/2012	2,643,986	2,680,219	1.000000
6/15/2012	2,716,172	2,790,733	1.000000
5/31/2012	2,938,404	2,448,730	1.199971
5/15/2012	2,895,974	2,822,705	1.025957
4/30/2012	2,947,733	1,977,750	1.490448
4/13/2012	3,219,165	2,364,267	1.361591
3/30/2012	2,879,918	2,611,696	1.102700
3/15/2012	2,928,892	2,307,851	1.269099
2/29/2012	3,733,577	3,253,145	1.147682
2/15/2012	4,034,262	3,120,260	1.292925





Avg Vol (3 month)	Avg Vol (10 day)	Shares Outstanding	Float
3,625,750	5,926,580	252.72 Million	251.14 Million
Shares Short (Most recent date)	Short Ratio (Most recent date)	Short % of Float (Most recent date)	Shares Short (2 weeks prior)
3.19 Million	1.10	N/A	2.89 Million

While most recently the amount of short interest and days to cover have gone up slightly, the overall trend for the firm has been down. Market sentiment is clearly good for this stock, as the firm also has lower short interest than its two closest competitors. Over the last year this sentiment has become more bullish. In the last month it has also become more bullish, which is definitely related to the direct that the U.S. economy has taken in the last month, as stocks have rallied since avoiding the fiscal cliff.

## Section (I) Stock Charts

### A three months price chart



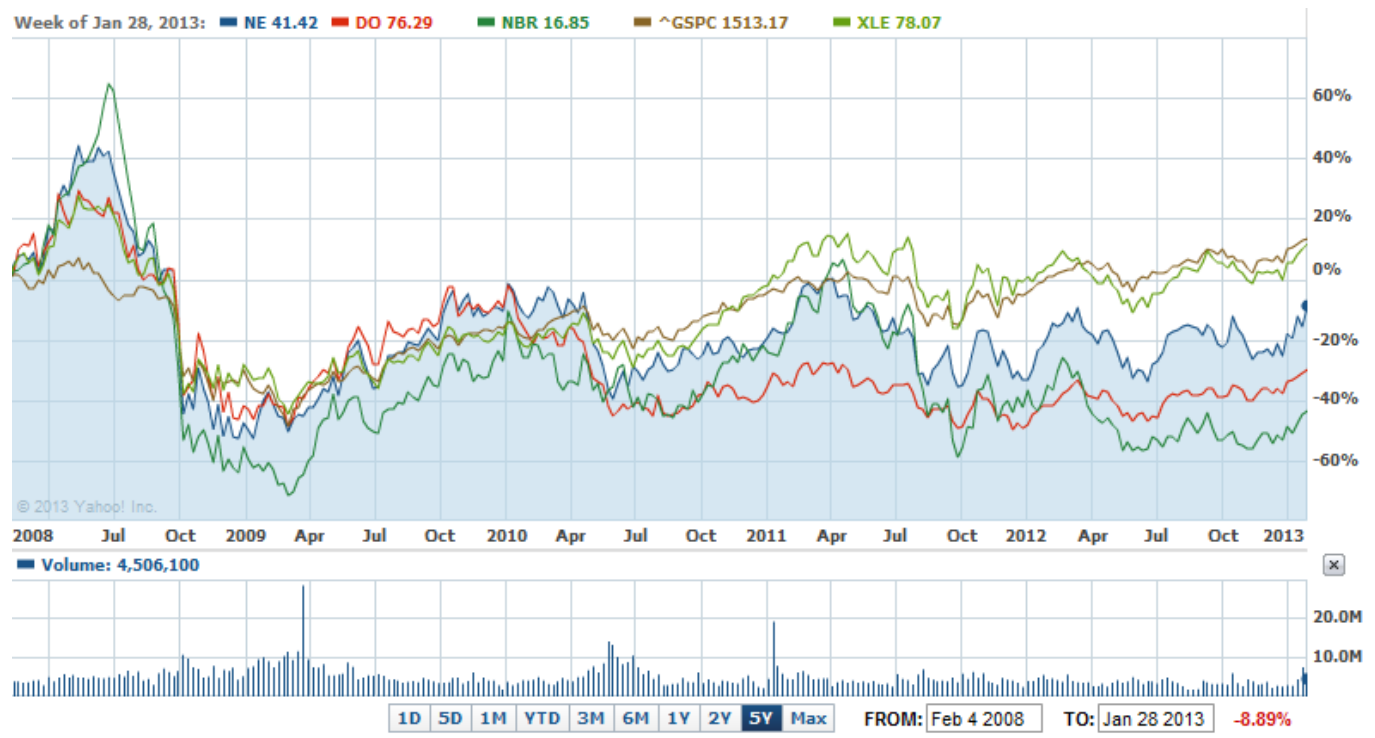
In the past three months the stock has been beaten by its competitors, sector, and the market until its recent jump that has caught it up with all but NBR.

### A one year price chart



Here we see that in the past year the company has had trouble keeping up with the market, but has been fairly in line with competitors and the sector.

### A five year price chart



Over the past five years it appears that this company's industry has had trouble recover from the recession, as NE and its competitors are still well below the market and sector.

### Additional price chart

### Six month technical analysis chart



For the shorter term analysis we see that the moving average is heading up with a golden cross a few weeks ago and a reasonable RSI.

### Two year technical analysis chart



For the longer term technical analysis we again see a recent golden cross and reasonably high RSI.

### Sources:

**10K, 2011**

**Reuters**

**Yahoo Finance**

**CNBC**

**MSN Money**

**Morningstar Direct**