ENSCO PLC

FORM 10-Q
(Quarterly Report)

Filed 10/22/09 for the Period Ending 09/30/09

Telephone	4402076594660
CIK	0000314808
Symbol	ESV
SIC Code	1381 - Drilling Oil and Gas Wells
Industry	Oil Well Services & Equipment
Sector	Energy
Fiscal Year	12/31

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2009

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _________to _________

Commission File Number 1-8097

ENSCO International Incorporated

(Exact name of registrant as specified in its charter)

DELAWARE	**76-0232579**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
500 North Akard Street **Suite 4300** **Dallas, Texas**	**75201-3331**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(214) 397-3000**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒	Accelerated filer ☐
Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

There were 142,506,762 shares of Common Stock, $.10 par value, of the registrant outstanding as of October

21, 2009.

ENSCO INTERNATIONAL INCORPORATED

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FOR THE QUARTER ENDED SEPTEMBER 30, 2009

FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements that are subject to a number of risks and uncertainties and are based on information as of the date of this report. We assume no obligation to update these statements based on information after the date of this report.

Forward-looking statements include words or phrases such as "anticipate," "believe," "estimate," "expect," "intend," "plan," "project," "could," "may," "might," "should," "will" and words and phrases of similar import. The forward-looking statements include, but are not limited to, statements regarding future operations, cash generation, the impact of recently contracted premium jackups, contributions from the deepwater expansion program and expense management, industry trends or conditions and the business environment; statements regarding future levels of, or trends in, utilization, day rates, revenues, operating expenses, contract term, contract backlog, capital expenditures, insurance, financing and funding; statements regarding future construction (including construction in progress and completion thereof), enhancement, upgrade or repair of rigs and timing thereof; statements regarding future delivery, mobilization, relocation or other movement of rigs and timing thereof; statements regarding future availability or suitability of rigs and the timing thereof, and statements regarding the likely outcome of litigation, legal proceedings, investigations or insurance or other claims and timing thereof.

Forward-looking statements are made pursuant to safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Numerous factors could cause actual results to differ materially from those in the forward-looking statements, including:

- industry conditions and competition, including changes in rig supply and demand or new technology,
- risks associated with the global economy and its impact on capital markets and liquidity,
- oil and natural gas prices and their impact upon future levels of drilling activity and expenditures,
- further declines in rig activity which may cause us to idle or stack additional rigs,
- excess rig availability or supply resulting from delivery of newbuild drilling rigs,
- heavy concentration of our rig fleet in premium jackups,
- cyclical nature of the industry,
- worldwide expenditures for oil and natural gas drilling,
- the ultimate resolution of the ENSCO 69 situation in general and the potential return of the rig or package policy political risk insurance recovery in particular,
- changes in the timing of revenue recognition resulting from the deferral of certain revenues for mobilization of our drilling rigs, time waiting on weather or time in shipyards, which are recognized over the contract term upon commencement of drilling operations,
- operational risks, including excessive unplanned downtime and hazards created by severe storms and hurricanes,
- risks associated with offshore rig operations or rig relocations in general and in foreign jurisdictions in particular,
- renegotiation, nullification, cancellation or breach of contracts or letters of intent with customers or other parties, including failure to negotiate definitive contracts following announcements or receipt of letters of intent,
- inability to collect receivables,
- changes in the dates new contracts actually commence,
- changes in the dates our rigs will enter a shipyard, be delivered, return to service or enter service,
- risks inherent to domestic and foreign shipyard rig construction, repair or enhancement, including risks associated with concentration of our ENSCO 8500 Series® rig construction contracts in a single foreign shipyard, unexpected delays in equipment delivery and engineering or design issues following shipyard delivery,
- availability of transport vessels to relocate rigs,
- environmental or other liabilities, risks or losses, whether related to hurricane damage, losses or liabilities (including wreckage or debris removal) in the Gulf of Mexico or otherwise, that may arise in the future and are not covered by insurance or indemnity in whole or in part,
- limited availability or high cost of insurance coverage for certain perils such as hurricanes in the

Gulf of Mexico or associated removal of wreckage or debris,

- self-imposed or regulatory limitations on drilling locations in the Gulf of Mexico during hurricane season,
- impact of current and future government laws and regulations affecting the oil and gas industry in general and our operations in particular, including taxation as well as repeal or modification of same,
- governmental action and political and economic uncertainties, including expropriation, nationalization, confiscation or deprivation of our assets,
- terrorism or military action impacting our operations, assets or financial performance,
- our ability to attract and retain skilled personnel,
- outcome of litigation, legal proceedings, investigations or insurance or other claims,
- adverse changes in foreign currency exchange rates, including their impact on the fair value measurement of our derivative financial instruments,
- potential long-lived asset or goodwill impairments, and
- potential reduction in fair value of our auction rate securities.

In addition to the numerous factors described above, you should carefully read and consider "Item 1A. Risk Factors" in Part I and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II of our Annual Report on Form 10-K for the year ended December 31, 2008, as updated in the Current Report on Form 8-K dated October 13, 2009.

PART I - FINANCIAL INFORMATION

Item 1. ***Financial Statements***

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders
ENSCO International Incorporated:

We have reviewed the condensed consolidated balance sheet of ENSCO International Incorporated and subsidiaries as of September 30, 2009, the related condensed consolidated statements of income for the three-month and nine-month periods ended September 30, 2009 and 2008, and the related condensed consolidated statements of cash flows for the nine-month periods ended September 30, 2009 and 2008. These condensed consolidated financial statements are the responsibility of the Company's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the condensed consolidated financial statements referred to above for them to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of ENSCO International Incorporated and subsidiaries as of December 31, 2008, and the related consolidated statements of income and cash flows for the year then ended (not presented herein); and in our report dated February 26, 2009, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2008, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ KPMG LLP

Dallas, Texas
October 22, 2009

ENSCO INTERNATIONAL INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(In millions, except per share amounts)
(Unaudited)

	Three Months Ended September 30,	
	2009	2008
OPERATING REVENUES	$425.4	$619.5
OPERATING EXPENSES		
Contract drilling (exclusive of depreciation)	183.3	185.2
Depreciation	53.3	47.0
General and administrative	13.6	15.2
	250.2	247.4
OPERATING INCOME	175.2	372.1
OTHER INCOME (EXPENSE), NET	3.6	(6.5)
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	178.8	365.6
PROVISION FOR INCOME TAXES		
Current income tax expense	17.3	59.1
Deferred income tax expense	11.1	9.7
	28.4	68.8
INCOME FROM CONTINUING OPERATIONS	150.4	296.8
DISCONTINUED OPERATIONS		
Income from discontinued operations, net	.4	10.4
Loss on disposal of discontinued operations, net	--	(23.5)
	.4	(13.1)
NET INCOME	150.8	283.7
LESS: NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	(1.1)	(1.4)
NET INCOME ATTRIBUTABLE TO ENSCO	$149.7	$282.3
EARNINGS (LOSS) PER COMMON SHARE - BASIC		
Continuing operations	$ 1.05	$ 2.07
Discontinued operations	.00	(.09)
	$ 1.05	$ 1.98
EARNINGS (LOSS) PER COMMON SHARE - DILUTED		
Continuing operations	$ 1.05	$ 2.06
Discontinued operations	.00	(.09)
	$ 1.05	$ 1.97
NET INCOME ATTRIBUTABLE TO ENSCO COMMON SHARES		
Basic	$147.8	$278.8
Diluted	$147.8	$278.8
WEIGHTED-AVERAGE COMMON SHARES OUTSTANDING		
Basic	140.7	141.1
Diluted	140.7	141.4
CASH DIVIDENDS PER COMMON SHARE	$ .025	$ .025

The accompanying notes are an integral part of these condensed consolidated financial statements.

ENSCO INTERNATIONAL INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(In millions, except per share amounts)
(Unaudited)

	Nine Months Ended September 30, 2009	Nine Months Ended September 30, 2008
OPERATING REVENUES	$1,446.3	$1,788.8
OPERATING EXPENSES		
Contract drilling (exclusive of depreciation)	524.8	566.8
Depreciation	149.8	139.4
General and administrative	41.6	41.7
	716.2	747.9
OPERATING INCOME	730.1	1,040.9
OTHER INCOME (EXPENSE), NET	6.2	4.8
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	736.3	1,045.7
PROVISION FOR INCOME TAXES		
Current income tax expense	104.9	175.9
Deferred income tax expense	28.9	16.1
	133.8	192.0
INCOME FROM CONTINUING OPERATIONS	602.5	853.7
DISCONTINUED OPERATIONS		
(Loss) income from discontinued operations, net	(16.4)	25.1
Loss on disposal of discontinued operations, net	(11.8)	(23.5)
	(28.2)	1.6
NET INCOME	574.3	855.3
LESS: NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	(3.6)	(4.3)
NET INCOME ATTRIBUTABLE TO ENSCO	$ 570.7	$ 851.0
EARNINGS (LOSS) PER COMMON SHARE - BASIC		
Continuing operations	$ 4.22	$ 5.91
Discontinued operations	(.20)	.01
	$ 4.02	$ 5.92
EARNINGS (LOSS) PER COMMON SHARE - DILUTED		
Continuing operations	$ 4.21	$ 5.90
Discontinued operations	(.20)	.01
	$ 4.01	$ 5.91
NET INCOME ATTRIBUTABLE TO ENSCO COMMON SHARES		
Basic	$ 563.7	$ 842.1
Diluted	$ 563.7	$ 842.1
WEIGHTED-AVERAGE COMMON SHARES OUTSTANDING		
Basic	140.3	142.2
Diluted	140.4	142.6
CASH DIVIDENDS PER COMMON SHARE	$ .075	$ .075

The accompanying notes are an integral part of these condensed consolidated financial statements.

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ENSCO INTERNATIONAL INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In millions, except par value amounts)

	September 30, 2009 (Unaudited)	December 31, 2008
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$1,017.2	$ 789.6
Accounts receivable, net of allowance of $25.1 and $20.6	341.2	482.7
Other	192.4	128.6
Total current assets	1,550.8	1,400.9
PROPERTY AND EQUIPMENT, AT COST	5,951.8	5,376.3
Less accumulated depreciation	1,621.3	1,505.0
Property and equipment, net	4,330.5	3,871.3
GOODWILL	336.2	336.2
LONG-TERM INVESTMENTS	60.9	64.2
OTHER ASSETS, NET	176.8	157.5
	$6,455.2	$5,830.1
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 28.8	$ 30.0
Accrued liabilities and other	357.0	380.7
Current maturities of long-term debt	17.2	17.2
Total current liabilities	403.0	427.9
LONG-TERM DEBT	265.8	274.3
DEFERRED INCOME TAXES	372.0	340.5
OTHER LIABILITIES	122.9	103.8
COMMITMENTS AND CONTINGENCIES		
ENSCO STOCKHOLDERS' EQUITY		
Preferred stock, $1 par value, 20.0 shares authorized and none issued	--	--
Common stock, $.10 par value, 250.0 shares authorized, 142.6 and 181.9 shares issued	14.3	18.2
Additional paid-in capital	594.0	1,761.2
Retained earnings	4,674.0	4,114.0
Accumulated other comprehensive income (loss)	4.1	(17.0)
Treasury stock, at cost, .1 and 40.1 shares	(2.2)	(1,199.5)
Total Ensco stockholders' equity	5,284.2	4,676.9
NONCONTROLLING INTERESTS	7.3	6.7
Total equity	5,291.5	4,683.6
	$6,455.2	$5,830.1

The accompanying notes are an integral part of these condensed consolidated financial statements.

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ENSCO INTERNATIONAL INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)
(Unaudited)

	Nine Months Ended September 30, 2009	Nine Months Ended September 30, 2008
OPERATING ACTIVITIES		
Net income	$ 574.3	$ 855.3
Adjustments to reconcile net income to net cash provided by operating activities of continuing operations:		
Depreciation expense	149.8	139.4
Deferred income tax expense	28.9	16.1
Share-based compensation expense	25.1	21.1
Amortization expense	23.5	24.6
Loss (income) from discontinued operations, net	16.4	(25.1)
Loss on disposal of discontinued operations, net	11.8	23.5
Other	2.9	(2.2)
Changes in operating assets and liabilities:		
Decrease (increase) in accounts receivable	154.4	(86.6)
Decrease (increase) in trading securities	3.6	(73.2)
Increase in other assets	(76.0)	(31.2)
Increase (decrease) in accounts payable and other liabilities	23.5	(127.9)
Net cash provided by operating activities of continuing operations	938.2	733.8
INVESTING ACTIVITIES		
Additions to property and equipment	(684.7)	(653.9)
Proceeds from disposal of discontinued operations	4.9	--
Proceeds from disposition of assets	1.9	5.1
Purchase of short-term investments	--	(38.4)
Net cash used in investing activities	(677.9)	(687.2)
FINANCING ACTIVITIES		
Cash dividends paid	(10.7)	(10.7)
Proceeds from exercise of stock options	9.0	27.3
Reduction of long-term borrowings	(8.6)	(10.5)
Repurchase of common stock	(6.3)	(259.5)
Other	(5.1)	2.1
Net cash used in financing activities	(21.7)	(251.3)
Effect of exchange rate changes on cash and cash equivalents	.3	(7.6)
Net cash (used in) provided by operating activities of discontinued operations	(11.3)	30.4
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	227.6	(181.9)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	789.6	629.5
CASH AND CASH EQUIVALENTS, END OF PERIOD	$1,017.2	$ 447.6

The accompanying notes are an integral part of these condensed consolidated financial statements.

ENSCO INTERNATIONAL INCORPORATED AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1 - Unaudited Condensed Consolidated Financial Statements

We prepared the accompanying condensed consolidated financial statements of ENSCO International Incorporated and subsidiaries (the "Company," "Ensco," "we" or "us") in accordance with accounting principles generally accepted in the United States of America ("GAAP"), pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC") included in the instructions to Form 10-Q and Article 10 of Regulation S-X. The financial information included in this report is unaudited but, in our opinion, includes all adjustments (consisting of normal recurring adjustments) that are necessary for a fair presentation of our financial position, results of operations and cash flows for the interim periods presented. The December 31, 2008 condensed consolidated balance sheet data were derived from our 2008 audited consolidated financial statements, as updated in the Current Report on Form 8-K dated October 13, 2009, but do not include all disclosures required by GAAP. Certain previously reported amounts have been reclassified to conform to the current year presentation.

The preparation of our condensed consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, the related revenues and expenses and disclosures of gain and loss contingencies as of the date of the financial statements. Actual results could differ from those estimates.

The financial data for the three-month and nine-month periods ended September 30, 2009 and 2008 included herein have been subjected to a limited review by KPMG LLP, our independent registered public accounting firm. The accompanying independent registered public accounting firm's review report is not a report within the meaning of Sections 7 and 11 of the Securities Act of 1933 and the independent registered public accounting firm's liability under Section 11 does not extend to it.

Results of operations for the three-month and nine-month periods ended September 30, 2009 are not necessarily indicative of the results of operations that will be realized for the year ending December 31, 2009. It is recommended that these condensed consolidated financial statements be read in conjunction with our audited consolidated financial statements and notes thereto for the year ended December 31, 2008 included in our Annual Report on Form 10-K dated February 26, 2009, as updated in the Current Report on Form 8-K dated October 13, 2009.

Note 2 - Noncontrolling Interests

On January 1, 2009, we adopted certain provisions of FASB ASC 810-10 (previously SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements"). This standard clarifies that a noncontrolling interest should be reported as equity in the consolidated financial statements and requires net income attributable to both the parent and the noncontrolling interest to be disclosed separately on the face of the consolidated statement of income. These presentation and disclosure provisions require retrospective application to all prior periods presented.

Noncontrolling interests were classified as equity on our condensed consolidated balance sheets as of September 30, 2009 and December 31, 2008, and net income attributable to noncontrolling interests was presented separately on our condensed consolidated statements of income for the three-month and nine-month periods ended September 30, 2009 and 2008. Local third parties hold a noncontrolling ownership interest in three of our international subsidiaries. No changes in the ownership interests of these subsidiaries occurred during the nine-month period ended September 30, 2009.

The following table is a reconciliation of income from continuing operations attributable to Ensco during the three-month and nine-month periods ended September 30, 2009 and 2008 (in millions):

	Three Months Ended September 30, 2009	Three Months Ended September 30, 2008	Nine Months Ended September 30, 2009	Nine Months Ended September 30, 2008
Income from continuing operations	$150.4	$296.8	$602.5	$853.7
Income from continuing operations attributable to noncontrolling interests	(1.1)	(1.4)	(3.6)	(4.3)
Income from continuing operations attributable to Ensco	$149.3	$295.4	$598.9	$849.4

Income (loss) from discontinued operations, net, for the three-month and nine-month periods ended September 30, 2009 and 2008 was attributable to Ensco.

Note 3 - Earnings Per Share

On January 1, 2009, we adopted certain provisions of FASB ASC 260-10-45 (previously FASB Staff Position EITF 03-6-1, "Determining Whether Instruments Granted in Share-Based Payment Transactions are Participating Securities"). This standard addresses whether instruments granted in share-based payment transactions are participating securities prior to vesting and, therefore, need to be included in the earnings allocation in computing earnings per share ("EPS") under the two-class method. Non-vested share awards granted to our employees and non-employee directors contain nonforfeitable dividend rights and, therefore, are now considered participating securities. We have prepared our current period basic and diluted EPS computations and retrospectively revised our comparative prior period computations to exclude net income allocated to non-vested share awards.

The following table is a reconciliation of net income attributable to Ensco common shares used in our basic and diluted EPS computations for the three-month and nine-month periods ended September 30, 2009 and 2008 (in millions):

	Three Months Ended September 30, 2009	Three Months Ended September 30, 2008	Nine Months Ended September 30, 2009	Nine Months Ended September 30, 2008
Net income attributable to Ensco	$149.7	$282.3	$570.7	$851.0
Net income allocated to non-vested share awards	(1.9)	(3.5)	(7.0)	(8.9)
Net income attributable to Ensco common shares	$147.8	$278.8	$563.7	$842.1

The following table is a reconciliation of the weighted-average common shares used in our basic and diluted EPS computations for the three-month and nine-month periods ended September 30, 2009 and 2008 (in millions):

	Three Months Ended September 30, 2009	Three Months Ended September 30, 2008	Nine Months Ended September 30, 2009	Nine Months Ended September 30, 2008
Weighted-average common shares - basic	140.7	141.1	140.3	142.2
Potentially dilutive share options	.0	.3	.1	.4
Weighted-average common shares - diluted	140.7	141.4	140.4	142.6

Antidilutive share options totaling 1.1 million and 361,000 were excluded from the computation of diluted EPS during the three-month periods ended September 30, 2009 and 2008, respectively. Antidilutive share options totaling 1.3 million and 546,000 were excluded from the computation of diluted EPS during the nine-month periods ended September 30, 2009 and 2008, respectively.

Note 4 - Derivative Financial Instruments

On January 1, 2009, we adopted certain disclosure provisions of FASB ASC 815-10-50 (previously SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities"). These provisions require enhanced disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under FASB ASC 815 (previously SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities") and its related interpretations and (c) how derivative instruments and related hedged items affect an entity's financial position, operating results and cash flows.

We use derivative financial instruments ("derivatives") to reduce our exposure to various market risks, primarily foreign currency risk. We maintain a foreign currency risk management strategy that utilizes derivatives to reduce our 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 as of September 30, 2009 and December 31, 2008, we occasionally employ an interest rate risk management strategy that utilizes derivatives to minimize or eliminate unanticipated fluctuations in earnings and cash flows arising from changes in, and volatility of, interest rates. We minimize our credit risk relating to our derivative counterparties by transacting with multiple, high-quality financial institutions, thereby limiting exposure to individual counterparties, and by monitoring the financial condition of our counterparties. We do not enter into derivatives for trading or other speculative purposes.

All derivatives were recorded on our condensed consolidated balance sheets at fair value. Accounting for the gains and losses resulting from changes in the fair value of derivatives depends on the use of the derivative and whether it qualifies for hedge accounting. As of September 30, 2009 and December 31, 2008, our condensed consolidated balance sheets included net foreign currency derivative assets of $12.5 million and net foreign currency derivative liabilities of $20.3 million, respectively. See "Note 7 - Fair Value Measurements" for additional information on the fair value measurement of our derivatives.

Derivatives recorded at fair value in our condensed consolidated balance sheets as of September 30, 2009 and December 31, 2008 consisted of the following (in millions):

	Derivative Assets		**Derivative Liabilities**	
	September 30, 2009	**December 31, 2008**	**September 30, 2009**	**December 31, 2008**
Derivatives Designated as Hedging Instruments				
Foreign currency forward contracts - current (1)	$12.2	$ .3	$3.2	$25.8
Foreign currency forward contracts - non-current (2)	3.3	5.1	--	.0
	15.5	5.4	3.2	25.8
Derivatives not Designated as Hedging Instruments				
Foreign currency forward contracts - current (1)	.2	.1	--	.0
	.2	.1	--	.0
Total	$15.7	$5.5	$3.2	$25.8

(1) Derivative assets and liabilities that have maturity dates equal to or less than twelve months from the respective balance sheet dates were included in other current assets and accrued liabilities and other, respectively, on our condensed consolidated balance sheets.

(2) Derivative assets and liabilities that have maturity dates greater than twelve months from the respective balance sheet dates were included in other assets, net, and other liabilities, respectively, on our condensed consolidated balance sheets.

We utilize derivatives to hedge forecasted foreign currency denominated transactions ("cash flow hedges"), primarily to reduce our exposure to foreign currency risk associated with the portion of our remaining ENSCO 8500 Series® construction obligations denominated in Singapore dollars and contract drilling expenses denominated in various other currencies. As of September 30, 2009, we had cash flow hedges outstanding to exchange an aggregate $339.3 million for foreign currencies, including $237.3 million for Singapore dollars, $58.7 million for British pounds, $23.1 million for Australian dollars and $20.2 million for various other foreign currencies.

Gains and losses on derivatives designated as cash flow hedges included in our condensed consolidated statements of income for the three-month and nine-month periods ended September 30, 2009 and 2008 were as follows (in millions):

Three Months Ended September 30, 2009 and 2008

Derivatives Designated as Cash Flow Hedges	Gain (Loss) Recognized in Other Comprehensive Income ("OCI") on Derivatives (Effective Portion)		Gain (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)		Loss Recognized in Income on Derivatives (Ineffective Portion and Amount Excluded from Effectiveness Testing) [1]	
	2009	2008	2009	2008	2009	2008
Foreign currency forward contracts [2]	$7.8	$(11.7)	$ .8	$(.1)	$(.6)	$(.9)
Interest rate lock contracts [3]	--	--	(.2)	(.1)	--	--
Total	$7.8	$(11.7)	$ .6	$(.2)	$(.6)	$(.9)

Nine Months Ended September 30, 2009 and 2008

Derivatives Designated as Cash Flow Hedges	Gain (Loss) Recognized in OCI on Derivatives (Effective Portion)		(Loss) Gain Reclassified from Accumulated OCI into Income (Effective Portion)		Loss Recognized in Income on Derivatives (Ineffective Portion and Amount Excluded from Effectiveness Testing) [1]	
	2009	2008	2009	2008	2009	2008
Foreign currency forward contracts [2]	$6.6	$(6.3)	$(14.0)	$4.5	$(3.0)	$(.8)
Interest rate lock contracts [3]	--	--	(.5)	(.5)	--	--
Total	$6.6	$(6.3)	$(14.5)	$4.0	$(3.0)	$(.8)

(1) Gains and losses recognized in income for ineffectiveness and amounts excluded from effectiveness testing were included in other income (expense), net, in our condensed consolidated statements of income.

(2) Gains and losses on derivatives reclassified from accumulated other comprehensive income ("AOCI") into income (effective portion) were included in contract drilling expense in our condensed consolidated statements of income.

(3) Losses on derivatives reclassified from AOCI into income (effective portion) were included in other income (expense), net, in our condensed consolidated statements of income.

We have net assets and liabilities denominated in numerous foreign currencies and use various methods to manage our exposure to foreign currency risk. We predominantly structure our drilling contracts in U.S. dollars, which significantly reduces the portion of our cash flows and assets denominated in foreign currencies. We occasionally enter into derivatives that hedge the fair value of recognized foreign currency denominated assets or liabilities but do not designate such derivatives as hedging instruments, or the derivatives otherwise do not qualify for hedge accounting. In these situations, a natural hedging relationship generally exists whereby changes in the fair value of the derivatives offset changes in the fair value of the underlying hedged items. As of September 30, 2009, we had derivatives not designated as hedging instruments outstanding to exchange an aggregate $31.7 million for foreign currencies, including $9.5 million for Australian dollars, $7.6 million for British pounds, $6.2 million for Mexican pesos, $3.6 million for Danish kroner and $4.8 million for various other foreign currencies.

Net gains of $1.6 million and net losses of $4.6 million associated with our derivatives not designated as hedging instruments were included in other income (expense), net, in our condensed consolidated statements of income for the quarters ended September 30, 2009 and 2008, respectively. Net gains of $3.8 million and $100,000 associated with our derivatives not designated as hedging instruments were included in other income (expense), net, in our condensed consolidated statements of income for the nine-month periods ended September 30, 2009 and 2008, respectively.

If we were to incur a hypothetical 10% adverse change in foreign currency exchange rates, net unrealized losses associated with our foreign currency denominated assets and liabilities and related derivatives as of September 30, 2009 would approximate $32.5 million, including $24.2 million related to our Singapore dollar exposures. All of our outstanding derivatives mature during the next three years.

As of September 30, 2009, the estimated amount of net gains associated with derivatives, net of tax, that will be reclassified to earnings during the next twelve months was as follows (in millions):

Net gains to be reclassified to contract drilling expense	$3.7
Net losses to be reclassified to other income (expense), net	(.6)
Net gains to be reclassified to earnings	$3.1

Note 5 - Stockholders' Equity

In August 2009, under authorization from our Board of Directors, 40.2 million treasury shares with a historical cost totaling $1,203.7 million were retired. As of September 30, 2009 and December 31, 2008, our treasury stock balance totaled $2.2 million and $1,199.5 million, respectively, our additional paid-in capital balance totaled $594.0 million and $1,761.2 million, respectively, and our common stock balance totaled $14.3 million and $18.2 million, respectively.

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Note 6 - Comprehensive Income

Accumulated other comprehensive income (loss) as of September 30, 2009 and December 31, 2008 was comprised of net gains and losses on derivative instruments, net of tax. The components of comprehensive income, net of tax, for the three-month and nine-month periods ended September 30, 2009 and 2008 were as follows (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
Net income	$150.8	$283.7	$574.3	$855.3
Other comprehensive income:				
Net change in fair value of derivatives	7.8	(11.7)	6.6	(6.3)
Reclassification of gains and losses on derivatives from other comprehensive (income) loss into net income	(.6)	.2	14.5	(4.0)
Net other comprehensive income (loss)	7.2	(11.5)	21.1	(10.3)
Comprehensive income	158.0	272.2	595.4	845.0
Comprehensive income attributable to noncontrolling interests	(1.1)	(1.4)	(3.6)	(4.3)
Comprehensive income attributable to Ensco	$156.9	$270.8	$591.8	$840.7

Note 7 - Fair Value Measurements

The following fair value hierarchy table categorizes information regarding our assets and liabilities measured at fair value on a recurring basis as of September 30, 2009 and December 31, 2008 (in millions):

Assets and Liabilities Measured at Fair Value on a Recurring Basis

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
As of September 30, 2009				
Auction rate securities	$ --	$ --	$60.9	$60.9
Supplemental executive retirement plan assets	17.6	--	--	17.6
Derivative instruments, net	--	12.5	--	12.5
Total financial assets	$17.6	$12.5	$60.9	$91.0
As of December 31, 2008				
Auction rate securities	$ --	$ --	$64.2	$64.2
Supplemental executive retirement plan assets	12.7	--	--	12.7
Total financial assets	$12.7	$ --	$64.2	$76.9
Derivative instruments, net	$ --	$20.3	$ --	$20.3
Total financial liabilities	$ --	$20.3	$ --	$20.3

Auction Rate Securities

As of September 30, 2009 and December 31, 2008, we held long-term debt instruments with variable interest rates that periodically reset through an auction process ("auction rate securities") totaling $68.7 million and $72.3 million (par value), respectively. Auction rate securities were classified as long-term investments on our condensed consolidated balance sheets. Our auction rate securities were originally acquired in January 2008 and have maturity dates ranging from 2025 to 2047. Our auction rate securities were measured at fair value on a recurring basis using significant Level 3 inputs as of September 30, 2009 and December 31, 2008. The following table summarizes the fair value measurements of our auction rate securities using significant Level 3 inputs, and changes therein, for the three-month and nine-month periods ended September 30, 2009 and 2008 (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	**2008**	**2009**	**2008**
Beginning Balance	$61.6	$70.0	$64.2	$ --
(Sales) purchases, net	(1.0)	(.1)	(3.6)	73.2
Unrealized gains (losses)*	.3	.3	.3	(3.0)
Realized losses	--	--	--	--
Transfers in and/or out of Level 3	--	--	--	--
Ending balance	$60.9	$70.2	$60.9	$70.2

* Unrealized gains (losses) are included in other (expense), net, in the condensed consolidated statements of income.

Before utilizing Level 3 inputs in our fair value measurements, we considered whether observable inputs were available. As a result of continued auction failures, quoted prices for our auction rate securities did not exist as of September 30, 2009. Accordingly, we concluded that Level 1 inputs were not available. Brokerage statements received from the five broker/dealers that held our auction rate securities included their estimated market value as of September 30, 2009. Four broker/dealers valued our auction rate securities at par and the fifth valued our auction rate securities at 93% of par. Due to the lack of transparency into the methodologies used to determine the estimated market values, we have concluded that estimated market values provided on our brokerage statements do not constitute valid inputs, and we do not utilize them in measuring the fair value of our auction rate securities.

We determined that use of a valuation model was the best available technique for measuring the fair value of our auction rate securities. We used an income approach valuation model to estimate the price that would be received in exchange for our auction rate securities in an orderly transaction between market participants ("exit price") as of September 30, 2009. The exit price was derived as the weighted-average present value of expected cash flows over various periods of illiquidity, using a risk-adjusted discount rate that was based on the credit risk and liquidity risk of our auction rate securities.

While our valuation model was based on both Level 2 (credit quality and interest rates) and Level 3 inputs, we determined that our Level 3 inputs were most significant to the overall fair value measurement of our auction rate securities, particularly the estimates of risk-adjusted discount rates and ranges of expected periods of illiquidity. We believe that we have the ability to maintain our investment in these securities until they are redeemed, repurchased or sold in a market that facilitates orderly transactions.

Supplemental Executive Retirement Plans

The ENSCO Supplemental Executive Retirement Plans (the "SERP") are non-qualified plans where eligible employees and non-employee directors may defer a portion of their compensation for use after retirement. Assets held in the SERP were marketable securities measured at fair value on a recurring basis using Level 1 inputs and were included in other assets, net, on our condensed consolidated balance sheets as of September 30, 2009 and December 31, 2008. The fair value measurement of assets held in the SERP was based on quoted market prices.

Derivative Instruments

Our derivative instruments were measured at fair value on a recurring basis using Level 2 inputs as of September 30, 2009 and December 31, 2008. See "Note 4 - Derivative Financial Instruments" for additional information on our derivatives, including a description of our foreign currency hedging activities and related methodologies used to manage foreign currency risk. The fair value measurement of our derivatives was based on market prices that are generally observable for similar assets or liabilities at commonly quoted intervals.

Other Financial Instruments

The carrying values and estimated fair values of our debt instruments as of September 30, 2009 and December 31, 2008 were as follows (in millions):

	September 30, 2009		**December 31, 2008**	
	Carrying Value	**Estimated Fair Value**	**Carrying Value**	**Estimated Fair Value**
4.65% Bonds, including current maturities	$ 51.8	$ 57.1	$ 54.0	$ 62.1
6.36% Bonds, including current maturities	82.3	93.4	88.7	103.9
7.20% Debentures	148.8	145.8	148.8	140.3

The estimated fair value of our 7.20% Debentures was determined using quoted market prices. The estimated fair values of our 4.65% Bonds and 6.36% Bonds were determined using an income approach valuation model. The estimated fair value of our cash and cash equivalents, receivables, trade payables and other liabilities approximated their carrying values as of September 30, 2009 and December 31, 2008.

Note 8 - Discontinued Operations

ENSCO 69

From May 2007 to June 2009, ENSCO 69 was contracted to Petrosucre, a subsidiary of Petróleos de Venezuela S.A., the national oil company of Venezuela ("PDVSA"). PDVSA subsidiaries reportedly lack funds and generally have not been paying their contractors and service providers since the latter portions of 2008. In January 2009, we suspended drilling operations on ENSCO 69 after Petrosucre failed to satisfy its contractual obligations and meet commitments relative to the payment of past due invoices. Petrosucre then took over complete control of ENSCO 69 drilling operations utilizing Petrosucre employees and a portion of the Venezuelan rig crews we had utilized. When Petrosucre initially advised us that it temporarily was taking over operations on the rig, we placed our supervisory rig personnel on ENSCO 69 to observe Petrosucre's operations.

On April 30, 2009, we submitted a notice of termination to Petrosucre for non-payment of past due invoices. The terms of the ENSCO 69 drilling contract provided for termination of the contract upon Petrosucre's failure to satisfy its contractual payment obligations during the 30-day period subsequent to our notice. On June 4, 2009, after Petrosucre's failure to satisfy its contractual payment obligations, failure to reach a mutually acceptable agreement with us and denial of our request to demobilize ENSCO 69 from Venezuela, Petrosucre advised that it would not return the rig and would continue to operate it without our consent. Petrosucre further advised that it would release ENSCO 69 after a six-month period, subject to a mutually agreed accord addressing the resolution of all remaining obligations under the ENSCO 69 drilling contract. On June 6, 2009, we terminated our contract with Petrosucre and removed all remaining Ensco employees from the rig. On July 17, 2009, we received an $11.5 million payment from Petrosucre, which represented less than 25% of the $47.9 million contractually due to us as of June 30, 2009.

Due to Petrosucre's longstanding failure to satisfy its contractual obligations and meet payment commitments, and in consideration of the Venezuelan government's recent nationalization of assets owned by international oil and gas companies and oilfield service companies, we believe it is remote that ENSCO 69 will be returned to us by Petrosucre and operated again by Ensco. Therefore, we recorded the disposal of ENSCO 69 during the quarter ended June 30, 2009. ENSCO 69 results of operations have been reclassified as discontinued operations in our condensed consolidated statements of income for the three-month and nine-month periods ended September 30, 2009 and 2008.

At the time of disposal, ENSCO 69 had a net book value of $17.3 million and inventory and other assets totaling $800,000. In connection with the disposal of ENSCO 69 during the quarter ended June 30, 2009, we recognized a pre-tax loss of $18.1 million, which was classified as loss on disposal of discontinued operations, net, in our condensed consolidated statements of income for the nine-month period ended September 30, 2009.

Loss on discontinued operations, net, for the nine-month period ended September 30, 2009 included a bad debt provision totaling $8.0 million to fully reserve our net outstanding receivable from Petrosucre. We did not recognize revenue associated with ENSCO 69 drilling operations subsequent to January 2009 when Petrosucre initially assumed control of our rig.

The ENSCO 69 drilling contract is governed by Venezuelan law and there can be no assurances relative to the recovery of outstanding contract entitlements. We have filed an insurance claim under our package policy, which includes coverage for certain political risks, and are evaluating legal remedies against Petrosucre for contractual and other ENSCO 69 related damages. ENSCO 69 has an insured value of $65.0 million under our package policy, subject to a $10.0 million deductible.

By letter dated September 30, 2009, legal counsel acting for the package policy underwriters denied coverage under the package policy and reserved rights. We have retained coverage counsel who are reviewing the letter from underwriters' counsel. We were unable to conclude that collection of insurance proceeds associated with the loss of ENSCO 69 was probable as of September 30, 2009. Accordingly, no ENSCO 69 related insurance recoveries were recognized in our condensed consolidated statements of income for the three-month and nine-month periods ended September 30, 2009.

ENSCO 74

In September 2008, ENSCO 74 was lost as a result of Hurricane Ike. Portions of its legs remained underwater adjacent to the customer's platform, and we conducted extensive aerial and sonar reconnaissance but failed to locate the rig hull. In March 2009, the sunken hull of ENSCO 74 was located on the seabed approximately 95 miles from the original drilling location when it was struck by an oil tanker. The rig was a total loss, as defined under the terms of our insurance policies. The operating results of ENSCO 74 were reclassified as discontinued operations in our condensed consolidated statements of income for the three-month and nine-month periods ended September 30, 2008. See "Note 9 - Contingencies" for additional information on the loss of ENSCO 74 and associated contingencies.

The following table summarizes our income (loss) from discontinued operations for the three-month and nine-month periods ended September 30, 2009 and 2008 (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
Revenues	$ --	$ 27.6	$ 4.8	$ 75.7
Operating expenses	(.8)	11.7	18.8	35.8
Operating income (loss) before income taxes	.8	15.9	(14.0)	39.9
Income tax expense	.4	5.5	2.4	14.8
Loss on disposal of discontinued operations, net	--	(23.5)	(11.8)	(23.5)
Income (loss) from discontinued operations	$ .4	$(13.1)	$(28.2)	$ 1.6

Debt and interest expense are not allocated to our discontinued operations.

Note 9 - Contingencies

FCPA Internal Investigation

Following disclosures by other offshore service companies announcing internal investigations involving the legality of amounts paid to and by customs brokers in connection with temporary importation of rigs and vessels into Nigeria, the Audit Committee of our Board of Directors and management commenced an internal investigation in July 2007. The investigation initially focused on our payments to customs brokers relating to the temporary importation of ENSCO 100, our only rig that operated offshore Nigeria during the pertinent period.

As is customary for companies operating offshore Nigeria, we had engaged independent customs brokers to process customs clearance of routine shipments of equipment, materials and supplies and to process the ENSCO 100 temporary importation permits, extensions and renewals. One or more of the customs brokers that our subsidiary in Nigeria used to obtain the ENSCO 100 temporary import permits, extensions and renewals also provided this service to other offshore service companies that have undertaken Foreign Corrupt Practices Act ("FCPA") compliance internal investigations.

The principal purpose of our investigation was to determine whether any of the payments made to or by our customs brokers were inappropriate under the anti-bribery provisions of the FCPA or whether any violations of the recordkeeping or internal accounting control provisions of the FCPA occurred. Our Audit Committee engaged a Washington, D.C. law firm with significant experience in investigating and advising upon FCPA matters to assist in the internal investigation.

Following notification to the Audit Committee and to KPMG LLP, our independent registered public accounting firm, in consultation with the Audit Committee's external legal counsel, we voluntarily notified the United States Department of Justice and SEC that we had commenced an internal investigation. We expressed our intention to cooperate with both agencies, comply with their directives and fully disclose the results of the investigation. The internal investigation process has involved extensive reviews of documents and records, as well as production to the authorities, and interviews of relevant personnel. In addition to the temporary importation of ENSCO 100, the investigation has examined our customs clearance of routine shipments and immigration activities in Nigeria.

Our internal investigation has essentially been concluded. Meetings to review the results of the investigation with the authorities were held on February 24, 2009 and September 14, 2009. We expect to discuss a possible negotiated disposition with the authorities in the near-term.

Although we believe the U.S. authorities will take into account our voluntary disclosure, our cooperation with the agencies and the remediation and compliance enhancement activities that are underway, we are unable to predict the ultimate disposition of this matter, whether we will be charged with violation of the anti-bribery, recordkeeping or internal accounting control provisions of the FCPA or whether the scope of the investigation will be extended to other issues in Nigeria or to other countries. We also are unable to predict what potential corrective measures, fines, sanctions or other remedies, if any, the agencies may seek against us or any of our employees.

In November 2008, our Board of Directors approved enhanced FCPA compliance recommendations issued by the Audit Committee's external legal counsel, and the Company embarked upon an enhanced compliance initiative that included appointment of a Chief Compliance Officer and a Director - Corporate Compliance. We engaged consultants to assist us in implementing the compliance recommendations approved by our Board of Directors, which include an enhanced compliance policy, increased training and testing, prescribed contractual provisions for our service providers that interface with foreign government officials, due diligence for the selection of such service providers and an increased Company-wide awareness initiative that includes periodic issuance of FCPA Alerts.

Since ENSCO 100 completed its contract commitment and departed Nigeria in August 2007, this matter is not expected to have a material effect on or disrupt our current operations. As noted above, we are unable to predict the outcome of this matter or estimate the extent to which we may be exposed to any resulting potential liability, sanctions or significant additional expense.

ENSCO 74 Loss

In September 2008, ENSCO 74 was lost as a result of Hurricane Ike in the Gulf of Mexico. Portions of its legs remained underwater adjacent to the customer's platform, and we conducted extensive aerial and sonar reconnaissance but failed to locate the rig hull. The rig was a total loss, as defined under the terms of our insurance policies.

In March 2009, the sunken rig hull of ENSCO 74 was located on the seabed approximately 95 miles from the original drilling location when it was struck by an oil tanker. Following discovery of the sunken rig hull, we removed the accessible hydrocarbons onboard the rig and began planning for removal of the wreckage. As an interim measure, the wreckage has been appropriately marked, and the U.S. Coast Guard has issued a Notice to Mariners. We are currently communicating with various government agencies to address removal of the wreckage and related debris.

Physical damage to our rigs caused by a hurricane, the associated "sue and labor" costs to mitigate the insured loss and removal, salvage and recovery costs are all covered by our property insurance policies subject to a $50.0 million per occurrence retention (deductible). The insured value of ENSCO 74 was $100.0 million, and we have received the net $50.0 million due under our policies for loss of the rig.

Coverage for ENSCO 74 sue and labor costs and wreckage and debris removal costs under our property insurance policies is limited to $25.0 million and $50.0 million, respectively. Supplemental wreckage and debris removal coverage is provided under our liability insurance policies, subject to an annual aggregate limit of $500.0 million. We also have a customer contractual indemnification that provides for reimbursement of any ENSCO 74 wreckage and debris removal costs that are not recovered under our insurance policies.

We believe it is probable that we will be required to remove the leg sections of ENSCO 74 remaining adjacent to the customer's platform because they may interfere with the customer's future operations. We also believe it is probable that we will be required to remove the ENSCO 74 rig hull and related debris from the seabed due to the navigational risk it imposes. We estimate the leg removal costs to range from $16.0 million to $30.0 million, and the hull and related debris removal costs to range from $30.0 million to $55.0 million. We expect the cost of removal of the legs and the hull and related debris to be fully covered by our insurance without any additional retention.

A $16.0 million liability, representing the low end of the range of estimated leg removal costs, and a corresponding receivable for recovery of those costs, was recorded as of September 30, 2009. A $30.0 million liability, representing the low end of the range of estimated hull and related debris removal costs, and a corresponding receivable for recovery of those costs, was recorded as of September 30, 2009. The aggregate $46.0 million liability and receivable for the leg and hull and related debris removal costs were included in accrued liabilities and other and other assets, net, on our September 30, 2009 condensed consolidated balance sheet.

On March 17, 2009, we received notice from legal counsel representing certain underwriters in a subrogation claim alleging that ENSCO 74 caused a pipeline to rupture during Hurricane Ike. On September 4, 2009, civil litigation was filed seeking damages for the cost of repairs and business interruption in an amount in excess of $26.0 million. Based on information currently available, primarily the adequacy of available defenses, we have not concluded that it is probable that a liability exists with respect to this matter.

On March 18, 2009, the owner of the oil tanker that struck the hull of ENSCO 74 commenced civil litigation against us seeking monetary damages in the aggregate amount of $10.0 million for losses incurred. Based on information currently available, primarily the adequacy of available defenses, we have not concluded that it is probable a liability exists with respect to this matter.

On June 9, 2009, we received notice from legal counsel representing another pipeline owner which allegedly sustained damages to a subsea pipeline caused by ENSCO 74 in the aftermath of Hurricane Ike. On September 18, 2009, the owner of the pipeline commenced civil litigation against us seeking unspecified damages in relation to the cost of repairing damage to the pipeline, loss of revenue, survey and other damages. Based on information currently available, we have concluded that it is remote that a liability exists with respect to this matter.

On July 23, 2009, we received notice from legal counsel representing another tanker owner alleging that the sunken hull of the ENSCO 74 caused hull damage to a tanker in January 2009 resulting in unspecified damages and losses. We presently are unable to determine whether the alleged damage to this tanker was caused by ENSCO 74 or the extent of the cost and losses associated with the damage. Based on information currently available, we have not concluded that it is probable that a liability exists with respect to this matter.

Based on communications received by our external legal counsel, we understand that the owners of two other subsea pipelines may present claims alleging that their pipelines were damaged by the ENSCO 74 in the aftermath of Hurricane Ike. We presently are unable to determine whether any of these pipeline damages were caused by ENSCO 74 or the extent of the cost and losses associated with the damage. Based on information currently available, we have not concluded that it is probable that a liability exists with respect to these matters.

We have liability insurance policies that provide coverage for third-party claims such as the tanker and pipeline claims, subject to a $10.0 million per occurrence self-insured retention and an annual aggregate limit of $500.0 million. 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.

We plan to undertake all appropriate defensive measures and filed a petition for exoneration or limitation of liability under U.S. admiralty and maritime law on September 2, 2009. The petition seeks exoneration from or limitation of liability for any and all injury, loss or damage caused, occasioned or occurred in relation to the ENSCO 74 loss in September 2008. 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

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 during 2005. Although beneficial ownership of ENSCO 29 was transferred to our insurance underwriters when the rig was determined to be a total loss, management believes we may be legally required to remove ENSCO 29 wreckage and debris from the seabed and currently estimates the removal cost to range from $5.0 million to $15.0 million. Our property insurance policies include coverage for ENSCO 29 wreckage and debris removal costs up to $3.8 million. We also have liability insurance policies that provide specified coverage for wreckage and debris removal costs in excess of the $3.8 million coverage provided under our property insurance policies.

Our liability insurance underwriters have issued letters reserving rights and effectively denying coverage by questioning the applicability of coverage for the potential ENSCO 29 wreckage and debris removal costs. During 2007, we commenced litigation against certain underwriters alleging breach of contract, wrongful denial, bad faith and other claims which seek a declaration that removal of wreckage and debris is covered under our liability insurance, monetary damages, attorneys' fees and other remedies. The United States Court of Appeals recently upheld the United States District Court's order to remand the case back to the Texas District Court. The litigation is in an early stage.

While we anticipate that any ENSCO 29 wreckage and debris removal costs incurred will be largely or fully covered by insurance, a $1.2 million provision, representing the portion of the $5.0 million low end of the range of estimated removal cost we believe is subject to liability insurance coverage, was recognized during 2006.

Asbestos Litigation

During 2004, we and certain current and former subsidiaries were named as defendants, along with numerous other third-party companies as co-defendants, in three multi-party lawsuits filed in the Circuit Courts of Jones County (Second Judicial District) and Jasper County (First Judicial District), Mississippi. The lawsuits sought 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 period 1965 through 1986.

In compliance with the Mississippi Rules of Civil Procedure, the individual claimants in the original multi-party lawsuits whose claims were not dismissed were ordered to file either new or amended single plaintiff complaints naming the specific defendant(s) against whom they intended to pursue claims. As a result, out of more than 600 initial multi-party claims, we have been named as a defendant by 65 individual plaintiffs. Of these claims, 62 claims or lawsuits are pending in Mississippi state courts and three are pending in the U.S. District Court as a result of their removal from state court.

The Mississippi state court cases are under an informal stay of discovery issued by a Special Master, while discovery is conducted for a select and limited group of plaintiffs, some of whom have cases pending against us. Currently, two discovery groups have been designated by the Special Master, with a third discovery group due to be formed in connection with a status conference called by the Special Master for October 26, 2009. To date, written discovery and plaintiff depositions have taken place in eight cases involving us. However, no further activity is expected in these cases until they are selected for trial. Currently, none of the cases pending against us in Mississippi have been set for trial.

In addition to the pending state court cases, there are also three cases pending in Mississippi federal court. These three cases were recently consolidated with 441 other lawsuits and assigned to the Multi-District Litigation 875, which is currently before the U.S. District Court for the Eastern District of Pennsylvania. However, the Houston law firm representing these plaintiffs has filed a Motion to Remand, seeking to bring the cases back to Mississippi state court.

We intend to vigorously defend against these 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.

In addition to the pending cases in Mississippi, we have eight other asbestos or lung injury claims pending against us in litigation in various other jurisdictions. Although we do not expect the final disposition of the Mississippi and other asbestos 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.

Working Time Directive

Legislation known as the U.K. Working Time Directive ("WTD") was introduced during 2003 and may be applicable to our employees and employees of other drilling contractors that work offshore in United Kingdom ("U.K.") territorial waters or in the U.K. sector of the North Sea. Certain trade unions representing offshore employees have claimed that drilling contractors are not in compliance with the WTD in respect of paid time off (vacation time) for employees working offshore on a rotational basis (generally equal time working and off).

A Labor Tribunal in Aberdeen, Scotland, rendered decisions in claims involving other offshore drilling contractors and offshore service companies in February 2008. The Tribunal decisions effectively held that employers of offshore workers in the U.K. sector employed on an equal time on/time off rotation are obligated to accord such rotating personnel two-weeks annual paid time off from their scheduled offshore work assignment period. Both sides of the matter, employee and employer groups, appealed the Tribunal decision. The appeals were heard by the Employment Appeal Tribunal ("EAT") in December 2008.

In an opinion rendered on March 9, 2009, the EAT determined that the time off work enjoyed by U.K. offshore oil and gas workers, typically 26 weeks per year, meets the amount of annual leave employers must provide to employees under the WTD. The employer group was successful in all arguments on appeal, as the EAT determined that the statutory entitlement to annual leave under the WTD can be discharged through normal field break arrangements for offshore workers. As a consequence of the EAT decision, an equal on/off time offshore rotation has been deemed to be fully compliant with the WTD.

The employee group (led by a trade union) appealed the EAT decision to the highest court in Scotland (the Court of Session). A hearing on the appeal is expected within the next twelve to eighteen months.

We also received inquiries from and responded to the Danish and Dutch authorities regarding applicability of the WTD as adopted by Denmark and The Netherlands to employees on our rigs operating in the Danish and Dutch sectors of the North Sea.

Based on information currently available, we do not expect the ultimate resolution of these matters to have a material adverse effect on our financial position, operating results or cash flows.

Other Matters

In addition to the foregoing, 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.

Note 10 - Segment Information

Our business consists of four operating segments: (1) Deepwater, (2) Asia Pacific, (3) Europe and Africa and (4) North and South America. Each of our four operating segments provides one service, contract drilling. Segment information for the three-month and nine-month periods ended September 30, 2009 and 2008 is presented below. General and administrative expense and depreciation expense incurred by our corporate office are not allocated to our operating segments for purposes of measuring segment operating income and were included in "Reconciling Items." Assets not allocated to our operating segments consisted primarily of cash and cash equivalents and goodwill and were also included in "Reconciling Items."

Three Months Ended September 30, 2009
(in millions)

	Deepwater	Asia Pacific	Europe and Africa	North and South America	Operating Segments Total	Reconciling Items	Consolidated Total
Revenues	$ 62.5	$ 161.6	$104.4	$ 96.9	$ 425.4	$ --	$ 425.4
Operating expenses							
Contract drilling (exclusive of depreciation)	34.7	61.1	46.5	41.0	183.3	--	183.3
Depreciation	6.5	22.3	11.1	13.1	53.0	.3	53.3
General and administrative	--	--	--	--	--	13.6	13.6
Operating income (loss)	$ 21.3	$ 78.2	$ 46.8	$ 42.8	$ 189.1	$ (13.9)	$ 175.2
Total assets	$2,225.6	$1,277.5	$785.5	$821.9	$5,110.5	$1,344.7	$6,455.2

Three Months Ended September 30, 2008
(in millions)

	Deepwater	Asia Pacific	Europe and Africa	North and South America	Operating Segments Total	Reconciling Items	Consolidated Total
Revenues	$ 27.1	$ 260.8	$209.3	$122.3	$ 619.5	$ --	$ 619.5
Operating expenses							
Contract drilling (exclusive of depreciation)	8.3	75.3	62.8	38.8	185.2	--	185.2
Depreciation	2.3	21.4	10.8	12.0	46.5	.5	47.0
General and administrative	--	--	--	--	--	15.2	15.2
Operating income (loss)	$ 16.5	$ 164.1	$135.7	$ 71.5	$ 387.8	$ (15.7)	$ 372.1
Total assets	$1,602.0	$1,310.7	$747.2	$801.3	$4,461.2	$996.0	$5,457.2

Nine Months Ended September 30, 2009
(in millions)

	Deepwater	Asia Pacific	Europe and Africa	North and South America	Operating Segments Total	Reconciling Items	Consolidated Total
Revenues	$ 130.2	$ 544.0	$476.8	$295.3	$1,446.3	$ --	$1,446.3
Operating expenses							
Contract drilling (exclusive of depreciation)	63.2	188.4	152.6	120.6	524.8	--	524.8
Depreciation	12.5	66.2	33.0	37.2	148.9	.9	149.8
General and administrative	--	--	--	--	--	41.6	41.6
Operating income (loss)	$ 54.5	$ 289.4	$291.2	$137.5	$ 772.6	$ (42.5)	$ 730.1
Total assets	$2,225.6	$1,277.5	$785.5	$821.9	$5,110.5	$1,344.7	$6,455.2

Nine Months Ended September 30, 2008
(in millions)

	Deepwater	Asia Pacific	Europe and Africa	North and South America	Operating Segments Total	Reconciling Items	Consolidated Total
Revenues	$ 84.3	$ 779.5	$602.9	$322.1	$1,788.8	$ --	$1,788.8
Operating expenses							
Contract drilling (exclusive of depreciation)	26.5	239.4	184.9	116.0	566.8	--	566.8
Depreciation	6.8	63.7	32.1	35.4	138.0	1.4	139.4
General and administrative	--	--	--	--	--	41.7	41.7
Operating income (loss)	$ 51.0	$ 476.4	$385.9	$170.7	$1,084.0	$(43.1)	$1,040.9
Total assets	$1,602.0	$1,310.7	$747.2	$801.3	$4,461.2	$996.0	$5,457.2

Note 11 - Subsequent Events

During the second quarter of 2009, we adopted FASB ASC 855 (previously SFAS No. 165, "Subsequent Events") which establishes general standards regarding the accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. Adoption of this standard did not result in significant changes in the subsequent events that we are required to recognize or disclosure in our financial statements.

We account for and disclose events that occur after the balance sheet date but before financial statements are issued or are available to be issued. We evaluated subsequent events through October 22, 2009, the date these condensed consolidated financial statements were filed with the SEC.

Item 2. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

BUSINESS ENVIRONMENT

The decline in oil and natural gas prices from their record highs in July 2008 and the deterioration of the global economy have resulted in reduced levels of jackup rig demand. Although oil prices have increased as compared to the depressed levels earlier in the year, we believe incremental drilling activity may be limited until the global economy shows meaningful signs of recovery. Demand for jackup rigs during 2010 will be dependent upon operator budgets, which will be finalized over the next several months based in large part on projected oil and natural gas prices. While we are encouraged by the number of recent rig inquiries, it remains uncertain whether they will ultimately result in increased jackup rig demand. Demand for ultra-deepwater semisubmersible rigs remains stable despite the decline in oil and natural gas prices from record highs and global economic concerns. Deepwater projects are typically more expensive and longer in duration than shallow-water jackup projects, therefore, deepwater operators tend to adopt a longer-term view of commodity prices and the global economy.

Jackup rig supply continues to increase as a result of newbuild construction programs which were initiated prior to the 2008 decline in oil and natural gas prices and global economic crisis. It has been reported that 46 newbuild jackup rigs are currently under construction, of which eleven are scheduled for delivery during the remainder of 2009 and 23 are scheduled for delivery during 2010. The majority of jackup rigs scheduled for delivery during the remainder of 2009 and 2010 are not contracted.

Semisubmersible rig supply also continues to increase as a result of newbuild construction programs. It has been reported that 41 newbuild semisubmersible rigs are currently under construction, of which six are scheduled for delivery during the remainder of 2009 and eighteen are scheduled for delivery during 2010. The majority of semisubmersible rigs scheduled for delivery during the remainder of 2009 and 2010 are contracted.

It is unlikely that the market in general or any geographic region in particular will be able to fully absorb newbuild rig deliveries in the near-term, especially in light of the existing oversupply of jackup rigs. For additional information concerning the potential impact newbuild rigs may have on our business, our industry and global supply, see "Item 1A. Risk Factors" in Part I and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II of our Annual Report on Form 10-K for the year ended December 31, 2008, as updated in the Current Report on Form 8-K dated October 13, 2009.

Deepwater

Although lower oil and natural gas prices have resulted in a modest decline in demand for ultra-deepwater semisubmersible rigs, we expect operators to continue to invest in ultra-deepwater projects. Deepwater semisubmersible rig day rates declined slightly during the first nine months of 2009 as compared to record-high day rates achieved during 2008, partially due to the abundance of sublet slots made available by operators of deepwater rigs. The deepwater market is becoming increasingly bifurcated between the high-specification, ultra-deepwater rig market and the market for other deepwater rigs. We anticipate continued high utilization of the worldwide ultra-deepwater semisubmersible rig fleet for the foreseeable future, despite the recent increase in sublet activity. We expect operators to continue to upgrade their fleets to ultra-deepwater semisubmersible rigs during periods of moderating day rates and as new discoveries occur at deeper water depths. Future ultra-deepwater semisubmersible rig day rates will depend in large part on projected oil and natural gas prices and the global economy.

In addition to ENSCO 8500, which commenced a four-year drilling contract in June 2009, and ENSCO 8501, which commenced a three-and-a-half-year drilling contract in October 2009, we have five ENSCO 8500 Series® rigs under construction with scheduled delivery dates during the first and fourth quarters of 2010, the second half of 2011 and the first and second half of 2012. Two of the five ENSCO 8500 Series® rigs under construction have secured long-term drilling contracts in the Gulf of Mexico and three are without contracts. Our ENSCO 7500 ultra-deepwater semisubmersible rig is operating under a long-term contract in Australia.

Asia Pacific

During the first half of 2008, Asia Pacific jackup rig utilization remained high and day rates stabilized as strong rig demand was offset by new rig deliveries. During the latter half of 2008, jackup rig demand was significantly impacted by the decline in oil and natural gas prices and global economic crisis, resulting in a significant reduction in utilization and day rates through the first nine months of 2009. With limited contract opportunities currently available and an expected increase in the supply of available jackup rigs from newbuild deliveries, cancelled tenders and unexercised contract extension options, we anticipate that utilization and day rates will remain under pressure in the near-term.

Europe and Africa

Our Europe and Africa offshore drilling operations are mainly conducted in northern Europe. During 2008, shortfalls in rig availability in this region led to sustained high utilization levels and day rates. Although utilization and day rates remained high during the first quarter of 2009, the decline in oil and natural gas prices during the latter half of 2008 resulted in several cancelled tenders and unexercised contract extension options. Tender activity in the region during the second and third quarters was minimal, and we expect this trend to continue for the remainder of the year. We anticipate that this market will experience excess rig availability, and utilization and day rates will remain under pressure, as a significant portion of the North Sea jackup fleet is scheduled to roll-off existing contracts in the coming months.

North and South America

The majority of our North and South America offshore drilling operations are conducted in Mexico, where demand for rigs increased during 2008 as Petróleos Mexicanos, the national oil company of Mexico ("PEMEX"), accelerated drilling activities in an attempt to offset continued depletion of its major oil and natural gas fields. During the first nine months of 2009, demand for jackup rigs in Mexico remained high and day rates remained comparable with international rates. PEMEX is expected to issue additional tenders during the next several quarters, but we expect future day rates in Mexico to face pressure as drilling contractors with idle rigs in other geographic regions pursue these contract opportunities.

Demand for jackup rigs in the Gulf of Mexico stabilized during 2008, and jackup rig supply continued to decline as rigs were relocated to more economically attractive regions. As a result, utilization levels and day rates improved during the first half of 2008. In September 2008, damage caused by Hurricanes Gustav and Ike reduced the supply of available jackup rigs, however, the reduction was more than offset by a decrease in demand resulting from the decline in oil and natural gas prices and global economic crisis. The Gulf of Mexico jackup market has remained extremely weak during 2009 with drilling activity reaching historic lows during recent months. As a result, utilization and day rates declined significantly during the first nine months of 2009. Based on current oil and natural gas prices and global economic conditions and reduced drilling by customers during hurricane season, we do not expect meaningful improvement in jackup rig demand in the near-term.

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RESULTS OF OPERATIONS

The following table summarizes our condensed consolidated results of operations for the three-month and nine-month periods ended September 30, 2009 and 2008 (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
Revenues	$425.4	$619.5	$1,446.3	$1,788.8
Operating expenses				
Contract drilling (exclusive of depreciation)	183.3	185.2	524.8	566.8
Depreciation	53.3	47.0	149.8	139.4
General and administrative	13.6	15.2	41.6	41.7
Operating income	175.2	372.1	730.1	1,040.9
Other income (expense), net	3.6	(6.5)	6.2	4.8
Provision for income taxes	28.4	68.8	133.8	192.0
Income from continuing operations	150.4	296.8	602.5	853.7
Income (loss) from discontinued operations, net	.4	(13.1)	(28.2)	1.6
Net income	150.8	283.7	574.3	855.3
Less: Net income attributable to noncontrolling interests	(1.1)	(1.4)	(3.6)	(4.3)
Net income attributable to Ensco	$149.7	$282.3	$ 570.7	$ 851.0

For the quarter ended September 30, 2009, revenues declined by $194.1 million, or 31%, and operating income declined by $196.9 million, or 53%, as compared to the prior year quarter. For the nine-month period ended September 30, 2009, revenues declined by $342.5 million, or 19%, and operating income declined by $310.8 million, or 30%, as compared to the prior year period. The revenue and operating income declines were primarily due to a decline in utilization of our jackup rigs in all geographic regions, partially offset by an increase in average day rates earned by our contracted jackup rigs in North and South America and ENSCO 7500.

Oil and natural gas prices have declined substantially from record-high 2008 levels. As a result, operators continue to defer and/or curtail drilling programs, which has resulted in a reduction in demand for jackup rigs and a decline in utilization and day rates. Revenue and operating income levels attributable to our jackup rig fleet during 2008 are unlikely to be achieved in the near-term.

Rig Locations, Utilization and Average Day Rates

We manage our business through four operating segments. Our ultra-deepwater semisubmersible rigs are included in the Deepwater operating segment. Our fleet of 42 jackup rigs is spread across three geographic region operating segments based on each rig's geographic location. Our jackup rigs are mobile and occasionally move between operating segments in response to market conditions and contract opportunities. Our barge rig is included in the Asia Pacific operating segment. The following table summarizes our offshore drilling rigs by segment and rigs under construction as of September 30, 2009 and 2008:

	September 30, 2009	September 30, 2008
Deepwater (1)	3	2
Asia Pacific	20	20
Europe and Africa	10	10
North and South America	13	13
Under construction (1)	5	6
Total (2)	51	51

(1) During the second quarter of 2009, we accepted delivery of ENSCO 8501, which commenced drilling operations in the Gulf of Mexico under a three-and-a-half year contract in October 2009.

(2) The total number of rigs for each period excludes rigs reclassified as discontinued operations.

The following table summarizes our rig utilization and average day rates from continuing operations by operating segment for the three-month and nine-month periods ended September 30, 2009 and 2008:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
Rig Utilization [1]				
Deepwater	64%	87%	82%	93%
Asia Pacific [3]	62%	96%	68%	95%
Europe and Africa	63%	96%	83%	97%
North and South America	57%	98%	65%	96%
Total	61%	97%	71%	96%
Average Day Rates [2]				
Deepwater	$387,407	$361,612	$436,340	$334,688
Asia Pacific [3]	141,945	156,951	150,241	150,956
Europe and Africa	175,861	226,080	208,259	219,021
North and South America	132,962	102,727	123,255	94,203
Total	$159,067	$160,472	$166,477	$154,159

(1) Rig utilization is derived by dividing the number of days under contract, including days associated with compensated mobilizations, by the number of days in the period.

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

(3) Rig utilization and average day rates for the Asia Pacific operating segment include our jackup rigs only. The ENSCO I barge rig has been excluded.

Detailed explanations of our operating results, including discussions of revenues, contract drilling expense and depreciation expense by operating segment, are provided below.

Operating Income

Our business consists of four operating segments: (1) Deepwater, (2) Asia Pacific, (3) Europe and Africa and (4) North and South America. Each of our four operating segments provides one service, contract drilling. Segment information for the three-month and nine-month periods ended September 30, 2009 and 2008 is presented below. General and administrative expense and depreciation expense incurred by our corporate office are not allocated to our operating segments for purposes of measuring segment operating income and were included in "Reconciling Items."

Three Months Ended September 30, 2009
(in millions)

	Deepwater	Asia Pacific	Europe and Africa	North and South America	Operating Segments Total	Reconciling Items	Consolidated Total
Revenues	$62.5	$161.6	$104.4	$96.9	$425.4	$ --	$425.4
Operating expenses							
Contract drilling (exclusive of depreciation)	34.7	61.1	46.5	41.0	183.3	--	183.3
Depreciation	6.5	22.3	11.1	13.1	53.0	.3	53.3
General and administrative	--	--	--	--	--	13.6	13.6
Operating income (loss)	$21.3	$ 78.2	$ 46.8	$42.8	$189.1	$(13.9)	$175.2

Three Months Ended September 30, 2008
(in millions)

	Deepwater	Asia Pacific	Europe and Africa	North and South America	Operating Segments Total	Reconciling Items	Consolidated Total
Revenues	$27.1	$260.8	$209.3	$122.3	$619.5	$ --	$619.5
Operating expenses							
Contract drilling (exclusive of depreciation)	8.3	75.3	62.8	38.8	185.2	--	185.2
Depreciation	2.3	21.4	10.8	12.0	46.5	.5	47.0
General and administrative	--	--	--	--	--	15.2	15.2
Operating income (loss)	$16.5	$164.1	$135.7	$ 71.5	$387.8	$(15.7)	$372.1

Nine Months Ended September 30, 2009
(in millions)

	Deepwater	Asia Pacific	Europe and Africa	North and South America	Operating Segments Total	Reconciling Items	Consolidated Total
Revenues	$130.2	$544.0	$476.8	$295.3	$1,446.3	$ --	$1,446.3
Operating expenses							
Contract drilling (exclusive of depreciation)	63.2	188.4	152.6	120.6	524.8	--	524.8
Depreciation	12.5	66.2	33.0	37.2	148.9	.9	149.8
General and administrative	--	--	--	--	--	41.6	41.6
Operating income (loss)	$ 54.5	$289.4	$291.2	$137.5	$ 772.6	$(42.5)	$ 730.1

Nine Months Ended September 30, 2008
(in millions)

	Deepwater	Asia Pacific	Europe and Africa	North and South America	Operating Segments Total	Reconciling Items	Consolidated Total
Revenues	$84.3	$779.5	$602.9	$322.1	$1,788.8	$ --	$1,788.8
Operating expenses							
Contract drilling (exclusive of depreciation)	26.5	239.4	184.9	116.0	566.8	--	566.8
Depreciation	6.8	63.7	32.1	35.4	138.0	1.4	139.4
General and administrative	--	--	--	--	--	41.7	41.7
Operating income (loss)	$51.0	$476.4	$385.9	$170.7	$1,084.0	$(43.1)	$1,040.9

Deepwater

Deepwater revenues for the quarter ended September 30, 2009 increased by $35.4 million as compared to the prior year quarter. The increase in revenues was due to the commencement of ENSCO 8500 drilling operations in June 2009, the recognition of ENSCO 7500 mobilization revenues and an increase in the ENSCO 7500 day rate. During the fourth quarter of 2008, ENSCO 7500 was relocated from the Gulf of Mexico to Australia where it commenced drilling operations under a new contract in April 2009 at a day rate of approximately $550,000. Revenues earned during the mobilization period were deferred and are being recognized ratably over the term of the contract at a rate of approximately $170,000 per day. Contract drilling expense increased by $26.4 million due to the commencement of ENSCO 8500 drilling operations, incremental expenses associated with operating ENSCO 7500 in Australia as compared to the Gulf of Mexico and an increase in ENSCO 7500 mobilization expense, which is being recognized over the contract term in the same manner as mobilization revenue. Depreciation expense increased by $4.2 million primarily due to ENSCO 8500, which was placed into service in June 2009.

Deepwater revenues for the nine-month period ended September 30, 2009 increased by $45.9 million as compared to the prior year period. The increase in revenues was due to an increase in the day rate earned by ENSCO 7500, the recognition of ENSCO 7500 mobilization revenues and the commencement of ENSCO 8500 drilling operations, partially offset by the deferral of ENSCO 7500 revenues during the rig's mobilization to Australia. Contract drilling expense increased by $36.7 million due to ENSCO 7500 mobilization expense, incremental expenses associated with operating ENSCO 7500 in Australia as compared to the Gulf of Mexico and the commencement of ENSCO 8500 drilling operations. Depreciation expense increased by $5.7 million primarily due to ENSCO 8500 as noted above.

Asia Pacific

Asia Pacific revenues for the quarter ended September 30, 2009 declined by $99.2 million, or 38%, as compared to the prior year quarter. The decline in revenues was primarily due to a decline in utilization to 62% from 96% in the prior year quarter and, to a lesser extent, a 10% decline in average day rates. The decline in utilization and average day rates occurred due to lower levels of spending by oil and gas companies in response to the significant decline in oil and natural gas prices during the latter half of 2008 coupled with excess rig availability in the region. Contract drilling expense declined by $14.2 million, or 19%, as compared to the prior year quarter, primarily due to the impact of decreased utilization. Depreciation expense increased by 4% primarily due to the ENSCO 53 capital enhancement project completed during the second quarter of 2009 and depreciation on minor upgrades and improvements completed during the latter half of 2008 and the first nine months of 2009.

Asia Pacific revenues for the nine-month period ended September 30, 2009 declined by $235.5 million, or 30%, as compared to the prior year period. The decline in revenues was primarily due to a decline in utilization to 68% from 95% in the prior year period. The decline in utilization occurred due to lower levels of spending by oil and gas companies as noted above, coupled with excess rig availability in the region. Contract drilling expense declined by $51.0 million, or 21%, as compared to the prior year period, primarily due to the impact of decreased utilization and a decline in repair and maintenance expense. Depreciation expense increased by 4% primarily due to the ENSCO 53 capital enhancement project completed during the second quarter of 2009 and depreciation on minor upgrades and improvements completed during 2008 and the first nine months of 2009.

Europe and Africa

Europe and Africa revenues for the quarter ended September 30, 2009 declined by $104.9 million, or 50%, as compared to the prior year quarter. The decline was primarily due to a decline in utilization to 63% from 96% in the prior year quarter and, to a lesser extent, a 22% decline in average day rates. The decline in utilization and average day rates occurred due to lower levels of spending by oil and gas companies in response to the significant decline in oil and natural gas prices during the latter half of 2008. Contract drilling expense declined by $16.3 million, or 26%, as compared to the prior year quarter, primarily due to the impact of decreased utilization and a decline in mobilization and repair and maintenance expense. Depreciation expense increased by 3% due to depreciation on minor upgrades and improvements to our Europe and Africa fleet completed during the latter half of 2008 and the first nine months of 2009.

Europe and Africa revenues for the nine-month period ended September 30, 2009 declined by $126.1 million, or 21%, as compared to the prior year period. The decline was primarily due to a decline in utilization to 83% from 97% in the prior year period. The decline in utilization occurred due to lower levels of spending by oil and gas companies as noted above. Contract drilling expense declined by $32.3 million, or 17%, as compared to the prior year period, primarily due to a decline in mobilization expense and the impact of decreased utilization. Depreciation expense increased by 3% due to depreciation on minor upgrades and improvements to our Europe and Africa fleet completed during 2008 and the first nine months of 2009.

North and South America

North and South America revenues for the quarter ended September 30, 2009 declined by $25.4 million, or 21%, as compared to the prior year quarter. The decline was primarily due to a decline in utilization to 57% from 98% in the prior year quarter, partially offset by a 29% increase in average day rates. The decline in utilization occurred due to lower levels of spending by oil and gas companies in response to the significant decline in oil and natural gas prices during the latter half of 2008. The increase in average day rates was largely due to the relocation of ENSCO 83, ENSCO 89, ENSCO 93 and ENSCO 98 to Mexico and ENSCO 68 to Venezuela during 2009, where day rates are generally higher than the Gulf of Mexico. Contract drilling expense increased by $2.2 million, or 6%, as compared to the prior year quarter, due to incremental expenses associated with operating in Mexico and Venezuela as compared to the Gulf of Mexico and an increase in repair and maintenance and mobilization expense, partially offset by the impact of decreased utilization. Depreciation expense increased by 9% primarily due to ENSCO 89 and ENSCO 93 capital enhancement projects completed during the second quarter of 2009, the ENSCO 98 capital enhancement project completed during the third quarter of 2009 and depreciation on minor upgrades and improvements to our North and South America fleet completed during the latter half of 2008 and the first nine months of 2009.

North and South America revenues for the nine-month period ended September 30, 2009 declined by $26.8 million, or 8%, as compared to the prior year period. The decline was primarily due to a decline in utilization to 65% from 96% in the prior year period, partially offset by a 31% increase in average day rates. The decline in utilization occurred due to lower levels of spending by oil and gas companies as noted above. The increase in average day rates was largely due to the relocation of jackup rigs to Mexico and Venezuela as noted above. Contract drilling expense increased by $4.6 million, or 4%, as compared to the prior year period, due to incremental expenses associated with operating in Mexico and Venezuela as compared to the Gulf of Mexico and an increase in repair and maintenance and mobilization expense, partially offset by the impact of decreased utilization. Depreciation expense increased by 5% primarily due to ENSCO 89 and ENSCO 93 capital enhancement projects completed during the second quarter of 2009, the ENSCO 98 capital enhancement project completed during the third quarter of 2009 and depreciation on minor upgrades and improvements to our North and South America fleet completed during 2008 and the first nine months of 2009.

Other

General and administrative expense for the quarter ended September 30, 2009 declined by $1.6 million, or 11%, as compared to the prior year quarter. The decline was primarily attributable to non-recurring costs associated with the launch of our branding campaign incurred during the third quarter of 2008 and lower professional fees.

General and administrative expense for the nine-month period ended September 30, 2009 declined by $100,000 as compared to the prior year period. The decline was primarily attributable to costs associated with our branding campaign incurred during the third quarter of 2008 and lower professional fees, largely offset by a $1.9 million expense incurred during 2009 in connection with a separation agreement with our former Senior Vice President of Operations.

Other Income (Expense), Net

Other income (expense), net, for the three-month and nine-month periods ended September 30, 2009 and 2008 was as follows (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	**2008**	**2009**	**2008**
Interest income	$ .8	$ 3.2	$ 1.9	$ 11.9
Interest expense, net:				
Interest expense	(5.2)	(5.5)	(15.8)	(16.3)
Capitalized interest	5.2	5.5	15.8	16.3
	--	--	--	--
Other, net	2.8	(9.7)	4.3	(7.1)
	$3.6	$(6.5)	$ 6.2	$ 4.8

Interest income for the three-month and nine-month periods ended September 30, 2009 decreased as compared to the respective prior year periods due to lower average interest rates, partially offset by an increase in amounts invested. Interest expense declined during the same periods due to a decrease in outstanding debt.

Other, net, for the three-month and nine-month periods ended September 30, 2009 included net foreign currency exchange gains of $1.8 million and $2.3 million, respectively.

Other, net, for the quarter ended September 30, 2008 included net foreign currency exchange losses of $10.1 million. Other, net, for the nine-month period ended September 30, 2008 included net foreign currency exchange losses of $4.3 million and unrealized losses of $3.0 million associated with the valuation of our auction rate securities. See Note 7 to our condensed consolidated financial statements for additional information on the fair value measurement of our auction rate securities.

Provision for Income Taxes

The provision for income taxes for the quarter ended September 30, 2009 declined by $40.4 million as compared to the prior year quarter, due in large part to a decline in profitability. Income tax expense for the quarters ended September 30, 2009 and 2008 included a net benefit of $3.3 million and a net expense of $3.9 million, respectively, relating to settlements with tax authorities and other resolutions of prior year tax issues. The $3.3 million net benefit included in the current quarter is primarily attributable to a $4.4 million net benefit resulting from favorable resolution of an audit of 2003 through 2005 tax returns in an international jurisdiction. Excluding the impact of the aforementioned resolutions of prior year tax issues, our effective tax rates for the quarters ended September 30, 2009 and 2008 were 17.7% and 17.8%, respectively.

The provision for income taxes for the nine-month period ended September 30, 2009 declined by $58.2 million as compared to the prior year period, due in large part to a decline in profitability. Income tax expense for the nine-month periods ended September 30, 2009 and 2008 included a net benefit of $6.3 million and a net expense of $7.7 million, respectively, relating to settlements with tax authorities and other resolutions of prior year tax issues. Excluding the impact of the resolutions of prior year tax issues, our effective tax rates for the nine-month periods ended September 30, 2009 and 2008 were 19.0% and 17.6%, respectively. The increase in our effective tax rate was primarily due to a decline in the relative portion of our earnings generated by foreign subsidiaries whose earnings are permanently reinvested and taxed at lower rates.

Discontinued Operations

ENSCO 69

From May 2007 to June 2009, ENSCO 69 was contracted to Petrosucre, a subsidiary of PDVSA, the national oil company of Venezuela. PDVSA subsidiaries reportedly lack funds and generally have not been paying their contractors and service providers since the latter portions of 2008. In January 2009, we suspended drilling operations on ENSCO 69 after Petrosucre failed to satisfy its contractual obligations and meet commitments relative to the payment of past due invoices. Petrosucre then took over complete control of ENSCO 69 drilling operations utilizing Petrosucre employees and a portion of the Venezuelan rig crews we had utilized. When Petrosucre initially advised us that it temporarily was taking over operations on the rig, we placed our supervisory rig personnel on ENSCO 69 to observe Petrosucre's operations.

On April 30, 2009, we submitted a notice of termination to Petrosucre for non-payment of past due invoices. The terms of the ENSCO 69 drilling contract provided for termination of the contract upon Petrosucre's failure to satisfy its contractual payment obligations during the 30-day period subsequent to our notice. On June 4, 2009, after Petrosucre's failure to satisfy its contractual payment obligations, failure to reach a mutually acceptable agreement with us and denial of our request to demobilize ENSCO 69 from Venezuela, Petrosucre advised that it would not return the rig and would continue to operate it without our consent. Petrosucre further advised that it would release ENSCO 69 after a six-month period, subject to a mutually agreed accord addressing the resolution of all remaining obligations under the ENSCO 69 drilling contract. On June 6, 2009, we terminated our contract with Petrosucre and removed all remaining Ensco employees from the rig.

Due to Petrosucre's longstanding failure to satisfy its contractual obligations and meet payment commitments, and in consideration of the Venezuelan government's recent nationalization of assets owned by international oil and gas companies and oilfield service companies, we believe it is remote that ENSCO 69 will be returned to us by Petrosucre and operated again by Ensco. ENSCO 69 operating results for the three-month and nine-month periods ended September 30, 2009 and 2008 have been reclassified as discontinued operations in our condensed consolidated statements of income. See Note 8 to our condensed consolidated financial statements for additional information on ENSCO 69.

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ENSCO 74

In September 2008, ENSCO 74 was lost as a result of Hurricane Ike. Portions of its legs remained underwater adjacent to the customer's platform, and we conducted extensive aerial and sonar reconnaissance but failed to locate the rig hull. In March 2009, the sunken hull of ENSCO 74 was located on the seabed approximately 95 miles from the original drilling location when it was struck by an oil tanker. The rig was a total loss, as defined under the terms of our insurance policies. The operating results of ENSCO 74 were reclassified as discontinued operations in our condensed consolidated statements of income for the three-month and nine-month periods ended September 30, 2008. See Note 9 to our condensed consolidated financial statements for additional information on the loss of ENSCO 74 and associated contingencies.

The following table summarizes income (loss) from discontinued operations for the three-month and nine-month periods ended September 30, 2009 and 2008 (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
Revenues	$ --	$ 27.6	$ 4.8	$ 75.7
Operating expenses	(.8)	11.7	18.8	35.8
Operating income (loss) before income taxes	.8	15.9	(14.0)	39.9
Income tax expense	.4	5.5	2.4	14.8
Loss on disposal of discontinued operations, net	--	(23.5)	(11.8)	(23.5)
Income (loss) from discontinued operations	$.4	$(13.1)	$(28.2)	$ 1.6

Fair Value Measurements

Our auction rate securities were measured at fair value as of September 30, 2009 and December 31, 2008 using significant Level 3 inputs. See Note 7 to our condensed consolidated financial statements for additional information on our fair value measurements.

As a result of continued auction failures, quoted prices for our auction rate securities did not exist as of September 30, 2009 and, accordingly, we concluded that Level 1 inputs were not available. We determined that use of a valuation model was the best available technique for measuring the fair value of our auction rate securities. We used an income approach valuation model to estimate the price that would be received in exchange for our auction rate securities in an orderly transaction between market participants ("exit price") as of September 30, 2009. The exit price was derived as the weighted-average present value of expected cash flows over various periods of illiquidity, using a risk-adjusted discount rate that was based on the credit risk and liquidity risk of our auction rate securities.

While our valuation model was based on both Level 2 (credit quality and interest rates) and Level 3 inputs, we determined that Level 3 inputs were most significant to the overall fair value measurement, particularly the estimates of risk-adjusted discount rates and ranges of expected periods of illiquidity. We reviewed these inputs to our valuation model, evaluated the results and performed sensitivity analysis on key assumptions. Based on our review, we concluded that the fair value measurement of our auction rate securities as of September 30, 2009 was appropriate.

Based on the results of our September 30, 2009 fair value measurement, we recognized unrealized gains of $300,000 for the three-month and nine-month periods ended September 30, 2009. Net unrealized gains on our auction rate securities were included in other income (expense), net, in our condensed consolidated statements of income. The carrying values of our auction rate securities, classified as long-term investments on our condensed consolidated balance sheets, were $60.9 million and $64.2 million as of September 30, 2009 and December 31, 2008, respectively. We anticipate realizing the $68.7 million (par value) of our auction rate securities on the basis that we intend to hold them until they are redeemed, repurchased or sold in a market that facilitates orderly transactions.

Assets measured at fair value using significant Level 3 inputs constituted 1% of our total assets as of September 30, 2009 and December 31, 2008.

LIQUIDITY AND CAPITAL RESOURCES

Although our business has historically been very cyclical, we have 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. A substantial portion of our cash flow is invested in the expansion and enhancement of our fleet of drilling rigs in general and construction of our ENSCO 8500 Series® rigs in particular.

During the nine-month period ended September 30, 2009, our primary source of cash was $938.2 million generated from operating activities of continuing operations. Our primary use of cash for the same period included $684.7 million for the construction, enhancement and other improvement of our drilling rigs, including $486.5 million invested in the construction of our ENSCO 8500 Series® rigs.

During the nine-month period ended September 30, 2008, our primary source of cash was $733.8 million generated from operating activities of continuing operations. Our primary uses of cash for the same period included $653.9 million for the construction, enhancement and other improvement of drilling rigs, including $562.4 invested in the construction of our ENSCO 8500 Series® rigs, and $259.5 million for the repurchase of common stock.

Detailed explanations of our liquidity and capital resources for the nine-month periods ended September 30, 2009 and 2008 are set forth below.

Cash Flow and Capital Expenditures

Our cash flow from continuing operations and capital expenditures on continuing operations for the nine-month periods ended September 30, 2009 and 2008 were as follows (in millions):

	Nine Months Ended September 30,	
	2009	**2008**
Cash flow from continuing operations	$938.2	$733.8
Capital expenditures on continuing operations		
New rig construction	$486.5	$562.4
Rig enhancements	129.9	24.0
Minor upgrades and improvements	68.3	67.5
	$684.7	$653.9

Cash flow from continuing operations increased by $204.4 million, or 28%, for the nine-month period ended September 30, 2009 as compared to the prior year period. The increase resulted primarily from a $193.7 million decline in tax payments and a $76.8 million decline in our investment in trading securities, offset by a $47.7 million decline in cash receipts from contract drilling services.

We continue to expand the size and quality of our drilling rig fleet. We have five ENSCO 8500 Series® ultra-deepwater semisubmersible rigs under construction with scheduled delivery dates during the first and fourth quarters of 2010, the second half of 2011 and the first and second half of 2012. Two of the five rigs under construction have secured long-term drilling contracts in the Gulf of Mexico, and three are presently without contracts.

Based on our current projections, we expect capital expenditures during 2009 to include approximately $530.0 million for construction of our ENSCO 8500 Series® rigs, approximately $160.0 million for rig enhancement projects and approximately $100.0 million for minor upgrades and improvements. Depending on market conditions and opportunities, we may make additional capital expenditures to upgrade rigs and construct or acquire additional rigs.

Financing and Capital Resources

Our long-term debt, total capital and long-term debt to total capital ratios as of September 30, 2009 and December 31, 2008 are summarized below (in millions, except percentages):

	September 30, 2009	December 31, 2008
Long-term debt	$ 265.8	$ 274.3
Total capital*	5,550.0	4,951.2
Long-term debt to total capital	4.8%	5.5%

*Total capital consists of long-term debt and Ensco stockholders' equity.

We have a $350.0 million unsecured revolving credit facility (the "Credit Facility") with a syndicate of banks that matures in June 2010. We had no amounts outstanding under the Credit Facility as of September 30, 2009 and December 31, 2008. We filed a Form S-3 Registration Statement with the SEC on January 13, 2009, which provides us the ability to issue debt and/or equity securities. The registration statement was immediately effective and expires in January 2012. We currently maintain an investment grade credit rating of Baa1 from Moody's Investors Service and BBB+ from Standard & Poor's Ratings Services.

As of September 30, 2009, we had an aggregate $134.1 million outstanding under two separate bond issues guaranteed by the United States Maritime Administration which require semiannual principal and interest payments. We also make semiannual interest payments on $150.0 million of 7.20% debentures due during 2027.

Our Board of Directors previously authorized the repurchase of up to $1,500.0 million of our common stock. From inception of our stock repurchase programs during 2006 through December 31, 2008, we repurchased an aggregate 16.5 million shares at a cost of $937.6 million (an average cost of $56.79 per share). No shares were repurchased under our Board-authorized stock repurchase programs during the nine-month period ended September 30, 2009. As of September 30, 2009, $562.4 million remained available for repurchases of our outstanding common stock under Board-authorized stock repurchase programs.

Liquidity

Our liquidity position as of September 30, 2009 and December 31, 2008 is summarized in the table below (in millions, except ratios):

	September 30, 2009	December 31, 2008
Cash and cash equivalents	$1,017.2	$789.6
Working capital	1,147.8	973.0
Current ratio	3.8	3.3

We expect to fund our short-term liquidity needs, including contractual obligations and anticipated capital expenditures, as well as any dividends, stock repurchases or working capital requirements, from our cash and cash equivalents and operating cash flow. We expect to fund our long-term liquidity needs, including contractual obligations, anticipated capital expenditures and dividends, from our cash and cash equivalents, investments, operating cash flow and, if necessary, funds borrowed under future financing arrangements.

Based on our $1,017.2 million of cash and cash equivalents as of September 30, 2009 and our current contractual backlog, we believe our remaining $1,241.3 million of contractual obligations associated with the construction of our ENSCO 8500 Series® rigs will be funded from existing cash and cash equivalents and future operating cash flow. We may decide to access debt markets to raise additional capital or increase liquidity as necessary.

MARKET RISK

Derivatives

We use derivatives to reduce our exposure to various market risks, primarily foreign currency risk. We maintain a foreign currency risk management strategy that utilizes derivatives to reduce our exposure to unanticipated fluctuations in earnings and cash flows caused by changes in foreign currency exchange rates. We occasionally employ an interest rate risk management strategy that utilizes derivatives to minimize or eliminate unanticipated fluctuations in earnings and cash flows arising from changes in, and volatility of, interest rates.

We utilize derivatives to hedge forecasted foreign currency denominated transactions, primarily to reduce our exposure to foreign currency risk associated with the portion of our remaining ENSCO 8500 Series® construction obligations denominated in Singapore dollars and contract drilling expenses denominated in various other currencies. As of September 30, 2009, approximately $281.8 million of the aggregate remaining contractual obligations associated with our ENSCO 8500 Series® construction projects was denominated in Singapore dollars, of which $230.0 million was hedged through foreign currency forward contracts.

We have net assets and liabilities denominated in numerous foreign currencies and use various methods to manage our exposure to changes in foreign currency exchange rates. We predominantly structure our drilling contracts in U.S. dollars, which significantly reduces the portion of our cash flows and assets denominated in foreign currencies. We also employ various strategies, including the use of derivatives, to match foreign currency denominated assets with equal or near equal amounts of foreign currency denominated liabilities, thereby minimizing exposure to earnings fluctuations caused by changes in foreign currency exchange rates.

We utilize derivative instruments and undertake foreign currency hedging activities in accordance with our established policies for the management of market risk. We minimize our credit risk relating to the counterparties of our derivatives by transacting with multiple, high-quality financial institutions, thereby limiting exposure to individual counterparties, and by monitoring the financial condition of our counterparties. We do not enter into derivative instruments for trading or other speculative purposes. We believe that our use of derivative instruments and related hedging activities does not expose us to material foreign currency risk, interest rate risk, commodity price risk, credit risk or any other material market or price risk.

As of September 30, 2009, we had foreign currency forward contracts outstanding to exchange an aggregate $371.0 million for various foreign currencies, including $237.3 million for Singapore dollars. If we were to incur a hypothetical 10% adverse change in foreign currency exchange rates, net unrealized losses associated with our foreign currency denominated assets and liabilities and related foreign currency forward contracts as of September 30, 2009 would approximate $32.5 million, including $24.2 million related to our Singapore dollar exposures. All of our foreign currency forward contracts mature during the next three years.

Auction Rate Securities

We have generated a substantial cash balance, portions of which are invested in securities that meet our requirements for quality and return. Investment of our cash exposes us to market risk. We held $68.7 million (par value) of auction rate securities with a carrying value of $60.9 million as of September 30, 2009. We intend to hold these securities until they can be redeemed by issuers, repurchased by brokerage firms or sold in a market that facilitates orderly transactions. Due to significant uncertainties related to the auction rate securities market, we will be exposed to the risk of changes in the fair value of these securities in future periods.

To measure the fair value of our auction rate securities as of September 30, 2009, we used an income approach valuation model to estimate the price that would be received in exchange for our auction rate securities in an orderly transaction between market participants ("exit price"). The exit price was derived as the weighted-average present value of expected cash flows over various periods of illiquidity, using a risk-adjusted discount rate that was based on the credit risk and liquidity risk of our auction rate securities. If we were to incur a hypothetical 10% adverse change in the periods of illiquidity and a 10% adverse change in the risk-adjusted discount rate, the additional net unrealized losses on our auction rate securities as of September 30, 2009 would approximate $3.2 million. See Note 7 to our condensed consolidated financial statements for additional information on our auction rate securities.

CRITICAL ACCOUNTING POLICIES

The preparation of our consolidated financial statements and related disclosures in conformity with GAAP requires management to make estimates, judgments and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Our significant accounting policies are included in Note 1 to the Consolidated Financial Statements for the year ended December 31, 2008 included in our Annual Report on Form 10-K dated February 26, 2009, as updated in the Current Report on Form 8-K dated October 13, 2009. These policies, along with our underlying judgments and assumptions made in their application, have a significant impact on our consolidated financial statements. We identify our critical accounting policies as those that are the most pervasive and important to the portrayal of our financial position and operating results, and that require the most difficult, subjective and/or complex judgments by management regarding estimates in matters that are inherently uncertain. Our critical accounting policies are those related to property and equipment, impairment of long-lived assets and goodwill and income taxes.

Property and Equipment

As of September 30, 2009, the carrying value of our property and equipment totaled $4,330.5 million, which represented 67% of total assets. This carrying value reflects the application of our property and equipment accounting policies, which incorporate management's estimates, judgments and assumptions relative to the capitalized costs, useful lives and salvage values of our rigs.

We develop and apply property and equipment accounting policies that are designed to appropriately and consistently capitalize those costs incurred to enhance, improve and extend the useful lives of our assets and expense those costs incurred to repair or maintain the existing condition or useful lives of our assets. The development and application of such policies requires judgments and assumptions by management relative to the nature of, and benefits from, expenditures on our assets. We establish property and equipment accounting policies that are designed to depreciate our assets over their estimated useful lives. The judgments and assumptions used by management in determining the estimated useful lives of our property and equipment reflect both historical experience and expectations regarding future operations, utilization and performance of our assets. The use of different estimates, judgments and assumptions in the establishment of our property and equipment accounting policies, especially those involving the useful lives of our rigs, would likely result in materially different carrying values of assets and operating results.

For additional information on the useful lives of our drilling rigs, including an analysis of the impact of various changes in useful life assumptions, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Policies and Estimates" in Part II of our Annual Report on Form 10-K for the year ended December 31, 2008, as updated in the Current Report on Form 8-K dated October 13, 2009.

Impairment of Long-Lived Assets and Goodwill

We evaluate the carrying value of our property and equipment, primarily our drilling rigs, when events or changes in circumstances indicate that the carrying value of such rigs may not be recoverable. Generally, extended periods of idle time and/or inability to contract rigs at economical rates are an indication that a rig may be impaired. However, the offshore drilling industry has historically been highly cyclical, and it is not unusual for rigs to be unutilized or underutilized for significant periods of time and subsequently resume full or near full utilization when business cycles change. Likewise, during periods of supply and demand imbalance, rigs are frequently contracted at or near cash break-even rates for extended periods of time until day rates increase when demand comes back into balance with supply. Impairment situations may arise with respect to specific individual rigs, groups of rigs, such as a specific type of drilling rig, or rigs in a certain geographic location. Our rigs are mobile and may generally be moved from markets with excess supply, if economically feasible. Our jackup rigs and ultra-deepwater semisubmersible rigs are suited for, and accessible to, broad and numerous markets throughout the world.

We test goodwill for impairment on an annual basis or when events or changes in circumstances indicate that a potential impairment exists. The goodwill impairment test requires us to identify reporting units and estimate each unit's fair value as of the testing date. Our four operating segments represent our reporting units. In most instances, our calculation of the fair value of our reporting units is based on estimates of future discounted cash flows to be generated by our drilling rigs, which reflect management's judgments and assumptions regarding future industry conditions and operations, including expected utilization, day rates, expense levels and capital requirements. If the aggregate fair value of our reporting units exceeds our market capitalization, we evaluate the reasonableness of the implied control premium which includes a comparison to implied control premiums from recent market transactions within our industry or other relevant benchmark data. To the extent that the implied control premium based on the aggregate fair value of our reporting units is not reasonable, we adjust the discount rate used in our discounted cash flow model and reduce the estimated fair values of our reporting units accordingly.

If the estimated fair value of a reporting unit exceeds its carrying value, its goodwill is considered not impaired. If the estimated fair value of a reporting unit is less than its carrying value, we estimate the implied fair value of the reporting unit's goodwill. If the carrying amount of the reporting unit's goodwill exceeds the implied fair value of the goodwill, an impairment loss is recognized in an amount equal to such excess. In the event we dispose of drilling rig operations that constitute a business, goodwill would be allocated in the determination of gain or loss on disposal. Based on our goodwill impairment test performed as of December 31, 2008, there was no impairment of goodwill.

If the global economy deteriorates and/or our expectations relative to future offshore drilling industry conditions decline, we may conclude that the fair value of one or more of our reporting units has more-likely-than-not declined below its carrying amount and perform a goodwill impairment test. If, at the time of the goodwill impairment test, management's judgments and assumptions regarding future industry conditions and operations have diminished, or if the market value of our common stock has declined, we may conclude that the goodwill of one or more of our reporting units has been impaired. It is reasonably possible that the judgments and assumptions inherent in our goodwill impairment test may change in response to future market conditions.

Asset impairment evaluations are, by nature, highly subjective. In most instances they involve expectations of future cash flows to be generated by our drilling rigs, which reflect management's judgments and assumptions regarding future industry conditions and operations, as well as management's estimates of expected utilization, day rates, expense levels and capital requirements. The estimates, judgments and assumptions used by management in the application of our asset impairment policies reflect both historical experience and an assessment of current operational, industry, market, economic and political environments. The use of different estimates, judgments, assumptions and expectations regarding future industry conditions and operations would likely result in materially different asset carrying values and operating results.

Income Taxes

We conduct operations and earn income in numerous countries and are subject to the laws of tax jurisdictions within those countries, as well as U.S. state tax laws. As of September 30, 2009, we had a $359.0 million net deferred income tax liability, a $28.6 million liability for income taxes currently payable and an $18.1 million liability for unrecognized tax benefits.

The carrying values of deferred income tax assets and liabilities reflect the application of our income tax accounting policies and are based on management's estimates, judgments and assumptions regarding future operating results and levels of taxable income. Carryforwards and tax credits are assessed for realization as a reduction of future taxable income by using a more-likely-than-not determination.

During 2007, substantially all of the undistributed earnings of our non-U.S. subsidiaries were distributed to our U.S. parent. A U.S. deferred tax liability has not been recorded for the remaining undistributed earnings of our non-U.S. subsidiaries because it is their intention to reinvest such earnings indefinitely. Should our non-U.S. subsidiaries elect to make a distribution of these earnings, or be deemed to have made a distribution of them through application of various provisions of the Internal Revenue Code, we may be subject to additional U.S. income taxes.

The carrying values of liabilities for income taxes currently payable and unrecognized tax benefits are based on management's interpretation of applicable tax laws and incorporate management's estimates, judgments and assumptions regarding the use of tax planning strategies in various taxing jurisdictions. The use of different estimates, judgments and assumptions in connection with accounting for income taxes, especially those involving the deployment of tax planning strategies, may result in materially different carrying values of income tax assets and liabilities and operating results.

We operate in many international jurisdictions where tax laws relating to the offshore drilling industry are not well developed. In jurisdictions where available statutory law and regulations are incomplete or underdeveloped, we obtain professional guidance and consider existing industry practices before utilizing tax planning strategies and meeting our tax obligations.

Tax returns are routinely subject to audit in most jurisdictions and tax liabilities are occasionally finalized through a negotiation process. While we have not historically experienced significant adjustments to previously recognized tax assets and liabilities as a result of finalizing tax returns, there can be no assurance that significant adjustments will not arise in the future. In addition, there are several factors that could cause the future level of uncertainty relating to our tax liabilities to increase, including the following:

- During recent years, the portion of our overall operations conducted in international tax jurisdictions has increased, and we currently anticipate that this trend will continue.

- In order to utilize tax planning strategies and conduct international operations efficiently, our subsidiaries frequently enter into transactions with affiliates that are generally subject to complex tax regulations and are frequently reviewed by tax authorities.

- We may conduct future operations in certain tax jurisdictions where tax laws are not well developed, and it may be difficult to secure adequate professional guidance.

- U.S. and international tax laws, regulations, agreements and treaties change frequently, requiring us to modify existing tax strategies to conform to such changes.

NEW ACCOUNTING PRONOUNCEMENTS

In August 2009, the FASB issued Accounting Standards Update 2009-05, "Fair Value Measurements and Disclosures (Topic 820) - Measuring Liabilities at Fair Value" ("Update 2009-05"). Update 2009-05 provides clarification regarding valuation techniques when a quoted price in an active market for an identical liability is not available in addition to treatment of the existence of restrictions that prevent the transfer of a liability. Update 2009-05 also clarifies that both a quoted price in an active market for an identical liability at the measurement date and the quoted price for an identical liability when traded as an asset in an active market (when no adjustments to the quoted price of the asset are required) are Level 1 fair value measurements. This update is effective for the first reporting period, including interim periods, beginning after issuance. Adoption of Update 2009-05 did not have a material effect on our financial position, operating results or cash flows.

Item 3. *Quantitative and Qualitative Disclosures About Market Risk*

Information required under Item 3 has been incorporated into "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations - Market Risk".

Item 4. *Controls and Procedures*

Based on their evaluation as of the end of the period covered by this Quarterly Report on Form 10-Q, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures, as defined in Rule 13a-15 under the Securities and Exchange Act of 1934 (the "Exchange Act"), are effective.

During the fiscal quarter ended September 30, 2009, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. ***Legal Proceedings***

FCPA Internal Investigation

Following disclosures by other offshore service companies announcing internal investigations involving the legality of amounts paid to and by customs brokers in connection with temporary importation of rigs and vessels into Nigeria, the Audit Committee of our Board of Directors and management commenced an internal investigation in July 2007. The investigation initially focused on our payments to customs brokers relating to the temporary importation of ENSCO 100, our only rig that operated offshore Nigeria during the pertinent period.

As is customary for companies operating offshore Nigeria, we had engaged independent customs brokers to process customs clearance of routine shipments of equipment, materials and supplies and to process the ENSCO 100 temporary importation permits, extensions and renewals. One or more of the customs brokers that our subsidiary in Nigeria used to obtain the ENSCO 100 temporary import permits, extensions and renewals also provided this service to other offshore service companies that have undertaken Foreign Corrupt Practices Act ("FCPA") compliance internal investigations.

The principal purpose of our investigation was to determine whether any of the payments made to or by our customs brokers were inappropriate under the anti-bribery provisions of the FCPA or whether any violations of the recordkeeping or internal accounting control provisions of the FCPA occurred. Our Audit Committee engaged a Washington, D.C. law firm with significant experience in investigating and advising upon FCPA matters to assist in the internal investigation.

Following notification to the Audit Committee and to KPMG LLP, our independent registered public accounting firm, in consultation with the Audit Committee's external legal counsel, we voluntarily notified the United States Department of Justice and SEC that we had commenced an internal investigation. We expressed our intention to cooperate with both agencies, comply with their directives and fully disclose the results of the investigation. The internal investigation process has involved extensive reviews of documents and records, as well as production to the authorities, and interviews of relevant personnel. In addition to the temporary importation of ENSCO 100, the investigation has examined our customs clearance of routine shipments and immigration activities in Nigeria.

Our internal investigation has essentially been concluded. Meetings to review the results of the investigation with the authorities were held on February 24, 2009 and September 14, 2009. We expect to discuss a possible negotiated disposition with the authorities in the near-term.

Although we believe the U.S. authorities will take into account our voluntary disclosure, our cooperation with the agencies and the remediation and compliance enhancement activities that are underway, we are unable to predict the ultimate disposition of this matter, whether we will be charged with violation of the anti-bribery, recordkeeping or internal accounting control provisions of the FCPA or whether the scope of the investigation will be extended to other issues in Nigeria or to other countries. We also are unable to predict what potential corrective measures, fines, sanctions or other remedies, if any, the agencies may seek against us or any of our employees.

In November 2008, our Board of Directors approved enhanced FCPA compliance recommendations issued by the Audit Committee's external legal counsel, and the Company embarked upon an enhanced compliance initiative that included appointment of a Chief Compliance Officer and a Director - Corporate Compliance. We engaged consultants to assist us in implementing the compliance recommendations approved by our Board of Directors, which include an enhanced compliance policy, increased training and testing, prescribed contractual provisions for our service providers that interface with foreign government officials, due diligence for the selection of such service providers and an increased Company-wide awareness initiative that includes periodic issuance of FCPA Alerts.

Since ENSCO 100 completed its contract commitment and departed Nigeria in August 2007, this matter is not expected to have a material effect on or disrupt our current operations. As noted above, we are unable to predict the outcome of this matter or estimate the extent to which we may be exposed to any resulting potential liability, sanctions or significant additional expense.

Ensco 74 Loss

In September 2008, ENSCO 74 was lost as a result of Hurricane Ike in the Gulf of Mexico. Portions of its legs remained underwater adjacent to the customer's platform, and we conducted extensive aerial and sonar reconnaissance but failed to locate the rig hull. The rig was a total loss, as defined under the terms of our insurance policies.

In March 2009, the sunken rig hull of ENSCO 74 was located on the seabed approximately 95 miles from the original drilling location when it was struck by the oil tanker SKS Satilla. Following discovery of the sunken rig hull, we removed the accessible hydrocarbons onboard the rig and began planning for removal of the wreckage. As an interim measure, the wreckage has been appropriately marked, and the U.S. Coast Guard has issued a Notice to Mariners. We are currently communicating with various government agencies to address removal of the wreckage and related debris.

On March 17, 2009, we received notice from legal counsel representing certain underwriters in a subrogation claim alleging that ENSCO 74 caused a pipeline to rupture during Hurricane Ike. On September 4, 2009, High Island Offshore System, LLC, commenced civil litigation against us in the U.S. District Court for the Southern District of Texas seeking damages for the cost of repairs and business interruption in an amount in excess of $26.0 million. Based on information currently available, primarily the adequacy of available defenses, we have not concluded that it is probable that a liability exists with respect to this matter.

On March 18, 2009, SKS OBO & Tankers AS and Kristen Gehard Jebsen Skipsrederi AS, the owner and manager of the SKS Satilla, commenced civil litigation in the U.S. District Court for the Southern District of Texas against us seeking monetary damages in the aggregate amount of $10.0 million for losses incurred. Based on information currently available, primarily the adequacy of available defenses, we have not concluded that it is probable a liability exists with respect to this matter.

On June 9, 2009, we received notice from legal counsel representing another pipeline owner which allegedly sustained damages to a subsea pipeline caused by ENSCO 74 in the aftermath of Hurricane Ike. On September 18, 2009, Sea Robin Pipeline Company, LLC, commenced civil litigation against us in the Fifteenth Judicial Court for the Parish of Lafayette and in the Nineteenth Judicial Court for the Parish of Baton Rouge, State of Louisiana seeking unspecified damages in relation to the cost of repairing damage to the pipeline, loss of revenue, survey and other damages. Based on information currently available, we have concluded that it is remote that a liability exists with respect to this matter.

We have liability insurance policies that provide coverage for third-party claims such as the tanker and pipeline claims, subject to a $10.0 million per occurrence self-insured retention and an annual aggregate limit of $500.0 million. 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.

We plan to undertake all appropriate defensive measures and filed a petition for exoneration or limitation of liability under U.S. admiralty and maritime law in the U.S. District Court for the Southern District of Texas on September 2, 2009. The petition seeks exoneration from or limitation of liability for any and all injury, loss or damage caused, occasioned or occurred in relation to the ENSCO 74 loss in September 2008. 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

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 during 2005. Although beneficial ownership of ENSCO 29 was transferred to our insurance underwriters when the rig was determined to be a total loss, management believes we may be legally required to remove ENSCO 29 wreckage and debris from the seabed and currently estimates the removal cost to range from $5.0 million to $15.0 million. Our property insurance policies include coverage for ENSCO 29 wreckage and debris removal costs up to $3.8 million. We also have liability insurance policies that provide specified coverage for wreckage and debris removal costs in excess of the $3.8 million coverage provided under our property insurance policies.

Our liability insurance underwriters have issued letters reserving rights and effectively denying coverage by questioning the applicability of coverage for the potential ENSCO 29 wreckage and debris removal costs. During 2007, we commenced litigation in the Texas District Court of Dallas County against certain underwriters at Lloyd's of London and other insurance companies, Bryan Johnson and BC Johnson Associates, LLC (collectively "the Underwriters") alleging breach of contract, wrongful denial, bad faith and other claims which seek a declaration that removal of wreckage and debris is covered under our liability insurance, monetary damages, attorneys' fees and other remedies. The Underwriters removed the case to the United States District Court for the Northern District of Texas, Dallas Division. The case was then remanded back to the Texas District Court by the United States District Court. The Underwriters subsequently appealed the remand to the United States Court of Appeals. The United States Court of Appeals recently upheld the United States District Court's order to remand the case back to the Texas District Court. The litigation is in an early stage.

While we anticipate that any ENSCO 29 wreckage and debris removal costs incurred will be largely or fully covered by insurance, a $1.2 million provision, representing the portion of the $5.0 million low end of the range of estimated removal cost we believe is subject to liability insurance coverage, was recognized during 2006.

Asbestos Litigation

During 2004, we and certain current and former subsidiaries were named as defendants, along with numerous other third-party companies as co-defendants, in three multi-party lawsuits filed in the Circuit Courts of Jones County (Second Judicial District) and Jasper County (First Judicial District), Mississippi. The lawsuits sought 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 period 1965 through 1986.

In compliance with the Mississippi Rules of Civil Procedure, the individual claimants in the original multi-party lawsuits whose claims were not dismissed were ordered to file either new or amended single plaintiff complaints naming the specific defendant(s) against whom they intended to pursue claims. As a result, out of more than 600 initial multi-party claims, we have been named as a defendant by 65 individual plaintiffs. Of these claims, 62 claims or lawsuits are pending in Mississippi state courts and three are pending in the U.S. District Court as a result of their removal from state court.

The Mississippi state court cases are under an informal stay of discovery issued by a Special Master, while discovery is conducted for a select and limited group of plaintiffs, some of whom have cases pending against us. Currently, two discovery groups have been designated by the Special Master, with a third discovery group due to be formed in connection with a status conference called by the Special Master for October 26, 2009. To date, written discovery and plaintiff depositions have taken place in eight cases involving us. However, no further activity is expected in these cases until they are selected for trial. Currently, none of the cases pending against us in Mississippi have been set for trial.

In addition to the pending state court cases, there are also three cases pending in Mississippi federal court. These three cases were recently consolidated with 441 other lawsuits and assigned to the Multi-District Litigation 875, which is currently before the U.S. District Court for the Eastern District of Pennsylvania. However, the Houston law firm representing these plaintiffs has filed a Motion to Remand, seeking to bring the cases back to Mississippi state court.

We intend to vigorously defend against these 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.

In addition to the pending cases in Mississippi, we have eight other asbestos or lung injury claims pending against us in litigation in various other jurisdictions. Although we do not expect the final disposition of the Mississippi and other asbestos 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

In July and August 2009, we filed arbitration claims with the Financial Industry Regulatory Authority ("FINRA") alleging fraud, conflict of interest and breach of contract against Citigroup Global Markets, Inc. and Merrill Lynch, Pierce, Fenner & Smith, Inc. and breach of contract against Jefferies & Company, Inc. and Oppenheimer & Co., Inc. in connection with the sale of certain auction rate securities to us in the aggregate principal amount of $59.8 million. These proceedings are in an early stage and there can be no assurances as to the ultimate outcome.

In addition to the foregoing, 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.

Item 1A. *Risk Factors*

There are numerous factors that affect our business and results of operations, many of which are beyond our control. In addition to information set forth in this quarterly report, you should carefully read and consider "Item 1A. Risk Factors" in Part I and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II of our Annual Report on Form 10-K for the year ended December 31, 2008, as updated in the Current Report on Form 8-K dated October 13, 2009, which contains descriptions of significant factors that might cause the actual results of operations in future periods to differ materially from those currently anticipated or expected. Except as set forth below, there have been no material changes from the risk factors previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2008.

THE POTENTIAL FOR GULF OF MEXICO HURRICANE RELATED WINDSTORM DAMAGE OR LIABILITIES COULD RESULT IN UNINSURED LOSSES AND MAY CAUSE US TO ALTER OUR OPERATING PROCEDURES DURING HURRICANE SEASON, WHICH COULD ADVERSELY AFFECT OUR BUSINESS.

Certain areas in and near the Gulf of Mexico experience hurricanes and other extreme weather conditions on a relatively frequent basis. Some of our drilling rigs in the Gulf of Mexico are located in areas that could cause them to be susceptible to damage and/or total loss by these storms, and we have a larger concentration of jackup rigs in the Gulf of Mexico than most of our competitors. Damage caused by high winds and turbulent seas could result in rig loss or damage, termination of drilling contracts on lost or severely damaged rigs or curtailment of operations on damaged drilling rigs with reduced or suspended day rates for significant periods of time until the damage can be repaired. Moreover, even if our drilling rigs are not directly damaged by such storms, we may experience disruptions in our operations due to damage to our customers' platforms and other related facilities in the area. Our drilling operations in the Gulf of Mexico have been impacted by hurricanes, including the total loss of one jackup rig during 2004, one platform rig during 2005 and one jackup rig during 2008, with associated loss of contract revenues and potential liabilities. We currently have seven jackup rigs and two ultra-deepwater semisubmersible rigs in the Gulf of Mexico.

Insurance companies incurred substantial losses in the offshore drilling, exploration and production industries as a consequence of hurricanes that occurred in the Gulf of Mexico during 2004, 2005 and 2008. Accordingly, insurance companies have substantially reduced the levels of insurance coverage available for losses arising from named tropical storm or hurricane damage in the Gulf of Mexico ("windstorm damage") and have dramatically increased the cost of windstorm coverage. In discussions with insurance brokers and underwriters concerning our 2009 mid-year, annual insurance renewal, we were advised that coverage for risks associated with Gulf of Mexico windstorm damage had limited capacity and would be very costly. The tight insurance market not only applies to coverage related to Gulf of Mexico windstorm damage or loss of our drilling rigs, but also impacts coverage for potential liabilities to third parties associated with property damage, personal injury or death and environmental liabilities as well as coverage for removal of wreckage and debris associated with hurricane losses.

Upon renewal of our annual insurance policies effective July 1, 2009, we obtained $450.0 million of annual coverage for ultra-deepwater semisubmersible rig hull and machinery losses arising from Gulf of Mexico windstorm damage with a $50.0 million per occurrence self-insured retention (deductible). However, due to the significant premium, high self-insured retention and limited coverage, we decided not to purchase windstorm insurance for our jackups remaining in the Gulf of Mexico. Accordingly, we have retained the risk for loss or damage of our seven jackup rigs remaining in the Gulf of Mexico arising out of windstorm damage.

Our current limited windstorm insurance coverage exposes us to a significant level of risk due to jackup rig damage or loss related to severe weather conditions caused by Gulf of Mexico hurricanes. Moreover, our current liability insurance policies only provide coverage for Gulf of Mexico windstorm exposures for removal of wreckage and debris in excess of $50.0 million per occurrence as respects both our jackup and ultra-deepwater semisubmersible rig operations.

We have established operational procedures designed to mitigate risk to our jackup rigs in the Gulf of Mexico during hurricane season. In addition to procedures designed to better secure the drilling package on jackup rigs, improve jackup leg stability and increase the air gap to position the hull above waves, our procedures involve analysis of prospective drilling locations, which may include enhanced bottom surveys. These procedures may result in a decision to decline to operate on a customer designated location during hurricane season notwithstanding that the location, water depth and other standard operating conditions are within a rig's normal operating range. Our procedures and the associated regulatory requirements addressing Mobile Offshore Drilling Unit operations in the Gulf of Mexico during hurricane season, coupled with our decision to retain (self-insure) certain windstorm related risks, may result in a significant reduction in the utilization of our jackup rigs in the Gulf of Mexico.

As noted above, we have a $50.0 million per occurrence deductible for windstorm loss or damage to our ultra-deepwater semisubmersible rigs in the Gulf of Mexico and have elected not to purchase loss or damage insurance coverage for our seven jackup rigs in the area. Moreover, we have retained the risk for the first $50.0 million of liability exposure for removal of wreckage and debris resulting from windstorm related exposures associated with our rigs in the Gulf of Mexico. These retained exposures for property loss or damage and liabilities associated with Gulf of Mexico hurricanes could have a material adverse effect on our financial position, operating results and cash flows if we sustain significant uninsured or underinsured losses or liabilities as a result of Gulf of Mexico hurricanes.

THE LOSS OF ENSCO 74 MAY EXPOSE US TO COSTS ASSOCIATED WITH REMOVAL OF WRECKAGE AND DEBRIS, LIABILITIES FOR PROPERTY LOSS OR DAMAGE, PERSONAL INJURY OR DEATH OR ENVIRONMENTAL LIABILITIES THAT MAY NOT BE FULLY RECOVERABLE UNDER OUR INSURANCE OR CONTRACTUAL INDEMNITIES.

In September 2008, ENSCO 74 was lost as a result of Hurricane Ike in the Gulf of Mexico. Portions of its legs remained underwater adjacent to the customer's platform, and we conducted extensive aerial and sonar reconnaissance but failed to locate the rig hull. In March 2009, the sunken rig hull of ENSCO 74 was located on the seabed approximately 95 miles from the original drilling location when it was struck by the oil tanker SKS Satilla. Following discovery of the sunken rig hull, we removed the accessible hydrocarbons onboard the rig and began planning for removal of the wreckage. As an interim measure, the wreckage has been appropriately marked, and the U.S. Coast Guard has issued a Notice to Mariners.

We are involved in civil litigation in the U.S. District Court in the Southern District of Texas in which the owners of the tanker SKS Satilla are seeking damages in the amount of $10.0 million for damages and losses incurred when the tanker struck the sunken hull of ENSCO 74. We also are involved in civil litigation in the U.S. District Court in the Southern District of Texas in which the owner of a pipeline, High Island Offshore System, LLC, alleges that ENSCO 74 damaged the pipeline in the aftermath of Hurricane Ike and is seeking damages for the cost of repairs and business interruption in excess of $26.0 million.

We are involved in civil litigation in the Fifteenth Judicial Court for the Parish of Lafayette and in the Nineteenth Judicial Court for the Parish of Baton Rouge, State of Louisiana in which the owner of a pipeline, Sea Robin Pipeline Company, LLC, is seeking unspecified damages in relation to the cost of repairing damage to the pipeline, loss of revenue, survey and other damages allegedly caused by ENSCO 74 in the aftermath of Hurricane Ike. In addition, we received notice from legal counsel representing owners of another tanker alleging that the sunken hull of the ENSCO 74 caused damage to their tanker in January 2009 resulting in unspecified damages and losses. Based on communications received by our external legal counsel, we understand that the owners of two other subsea pipelines may present claims alleging that their pipelines were damaged by ENSCO 74 in the aftermath of Hurricane Ike.

We are exposed to costs associated with removal of the ENSCO 74 legs that remain underwater adjacent to the customer's platform and the sunken rig hull and related debris. Although we expect the cost of removal of the leg sections and the hull and related debris to be covered by available insurance and contractual indemnification, we may not be fully protected from such costs, liability or exposure (without any additional deductible or self-insured retention). Moreover, although appropriately marked following issuance of a U.S. Coast Guard Notice to Mariners, the sunken hull of ENSCO 74 may expose us to liabilities as a hazard to navigation and may also expose us to various potential liabilities for property loss or damage, personal injury or death and environmental liabilities, including penalties, fines and clean-up costs.

Our liability insurance may not fully protect us from cost, liability or exposure associated with the loss of ENSCO 74. As respects liabilities to third parties, including the aforementioned tanker and pipeline claims, our applicable insurance is subject to a $10.0 million per occurrence self-insured retention and an annual aggregate policy limit of $500.0 million. 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.

We plan to undertake all appropriate defensive measures and filed a petition for exoneration or limitation of liability under U.S. admiralty and maritime law in the U.S. District Court for the Southern District of Texas on September 2, 2009. The petition seeks exoneration from or limitation of liability for any and all injury, loss or damage caused, occasioned or occurred in relation to the ENSCO 74 loss in September 2008. See Note 8 and Note 9 to our condensed consolidated financial statements for additional information on the loss of ENSCO 74 and associated contingencies.

WE MAY INCUR ASSET IMPAIRMENTS AS A RESULT OF DECLINING DEMAND FOR OFFSHORE DRILLING RIGS.

We evaluate the carrying value of our property and equipment, primarily our drilling rigs, when events or changes in circumstances indicate that the carrying value of such rigs may not be recoverable. The offshore drilling industry historically has been highly cyclical, and it is not unusual for rigs to be unutilized or underutilized for significant periods of time and subsequently resume full or near full utilization when business cycles change. Likewise, during periods of supply and demand imbalance, rigs are frequently contracted at or near cash break-even rates for extended periods of time until day rates increase when demand comes back into balance with supply. However, if the global economy were to deteriorate further and/or the offshore drilling industry were to incur a significant prolonged downturn, impairment charges may occur with respect to specific individual rigs, groups of rigs, such as a specific type of drilling rig, or rigs in a certain geographic location.

We test goodwill for impairment on an annual basis or when events or changes in circumstances indicate that a potential impairment exists. The goodwill impairment test requires us to identify reporting units and estimate each unit's fair value as of the testing date. In most instances, our calculation of the fair value of our reporting units is based on estimates of future discounted cash flows to be generated by our drilling rigs, which reflect management's judgments and assumptions regarding future industry conditions and operations, including expected utilization, day rates, expense levels and capital requirements. If the aggregate fair value of our reporting units exceeds our market capitalization, we evaluate the reasonableness of the implied control premium. If we determine the implied control premium is not reasonable, we adjust the discount rate in our discounted cash flow model and reduce the estimated fair values of our reporting units accordingly.

If the global economy were to deteriorate further and/or our expectations relative to future offshore drilling industry conditions decline, we may conclude that the fair value of one or more of our reporting units has more-likely-than-not decreased below its carrying amount and perform a goodwill impairment test. If, at the time of the goodwill impairment test, management's judgments and assumptions regarding future industry conditions and operations have diminished, or if the market value of our common stock has declined, we may conclude that the goodwill of one or more of our reporting units has been impaired.

CHANGES IN LAWS, EFFECTIVE INCOME TAX RATES OR ADVERSE OUTCOMES RESULTING FROM EXAMINATION OF OUR TAX RETURNS COULD ADVERSELY AFFECT OUR FINANCIAL RESULTS.

Our future effective income tax rates could be adversely affected by changes in tax laws, both domestically and internationally. The current U.S. administration has considered sweeping tax reforms which would significantly increase the tax obligations of U.S. multi-national corporations such as Ensco. The proposed legislation, if enacted, would have a significant adverse effect on our financial position, operating results and cash flows.

Our future effective tax rates could also be adversely affected by lower than anticipated earnings in countries where we have lower statutory rates and higher than anticipated earnings in countries where we have higher statutory rates, by changes in the valuation of our deferred tax assets and liabilities or by changes in tax treaties, regulations, accounting principles or interpretations thereof in one or more countries in which we operate. In addition, we are subject to the continuous examination of our income tax returns by the Internal Revenue Service and other tax authorities. We regularly assess the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of our provision for income taxes. There can be no assurance that such examinations will not have an adverse effect on our financial condition, operating results or cash flows.

Item 2. ***Unregistered Sales of Equity Securities and Use of Proceeds***

The table below provides a summary of our repurchases of common stock during the quarter ended September 30, 2009:

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under Plans or Programs
July 1 - July 31	4,061	$37.11	--	$562,000,000
August 1 - August 31	3,915	37.15	--	$562,000,000
September 1 - September 30	3,535	38.30	--	$562,000,000
Total	11,511	$37.49	--	

During the quarter ended September 30, 2009, our repurchases of common stock were primarily from employees and non-employee directors in connection with the settlement of income tax withholding obligations arising from the vesting of share awards.

Our Board of Directors has authorized the repurchase of up to $1,500.0 million of our common stock. No shares were repurchased under our Board-authorized stock repurchase programs during the quarter ended September 30, 2009.

Item 6. ***Exhibits***

Exhibit No.	
3.1	Amended and Restated Certificate of Incorporation of the Company (incorporated by reference to Exhibit A to the Company's Definitive Proxy Statement filed with the Commission on March 21, 2005, File No. 1-08097).
3.2	Revised and Restated Bylaws of the Company, effective November 4, 2008 (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K dated November 4, 2008, File No. 1-08097).
4.1	Indenture, dated November 20, 1997, between the Company and Bankers Trust Company, as Trustee (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K dated November 24, 1997, File No. 1-08097).
4.2	First Supplemental Indenture, dated November 20, 1997, between the Company and Bankers Trust Company, as trustee, supplementing the Indenture dated as of November 20, 1997 (incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K dated November 24, 1997, File No. 1-08097).
4.3	Form of Debenture (incorporated by reference to Exhibit 4.4 to the Registrant's Current Report on Form 8-K dated November 24, 1997, File No. 1-08097).
*10.1	Amendment No. 14 to the ENSCO Savings Plan (As Revised and Restated effective January 1, 1997), dated August 4, 2009.
*10.2	Amendment No. 3 to the ENSCO Supplemental Executive Retirement Plan (As Amended and Restated Effective January 1, 2004), dated August 4, 2009.
*10.3	Amendment No. 1 to the ENSCO 2005 Supplemental Executive Retirement Plan (As Amended and Restated Effective January 1, 2005), dated August 4, 2009.
*10.4	Amendment No. 2 to the ENSCO Non-Employee Director Deferred Compensation Plan, dated August 4, 2009.
*10.5	Amendment No. 3 to the ENSCO 2005 Non-Employee Director Deferred Compensation Plan, dated August 4, 2009.
*10.6	Deed of Amendment to the ENSCO Multinational Savings Plan between Citco Trustees (Cayman) Limited (as Trustee) and ENSCO International Incorporated, dated August 4, 2009.
*15.1	Letter regarding unaudited interim financial information.
*31.1	Certification of the Chief Executive Officer of Registrant Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
*31.2	Certification of the Chief Financial Officer of Registrant Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
**32.1	Certification of the Chief Executive Officer of Registrant Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
**32.2	Certification of the Chief Financial Officer of Registrant Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Exhibit No.	
**101.INS	XBRL Instance Document
**101.SCH	XBRL Taxonomy Extension Schema
**101.CAL	XBRL Taxonomy Extension Calculation Linkbase
**101.DEF	XBRL Taxonomy Extension Definition Linkbase
**101.LAB	XBRL Taxonomy Extension Label Linkbase
**101.PRE	XBRL Taxonomy Extension Presentation Linkbase

* Filed herewith.

** Furnished herewith.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ENSCO INTERNATIONAL INCORPORATED

Date: October 22, 2009

/s/ JAMES W. SWENT III
James W. Swent III
Senior Vice President -
Chief Financial Officer

/s/ DAVID A. ARMOUR
David A. Armour
Vice President - Finance

/s/ DOUGLAS J. MANKO
Douglas J. Manko
Controller

AMENDMENT NO. 14
TO THE
ENSCO SAVINGS PLAN
(As Revised and Restated Effective January 1, 1997)

THIS AMENDMENT NO. 14, executed this 4th day of August, 2009, and effective as of the dates specified herein, by Ensco International Incorporated, having its principal office in Dallas, Texas (hereinafter referred to as the "Company").

W I T N E S S E T H:

WHEREAS, the Company revised and restated the ENSCO Savings Plan (the "Plan"), effective January 1, 1997, except for certain provisions for which another effective date was subsequently provided elsewhere in the terms of the Plan, to (i) incorporate the prior amendments to the Plan, (ii) incorporate such other provisions as were necessary due to the merger of the Penrod Thrift Plan and the Dual 401(k) Plan into the Plan, (iii) clarify the definition of "annual compensation" used for nondiscrimination testing under Sections 401(k) and 401(m) of the Code, and (iv) bring the Plan into compliance with the Internal Revenue Code of 1986, as amended (the 'Code'), as modified by the Small Business Job Protection Act of 1996, the General Agreement on Tariffs and Trade under the Uruguay Round Agreements Act, the Uniformed Services Employment and Reemployment Rights Act of 1994, the Taxpayer Relief Act of 1997, the Internal Revenue Service Restructuring and Reform Act of 1998, and the Community Renewal Tax Relief Act of 2000, as well as all applicable rules, regulations and administrative pronouncements enacted, promulgated or issued since the date the Plan was last restated;

WHEREAS, the Company adopted Amendment No. 1 to the revised and restated Plan, effective January 1, 2002, to reflect the proposed Treasury regulations (the "Proposed Regulations") issued under Section 401(a)(9) of Code;

WHEREAS, the Company adopted Amendment No. 2 to the revised and restated Plan, effective as of January 1, 2002, except as specifically otherwise in Amendment No. 2, to (i) reflect certain provisions of the Economic Growth and Tax Relief Reconciliation Act of 2001 ("EGTRRA") which generally became applicable to the Plan effective as of January 1, 2002, and (ii) constitute good faith compliance with the requirements of EGTRRA;

WHEREAS, the Pension and Welfare Benefits Administration of the Department of Labor issued final regulations establishing new standards for processing benefit claims of participants and beneficiaries under Section 15.6 of the Plan which have been clarified by further guidance from the Pension and Welfare Benefits Administration (collectively the "Final Claims Procedure Regulations");

WHEREAS, the Proposed Regulations for which the revised and restated Plan was amended by Amendment No. 1 were replaced by final Treasury regulations that were issued April 17, 2002 under Section 401(a)(9) of the Code relating to required minimum distributions under Section 15.4 of the Plan (the "Final Required Minimum Distribution Regulations");

WHEREAS, the Company acquired Chiles Offshore Inc. ("Chiles"), effective August 7, 2002, pursuant to a merger agreement among the Company, Chore Acquisition, Inc. ("Chore"), a wholly-owned subsidiary of the Company, and Chiles, whereby Chiles was merged with and into Chore, with Chore being the surviving company and continuing to exist as a wholly-owned subsidiary of the Company and the successor sponsor to Chiles of the Chiles Offshore Inc. 401(k) Retirement Savings Plan (the "Chiles 401(k) Plan");

WHEREAS, the employees of Chiles that continued as employees of a subsidiary of the Company on and after August 7, 2002 continued to be eligible to participate in the Chiles 401(k) Plan through September 30, 2002 and then became eligible to participate in the Plan effective October 1, 2002;

WHEREAS, the Chiles 401(k) Plan was merged into the Plan effective October 1, 2002 and the assets of the Chiles 401(k) Plan were transferred on October 1, 2002 from the trust established pursuant to the Chiles 401(k) Plan to the trust established pursuant to the Plan;

WHEREAS, the Company adopted Amendment No. 3 to the revised and restated Plan, effective as of October 1, 2002, unless specifically provided otherwise in Amendment No. 3, to, among other things, (i) revise Section 15.6 of the Plan to provide that the administrator of the Plan shall process benefit claims of participants and beneficiaries pursuant to the claims procedure specified in the summary plan description for the Plan which shall comply with the Final Claims Procedure Regulations, as may be amended from time to time, (ii) reflect the Final Required Minimum Distribution Regulations by amending Section 15.4 of the Plan consistent with the Model Amendment provided by the Internal Revenue Service in Rev. Proc. 2002-29, (iii) permit participation in the Plan on October 1, 2002 (the "Date of Participation") by all employees of Chiles who are both eligible to participate in the Chiles 401(k) Plan as of September 30, 2002 and are employed by the Company or a subsidiary of the Company on October 1, 2002, (iv) provide all employees of Chiles who begin to participate in the Plan as of the Date of Participation with credit for all actual service with Chiles for purposes of the eligibility and vesting provisions of the Plan, (v) provide that any participant in the Chiles 401(k) Plan who has credit under the Chiles 401(k) Plan for at least three years of vesting service as of the Date of Participation shall continue to vest under the Plan in his account balance in the Plan pursuant to the vesting schedule contained in the Chiles 401(k) Plan, (vi) provide that any participant in the Chiles 401(k) Plan who has credit under the Chiles 401(k) Plan for two years of vesting service as of the Date of Participation shall remain 40% vested in his account balance in the Plan but, subsequent to the Date of Participation, shall continue to vest in his account balance in the Plan pursuant to the vesting schedule of the Plan, (vii) provide that any participant in the Chiles 401(k) Plan who has credit under the Chiles 401(k) Plan for one year of vesting service as of the Date of Participation shall remain 20% vested in his account balance in the Plan but, subsequent to the Date of Participation, shall continue to vest in his account balance in the Plan pursuant to the vesting schedule of the Plan, (viii) provide that any participant in the Chiles 401(k) Plan as of the Date of Participation shall become fully vested in his account balance in the Plan as of the date he has both attained age 55 and received credit under the Plan for at least five years of vesting service, and (ix) provide that any participant in the Chiles 401(k) Plan as of the Date of Participation shall be eligible for an in-service withdrawal from the Plan under Section 15.5(c) of the Plan once every six months after he has attained 59-1/2;

WHEREAS, the Company adopted Amendment No. 4 to the revised and restated Plan to retroactively amend the definition of Profit Sharing Entry Date in Section 1.16 of the Plan to conform the terms of Section 1.16 of the Plan to the actual operation of the Plan as authorized by Section 2.07(3) of Appendix B to Rev. Proc. 2002-47;

WHEREAS, the Company adopted Amendment No. 5 to the revised and restated Plan to (i) reduce the service requirement to become eligible to participate in the 401(k) feature of the Plan, (ii) revise the requirements for an election to participate in the 401(k) feature of the Plan and for subsequent amendments to a salary reduction agreement, and (iii) increase the maximum deferral percentage that may be elected under a salary reduction agreement;

WHEREAS, EGTRRA amended Section 401(a)(31)(B) of the Code to require that mandatory distributions of more than $1,000 from the Plan be paid in a direct rollover to an individual retirement plan as defined in Sections 408(a) and (b) of the Code if the distributee does not make an affirmative election to have the amount paid in a direct rollover to an eligible retirement plan or to receive the distribution directly and I.R.S. Notice 2005-5 provides that this provision becomes effective to the Plan for distributions on or after March 28, 2005;

WHEREAS, the Company adopted Amendment No. 6 to the revised and restated Plan (i) effective as of September 1, 2005, to increase the normal retirement age under the Plan from age 60 to age 65, and (ii) effective as of March 28, 2005, to comply with the provisions of Section 401(a)(31)(B) of the Code, as amended by EGTRRA and the guidance issued in I.R.S. Notice 2005-5 relating to the application of the new rules in connection with automatic rollovers of certain mandatory distributions;

WHEREAS, the Katrina Emergency Tax Relief Act of 2005 ("KETRA") amended the Code to immediately authorize tax-favored withdrawals and special provisions for loans from qualified retirement plans to provide relief relating to Hurricane Katrina;

WHEREAS, the Company adopted Amendment No. 7 to the revised and restated Plan, effective as of October 3, 2005, to provide temporary relief to certain participants and related individuals affected by Hurricane Katrina in the form of (i) hardship withdrawals from the Plan, and (ii) modified loan provisions for certain loans from the Plan;

WHEREAS, the Gulf Opportunity Zone Act of 2005 amended the Code to expand the hurricane-related relief provided under KETRA to victims of Hurricane Rita and Hurricane Wilma;

WHEREAS, the Company adopted Amendment No. 8 to the revised and restated Plan to provide temporary relief to certain participants and related individuals affected by Hurricane Rita and/or Hurricane Wilma in the form of (i) hardship withdrawals from the Plan, and (ii) modified loan provisions for certain loans from the Plan;

WHEREAS, the Company adopted Amendment No. 9 to the revised and restated Plan, effective January 1, 2007, to reduce the service requirement to become eligible to participate in the profit sharing feature of the Plan with respect to employees who are employed or reemployed after December 31, 2006;

WHEREAS, the Department of Treasury issued final regulations under Sections 401(k) and 401(m) of the Code which generally became applicable to the Plan effective as of January 1, 2006 (collectively the "Final 401(k)/401(m) Regulations");

WHEREAS, the Company adopted Amendment No. 10 to the revised and restated Plan (i) effective as of January 1 2006, to reflect the Final 401(k)/401(m) Regulations and to constitute good faith compliance with the Final 401(k)/(m) Regulations and (ii) effective as of January 1, 2007, to exclude Carl F. Thorne from further participation in the profit sharing feature of the Plan;

WHEREAS, the Company adopted Amendment No. 11 to the revised and restated Plan, effective January 1, 2008, to (i) clarify that certain highly compensated employees are not permitted to amend their salary reduction contribution elections for a year during the year, and (ii) amend the vesting schedule in Section 14.2 of the Plan;

WHEREAS, the Pension Protection Act of 2006 requires participant-directed individual account plans to provide quarterly benefit statements to the plans' participants providing certain specific information;

WHEREAS, the Department of Labor issued final regulations relating to qualified default investment alternatives in participant-directed individual account plans which may become applicable to a plan effective on or after December 24, 2007 (the "Qualified Default Investment Alternatives Regulations");

WHEREAS, the Company adopted Amendment No. 12 to the revised and restated Plan, to (i) amend, effective as of January 1, 2008, the investment funds specified in Section 1.24 of the Plan available for participant direction of investment, (ii) amend, effective June 1, 2008, Section 1.24 and Section 22.8 of the Plan to provide a limitation on the portion of a participant's individual account that may be invested in Fund 5, (iii) amend, effective June 1, 2008, Section 3.1 of the Plan to provide for automatic enrollments, (iv) amend, effective as of January 1, 2007, Section 10.2 and Section 22.8 of the Plan to comply with the quarterly benefit statement requirements of the Pension Protection Act of 2006, (v) amend, effective June 1, 2008, Section 15.11 of the Plan to provide for eligible rollover distributions by non-spousal beneficiaries as permitted by the Pension Protection Act of 2006, and (vi) amend, effective June 1, 2008, Section 22.8 and Section 22.10 of the Plan to change the default investment fund and to specify related procedures in compliance with the Qualified Default Investment Alternatives Regulations governing the investment of the individual account of new participants with an employment or re-employment commencement date after May 31, 2008 who fail to affirmatively direct the investment of their individual accounts;

WHEREAS, the Company adopted Amendment No. 13 to the revised and restated Plan, to (i) amend, effective as of February 1, 2009, the investment funds specified in Section 1.24 of the Plan available for participant direction of investment, (ii) amend, effective January 1, 2009, except as otherwise specifically provided therein to the contrary, Article II and Section 3.1(b)(iv) of the Plan to provide for the exclusion from initial or continued eligibility to participate in the Plan of all employees of the Company and Affiliated Companies who become or may subsequently become eligible to participate in the Ensco Multinational Savings Plan on or after January 1, 2009, or would otherwise become or subsequently become eligible to participate in the Ensco Multinational Savings Plan on or after January 1, 2009 but for the fact that any such employee is not working outside the country of the employee's permanent residence, (iii) amend, effective January 1, 2008, Section 3.2 of the Plan to provide that an employer shall make additional matching contributions as of the last day of any plan year, commencing with the plan year ending December 31, 2008, to the extent the Plan administrator determines that a participant did not receive the same amount of matching contributions to which the participant was entitled for that plan year based on his salary reduction contributions and his annual compensation for that plan year, and (iv) amend, effective January 1, 2008, Section 7.4 of the Plan to provide for the exclusion of all participants and employees of the Company and Affiliated Companies who become or may subsequently become eligible to participate in the Ensco Multinational Savings Plan on or after January 1, 2009, or would otherwise become or subsequently become eligible to participate in the Ensco Multinational Savings Plan on or after January 1, 2009 but for the fact that any such employee is not working outside the country of the employee's permanent residence, from initial or continued eligibility to share in the allocation of any profit sharing contribution (as well as the forfeitures, if any, that may become allocable under Section 7.4 along with such profit sharing contributions) that may be made to the Plan under Section 3.3 for any plan year beginning on or after January 1, 2008;

WHEREAS, final Treasury regulations were issued under Section 415 of the Code which became effective to the Plan as of January 1, 2008 (the "Final 415 Regulations"); and

WHEREAS, the Company now desires to adopt this Amendment No. 14 to the revised and restated Plan, to (i) amend, effective January 1, 2008, Article VIII of the Plan to reflect the Final 415 Regulations, and (ii) amend, effective October 1, 2009, Section 22.8 of the Plan to reduce the increments by which participants can select investment funds from ten percent to the lowest increment determined from time to time by the administrator of the Plan and to reduce the limitation on the portion of a participant's individual account that may be invested in Fund 5;

NOW, THEREFORE, in consideration of the premises and the covenants herein contained, the Company hereby adopts the following Amendment No. 14 to the Plan:

1. Article VIII of the Plan is hereby amended, effective as of January 1, 2008, to read as follows:

ARTICLE VIII

LIMITATIONS ON ALLOCATIONS

Sec. 8.1 Limitation on Allocations . Notwithstanding any other provision of the Plan, the following provisions shall be applicable to the Plan:

(a) If the Plan is the only plan maintained by an Employer which covers the class of Employees eligible to participate hereunder and the Participant does not participate in and has never participated in a Related Plan or a welfare benefit fund, as defined in Section 419(e) of the Code, maintained by the Employer, or an individual medical account, as defined in Section 415(1)(2) of the Code, maintained by the Employer, which provides an Annual Addition, the Annual Additions which may be allocated under the Plan to a Participant's Individual Account for a Limitation Year shall not exceed the lesser of:

(i) the Maximum Permissible Amount; or

(ii) any other limitation contained in the Plan. Maximum Permissible Amount; or

(b) If an Employer maintains, in addition to the Plan, (i) a Related Plan which covers the same class of Employees eligible to participate hereunder, (ii) a welfare benefit fund, as defined in Section 419(e) of the Code, or (iii) an individual medical account, as defined in Section 415(l)(2) of the Code, which provides an Annual Addition, the Annual Additions which may be allocated under the Plan to a Participant's Individual Account for a Limitation Year shall not exceed the lesser of:

(i) the Maximum Permissible Amount, reduced by the sum of any Annual Additions allocated to the Participant's accounts for the same Limitation Year under the Plan and such other Related Plan and the welfare plans described in clauses (ii) and (iii) above; or

(ii) any other limitation contained in the Plan.

Sec. 8.2 Definitions . For purposes of this Article VIII, the following terms shall have the meanings set forth below:

(a) "Annual Additions" means the sum of the following amounts allocated to a Participant's Individual Account for a Limitation Year:

(i) all Employer contributions;

(ii) all forfeitures

(iii) all Employee contributions other than catch-up contributions made pursuant to Section 414(v) of the Code; and

(iv) all amounts allocated to an individual medical account, as defined in Section 415(l)(2) of the Code, which is part of a pension or annuity plan maintained by the Employer and amounts derived from contributions which are attributable to post-retirement medical benefits allocated to the separate account of a key employee, as defined in Section 419A(d)(3) of the Code, under a welfare benefit fund, as defined in Section 419(e) of the Code, maintained by the Employer.

In addition, Annual Additions shall include Excess Elective Deferrals under Section 4.1 that are not distributed under that section to the Participant before April 15 following the taxable year of deferral, Excess Salary Reduction Contributions within the meaning of Section 4.3, and Excess Matching Contributions within the meaning of Section 5.2, but shall not include Restorative Payments.

For purposes of this Article VIII, Employee contributions shall be determined without regard to any (i) rollover contribution within the meaning of Sections 401(a)(31), 402(c)(1), 403(a)(4), 403(b)(8), 408(d)(3) and 457(e)(16) of the Code, (ii) repayment of prior Plan distributions described in Section 411(a)(7)(B) of the Code (in accordance with Section 411(a)(7)(C) of the Code) and Section 411(a)(3)(D) of the Code, (iii) contribution by the Employee to a simplified employee pension, (iv) contribution by the Employee to an individual retirement account or individual retirement annuity, (v) repayment of loans made to the Participant from the Plan, and (vi) direct transfer of Employee contributions from a plan described in Section 401(a) of the Code to the Plan.

(b) "Excess Amount" means the excess of the Annual Additions allocated to a Participant's Individual Account for the Limitation Year over the Maximum Permissible Amount, less loading and other administrative charges allocable to such excess.

(c) "Limitation Year" means a twelve-consecutive month period ending on the last day of the Year. All qualified plans maintained by the Employer must use the same Limitation Year unless different years are elected as allowed by procedures established by the Internal Revenue Service. The Limitation Year may be changed only by a Plan amendment. Furthermore, if the Plan is terminated effective as of a date other than the last day of the Limitation Year, the Plan shall be treated as if the Plan had been amended to change the Limitation Year.

(d) "Maximum Permissible Amount" means, for a Limitation Year with respect to any Participant, the lesser of:

(i) $46,000. [or, beginning January 1, 2009, and each January thereafter, such other dollar limitation determined for the Limitation Year by automatically adjusting the $46,000 limitation by the cost-of-living adjustment factor prescribed by the Secretary of the Treasury under Section 415(d) of the Code in such manner as the Secretary shall prescribe]; or

(ii) 100% of the Participant's Annual Compensation for the Limitation Year.

The compensation limit referred to in clause (ii) above shall not apply to any contribution for medical benefits after separation from service [within the meaning of Section 401(h) or 419A(f)(2) of the Code], which is otherwise treated as an Annual Addition.

(e) "Employer" means for purposes of this Article VIII, the Employer and any Affiliated Company that adopts the Plan; provided, however, the determination under Sections 414(b) and (c) of the Code shall be made as if the phrase "more than 50 percent" were substituted for the phrase "at least 80 percent" each place it is incorporated into Sections 414(b) and (c) of the Code.

(f) "Annual Compensation" means, notwithstanding Section 1.5, for the purposes of this Article VIII, a Participant's earned income, wages, salaries, fees for professional service and other amounts received (without regard to whether an amount is paid in cash) for personal services actually rendered in the course of employment with an Employer maintaining the Plan to the extent that the amounts are includible in gross income [including, but not limited to, commissions paid salesmen, compensation for services on the basis of a percentage of profits, commissions on insurance premiums, tips, bonuses, fringe benefits, and reimbursements, or other expense allowances under a nonaccountable plan, as described in Treas. Reg.§ 1.62-2(c)], and excluding the following:

(i) Employer contributions to a plan of deferred compensation to the extent contributions are not included in gross income of the Employee for the taxable year in which contributed, and any distributions from a plan of deferred compensation whether or not includible in the gross income of the Employee when distributed;

(ii) amounts realized from the exercise of a non-qualified stock option [which is an option other than a statutory option defined in Treas. Reg. §1.421-1(b)], or when restricted stock (or property) held by an Employee either becomes freely transferable or is no longer subject to a substantial risk of forfeiture;

(iii) amounts realized from the sale, exchange or other disposition of stock acquired under a statutory stock option [as defined in Treas. Reg. §1.421-1(b)]; and

(iv) other amounts which receive special tax benefits, such as premiums for group-term life insurance (but only to the extent that the premiums are includible in the gross income of the Employee and are not salary reduction amounts that are described in Section 125 of the Code).

Annual Compensation shall be determined hereunder without regard to any rules under Section 3401(a) of the Code that limit the remuneration included in wages based on the nature or location of the employment or the services performed.

Annual Compensation shall include:

(i) amounts contributed by an Employer pursuant to a salary reduction agreement which are excludable from the Participant's gross income under Sections 125, 402(e)(3), 402(h)(1)(B), 408(p)(2)(A)(i), 457 or 403(b) of the Code, and elective amounts that are not includible in the gross income of the Participant by reason of Section 132(f)(4) of the Code; and

(ii) amounts includible in the Participant's gross income under the rules of Section 409A of the Code and Section 457(f)(1)(A) of the Code or because amounts are constructively received by the Employee.

Annual Compensation for any Limitation Year is the Annual Compensation actually paid or includible in gross income during such Limitation Year and, except as provided in this paragraph, shall not include amounts paid to a Participant after severance from employment. Annual Compensation shall include the following amounts that are paid prior to the later of two and one-half months after a Participant's severance from employment or the end of the Limitation Year that includes the date of such severance from employment:

(i) payments of regular compensation for services during the Participant's regular working hours, or compensation for services outside his regular working hours (such as overtime or shift differential), commissions, bonuses or other similar payments, that would have been paid to the Participant prior to a severance from employment had he continued in employment with the Employer; and

(ii) payments for unused accrued bona fide sick, vacation or other leave, but only if (A) the Participant would have been able to use the leave if his employment had continued, and (B) the payments would have been included in the definition of Annual Compensation if those payments had been paid prior to the Participant's severance from employment.

(g) "Related Plan" means any other defined contribution plan [as defined in Section 415(k) of the Code] maintained by any Employer as defined in Section 8.2(e).

(h) "Restorative Payments" means payments made to restore losses to the Plan resulting from actions by a fiduciary for which there is reasonable risk of liability for breach of a fiduciary duty under ERISA or under other applicable federal or state law, where Participants who are similarly situated are treated similarly with respect to the payments. Generally, payments are Restorative Payments only if the payments are made in order to restore some or all of the Plan's losses due to an action (or a failure to act) that creates a reasonable risk of liability for such a breach of fiduciary duty (other than a breach of fiduciary duty arising from failure to remit contributions to the Plan). Restorative Payments include payments to the Plan made pursuant to a Department of Labor order, the Department of Labor's Voluntary Fiduciary Correction Program, or a court-approved settlement, to restore losses to the Plan on account of the breach of fiduciary duty (other than a breach of fiduciary duty arising from failure to remit contributions to the Plan). Payments made to the Plan to make up for losses due merely to market fluctuations and other payments that are not made on account of a reasonable risk of liability for breach of a fiduciary duty under ERISA are not Restorative Payments and generally constitute Employer contributions that are considered Annual Additions.

Sec. 8.3 Correction of Excess Amounts . Notwithstanding any provision of the Plan to the contrary, if the Plan holds Excess Amounts because the Annual Additions for one or more Participants exceed the Maximum Permissible Amount, then the Plan may only correct such Excess Amounts in accordance with the Employee Plans Compliance Resolution System, as set forth in Revenue Procedure 2008-50 issued by the Internal Revenue Service, as the principles of such Revenue Procedure may be modified or expanded from time to time, or any other correction procedures available generally to the Company with respect to the Plan, including, but not limited to, the preamble of the final Treasury regulations issued under Section 415 of the Code.

Sec. 8.4 Aggregation and Disaggregation of Plans . For purposes of this Article VIII, the following provisions shall be applicable to each Employer covered by the Plan:

(a) For purposes of applying the limitations of Section 415 of the Code, all defined contributions plans (without regard to whether a plan has been terminated) ever maintained by the Employer (or a "predecessor employer") under which the Participant receives annual additions are treated as one defined contribution plan. For purposes of this Section 8.4(a):

(i) A former Employer is a "predecessor employer" with respect to a participant in a plan maintained by an Employer if the Employer maintains a plan under which the Participant had accrued a benefit while performing services for the former Employer, but only if that benefit is provided under the plan maintained by the Employer. For this purpose, the formerly affiliated plan rules in Treas. Reg. §1.415(f)-1(b)(2) shall apply as if the Employer and predecessor employer constituted a single Employer under the rules described in Treas. Reg. §§1.415(a)-1(f)(1) and (2) immediately prior to the cessation of affiliation [and, as if the Employer and predecessor employer constituted two, unrelated employers under the rules described in Treas. Reg. §§1.415(a)-1(f)(1) and (2) immediately after the cessation of affiliation] and cessation of affiliation was the event that gives rise to the predecessor employer relationship, such as a transfer of benefits or plan sponsorship.

(ii) With respect to an Employer of a Participant, a former entity that antedates the Employer is a "predecessor employer" with respect to the Participant if, under the facts and circumstances, the Employer constitutes a continuation of all or a portion of the trade or business of the former entity.

(b) For purposes of aggregating plans for Section 415 of the Code, a "formerly affiliated plan" of an Employer shall be taken into account for purposes of applying the limitations under Section 415 of the Code to the Employer, but the formerly affiliated plan shall be treated as if it had terminated immediately prior to the "cessation of affiliation." For purposes of this Section 8.4(b), a "formerly affiliated plan" of an Employer is a plan that, immediately prior to the cessation of affiliation, was actually maintained by one or more of the entities that constitute the Employer [as determined under the employer affiliation rules described in Treas. Reg. §§1.415(a)-1(f)(1) and (2)], and, immediately after the cessation of affiliation, is not actually maintained by any of the entities that constitute the Employer [as determined under the employer affiliation rules described in Treas. Reg. §§1.415(a)-1(f)(1) and (2)]. For purposes of this Section 8.4(b), a "cessation of affiliation" means the event that causes an entity to no longer be aggregated with one or more other entities as a single employer under the employer affiliation rules described in Treas. Reg. §§1.415(a)-1(f)(1) and (2) (such as the sale of a subsidiary outside a controlled group), or that causes a plan to not actually be maintained by any of the entities that constitute the Employer under the employer affiliation rules of Treas. Reg. §§1.415(a)-1(f)(1) and (2) (such as a transfer of plan sponsorship outside of a controlled group).

(c) Two or more defined contribution plans that are not required to be aggregated pursuant to Section 415(f) of the Code as of the first day of a Limitation Year do not fail to satisfy the requirements of Section 415 of the Code with respect to a Participant for the Limitation Year merely because those plans are aggregated later in that Limitation Year, provided that no annual additions are credited to the Participant's individual account after the date on which the plans are required to be aggregated.

2. Section 22.8 Participant Direction of Investments. To the extent permitted by the Administrator from time to time, based on a non-discriminatory policy, each Participant and Former Participant may direct the Trustee concerning the investment of his Individual Account among Investment Funds made available to the Participants and Former Participants by the Administrator from time to time. The investment direction rights under this Section 22.8 and the related procedures shall also apply to Beneficiaries and Alternate Payees for whom an Individual Account is held under the Plan. The Administrator may change the Investment Funds set forth in Section 1.24 at such time as it may determine in its sole and absolute discretion; provided, however, that the Administrator shall maintain, at a minimum, at least three investment funds representing a broad range of investment alternatives which provide Participants and Former Participants with a reasonable opportunity to materially affect the potential return on amounts in their Individual Accounts. The Administrator may use registered mutual funds, bank-maintained collective investment funds or similar arrangements as funding vehicles for the Investment Funds, provided that the underlying investments of any such arrangement are consistent with the investment objectives of the particular Investment Fund, as established by the Administrator. The Administrator, in its sole and absolute discretion, may at any time establish new Investment Funds or discontinue existing Investment Funds and may at any time increase or decrease the number of Investment Funds that are offered to Participants and Former Participants under the Plan. If the Administrator determines that there is insufficient participation in a particular Investment Fund, the Administrator may, in its sole and absolute discretion, discontinue the availability of that Investment Fund.

A Participant or Former Participant may elect to invest the balance of his Individual Account in any one or more of the Investment Funds, but any such election of the Investment Funds must be in one percent increments (or such other minimum increment as may be determined by the Administrator) totaling 100%. At the time an Employee becomes a Participant, he shall complete and file with the Administrator using the form furnished by the Administrator or, if permitted by the Administrator, an Interactive Electronic Communication, designating the Investment Funds under which his Salary Reduction Contributions, accounts under a plan merged into the Plan, Rollover Contributions, if any, Employer profit sharing contributions and Matching Contributions, if any, allocated to his Individual Account, if any, are to be initially invested. Separate elections may be made with respect to different types of contributions. The Employer's profit sharing contributions pursuant to Section 3.3, if any, and Matching Contributions pursuant to Section 3.2, if any, shall be invested in accordance with the Participant's elections in effect at the time that such Employer profit sharing contributions and Matching Contributions are actually made to the Plan. The directions, and any change thereto, must be in writing or, if permitted by the Administrator, by Interactive Electronic Communication.

Up to 100% of the assets of a Participant's Individual Account attributable to contributions allocated to his Individual Account on or before May 31, 2008 may be invested in Fund 5. Effective June 1, 2008, a Participant may not direct that more than 50% of the assets of his Individual Account attributable to contributions allocated to his Individual Account after May 31, 2008 may be invested in Fund 5. If the investment election of any Participant in effect on June 1, 2008 provides for an election in excess of 50% to Fund 5, that investment election shall be automatically revised, effective June 1, 2008, with respect to the specific election to Fund 5 to provide for an election of 50% to Fund 5 and the percentage elected in excess of 50% shall be deemed to be an election of that excess percentage to the particular T. Rowe Price target date retirement fund (currently set forth in Section 1.24 as Funds 13-24) determined by the age of the Participant. Notwithstanding that the value of the assets in a Participant's Individual Account that are invested in Fund 5 on June 1, 2008 is 50% or more of the total value of the assets in his Individual Account on that date, the Participant's Individual Account may continue to hold that investment interest in Fund 5 after May 31, 2008 and the investment election in Fund 5 permitted by the two preceding sentences with respect to contributions allocated to his Individual Account after May 31, 2008 shall not be affected. A Participant shall not be permitted, however, to direct the Trustee (in writing, or if permitted by the Administrator, by giving an Interactive Electronic Communication) after May 31, 2008 to change the investment of the assets then allocated to his Individual Account if (i) that investment election requires reinvestment of any assets in his Individual Account into Fund 5 and the value of the assets in his Individual Account that are invested in Fund 5 on that date is 50% or more of the total value of the assets in his Individual Account on that date, or (ii) the effect of that investment election would result in more than 50% of the value of the total assets in his Individual Account on that date being invested in Fund 5.

Effective October 1, 2009, a Participant may not direct that more than 25% of the assets of his Individual Account attributable to contributions allocated to his Individual Account after September 30, 2009 may be invested in Fund 5. If the investment election of any Participant in effect on October 1, 2009 provides for an election in excess of 25% to Fund 5, that investment election shall be automatically revised, effective October 1, 2009, with respect to the specific election to Fund 5 to provide for an election of 25% to Fund 5 and the percentage elected in excess of 25% shall be deemed to be an election of that excess percentage to the particular T. Rowe Price target date retirement fund (currently set forth in Section 1.24 as Funds 13-24) determined by the age of the Participant. Notwithstanding that the value of the assets in a Participant's Individual Account that are invested in Fund 5 on October 1, 2009 is 25% or more of the total value of the assets in his Individual Account on that date, the Participant's Individual Account may continue to hold that investment interest in Fund 5 after September 30, 2009 and the investment election in Fund 5 permitted by the two preceding sentences with respect to contributions allocated to his Individual Account after September 30, 2009 shall not be affected. A Participant shall not be permitted, however, to direct the Trustee (in writing, or if permitted by the Administrator, by giving an Interactive Electronic Communication) after September 30, 2009 to change the investment of the assets then allocated to his Individual Account if (i) that investment election requires reinvestment of any assets in his Individual Account into Fund 5 and the value of the assets in his Individual Account that are invested in Fund 5 on that date is 25% or more of the total value of the assets in his Individual Account on that date, or (ii) the effect of that investment election would result in more than 25% of the value of the total assets in his Individual Account on that date being invested in Fund 5.

If an Employee has an employment or re-employment commencement date after May 31, 2008 and fails to complete and file with the Administrator using the form furnished by the Administrator or, if allowed by the Administrator, to give an Interactive Electronic Communication, directing the Trustee concerning the investment of his Individual Account, the entire balance of his Individual Account shall be invested in the particular T. Rowe Price target date retirement fund (currently set forth in Section 1.24 as Funds 13-24) determined by the age of the Participant or Former Participant pending the Administrator's receipt of investment direction from, or an Interactive Electronic Communication by, the Participant or Former Participant, or in such other default investment fund or funds as may be designated by the Administrator from time to time for such purpose which constitute a "qualified default investment alternative" under the applicable Department of Labor regulations. At such time or times required by Section 404(c) of ERISA and the Department of Labor regulations promulgated thereunder, the Administrator shall give each Participant and Former Participant a Notice of his rights and obligations under the default arrangement which is sufficiently accurate and comprehensive to apprise the Participant or Former Participant of such rights and obligations and is written in a manner to be understood by the average Participant, as well as of such other information required by the applicable Department of Labor regulations. The Notice must (i) explain the Participant's or Former Participant's rights under the Plan to specifically elect to exercise control over the investment of his Individual Account, (ii) explain how the Participant's or Former Participant's Individual Account will be invested in the absence of an investment election by the Participant or Former Participant, and (iii) include all other information required by the applicable Department of Labor regulations. Each Participant and Former Participant whose Individual Account has been invested in a default investment fund shall be permitted to transfer to any other Investment Fund as frequently as Participants and Former Participants who affirmatively elect to direct the investment of their Individual Accounts hereunder. If an Employee has an employment or re-employment commencement date before June 1, 2008 and fails to direct the investment of his Individual Account, the entire balance of his Individual Account shall be invested in Fund 4.

Effective January 1, 2007, the statement described in Section 10.2 that is required to be provided, at least quarterly, to the Participants, Former Participants, Beneficiaries and Alternate Payees for whom an Individual Account is held hereunder must include (i) the value of each investment to which assets in the individual's Individual Account are allocated (determined as of the Plan's most recent valuation date), (ii) an explanation of any limitations or restrictions on any right of the individual to direct an investment, (iii) an explanation, written in a manner calculated to be understood by the average Participant, of the importance, for the long-term retirement security of Participants of a well-balanced and diversified investment portfolio, including a statement of the risk that holding more than 20 percent of a portfolio in the security of one entity may not be adequately diversified, and (iv) a Notice directing the Participant, Former Participant, Beneficiary or Alternate Payee to the Internet website of the Department of Labor for sources of information on individual investing and diversification.

IN WITNESS WHEREOF, the Company, acting by and through its duly authorized officers, has caused this Amendment No. 14 to be executed on the date first above written.

ENSCO INTERNATIONAL INCORPORATED

/s/ Cary A. Moomjian, Jr.
Cary A. Moomjian, Jr.
Vice President

Exhibit 10.2

AMENDMENT NO. 3 TO THE ENSCO SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN (As Amended and Restated Effective January 1, 2004)

THIS AMENDMENT No. 3, executed this 4th day of August, 2009, and effective the first day of October, 2009, by Ensco International Incorporated, having its principal office in Dallas, Texas (hereinafter referred to as the "Company").

WITNESSETH:

WHEREAS, effective April 1, 1995, Energy Service Company, Inc. adopted the Energy Service Company, Inc. Select Executive Retirement Plan (the "Original SERP");

WHEREAS, the name of the Company was changed to ENSCO International Incorporated;

WHEREAS, the Company amended and restated the Original SERP, effective January 1, 1997, to (i) provide a discretionary profit sharing contribution, (ii) rename the Original SERP the "ENSCO Supplemental Executive Retirement Plan," and (iii) coordinate the operation of the Original SERP with the ENSCO Savings Plan;

WHEREAS, the Pension and Welfare Benefits Administration of the Department of Labor issued final regulations establishing new standards for processing benefit claims of participants and beneficiaries under Section 8.2 of the Original SERP which were subsequently clarified by further guidance from the Pension and Welfare Benefits Administration (collectively the "Final Claims Procedure Regulations");

WHEREAS, the Company adopted Amendment No. 1 to the amended and restated Original SERP, effective as of January 1, 2002, to revise Section 8.2 of the Original SERP to provide that the administrator of the Original SERP shall process benefit claims of participants and beneficiaries pursuant to the claims procedure specified in the summary plan description for the Original SERP which shall comply with the Final Claims Procedure Regulations, as may be amended from time to time;

WHEREAS, the Company amended and restated the Original SERP, effective as of January 1, 2004;

WHEREAS, the American Jobs Creation Act of 2004 (the "AJCA") enacted new section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), which imposes new rules regarding the timing of elections and distributions under nonqualified deferred compensation plans effective for years beginning after December 31, 2004;

WHEREAS, the Company determined to comply with the AJCA and new section 409A of the Code by freezing the Original SERP and adopting the ENSCO 2005 Supplemental Executive Retirement Plan (the "2005 SERP"), effective January 1, 2005;

WHEREAS, the Board of Directors of the Company (the "Board"), upon recommendation of its Nominating, Governance and Compensation Committee (the "Committee"), approved Amendment No. 1 to the Original SERP, as amended and restated effective as of January 1, 2004, during a regular meeting held on March 10, 2008;

WHEREAS, the Board, upon recommendation of the Committee during its meeting held on November 3-4, 2008, approved Amendment No. 2 to the amended and restated Original SERP during a regular meeting held on November 4, 2008;

WHEREAS, the Company adopted Amendment No. 2 to the amended and restated Original SERP in order to facilitate compliance (to the limited extent necessary as provided by Amendment No. 2) with the final Treasury regulations under section 409A of the Code;

WHEREAS, the Board, upon recommendation of the Committee, during its regular meeting held on August 4, 2009, has approved this Amendment No. 3 to the amended and restated Original SERP during a regular meeting held on August 4, 2009; and

WHEREAS, the Company now desires to adopt this Amendment No. 3 to the amended and restated Original SERP in order to amend Section 7.2 of the amended and restated Original SERP, effective October 1, 2009, with respect to the limitation on the portion of a participant's account that may be invested in the Company stock fund;

NOW, THEREFORE, in consideration of the premises and the covenants herein contained, the Company hereby adopts the following Amendment No. 3 to the amended and restated Original SERP:

Section 7.2 of the amended and restated Original SERP is hereby amended to read as follows:

7.2 Investments. If a trust is established as provided for in Section 7.1, earnings and/or losses of the trust attributable to amounts credited to a Participant's Account shall increase or, if applicable, decrease such Participant's Account for purposes of determining the Participant's Benefits payable hereunder. The Committee may determine from time to time to direct the investment manager appointed pursuant to any such trust to invest the balance of a Participant's Account in accordance with the wishes and written directions of that Participant from among the registered mutual funds and the Company stock fund offered to the participants in the 401(k) Plan from time to time under the terms of the 401(k) Plan. If the Committee determines for any reason that a particular registered mutual fund available under the 401(k) Plan cannot be made available under the Plan, a comparable fund will be substituted in its place.

Up to 100 percent of the balance of a Participant's Account may be invested in the Company stock fund. Effective June 1, 2008, a Participant may not direct that more than 50 percent of the balance of his Account may be invested in the Company stock fund. Notwithstanding that the balance of a Participant's Account that is invested in the Company stock fund on June 1, 2008 is 50 percent or more of the total balance of his Account on that date, the Participant's Account may continue to hold that investment interest in the Company stock fund after May 31, 2008. A Participant shall not be permitted, however, to direct the investment manager (in writing, or if allowed by the Administrator, by giving an interactive electronic communication) after May 31, 2008 to change the investment of the then balance of his Account if (i) that investment election requires reinvestment of any portion of his Account into the Company stock fund and the balance of his Account that is invested in the Company stock fund on that date is 50 percent or more of the total balance of his Account on that date, or (ii) the effect of that investment election would result in more than 50 percent of the total balance of his Account on that date being invested in the Company stock fund.

Effective October 1, 2009, a Participant may not direct that more than 25 percent of the balance of his Account may be invested in the Company stock fund. Notwithstanding that the balance of a Participant's Account that is invested in the Company stock fund on October 1, 2009 is 25 percent or more of the total balance of his Account on that date, the Participant's Account may continue to hold that investment interest in the Company stock fund after September 30, 2009. A Participant shall not be permitted, however, to direct the investment manager (in writing, or if allowed by the Administrator, by giving an interactive electronic communication) after September 30, 2009 to change the investment of the then balance of his Account if (i) that investment election requires reinvestment of any portion of his Account into the Company stock fund and the balance of his Account that is invested in the Company stock fund on that date is 25 percent or more of the total balance of his Account on that date, or (ii) the effect of that investment election would result in more than 25 percent of the total balance of his Account on that date being invested in the Company stock fund.

The Administrator may determine, without the necessity of an amendment to the Plan, at any time to increase, decrease or otherwise modify any then applicable limitation on the investment in the Company stock fund and the transitional rules applicable to any such increase, decrease or modification.

Effective June 1, 2008, the Committee has also determined that it will direct the investment manager appointed pursuant to any such trust to invest up to 100 percent of the balance of a Participant's Account in accordance with the wishes and written directions of that Participant pursuant to the terms, conditions and limitations of the agreements governing the T. Rowe Price TradeLink+ self-directed brokerage investment program, as amended from time to time.

IN WITNESS WHEREOF, the Company, acting by and through its duly authorized officers, has caused this Amendment No. 3 to the amendment and restatement of the Original SERP to be executed on the date first above written.

ENSCO INTERNATIONAL INCORPORATED

/s/ Cary A Moomjian, Jr.
Cary A. Moomjian, Jr.
Vice President

Exhibit 10.3

AMENDMENT NO. 1 TO THE ENSCO 2005 SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN (As Amended and Restated Effective January 1, 2005)

THIS AMENDMENT No. 1, executed this 4th day of August, 2009, and effective the first day of October, 2009, by Ensco International Incorporated, having its principal office in Dallas, Texas (hereinafter referred to as the "Company").

WITNESSETH:

WHEREAS, effective April 1, 1995, Energy Service Company, Inc. adopted the Energy Service Company, Inc. Select Executive Retirement Plan (the "Original SERP");

WHEREAS, the name of the Company was changed to ENSCO International Incorporated;

WHEREAS, the Company amended and restated the Original SERP, effective January 1, 1997, to (i) provide a discretionary profit sharing contribution, (ii) rename the Original SERP the "ENSCO Supplemental Executive Retirement Plan," and (iii) coordinate the operation of the Original SERP with the ENSCO Savings Plan;

WHEREAS, the Pension and Welfare Benefits Administration of the Department of Labor issued final regulations establishing new standards for processing benefit claims of participants and beneficiaries under Section 8.2 of the Original SERP which were subsequently clarified by further guidance from the Pension and Welfare Benefits Administration (collectively the "Final Claims Procedure Regulations");

WHEREAS, the Company adopted Amendment No. 1 to the amended and restated Original SERP, effective as of January 1, 2002, to revise Section 8.2 of the Original SERP to provide that the administrator of the Original SERP shall process benefit claims of participants and beneficiaries pursuant to the claims procedure specified in the summary plan description for the Original SERP which shall comply with the Final Claims Procedure Regulations, as may be amended from time to time;

WHEREAS, the Company amended and restated the Original SERP, effective as of January 1, 2004;

WHEREAS, the American Jobs Creation Act of 2004 (the "AJCA") enacted new section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), which imposes new rules regarding the timing of elections and distributions under nonqualified deferred compensation plans effective for years beginning after December 31, 2004;

WHEREAS, the Company determined to comply with the AJCA and new section 409A of the Code by freezing the Original SERP and adopting the ENSCO 2005 Supplemental Executive Retirement Plan (the "2005 SERP"), effective January 1, 2005;

WHEREAS, the Board of Directors of the Company (the "Board"), upon recommendation of its Nominating, Governance and Compensation Committee (the "Committee"), approved Amendment No. 1 to the 2005 SERP during a regular meeting held on November 6, 2007;

WHEREAS, the Board, upon recommendation of the Committee, approved Amendment No. 2 to the 2005 SERP during a regular meeting held on March 10, 2008;

WHEREAS, the Board, upon recommendation of the Committee during its meeting held on November 3-4, 2008, approved the amendment and restatement of the 2005 SERP during a regular meeting held on November 4, 2008;

WHEREAS, the Company adopted the amended and restated 2005 SERP, effective as of January 1, 2005, except as specifically provided otherwise to the contrary therein, in order to (i) facilitate compliance with the final Treasury regulations under section 409A of the Code, and (ii) incorporate the amendments to the 2005 SERP previously made by Amendment No. 1 and Amendment No. 2;

WHEREAS, the Board, upon recommendation of the Committee during its regular meeting held on August 4, 2009, has approved this Amendment No. 1 to the 2005 SERP, as amended and restated effective January 1, 2005, during a regular meeting held on August 4, 2009; and

WHEREAS, the Company now desires to adopt this Amendment No. 1 to the amended and restated 2005 SERP in order to amend Section 7.2 of the amended and restated 2005 SERP, effective October 1, 2009, with respect to the limitation on the portion of a participant's account that may be invested in the Company stock fund;

NOW, THEREFORE, in consideration of the premises and the covenants herein contained, the Company hereby adopts the following Amendment No. 1 to the amended and restated 2005 SERP:

Section 7.2 of the amended and restated 2005 SERP is hereby amended to read as follows:

7.2 Investments. If a trust is established as provided for in Section 7.1, earnings and/or losses of the trust attributable to amounts credited to a Participant's Account shall increase or, if applicable, decrease such Participant's Account for purposes of determining the Participant's Benefits payable hereunder. The Committee may determine from time to time to direct the investment manager appointed pursuant to any such trust to invest the balance of a Participant's Account in accordance with the wishes and written directions of that Participant from among the registered mutual funds and the Company stock fund offered to the participants in the 401(k) Plan from time to time under the terms of the 401(k) Plan. Separate elections may be made with respect to the different types of contributions credited to his or her Account. If the Committee determines for any reason that a particular registered mutual fund available under the 401(k) Plan cannot be made available under the Plan, a comparable fund will be substituted in its place.

Up to 100 percent of the balance of a Participant's Account attributable to Deferred Compensation, Employer Discretionary Contributions, if any, and Matching Contributions, if any, credited to his or her Account on or before May 31, 2008 may be invested in the Company stock fund. Effective June 1, 2008, a Participant may not direct that more than 50 percent of the balance of his or her Account attributable to Deferred Compensation, Employer Discretionary Contributions, if any, and Matching Contributions, if any, credited to his or her Account after May 31, 2008 may be invested in the Company stock fund. If the investment election of any Participant in effect on June 1, 2008 provides for an election in excess of 50 percent to the Company stock fund, that investment election shall be automatically revised, effective June 1, 2008, with respect to the specific election to the Company stock fund to provide for an election of 50 percent to the Company stock fund and the percentage elected in excess of 50 percent shall be deemed to be an election of that excess percentage to the particular T. Rowe Price target date retirement fund offered to participants in the 401(k) Plan determined by the age of the Participant. Notwithstanding that the balance of a Participant's Account that is invested in the Company stock fund on June 1, 2008 is 50 percent or more of the total balance of his or her Account on that date, the Participant's Account may continue to hold that investment interest in the Company stock fund after May 31, 2008 and the investment election in the Company stock fund permitted by the two preceding sentences with respect to contributions credited to his or her Account after May 31, 2008 shall not be affected. A Participant shall not be permitted, however, to direct the investment manager (in writing, or if allowed by the Administrator, by giving an interactive electronic communication) after May 31, 2008 to change the investment of the then balance of his or her Account if (i) that investment election requires reinvestment of any portion of his or her Account into the Company stock fund and the balance of his or her Account that is invested in the Company stock fund on that date is 50 percent or more of the total balance of his or her Account on that date, or (ii) the effect of that investment election would result in more than 50 percent of the total balance of his or her Account on that date being invested in the Company stock fund.

Effective October 1, 2009, a Participant may not direct that more than 25 percent of the balance of his or her Account attributable to Deferred Compensation, Employer Discretionary Contributions, if any, and Matching Contributions, if any, credited to his or her Account after September 30, 2009 may be invested in the Company stock fund. If the investment election of any Participant in effect on October 1, 2009 provides for an election in excess of 25 percent to the Company stock fund, that investment election shall be automatically revised, effective October 1, 2009, with respect to the specific election to the Company stock fund to provide for an election of 25 percent to the Company stock fund and the percentage elected in excess of 25 percent shall be deemed to be an election of that excess percentage to the particular T. Rowe Price target date retirement fund offered to participants in the 401(k) Plan determined by the age of the Participant. Notwithstanding that the balance of a Participant's Account that is invested in the Company stock fund on October 1, 2009 is 25 percent or more of the total balance of his or her Account on that date, the Participant's Account may continue to hold that investment interest in the Company stock fund after September 30, 2009 and the investment election in the Company stock fund permitted by the two preceding sentences with respect to contributions credited to his or her Account after September 30, 2009 shall not be affected. A Participant shall not be permitted, however, to direct the investment manager (in writing, or if allowed by the Administrator, by giving an interactive electronic communication) after September 30, 2009 to change the investment of the then balance of his or her Account if (i) that investment election requires reinvestment of any portion of his or her Account into the Company stock fund and the balance of his or her Account that is invested in the Company stock fund on that date is 25 percent or more of the total balance of his or her Account on that date, or (ii) the effect of that investment election would result in more than 25 percent of the total balance of his or her Account on that date being invested in the Company stock fund.

The Administrator may determine, without the necessity of an amendment to the Plan, at any time to increase, decrease or otherwise modify any then applicable limitation on the investment in the Company stock fund and the transitional rules applicable to any such increase, decrease or modification.

Effective June 1, 2008, the Committee has also determined that it will direct the investment manager appointed pursuant to any such trust to invest up to 100 percent of the balance of a Participant's Account in accordance with the wishes and written directions of that Participant pursuant to the terms, conditions and limitations of the agreements governing the T. Rowe Price TradeLink+ self-directed brokerage investment program, as amended from time to time.

If a Participant is permitted to direct the investment manager appointed pursuant to any trust established pursuant to Section 7.1 to invest the balance of his or her Account and fails to complete and file with the Administrator using the form furnished by the Administrator or, if allowed by the Administrator, to give an interactive electronic communication, directing the investment manager concerning the investment of his or her Account, the entire balance of his or her Account shall be invested in the same manner as the investment allocation then currently in effect for that Participant's individual account in the 401(k) Plan pending the Administrator's receipt of investment direction from or an interactive electronic communication by the Participant, or in such other default investment fund or funds as may be determined by the Administrator from time to time.

IN WITNESS WHEREOF, the Company, acting by and through its duly authorized officers, has caused this Amendment No. 1 to the amendment and restatement of the ENSCO 2005 Supplemental Executive Retirement Plan to be executed on the date first above written.

ENSCO INTERNATIONAL INCORPORATED

/s/ Cary A Moomjian, Jr.
Cary A. Moomjian, Jr.
Vice President

Exhibit 10.4

AMENDMENT NO. 2 TO THE
ENSCO
NON-EMPLOYEE DIRECTOR DEFERRED COMPENSATION PLAN

THIS AMENDMENT No. 2, executed this 4th day of August, 2009, and effective the first day of October, 2009, by Ensco International Incorporated, having its principal office in Dallas, Texas (hereinafter referred to as the "Company").

WITNESSETH:

WHEREAS, effective January 1, 2004, the Company adopted the ENSCO Non-Employee Director Deferred Compensation Plan (the "Original Plan");

WHEREAS, the Board of Directors of the Company (the "Board"), upon recommendation of its Nominating, Governance and Compensation Committee (the "Committee"), approved Amendment No. 1 to the Original Plan during a regular meeting held on March 10, 2008;

WHEREAS, the Board, upon recommendation of the Committee, during its regular meeting held on August 4, 2009, has approved this Amendment No. 2 to the Original Plan during a regular meeting held on August 4, 2009; and

WHEREAS, the Company now desires to adopt this Amendment No. 2 to the Original Plan in order to amend Section 7.2 of the Original Plan, effective October 1, 2009, with respect to the limitation on the portion of a participant's account that may be invested in the Company stock fund;

NOW, THEREFORE, in consideration of the premises and the covenants herein contained, the Company hereby adopts the following Amendment No. 2 to the Original Plan:

Section 7.2 of the Original Plan is hereby amended to read as follows:

7.2. **Investments.** If a trust is established as provided for in Section 7.1, earnings and/or losses of the trust attributable to amounts credited to a Participant's Account shall increase or, if applicable, decrease such Participant's Account for purposes of determining the Participant's Benefits payable hereunder. The Committee may determine from time to time to direct the investment manager appointed pursuant to any such trust to invest the balance of a Participant's Account in accordance with the wishes and written directions of that Participant from among the registered mutual funds and the Company stock fund offered to the participants in the ENSCO Savings Plan from time to time under the terms of the ENSCO Savings Plan. If the Committee determines for any reason that a particular registered mutual fund available under the ENSCO Savings Plan cannot be made available under the Plan, a comparable fund will be substituted in its place.

Up to 100 percent of the balance of a Participant's Account may be invested in the Company stock fund. Effective June 1, 2008, a Participant may not direct that more than 50 percent of the balance of his Account may be invested in the Company stock fund. Notwithstanding that the balance of a Participant's Account that is invested in the Company stock fund on June 1, 2008 is 50 percent or more of the total balance of his Account on that date, the Participant's Account may continue to hold that investment interest in the Company stock fund after May 31, 2008. A Participant shall not be permitted, however, to direct the investment manager after May 31, 2008 to change the investment of the then balance of his Account if (i) that investment election requires reinvestment of any portion of his Account into the Company stock fund and the balance of his Account that is invested in the Company stock fund on that date is 50 percent or more of the total balance of his Account on that date, or (ii) the effect of that investment election would result in more than 50 percent of the total balance of his Account on that date being invested in the Company stock fund.

Effective October 1, 2009, a Participant may not direct that more than 25 percent of the balance of his Account may be invested in the Company stock fund. Notwithstanding that the balance of a Participant's Account that is invested in the Company stock fund on October 1, 2009 is 25 percent or more of the total balance of his Account on that date, the Participant's Account may continue to hold that investment interest in the Company stock fund after September 30, 2009. A Participant shall not be permitted, however, to direct the investment manager after September 30, 2009 to change the investment of the then balance of his Account if (i) that investment election requires reinvestment of any portion of his Account into the Company stock fund and the balance of his Account that is invested in the Company stock fund on that date is 25 percent or more of the total balance of his Account on that date, or (ii) the effect of that investment election would result in more than 25 percent of the total balance of his Account on that date being invested in the Company stock fund.

The Administrator may determine, without the necessity of an amendment to the Plan, at any time to increase, decrease or otherwise modify any then applicable limitation on the investment in the Company stock fund and the transitional rules applicable to any such increase, decrease or modification.

Effective June 1, 2008, the Committee has also determined that it will direct the investment manager appointed pursuant to any such trust to invest up to 100 percent of the balance of a Participant's Account in accordance with the wishes and written directions of that Participant pursuant to the terms, conditions and limitations of the agreements governing the T. Rowe Price TradeLink+ self-directed brokerage investment program, as amended from time to time.

IN WITNESS WHEREOF, the Company, acting by and through its duly authorized officers, has caused this Amendment No. 2 to the Original Plan to be executed on the date first above written.

ENSCO INTERNATIONAL INCORPORATED

/s/ Cary A Moomjian, Jr.
Cary A. Moomjian, Jr.
Vice President

Exhibit 10.5

AMENDMENT NO. 3 TO THE ENSCO 2005 NON-EMPLOYEE DIRECTOR DEFERRED COMPENSATION PLAN

THIS AMENDMENT No. 3 executed this 4th day of August, 2009, and effective the first day of October, 2009, by Ensco International Incorporated, having its principal office in Dallas, Texas (hereinafter referred to as the "Company").

WITNESSETH:

WHEREAS, the Company adopted the ENSCO 2005 Non-Employee Director Deferred Compensation Plan (the "2005 Plan"), effective January 1, 2005;

WHEREAS, the Board of Directors of the Company (the "Board"), upon recommendation of its Nominating, Governance and Compensation Committee (the "Committee"), approved Amendment No. 1 to the 2005 Plan during a regular meeting held on March 10, 2008;

WHEREAS, the Board, upon recommendation of the Committee during its meeting held on November 3-4, 2008, approved Amendment No. 2 to the 2005 Plan during a regular meeting held on November 4, 2008;

WHEREAS, the Company adopted Amendment No. 2 to the 2005 Plan in order to facilitate compliance with the final Treasury regulations under section 409A of the Internal Revenue Code of 1986, as amended;

WHEREAS, the Board, upon recommendation of the Committee during its meeting held on August 4, 2009, has approved this Amendment No. 3 to the 2005 Plan during a regular meeting held on August 4, 2009; and

WHEREAS, the Company now desires to adopt this Amendment No. 3 to the 2005 Plan in order to amend Section 7.2 of the 2005 Plan, effective October 1, 2009, with respect to the limitation on the portion of a participant's account that may be invested in the Company stock fund;

NOW, THEREFORE, in consideration of the premises and the covenants herein contained, the Company hereby adopts the following Amendment No. 3 to the 2005 Plan:

Section 7.2 of the 2005 Plan is hereby amended to read as follows:

7.2 Investments. If a trust is established as provided for in Section 7.1, earnings and/or losses of the trust attributable to amounts credited to a Participant's Account shall increase or, if applicable, decrease such Participant's Account for purposes of determining the Participant's Benefits payable hereunder. The Committee may determine from time to time to direct the investment manager appointed pursuant to any such trust to invest the balance of a Participant's Account in accordance with the wishes and written directions of that Participant from among the registered mutual funds and the Company stock fund offered to the participants in the ENSCO Savings Plan from time to time under the terms of the ENSCO Savings Plan. If the Committee determines for any reason that a particular registered mutual fund available under the ENSCO Savings Plan cannot be made available under the Plan, a comparable fund will be substituted in its place.

Up to 100 percent of the balance of a Participant's Account attributable to Deferred Retainer and Company Discretionary Contributions, if any, credited to his Account on or before May 31, 2008 may be invested in the Company stock fund. Effective June 1, 2008, a Participant may not direct that more than 50 percent of the balance of his Account attributable to Deferred Retainer and Company Discretionary Contributions, if any, credited to his Account after May 31, 2008 may be invested in the Company stock fund. If the investment election of any Participant in effect on June 1, 2008 provides for an election in excess of 50 percent to the Company stock fund, that investment election shall be automatically revised, effective June 1, 2008, with respect to the specific election to the Company stock fund to provide for an election of 50 percent to the Company stock fund and the percentage elected in excess of 50 percent shall be deemed to be an election of that excess percentage to the particular T. Rowe Price target date retirement fund offered to participants in the ENSCO Savings Plan determined by the age of the Participant. Notwithstanding that the balance of a Participant's Account that is invested in the Company stock fund on June 1, 2008 is 50 percent or more of the total balance of his Account on that date, the Participant's Account may continue to hold that investment interest in the Company stock fund after May 31, 2008 and the investment election in the Company stock fund permitted by the two preceding sentences with respect to contributions credited to his Account after May 31, 2008 shall not be affected. A Participant shall not be permitted, however, to direct the investment manager after May 31, 2008 to change the investment of the then balance of his Account if (i) that investment election requires reinvestment of any portion of his Account into the Company stock fund and the balance of his Account that is invested in the Company stock fund on that date is 50 percent or more of the total balance of his Account on that date, or (ii) the effect of that investment election would result in more than 50 percent of the total balance of his Account on that date being invested in the Company stock fund.

Effective October 1, 2009, a Participant may not direct that more than 25 percent of the balance of his Account attributable to Deferred Retainer and Company Discretionary Contributions, if any, credited to his Account after September 30, 2009 may be invested in the Company stock fund. If the investment election of any Participant in effect on October 1, 2009 provides for an election in excess of 25 percent to the Company stock fund, that investment election shall be automatically revised, effective October 1, 2009, with respect to the specific election to the Company stock fund to provide for an election of 25 percent to the Company stock fund and the percentage elected in excess of 25 percent shall be deemed to be an election of that excess percentage to the particular T. Rowe Price target date retirement fund offered to participants in the ENSCO Savings Plan determined by the age of the Participant. Notwithstanding that the balance of a Participant's Account that is invested in the Company stock fund on October 1, 2009 is 25 percent or more of the total balance of his Account on that date, the Participant's Account may continue to hold that investment interest in the Company stock fund after September 30, 2009 and the investment election in the Company stock fund permitted by the two preceding sentences with respect to contributions credited to his Account after September 30, 2009 shall not be affected. A Participant shall not be permitted, however, to direct the investment manager after September 30, 2009 to change the investment of the then balance of his Account if (i) that investment election requires reinvestment of any portion of his Account into the Company stock fund and the balance of his Account that is invested in the Company stock fund on that date is 25 percent or more of the total balance of his Account on that date, or (ii) the effect of that investment election would result in more than 25 percent of the total balance of his Account on that date being invested in the Company stock fund.

The Administrator may determine, without the necessity of an amendment to the Plan, at any time to increase, decrease or otherwise modify any then applicable limitation on the investment in the Company stock fund and the transitional rules applicable to any such increase, decrease or modification.

Effective June 1, 2008, the Committee has also determined that it will direct the investment manager appointed pursuant to any such trust to invest up to 100 percent of the balance of a Participant's Account in accordance with the wishes and written directions of that Participant pursuant to the terms, conditions and limitations of the agreements governing the T. Rowe Price TradeLink+ self-directed brokerage investment program, as amended from time to time.

IN WITNESS WHEREOF, the Company, acting by and through its duly authorized officers, has caused this Amendment No. 3 to the 2005 Plan to be executed on the date first above written.

ENSCO INTERNATIONAL INCORPORATED

/s/ Cary A Moomjian, Jr.
Cary A. Moomjian, Jr.
Vice President

Exhibit 10.6

Deed of Amendment

The Ensco Multinational Savings Plan

August 4, 2009

between

Citco Trustees (Cayman) Limited

(as Trustee)

and

Ensco International Incorporated

This Amended and Restated Deed is made the 4th day of August 2009

Between

(1) **Citco Trustees (Cayman) Limited** , a trust company incorporated under the laws of the Cayman Islands whose registered office is at Windward One, Regatta Office Park, Grand Cayman, Cayman Islands (" **Trustee** "); and

(2) **Ensco International Incorporated** of 500 North Akard Street, Suite 4300, Dallas, Texas, 75201, United States of America (" **Ensco** ")

Whereas:

(A) This deed is supplemental to a trust deed dated 31 December 2008 made between the Trustee and Ensco as the Plan Sponsor establishing the trust known as the Ensco Multinational Savings Plan and an amended and restated trust deed (the " **Amended and Restated Deed** ") dated 16 February 2009 made between the Trustee and Ensco (the " **Trust** ").

(B) The Trustee is the present sole trustee of the Trust.

(C) By the Amended and Restated Deed the Trustee declared that it held $100 on the trust of the Trust and on the additional terms of the Rules.

(D) By Clause 24 of the Trust, the Trustee has the power (the " **Power** ") with the written consent of the Plan Sponsor and with written notice to the Participants by deed to amend, modify, alter or add to the provision of the Trust and the Rules in such manner and to such extent as the Trustee considers to be in the best interests of the Participants, on the written consent of the majority of Participants to approve the modification, alteration or addition, unless the Trustee certifies in writing that in its opinion the amendment, modification, alteration or addition does not materially prejudice the interests of the then existing Participants and does not operate to release the Trustee from any responsibility to Participants (the " **Certification** ").

(E) The Trustee wishes to exercise the Power in the manner set out below and intends that this Deed shall serve as the Certification.

(F) Ensco wishes to consent to the proposed amendments as set out in this deed to be made to the Trust.

(G) Ensco confirms that Notice of the proposed amendments as set out in this deed has been given to the Participants.

This Deed witnesses as follows:

1 Definitions and Construction

In this deed, where the context allows:

1.1 the definitions and rules of construction contained in the Trust shall apply and, subject to that, the following definition shall apply:

1.2 "Effective Date" means the 1 October 2009.

2 Amendments

In exercise of the Power and of each and every other power (if any) it enabling, the Trustee hereby declares that the Trust is hereby amended in the manner set out below so that from the Effective Date the Trust shall be read and construed with the amendments having been made.

2.1 Clause 3.5 of the Rules is hereby deleted and replaced with the following:

"At any time, a Participant can make investment selections for investment of the assets in his Participant Account by way of giving written directions (including electronic or online directions through the secure website maintained by the Administrator) to the Administrator or the Plan Sponsor, on behalf of the Trustee and/or the Company ("Investment Directions"). Contributions can be directed into the selection of Investments in whole percentages in increments of at least 5%. If the Participant fails to give an Investment Direction, for whatever reason, the Administrator will direct the Custodian to invest all Contributions attributable to such Participant in the money market account and such Contributions will remain in that account until the Participant notifies the Plan Sponsor or the Administrator in writing of his Investment selection."

2.2 Clause 3.14 of the Rules is hereby deleted and replaced with the following:

"From and after the Effective Date, no Participant may direct more than twenty-five per cent (25%) of his total Participant Contributions and his Employer Contributions to be invested in shares in the Plan Sponsor. Should a Participant act contrary to this provision, the Employer may reallocate the amounts so directed by the Participant, so that any amount but for the restrictions set out in this Rule 3.14 that would otherwise be used to purchase shares in the Plan Sponsor is instead invested in the Plan's money market account. Furthermore, no Participant may direct the sale of any assets in his Participant Account and reinvest in shares in the Plan Sponsor if such sale and reinvestment would directly result in the Participant Account holding more than twenty-five per cent (25%) by value of its assets in shares in the Plan Sponsor provided however that the value of any shares of the Plan Sponsor held in a Participant Account may exceed twenty-five per cent (25%) of the total value of a Participant Account through appreciation or depreciation of the value of assets in the Participant Account, or if the concentration of shares of the Plan Sponsor exceeded twenty-five (25%) prior to the Effective Date."

3 Certification

The Trustee hereby certifies that in its opinion the amendment as set out above in Clause 2 of this Deed of Amendment does not materially prejudice the interests of the Participants as at the Effective Date and does not operate to release the Trustee from any responsibility to Participants.

4 Consent

Ensco hereby consents to the amendments to the Trust as set out herein.

5 Confirmation

Except as specifically amended herein, all the provisions of the Trust (as amended) shall remain in full force and effect, and the Trust as further amended herein shall be read as a single, integrated document with all terms used in this amendment having the meanings set forth in the Trust.

6 Governing Law

Cayman Islands law shall govern the construction and interpretation of this deed and the parties hereby submit to the non-exclusive jurisdiction of the courts of the Cayman Islands.

In witness whereof this instrument has been executed and delivered the day and year first above written.

Executed as a deed and delivered by the said	)	
CITCO TRUSTEES (CAYMAN) LIMITED by its	)	
common seal being affixed in the presence of	)	/s/ Christina Belargent
	)	**CITGO TRUSTEES (CAYMAN) LIMITED**

/s/ Nicholas Watkins
CITGO TRUSTEES (CAYMAN) LIMITED

/s/ Cassandra Fish-Ebanks
Witness

Executed as a deed and delivered by the said	)	
Ensco International Incorporated by its	)	
common seal being affixed in the presence of	)	/s/ Cary A. Moomjian, Jr.
	)	**ENSCO INTERNATIONAL INCORPORATED**

/s/ James English
Witness

Exhibit 15.1

October 22, 2009

ENSCO International Incorporated
Dallas, Texas

Re: Registration Statements on Form S-3 (Nos. 333-37897 and 333-156705) and Form S-8 (Nos. 333-10733, 33-40282, 333-97757, 333-125048 and 333-156530).

With respect to the subject registration statements, we acknowledge our awareness of the use therein of our report dated October 22, 2009 related to our review of interim financial information.

Pursuant to Rule 436 under the Securities Act of 1933 (the Act), such report is not considered part of a registration statement prepared or certified by an independent registered public accounting firm, or a report prepared or certified by an independent registered public accounting firm within the meaning of Sections 7 and 11 of the Act.

/s/ KPMG LLP

Dallas, Texas

Exhibit 31.1

CERTIFICATION

I, Daniel W. Rabun, certify that:

1. I have reviewed this report on Form 10-Q for the fiscal quarter ending September 30, 2009 of ENSCO International Incorporated;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: October 22, 2009

/s/ DANIEL W. RABUN

Daniel W. Rabun
Chairman, President and
Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, James W. Swent III, certify that:

1. I have reviewed this report on Form 10-Q for the fiscal quarter ending September 30, 2009 of ENSCO International Incorporated;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: October 22, 2009

/s/ JAMES W. SWENT III

James W. Swent III
Senior Vice President and
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of ENSCO International Incorporated (the "Company") on Form 10-Q for the period ending September 30, 2009 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Daniel W. Rabun, Chairman, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ DANIEL W. RABUN

Daniel W. Rabun
Chairman, President and
Chief Executive Officer
October 22, 2009

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of ENSCO International Incorporated (the "Company") on Form 10-Q for the period ending September 30, 2009 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, James W. Swent III, Senior Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ JAMES W. SWENT III

James W. Swent III
Senior Vice President and
Chief Financial Officer
October 22, 2009