ENSCO PLC

FORM 10-Q
(Quarterly Report)

Filed 10/25/05 for the Period Ending 09/30/05

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

ENSCO INTERNATIONAL INC

FORM 10-Q
(Quarterly Report)

Filed 10/25/2005 For Period Ending 9/30/2005

Address	500 NORTH AKARD STREET SUITE 4300
	DALLAS, Texas 75201-3331
Telephone	214-397-3000
CIK	0000314808
Industry	Oil Well Services & Equipment
Sector	Energy
Fiscal Year	12/31

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

FORM 10-Q

(Mark One)

X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2005

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 X No ___

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes X No ___

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

There were 153,265,357 shares of Common Stock, $.10 par value, of the registrant outstanding as of October 24, 2005.

ENSCO INTERNATIONAL INCORPORATED

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FOR THE QUARTER ENDED SEPTEMBER 30, 2005

FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements by management and the Company that are subject to a number of risks and uncertainties. The forward-looking statements contained in the report are based on information as of the date of this report. The Company assumes no obligation to update these statements based on information from and after the date of this report. Generally, forward-looking statements include words or phrases such as "anticipates," "believes," "estimates," "expects," "intends," "plans," "projects," "could," "may," "might," "should," "will" and words and phrases of similar impact. The forward-looking statements include, but are not limited to, statements regarding future operations, industry trends or conditions and the business environment; statements regarding future levels of, or trends in, day rates, utilization, revenues, operating expenses, capital expenditures, financing and funding; and statements regarding future construction, enhancement or upgrade of rigs, future mobilization, relocation or other movement of rigs, and future availability or suitability of rigs. The 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 the following: (i) industry conditions and competition, (ii) fluctuations in the price of oil and natural gas, (iii) regional and worldwide expenditures for oil and gas drilling, (iv) demand for oil and gas, (v) operational risks, hazards created by severe storms or hurricanes, validity and enforceability of contractual indemnities and insurance coverage, (vi) risks associated with operating in foreign jurisdictions, (vii) environmental liabilities that may arise in the future that are not covered by insurance or indemnity, (viii) the impact of current and future laws and government regulation, as well as repeal or modification of same, affecting the oil and gas industry, the environment, taxes and the Company's operations in particular, (ix) changes in costs associated with rig construction or enhancement, as well as changes in dates rigs being constructed or undergoing enhancement will enter a shipyard, be delivered from a shipyard or enter service, (x) renegotiations, nullification, or breaches of contracts with customers, vendors, subcontractors or other parties, (xi) unionization or similar collective actions by the Company's employees, (xii) consolidation among the Company's competitors or customers, (xiii) changes in worldwide and regional supplies of drilling rigs and (xiv) the risks described elsewhere herein and from time to time in the Company's reports to the Securities and Exchange Commission.

PART I - FINANCIAL INFORMATION

Item 1. ***Financial Statements***

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders
ENSCO International Incorporated:

We have reviewed the accompanying condensed consolidated balance sheet of ENSCO International Incorporated and subsidiaries (the Company), as of September 30, 2005, the related condensed consolidated statements of income for the three-month and nine-month periods ended September 30, 2005 and 2004, and the related condensed consolidated statements of cash flows for the nine-month periods ended September 30, 2005 and 2004. 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.

/s/ KPMG LLP

Dallas, Texas
October 24, 2005

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

	Three Months Ended September 30, 2005	Three Months Ended September 30, 2004
OPERATING REVENUES	$276.7	$187.0
OPERATING EXPENSES		
Contract drilling	117.1	101.7
Depreciation and amortization	39.8	34.3
General and administrative	6.7	6.8
	163.6	142.8
OPERATING INCOME	113.1	44.2
OTHER INCOME (EXPENSE)		
Interest income	2.0	.9
Interest expense, net	(6.5)	(8.7)
Other, net	(5.2)	(1.4)
	(9.7)	(9.2)
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	103.4	35.0
PROVISION FOR INCOME TAXES		
Current income tax expense (benefit)	25.3	(1.8)
Deferred income tax expense	2.0	9.1
	27.3	7.3
INCOME FROM CONTINUING OPERATIONS	76.1	27.7
INCOME (LOSS) FROM DISCONTINUED OPERATIONS, NET	.4	(1.9)
NET INCOME	$ 76.5	$ 25.8
EARNINGS (LOSS) PER SHARE - BASIC		
Continuing operations	$ .50	$ .18
Discontinued operations	.00	(.01)
	$ .50	$ .17
EARNINGS (LOSS) PER SHARE - DILUTED		
Continuing operations	$ .50	$ .18
Discontinued operations	.00	(.01)
	$ .50	$ .17

WEIGHTED AVERAGE COMMON SHARES OUTSTANDING		
Basic	151.8	150.8
Diluted	152.6	151.0
CASH DIVIDENDS PER COMMON SHARE	$ .025	$ .025

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

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

	Nine Months Ended September 30,	
	2005	**2004**
OPERATING REVENUES	$737.1	$536.0
OPERATING EXPENSES		
Contract drilling	336.3	306.6
Depreciation and amortization	115.8	102.0
General and administrative	19.1	19.9
	471.2	428.5
OPERATING INCOME	265.9	107.5
OTHER INCOME (EXPENSE)		
Interest income	4.9	2.5
Interest expense, net	(22.3)	(28.4)
Other, net	(3.4)	(.5)
	(20.8)	(26.4)
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	245.1	81.1
PROVISION FOR INCOME TAXES		
Current income tax expense	63.1	1.8
Deferred income tax expense	6.2	16.8
	69.3	18.6
INCOME FROM CONTINUING OPERATIONS	175.8	62.5
DISCONTINUED OPERATIONS		
Income from discontinued operations, net	.9	1.8
Gain on disposal of discontinued operations, net	11.6	--
	12.5	1.8
NET INCOME	$188.3	$ 64.3
EARNINGS PER SHARE - BASIC		
Continuing operations	$ 1.16	$ .41
Discontinued operations	.08	.02
	$ 1.24	$ .43
EARNINGS PER SHARE - DILUTED		
Continuing operations	$ 1.16	$ .41
Discontinued operations	.08	.02

	$ 1.24	$ .43
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING		
Basic	151.3	150.7
Diluted	151.9	150.8
CASH DIVIDENDS PER COMMON SHARE	$ .075	$ .075

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

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

	September 30, 2005 (Unaudited)	December 31, 2004
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 232.2	$ 267.0
Accounts receivable, net	217.5	183.0
Prepaid expenses and other	47.2	43.7
Total current assets	496.9	493.7
PROPERTY AND EQUIPMENT, AT COST	3,621.6	3,445.5
Less accumulated depreciation	982.6	1,014.2
Property and equipment, net	2,639.0	2,431.3
GOODWILL	336.2	341.0
OTHER ASSETS, NET	37.7	56.0
	$3,509.8	$3,322.0
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 17.8	$ 15.6
Accrued liabilities	185.7	177.2
Current maturities of long-term debt	17.2	23.0
Total current liabilities	220.7	215.8
LONG-TERM DEBT	483.9	527.1
DEFERRED INCOME TAXES	356.1	375.3
OTHER LIABILITIES	22.7	21.9
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
Preferred stock, $1 par value, 20.0 million shares authorized and none issued	--	--
Common stock, $.10 par value, 250.0 million shares authorized, 176.6 million and 174.5 million shares issued	17.7	17.5
Additional paid-in capital	1,492.2	1,420.0
Retained earnings	1,193.2	1,016.3
Restricted stock (unearned compensation)	(15.9)	(12.5)
Accumulated other comprehensive loss	(10.1)	(9.0)
Treasury stock, at cost, 23.4 million shares	(250.7)	(250.4)
Total stockholders' equity	2,426.4	2,181.9
	$3,509.8	$3,322.0

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

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

	Nine Months Ended September 30,	
	2005	**2004**
OPERATING ACTIVITIES		
Net income	$188.3	$ 64.3
Adjustments to reconcile net income to net cash provided by operating activities:		
Income from discontinued operations	(.9)	(1.8)
Gain on disposal of discontinued operations, net	(11.6)	--
Depreciation and amortization	115.8	102.0
Expense for redemption of debt	2.4	--
Deferred income tax provision	6.2	16.8
Tax benefit from stock compensation	4.3	1.9
Amortization of other assets	4.7	4.6
Net (gain) loss on asset dispositions	3.5	(.3)
Other	3.0	2.7
Changes in operating assets and liabilities:		
Increase in accounts receivable	(34.3)	(1.6)
Increase in prepaid expenses and other assets	(19.0)	(1.3)
Increase in accounts payable	2.2	10.5
Decrease in accrued liabilities	(19.2)	(13.3)
Net cash provided by operating activities of continuing operations	245.4	184.5
INVESTING ACTIVITIES		
Additions to property and equipment	(401.8)	(247.5)
Net proceeds from disposal of discontinued operations	121.0	--
Proceeds from disposition of assets	6.0	2.1
Investment in joint venture	(4.0)	(6.0)
Net cash used by investing activities of continuing operations	(278.8)	(251.4)
FINANCING ACTIVITIES		
Reduction of long-term borrowings	(49.7)	(14.5)
Cash dividends paid	(11.4)	(11.3)
Proceeds from exercise of stock options	62.9	6.2
Deferred financing costs	(.7)	--
Premium related to debt redemption	(1.8)	--
Other	(.3)	(.1)
Net cash used in financing activities of continuing operations	(1.0)	(19.7)
Effect of exchange rate changes on cash and cash equivalents	(1.1)	(1.0)
Net cash provided by discontinued operations	.7	14.3
DECREASE IN CASH AND CASH EQUIVALENTS	(34.8)	(73.3)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	267.0	354.0
CASH AND CASH EQUIVALENTS, END OF PERIOD	$232.2	$280.7

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

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

Note 1 - Unaudited Condensed Financial Statements

The accompanying condensed consolidated financial statements of ENSCO International Incorporated and subsidiaries (the "Company") have been prepared in accordance with U.S. generally accepted accounting principles, pursuant to the rules and regulations of the Securities and Exchange Commission included in the instructions to Form 10-Q and Article 10 of Regulation S-X. The interim financial information included herein is unaudited but, in the opinion of management, includes all adjustments (consisting of normal recurring adjustments) which are necessary for a fair presentation of the financial position, results of operations and cash flows for the interim periods presented. The December 31, 2004 consolidated balance sheet data were derived from audited financial statements, but do not include all disclosures required by U.S. generally accepted accounting principles. Certain reclassifications have been made to the 2004 unaudited condensed consolidated financial statements to conform to the 2005 presentation.

The financial data for the three-month and nine-month periods ended September 30, 2005 and 2004 included herein have been subjected to a limited review by KPMG LLP, the Company's independent registered public accounting firm. The accompanying 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 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, 2005 are not necessarily indicative of the results of operations which will be realized for the year ending December 31, 2005. It is recommended that these financial statements be read in conjunction with the Company's consolidated financial statements and notes thereto for the year ended December 31, 2004 included in the Company's Annual Report to the Securities and Exchange Commission on Form 10-K.

Results of operations for the nine-month period ended September 30, 2005 include the following transactions:

- During the third quarter 2005, the Company recognized a loss provision in connection with damage to certain drilling rigs caused by Hurricane Katrina (see "Note 9 - Contingencies").
- On June 30, 2005, the Company sold its six South America/Caribbean barge rigs (see "Note 5 - Discontinued Operations").
- In June 2005, the Company redeemed $38.2 million of 5.63% bonds (see "Note 8 - Long-Term Debt").
- In March and April 2005, the Company finalized the accounting for damage to ENSCO 25 and ENSCO 64 caused by Hurricane Ivan in September 2004 (see "Note 5 - Discontinued Operations" and "Note 10 - Resolution of Insurance Claims Relating to Hurricane Ivan Damage").
- In February 2005, the Company acquired the ENSCO 106 jackup rig from an affiliated joint venture (see "Note 6 - Investment in Joint Ventures").
- During January 2005, the Company transferred a drilling rig between tax jurisdictions that resulted in the reversal of temporary differences between the financial statement basis and tax basis of the associated drilling rig. A portion of the temporary differences arose in connection with purchase accounting adjustments relating to a prior acquisition. Accordingly, the $4.8 million tax effect of such reversing temporary differences has been recorded as a reduction of the goodwill established in connection with that acquisition.

Note 2 - Earnings Per Share

For the three-month and nine-month periods ended September 30, 2005 and 2004, there were no adjustments to net income for purposes of calculating basic and diluted earnings per share. The following is a reconciliation of the weighted average common shares used in the basic and diluted earnings per share computations for the three-month and nine-month periods ended September 30, 2005 and 2004 (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2005	2004	2005	2004
Weighted average common shares-basic	151.8	150.8	151.3	150.7
Potentially dilutive common shares:				
Stock options	.7	.1	.5	.1
Restricted stock grants	.1	.1	.1	--
Weighted average common shares-diluted	152.6	151.0	151.9	150.8

Options to purchase 15,000 shares and 3.3 million shares of common stock in the three-month periods ended September 30, 2005 and 2004, respectively, were not included in the computation of diluted earnings per share because the exercise price of the options exceeded the average market price of the common stock. Options to purchase 15,000 shares and 3.6 million shares of common stock in the nine-month periods ended September 30, 2005 and 2004, respectively, were not included in the computation of diluted earnings per share because the exercise price of the options exceeded the average market price of the common stock.

Note 3 - Stock-Based Employee Compensation

In May 2005, the Company's stockholders approved the 2005 Long-Term Incentive Plan (the "2005 Plan"). The 2005 Plan is similar to and will essentially replace the Company's previously adopted 1998 Incentive Plan and 1996 Non-Employee Directors' Stock Option Plan. No further awards will be granted under the previously adopted plans, however, those plans shall continue to apply to and govern awards made under those plans. Under the 2005 Plan, a maximum of 10.0 million shares are reserved for issuance as awards of stock options and restricted stock to officers, employees and non-employee directors. Stock options granted to officers and employees generally become exercisable in 25% increments over a four-year period and to the extent not exercised, expire on the seventh anniversary of the date of grant. Stock options granted to non-employee directors generally are immediately exercisable and to the extent not exercised, expire on the seventh anniversary of the date of grant. The exercise price of stock options granted under the 2005 Plan equals the market value of the underlying stock on the date of grant. Restricted stock awards to officers, employees and non-employee directors generally vest in 20% increments over a five-year period.

The Company uses the intrinsic value method of accounting for stock options in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25"). No compensation expense related to stock options is included in the Company's net income, as the exercise price of the Company's stock options equals the market value of the underlying stock on the date of grant. The following table includes disclosures required by Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" as amended ("SFAS 123"), and illustrates the effect on net income and earnings per share as if the Company had applied the fair value recognition provisions of SFAS 123 (in millions, except per share amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2005	2004	2005	2004
Net income, as reported	$76.5	$25.8	$188.3	$64.3
Less stock-based employee compensation expense, net of tax	(2.2)	(2.5)	(7.0)	(7.0)
Pro forma net income	$74.3	$23.3	$181.3	$57.3
Basic earnings per share:				
As reported	$ .50	$ .17	$1.24	$ .43
Pro forma	.49	.15	1.20	.38
Diluted earnings per share:				
As reported	$ .50	$ .17	$1.24	$ .43
Pro forma	.49	.15	1.19	.38

In December 2004, the FASB issued Statement of Financial Accounting Standards No. 123, (revised 2004) "Share-Based Payment" ("SFAS 123(R)"). This statement is a revision of SFAS 123, and requires entities to measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award. The cost will be recognized over the period during which an employee is required to provide services in exchange for the award (usually the vesting period). SFAS 123(R) covers various share-based compensation arrangements including share options, restricted share plans, performance-based awards, share appreciation rights and employee share purchase plans. SFAS 123(R) eliminates the ability to use the intrinsic value method of accounting for share options, as provided in APB 25. SFAS 123(R) is effective for the first fiscal year beginning after June 15, 2005, with early adoption encouraged. The Company is currently evaluating the statement's transition methods and does not expect this statement to have an effect materially different than that of the pro forma SFAS 123 disclosures above.

Note 4 - Comprehensive Income

The components of the Company's comprehensive income for the three-month and nine-month periods ended September 30, 2005 and 2004, are as follows (in millions):

	Three Months Ended September 30, 2005	Three Months Ended September 30, 2004	Nine Months Ended September 30, 2005	Nine Months Ended September 30, 2004
Net income	$76.5	$25.8	$188.3	$64.3
Other comprehensive income (loss):				
Net change in fair value of derivatives	.6	.6	(.9)	(.8)
Reclassification of unrealized gains and losses on derivatives from other comprehensive income (loss) into net income	(.5)	.4	(1.3)	1.0
Foreign currency translation adjustment	--	--	1.1	--
Other	--	(.6)	--	(.6)
Net other comprehensive income (loss)	.1	.4	(1.1)	(.4)
Comprehensive income	$76.6	$26.2	$187.2	$63.9

The components of the accumulated other comprehensive loss section of stockholders' equity at September 30, 2005 and December 31, 2004, are as follows (in millions):

	September 30, 2005	December 31, 2004
Net unrealized losses on derivatives, net of tax	$10.1	$7.9
Cumulative translation adjustment	--	1.1
Accumulated other comprehensive loss	$10.1	$9.0

The cumulative translation adjustment component of accumulated other comprehensive loss of $1.1 million at December 31, 2004 was associated with the six South America/Caribbean barge rigs sold on June 30, 2005, and is included in the pre-tax gain recognized on the sale (see "Note 5 - Discontinued Operations" below).

The estimated amount of net unrealized losses on derivative instruments, net of tax at September 30, 2005, that will be reclassified to earnings during the next twelve months is as follows (in millions):

Net unrealized losses to be reclassified to contract drilling expense	$ .7
Unrealized losses to be reclassified to interest expense	1.2
Net unrealized losses to be reclassified to earnings	$1.9

Note 5 - Discontinued Operations

On June 30, 2005, the Company sold its six South America/Caribbean barge rigs for $59.6 million and recognized a pre-tax gain of $9.6 million, which is included in "Gain on disposal of discontinued operations, net" in the consolidated statement of income for the nine-month period ended September 30, 2005. The net book value of the rigs was $45.1 million on the date of sale. The operating results of the six South America/Caribbean barge rigs have been reclassified as discontinued operations in the consolidated statements of income for the three-month and nine-month periods ended September 30, 2005 and 2004.

The ENSCO 64 jackup rig sustained substantial damage during Hurricane Ivan in September 2004. On April 15, 2005, the Company's insurance underwriters completed their analysis of the damage to ENSCO 64 and declared the rig a constructive total loss under the terms of the Company's insurance policies. Accordingly, the Company transferred beneficial ownership of ENSCO 64 to insurance underwriters and received the rig's insured value of $65.0 million. On the date of transfer, the net book value of the rig was $52.8 million. The Company recognized a pre-tax gain of $11.7 million upon receipt of the insurance proceeds, which is included in "Gain on disposal of discontinued operations, net" in the consolidated statement of income for the nine-month period ended September 30, 2005. The operating results of ENSCO 64 have been reclassified as discontinued operations in the consolidated statements of income for the three-month period ended September 30, 2004 and the nine-month periods ended September 30, 2005 and 2004.

In February 2004, the Company entered into an agreement with Keppel FELS Limited ("KFELS"), a major international shipyard, to exchange three rigs (ENSCO 23, ENSCO 24 and ENSCO 55) and $55.0 million for the construction of a new high performance premium jackup rig to be named ENSCO 107. The exchange of the three rigs occurred in May 2004 and was treated as a sale with no significant gain or loss recognized, as the fair value of the rigs approximated their book value of $39.9 million. The results of operations of ENSCO 23, ENSCO 24 and ENSCO 55 have been reclassified as discontinued operations in the consolidated statement of income for the nine-month period ended September 30, 2004.

Following is a summary of income (loss) from discontinued operations for the three-month and nine-month periods ended September 30, 2005 and 2004 (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2005	2004	2005	2004
Revenues	$ --	$3.9	$ 8.8	$25.4
Operating expenses and other	(1.0)	5.1	6.4	21.7
Operating income (loss) before income taxes	1.0	(1.2)	2.4	3.7
Income tax expense	(.6)	(.7)	(1.5)	(1.9)
Gain on disposal of discontinued operations, net	--	--	11.6	--
Income (loss) from discontinued operations	$ .4	$(1.9)	$12.5	$ 1.8

Note 6 - Investment in Joint Ventures

During the fourth quarter of 2000, the Company entered into an agreement with KFELS and acquired a 25% ownership interest in a harsh environment jackup rig under construction, which was subsequently named ENSCO 102. Upon completion of rig construction in the second quarter of 2002, the Company and KFELS established a joint venture company, ENSCO Enterprises Limited ("EEL"), to own and charter ENSCO 102. The Company and KFELS had initial ownership interests in EEL of 25% and 75%, respectively. Concurrent with the transfer of the rig to EEL, the Company agreed to charter ENSCO 102 from EEL for a two-year period that was scheduled to expire in May 2004.

In January 2004, the Company exercised a purchase option under the terms of the joint venture and acquired ENSCO 102 for a net payment of $94.6 million. EEL was liquidated upon the Company's acquisition of ENSCO 102. For the nine-months ended September 30, 2004, EEL generated net income of $300,000 (unaudited), and the Company recognized $400,000, net of intercompany eliminations, from its equity in the earnings of EEL, which is included in contract drilling expenses on the consolidated statements of income.

During the first quarter of 2003, the Company entered into an agreement with KFELS to establish a second joint venture company, ENSCO Enterprises Limited II ("EEL II"), to construct a premium heavy duty jackup rig to be named ENSCO 106. The Company and KFELS had initial ownership interests in EEL II of 25% and 75%, respectively. At December 31, 2004, the Company's net investment in EEL II totaled $23.2 million and is included in other assets, net on the consolidated balance sheet. Upon completion of rig construction in February 2005, the Company exercised its purchase option under the terms of the joint venture and acquired ENSCO 106 for a net payment of $79.6 million. EEL II was effectively liquidated upon the Company's acquisition of ENSCO 106.

The Company's equity interest in EEL and EEL II constituted variable interests in variable interest entities, as defined in the Financial Accounting Standards Board's Interpretation No. 46 (revised December 2003), "Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51" ("FIN 46R"). However, the Company did not absorb a majority of the expected losses or receive a majority of the expected residual returns of EEL and EEL II, as defined by FIN 46R, and accordingly, was not required to consolidate EEL or EEL II.

Note 7 - Income Taxes

The income tax rates imposed in the tax jurisdictions in which the Company's foreign subsidiaries conduct operations vary, as does the tax base to which the rates are applied. In some cases, tax rates may be applicable to gross revenue, statutory or negotiated deemed profits, or other bases utilized under local tax laws, rather than to net income. In addition, the Company's drilling rigs are frequently moved from one tax jurisdiction to another. As a result, the Company's consolidated effective income tax rate may vary substantially from one reporting period to another, depending on the relative components of the Company's earnings generated in tax jurisdictions with higher tax rates and lower tax rates.

The Company's effective income tax rates for the three-month and nine-month periods ended September 30, 2005 were 26.4% and 28.3%, respectively, compared to effective income tax rates in the corresponding periods of the prior year of 20.9% and 22.9%. The income tax provisions for the three-month and nine-month periods ended September 30, 2005 include a $5.4 million net benefit that results primarily from the resolution of various issues in connection with an audit by tax authorities of the Company's 2002 U.S. tax return and release of certain tax liabilities recognized in prior years that are determined to no longer be necessary. Excluding the impact of the $5.4 million net benefit, the Company's effective income tax rates for the three-month and nine-month periods ended September 30, 2005 would have been 31.6% and 30.5%, respectively.

Note 8 - Long-Term Debt

On June 23, 2005, the Company amended and restated its existing $250.0 million unsecured revolving credit agreement (the "Credit Agreement"). The amended and restated agreement (the "2005 Credit Facility") provides for a $350.0 million unsecured revolving credit facility with a syndicate of lenders for general corporate purposes. The 2005 Credit Facility has a five-year term, expiring June 23, 2010, and replaces the Company's $250.0 million five-year Credit Agreement that was scheduled to mature on July 26, 2007. Advances under the 2005 Credit Facility bear interest at LIBOR plus an applicable margin rate (currently .35% per annum), depending on the Company's credit rating. The Company pays a facility fee (currently .10% per annum) on the total $350.0 million commitment, which is also based on the Company's credit rating, and pays an additional utilization fee on outstanding advances if such advances equal or exceed 50% of the total $350.0 million commitment. The Company is required to maintain certain financial covenants under the 2005 Credit Facility, including a specified level of interest coverage and debt to total capitalization ratio. The Company had no amounts outstanding under the 2005 Credit Facility or the Credit Agreement at September 30, 2005 and December 31, 2004, respectively.

In connection with a prior acquisition, the Company assumed 5.63% bonds that were issued to provide long-term financing for ENSCO 76. The bonds were guaranteed by MARAD and were being repaid in 24 equal semiannual principal installments of $2.9 million ending in July 2011. On June 15, 2005, the Company redeemed the bonds for $40.9 million, including $900,000 of accrued interest and a $1.8 million redemption premium. The $1.8 million redemption premium and a $600,000 unamortized debt discount are included in "Other income (expense) - Other, net" in the consolidated statement of income for the nine-month period ended September 30, 2005.

Note 9 - Contingencies

Hurricane Damage

During the third quarter 2005, several of the Company's drilling rigs in the Gulf of Mexico were in the path of two major storms, Hurricane Katrina and Hurricane Rita. Physical damage to the Company's rigs caused by a hurricane, as well as the related removal and recovery costs, are covered by insurance subject to a deductible. The Company maintains insurance coverage under multiple insurance policies that subject the Company to escalating deductibles, the amount of which depends on the type of rig damaged and the magnitude of the damage sustained by rig type. However, all losses incurred as a result of a single hurricane (an "occurrence") are limited to a maximum aggregate deductible of $5.5 million.

The most significant damage to the Company's drilling rigs resulted from Hurricane Katrina, with severe damage sustained by the ENSCO 29 platform rig. Analysis of the damage is ongoing and the Company is currently unable to determine when it will be completed or when the associated insurance claim will be finalized. Based on preliminary analysis of the damage performed by the Company and its insurance underwriters, the Company believes it is likely that ENSCO 29 will be declared a constructive total loss under the terms of its insurance policies. If this is the case, the Company will transfer beneficial ownership in the rig to underwriters and receive $10.0 million. The net book value of ENSCO 29 is $7.5 million.

Preliminary inspections indicate the hull of ENSCO 7500 sustained some damage during Hurricane Katrina. While the damage is believed to be minor and the rig continues to work under its existing contract, the Company and its insurance underwriters have not completed an analysis of the damage. The ENSCO 7500 is expected to complete its existing contract on or about October 31, 2005, and was previously scheduled to enter a shipyard for minor enhancement and preparatory work for its pending two year contract. The Company plans to extend the shipyard stay to an estimated 30 days to accommodate completion of the hull repairs.

The Company is unable to determine when insurance claims will be finalized and has recognized a $5.5 million estimated loss during the third quarter 2005, which represents the aggregate insurance deductible for the damages sustained as a result of Hurricane Katrina. The loss is included in "Other income (expense) - Other, net" in the consolidated statements of income for the three-month and nine-month periods ended September 30, 2005. It is possible the insurance proceeds received as a result of the aforementioned claims could exceed the net book value of the Company's drilling equipment determined to be impaired, which would result in the recognition of a gain equal to the amount of the excess.

Although several of the Company's jackup rigs were in the path of Hurricane Rita, the Company has detected only minor damage to those rigs and the associated repair costs incurred, or expected to be incurred, are not significant. In addition, none of the Company's jackup rigs experienced, or is expected to experience, significant downtime in order to complete damage repairs as a result of this hurricane.

Other Contingencies

The Company has received summonses charging violations of the U.K. Health and Safety at Work Act in connection with a fatal injury sustained by an employee on one of its rigs during May 2003. Should criminal liability be established, the Company is subject to a monetary fine. The Company currently believes it has established a sufficient reserve in relation to this matter.

In August 2004, the Company and certain subsidiaries were named as defendants in three multi-party lawsuits filed in Mississippi State courts involving numerous other companies as co-defendants. The lawsuits seek an unspecified amount of monetary damages on behalf of approximately 120 named individuals alleging personal injury or death, including claims under the Jones Act, purportedly resulting from exposure to asbestos on drilling rigs and associated facilities during the period 1965 through 1986. The lawsuits are in preliminary stages and the Company has not been able to determine the number of plaintiffs that were employed by the Company or its subsidiaries or otherwise associated with its drilling operations during the relevant period. The Company has filed responsive pleadings preserving all defenses and challenges to jurisdiction or venue, and intends to vigorously defend against the litigation. Based on information currently available, the Company cannot reasonably estimate a range of potential liability exposure, if any. While the Company does not expect the resolution of these lawsuits to have a material adverse effect on its financial position, results of operations or cash flows, there can be no assurance as to the ultimate outcome of these lawsuits.

Legislation known as the U.K. Working Time Directive was introduced in August 2003 and may be applicable to employees of the Company and other drilling contractors that work offshore in U.K. territorial waters or in the U.K. sector of the North Sea. Certain unions representing offshore employees have claimed that drilling contractors are not in compliance with the U.K. Working Time Directive in respect of paid time off (vacation time) for employees working offshore on a rotational basis (equal time working and off). Based on the information available at this time, the Company does not expect the resolution of this matter to have a material adverse effect on its financial position, results of operations or cash flows.

The Company and its subsidiaries are named defendants in certain lawsuits and are involved from time to time as parties to governmental proceedings, including matters related to taxation, all arising in the ordinary course of business. Although the outcome of lawsuits or other proceedings involving the Company and its subsidiaries 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, management does not expect these matters to have a material effect on the financial position, results of operations or cash flows of the Company.

Note 10 - Resolution of Insurance Claims Relating to Hurricane Ivan Damage

Two of the Company's drilling rigs, the ENSCO 64 jackup rig and ENSCO 25 platform rig, sustained damage during Hurricane Ivan in September 2004. The physical damage to the rigs, as well as the related removal, salvage and recovery costs, was covered by insurance, subject to an aggregate escalating deductible of up to $5.5 million. Damage to ENSCO 64 was substantial and upon initial evaluation it was not possible to determine whether ENSCO 64 would be declared a constructive total loss ("CTL") under the terms of the Company's insurance policies. If ENSCO 64 were to be declared a CTL, the Company would transfer its interest in the rig to underwriters and receive the rig's insured value of $65.0 million, with no deductible applicable. Due to the uncertainties involved and difficulties associated with estimating the damage sustained by the two rigs, the Company recognized a $5.5 million loss, representing its aggregate insurance deductible, during the third quarter of 2004. The loss is included in "Other income (expense) - Other, net" in the consolidated statements of income for the three-month and nine-month periods ended September 30, 2004.

On April 15, 2005, the Company's insurance underwriters completed their analysis of the damage to ENSCO 64 and declared the rig a CTL. Accordingly, the Company transferred beneficial ownership of ENSCO 64 to insurance underwriters and received the rig's insured value of $65.0 million, which resulted in a pre-tax gain of approximately $11.7 million included in "Gain on disposal of discontinued operations, net" in the consolidated statement of income for the nine-month period ended September 30, 2005.

Damage to ENSCO 25 was less extensive than that of ENSCO 64, and the rig returned to service in late February 2005 after completion of the damage assessment and repair work. The Company recognized a net gain of $3.1 million during the first quarter of 2005, which consists of the excess of the $5.5 million provision recognized during the third quarter of 2004 for the aggregate insurance deductible over the $2.4 million loss realized in connection with the ENSCO 25 repair work. The $3.1 million net gain is included in "Other income (expense) - Other, net" in the consolidated statement of income for the nine-month period ended September 30, 2005.

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

INTRODUCTION

ENSCO International Incorporated and subsidiaries ("ENSCO" or the "Company") is an international offshore contract drilling company with a current operating fleet of 46 drilling rigs, including 42 jackup rigs, one semisubmersible rig, one barge rig and two platform rigs. (The current operating fleet does not include two jackup rigs and one deepwater semisubmersible rig under construction, nor the ENSCO 26 platform rig which was sold on October 20, 2005.) The Company's offshore contract drilling operations are integral to the exploration, development and production of oil and natural gas and the Company is one of the leading providers of offshore drilling services to the international oil and gas industry.

The Company drills and completes oil and gas wells under contracts with major international, government-owned and independent oil and gas companies. The drilling services provided by the Company are conducted on a "day rate" contract basis, under which the Company provides its drilling rigs and rig crews and receives a fixed amount per day for drilling wells. The customer bears substantially all of the ancillary costs of constructing the wells and supporting drilling operations, as well as the economic risk relative to the success of the wells.

Financial operating results in the offshore contract drilling industry have historically been very cyclical and are primarily related to the demand for drilling rigs and the available supply of rigs. Demand for rigs is directly related to the regional and worldwide levels of offshore exploration and development spending by oil and gas companies, which is beyond the control of the Company. Offshore exploration and development spending may fluctuate substantially from year to year and from region to region. Such spending fluctuations result from many factors, including:

- demand for oil and gas,
- regional and global economic conditions and expected changes therein,
- political and legislative environments in the U.S. and other major oil-producing countries,
- production levels and related activities of OPEC and other oil and gas producers, and
- the impact that these and other events have on the current and expected future pricing of oil and natural gas

The supply of drilling rigs is limited and new rigs require a substantial capital investment and a long period of time to construct. In addition, it is time consuming and costly to move rigs between markets. Accordingly, as demand changes in a particular market, the supply of rigs may not adjust quickly, and therefore the utilization and day rates of rigs could fluctuate significantly.

Since factors that affect offshore exploration and development spending are beyond the control of the Company and rig demand can change quickly, it is difficult for the Company to predict industry conditions or trends in operating results. Periods of low demand result in excess rig supply, which generally reduces rig utilization levels and day rates; periods of high demand tighten rig supply, generally resulting in increased rig utilization levels and day rates.

The Company's drilling rigs are deployed throughout the world, with drilling operations concentrated in the major geographic regions of North America, Europe/Africa, and Asia Pacific (which includes Asia, the Middle East and Australia). The Company competes with other offshore drilling contractors on the basis of price, quality of service, operational and safety performance, equipment suitability and availability, reputation and technical expertise. Competition is usually on a regional basis, but offshore drilling rigs are mobile and may generally be moved from one region to another in response to demand.

BUSINESS ENVIRONMENT

The Company's North America offshore drilling operations are conducted in the Gulf of Mexico. The U.S. natural gas market and trends in oil and gas company spending largely determine offshore drilling industry conditions in this region. The supply of jackup rigs in the Gulf of Mexico declined from prior year levels during 2004 as the Company and some of its competitors mobilized rigs from this market to international markets. Average day rates for jackup rigs in the Gulf of Mexico improved significantly during the second half of 2004, due to both the reduced supply of rigs and increased spending by oil and gas companies. During the first nine months of 2005, day rates continued to increase due to a further decrease in the supply of drilling rigs resulting from the announcement by several of the Company's competitors of rigs contracted outside the region and scheduled to depart the Gulf of Mexico in the next six months, the disruption to drilling operations and damage to several offshore drilling rigs caused by Hurricane Katrina and Hurricane Rita, and high oil and natural gas prices.

The Company's Europe/Africa offshore drilling operations are mainly conducted in northern Europe where jackup rig demand and day rates generally remained at reduced levels in 2004, experiencing only modest improvement during the fourth quarter. During the first nine months of 2005, day rates continued to improve as high oil and natural gas prices have resulted in increased spending by oil and gas companies.

Demand for jackup rigs in most Asia Pacific region markets was strong during 2004, as many of the major international and government-owned oil companies increased spending in those markets. However, Asia Pacific region day rates remained relatively stable over the course of 2004, as the Company and some of its competitors mobilized additional rigs to the region in response to the increased demand. Demand continued to strengthen during the first three quarters of 2005 and increased activity levels absorbed the additional rigs mobilized to the region and improved day rates.

RESULTS OF OPERATIONS

On June 30, 2005, the Company sold its six South America/Caribbean barge rigs. The operating results of the six South America/Caribbean barge rigs have been reclassified as discontinued operations in the consolidated statements of income for the three-month and nine-month periods ended September 30, 2005 and 2004.

The ENSCO 64 jackup rig, which was substantially damaged by Hurricane Ivan in September 2004, was declared a constructive total loss on April 15, 2005 under the terms of the Company's insurance policies. Accordingly, the Company transferred beneficial ownership of ENSCO 64 to insurance underwriters and the operating results of ENSCO 64 have been reclassified as discontinued operations in the consolidated statements of income for the three-month period ended September 30, 2004 and the nine-month periods ended September 30, 2005 and 2004.

In May 2004, the Company transferred three rigs (ENSCO 23, ENSCO 24 and ENSCO 55) to Keppel FELS Limited ("KFELS") as partial payment for the construction of a new high performance premium jackup rig that is scheduled for delivery in early 2006. The results of operations of ENSCO 23, ENSCO 24 and ENSCO 55 have been reclassified as discontinued operations in the consolidated statement of income for the nine-month period ended September 30, 2004.

The following analysis highlights the Company's consolidated operating results for the three-month and nine-month periods ended September 30, 2005 and 2004 (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2005	2004	2005	2004
Operating Results				
Revenues	$276.7	$187.0	$737.1	$536.0
Operating expenses				
Contract drilling	117.1	101.7	336.3	306.6
Depreciation and amortization	39.8	34.3	115.8	102.0
General and administrative	6.7	6.8	19.1	19.9
Operating income	113.1	44.2	265.9	107.5
Other expense, net	9.7	9.2	20.8	26.4
Provision for income taxes	27.3	7.3	69.3	18.6
Income from continuing operations	76.1	27.7	175.8	62.5
Income (loss) from discontinued operations	.4	(1.9)	12.5	1.8
Net income	$76.5	$25.8	$188.3	$64.3

For the three-month period ended September 30, 2005, revenues increased by $89.7 million, or 48%, and operating income increased by $68.9 million, or 156%, from the prior year period. The increases are primarily due to improved average day rates for North America jackup rigs and improved average day rates and utilization of international jackup rigs and the ENSCO 7500, as compared to the prior year quarter.

For the nine-month period ended September 30, 2005, revenues increased by $201.1 million, or 38%, and operating income increased by $158.4 million, or 147%, from the prior year period. The increases are primarily due to improved average day rates for North America and Europe/Africa jackup rigs and improved utilization of international jackup rigs, as compared to the prior year period. Detailed explanations of the Company's operating results for the three-month and nine-month periods ended September 30, 2005 and 2004, including discussions of revenue and contract drilling expenses based on geographical location and type of rig, are set forth below.

Revenue and Contract Drilling Expense

The following is an analysis of the Company's revenues, contract drilling expense, rig utilization and average day rates from continuing operations for the three-month and nine-month periods ended September 30, 2005 and 2004 (in millions, except utilization and day rates):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2005	2004	2005	2004
Revenues				
Jackup rigs:				
North America	$ 89.9	$ 59.1	$246.3	$177.0
Europe/Africa	71.9	37.0	165.5	103.6
Asia Pacific	86.7	72.4	255.4	195.6
South America/Caribbean	--	8.2	4.0	23.9
Total jackup rigs	248.5	176.7	671.2	500.1
Semisubmersible rig - North America	17.9	2.8	37.4	14.8
Barge rig - Asia Pacific	5.1	4.9	14.3	13.1
Platform rigs - North America	5.2	2.6	14.2	8.0
Total	$276.7	$187.0	$737.1	$536.0
Contract Drilling Expense				
Jackup rigs:				
North America	$ 33.7	$ 29.5	$ 96.5	$100.2
Europe/Africa	27.8	24.5	79.8	70.5
Asia Pacific	44.6	35.5	123.8	101.0
South America/Caribbean	--	3.0	2.5	9.7
Total jackup rigs	106.1	92.5	302.6	281.4
Semisubmersible rig - North America	4.8	4.0	16.1	11.6
Barge rig - Asia Pacific	2.1	2.4	6.7	6.6
Platform rigs - North America	4.1	2.8	10.9	7.0
Total	$117.1	$101.7	$336.3	$306.6

	Three Months Ended September 30, 2005	2004	Nine Months Ended September 30, 2005	2004
Rig Utilization : (1)				
Jackup rigs:				
North America	82%	84%	85%	85%
Europe/Africa	100%	77%	94%	78%
Asia Pacific	82%	83%	84%	82%
South America/Caribbean	--	100%	100%	96%
Total jackup rigs	85%	82%	87%	83%
Semisubmersible rig - North America	98%	36%	86%	34%
Barge rig - Asia Pacific	99%	100%	98%	100%
Platform rigs - North America	55%	33%	62%	33%
Total	84%	78%	85%	79%
Average day rates : (2)				
Jackup rigs:				
North America	$ 69,348	$ 42,743	$ 61,171	$ 39,799
Europe/Africa	94,062	62,767	79,030	60,044
Asia Pacific	71,895	63,355	67,338	62,979
South America/Caribbean	--	88,791	77,589	89,441
Total jackup rigs	75,376	54,930	66,935	52,201
Semisubmersible rig - North America	185,828	86,605	153,547	149,966
Barge rig - Asia Pacific	51,846	51,777	51,372	47,161
Platform rigs - North America	33,668	30,384	30,703	29,401
Total	$ 76,365	$ 54,655	$ 67,435	$ 52,537

(1) Utilization is derived by dividing the number of days under contract by the number of days in the period.

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

The following is a summary of the Company's offshore drilling rigs at September 30, 2005 and 2004:

	Number of Rigs September 30, 2005	2004
Jackup rigs:		
North America [1]	17	17
Europe/Africa	8	8
Asia Pacific [2] [3]	17	15
South America/Caribbean [2]	--	1
Total jackup rigs	42	41
Semisubmersible rig - North America	1	1
Barge rig - Asia Pacific	1	1
Platform rigs - North America	3	3
Total [4]	47	46

(1) Excludes the jackup rig ENSCO 64, which was declared a constructive total loss on April 15, 2005, and its operating results have been reclassified as discontinued operations.

(2) During the first quarter of 2005, the Company mobilized ENSCO 76 from Trinidad and Tobago to a shipyard in the Gulf of Mexico for enhancement procedures. The rig then mobilized to Saudi Arabia to commence a three year contract in September 2005.

(3) Upon completion of its construction in the first quarter of 2005, the Company acquired ENSCO 106 from a joint venture in which the Company held a 25% interest.

(4) The total number of rigs excludes ENSCO 107 (which commenced construction during the first quarter of 2004 and is expected to enter service in early 2006), ENSCO 108 (which commenced construction during April of 2005 and is expected to be delivered in the first quarter of 2007), ENSCO 8500 (which commenced construction during the third quarter of 2005 and is expected to be delivered in the second quarter of 2008), and the six South America/Caribbean barge rigs sold during the second quarter of 2005 (whose operating results have been reclassified as discontinued operations).

North America Jackup Rigs

Third quarter 2005 revenues for the North America jackup rigs increased by $30.8 million, or 52%, compared to the prior year quarter. The increase in revenues is due primarily to a 62% increase in average day rates, partially offset by decreased revenue attributable to a decrease in utilization to 82% in the current year quarter from 84% in the prior year quarter. The significant increase in average day rates is primarily attributable to the reduced supply of Gulf of Mexico jackup rigs resulting from the announcement by several of the Company's competitors of rigs contracted outside the region and scheduled to depart the Gulf of Mexico in the next six months. The decrease in utilization resulted from an increase in the amount of time rigs spent in shipyards undergoing enhancements compared to the prior year quarter. Third quarter 2005 contract drilling expense increased by $4.2 million, or 14%, compared to the prior year quarter. The increase in contract drilling expense is primarily attributable to increased repair and personnel costs in the current year quarter and the receipt of a $500,000 insurance premium rebate in the prior year third quarter, which resulted from the low level of claims experienced during the Company's prior policy year.

For the nine months ended September 30, 2005, revenues for the North America jackup rigs increased by $69.3 million, or 39%, compared to the prior year period. The increase in revenues is due primarily to a 54% increase in average day rates, partially offset by decreased revenue attributable to the reduced size of the Company's North America jackup rig fleet resulting from the relocation of three jackup rigs from the Gulf of Mexico during 2004. The significant increase in average day rates is primarily attributable to the reduced supply of Gulf of Mexico jackup rigs, as discussed above. For the nine months ended September 30, 2005, contract drilling expense decreased by $3.7 million, or 4%, compared to the prior year period. The decrease in contract drilling expense is primarily attributable to $4.0 million of costs incurred during the second quarter of 2004 relating to the termination of a rig transportation contract associated with the delayed relocation of two jackup rigs from the Gulf of Mexico to the Middle East and to the reduced size of the fleet in 2005, partially offset by an increase in repair costs and the receipt of the $500,000 insurance premium rebate in the prior year as noted above.

Europe/Africa Jackup Rigs

Third quarter 2005 revenues for the Europe/Africa jackup rigs increased by $34.9 million, or 94%, from the prior year quarter. The increase in revenues is due to a 50% increase in the average day rates and an increase in utilization to 100% in the current year quarter from 77% in the prior year quarter. The improvement in day rates and utilization is primarily attributable to increased spending by oil and gas companies. Contract drilling expense increased by $3.3 million, or 13%, from the prior year quarter due primarily to increased utilization and the receipt of a $300,000 insurance premium rebate in the prior year third quarter, which resulted from the low level of claims experienced during the Company's prior policy year.

For the nine months ended September 30, 2005, revenues for the Europe/Africa jackup rigs increased by $61.9 million, or 60%, from the prior year period. The increase in revenues is primarily attributable to a 32% increase in average day rates and an increase in utilization to 94% in the current year period from 78% in the prior year period. The improvement in day rates and utilization is attributable to increased spending by oil and gas companies. Contract drilling expense increased by $9.3 million, or 13%, from the prior year period due to increased utilization, an increase in reimbursable expenses and the receipt of the $300,000 insurance premium rebate in the prior year as noted above.

Asia Pacific Jackup Rigs

Third quarter 2005 revenues for the Asia Pacific jackup rigs increased by $14.3 million, or 20%, as compared to the prior year quarter. The increase in revenues is primarily due to the acquisition of ENSCO 106 in February 2005, which worked 91 days during the current year quarter. Additionally, ENSCO 76 completed its mobilization to Saudi Arabia and commenced a three year contract in September 2005. Contract drilling expense increased by $9.1 million, or 26%, as compared to the prior year quarter due primarily to the acquisition of ENSCO 106, increased repair and personnel costs, and the receipt of a $400,000 insurance premium rebate in the prior year third quarter, which resulted from the low level of claims experienced during the Company's prior policy year.

For the nine months ended September 30, 2005, revenues for the Asia Pacific jackup rigs increased by $59.8 million, or 31%, as compared to the prior year period. The increase in revenues is primarily due to the increased size of the Asia Pacific jackup rig fleet. The Company relocated three rigs to the Asia Pacific region during the second and third quarters of 2004 at which time the rigs were undergoing enhancement and contract preparation procedures. As noted above, the Company acquired ENSCO 106 in February 2005 and mobilized ENSCO 76 to the region in September 2005. Contract drilling expense increased by $22.8 million, or 23%, as compared to the prior year period due primarily to the increased size of the Asia Pacific jackup rig fleet in 2005.

South America/Caribbean Jackup Rig

ENSCO 76 completed a long-term contract in Trinidad and Tobago and subsequently mobilized from the region during the first quarter 2005.

For the nine months ended September 30, 2005, revenues for the South America/Caribbean jackup rig decreased by $19.9 million, or 83%, and contract drilling expense decreased by $7.2 million, or 74%, as compared to the prior year period. The decrease in revenues and contract drilling expense is due to the completion of a long-term contract in February 2005 and the subsequent mobilization of ENSCO 76 from Trinidad and Tobago, compared to operating at near full utilization during the prior year period.

North America Semisubmersible Rig

Third quarter 2005 revenues for the North America semisubmersible rig were $17.9 million as compared to $2.8 million for the third quarter of 2004 and contract drilling expense increased $800,000, or 20%, as compared to the prior year quarter. The increase in revenues and contract drilling expense is attributable to the rig being idle while undergoing minor improvements, regulatory inspection and maintenance procedures during approximately two months of the third quarter of 2004.

For the nine months ended September 30, 2005, revenues for the North America semisubmersible rig were $37.4 million as compared to $14.8 million for the prior year period and contract drilling expense increased $4.5 million, or 39%, from the prior year period as the rig was idle for approximately six months during the prior year period as discussed above.

Asia Pacific Barge Rig

Third quarter 2005 revenues for the Asia Pacific barge rig, which is currently located in Indonesia, increased by $200,000, or 4%, and contract drilling expense decreased by $300,000, or 13%, compared to the prior year quarter. The increase in revenues is primarily due to an increase in reimbursable revenue during the current year quarter. The decrease in contract drilling expense was primarily due to a decrease in repair, maintenance and supply costs.

For the nine months ended September 30, 2005, revenues for the Asia Pacific barge rig increased $1.2 million, or 9%, and contract drilling expense was comparable to the prior year period. The increase in revenues is primarily due to a 9% increase in the average day rate of ENSCO I.

North America Platform Rigs

Third quarter 2005 revenues for the platform rigs increased by $2.6 million, or 100%, and contract drilling expense increased $1.3 million, or 46%, as compared to the prior year quarter. The increase in revenues and contract drilling expense is due primarily to an increase in utilization to 55% in the current year quarter from 33% in the prior year quarter.

For the nine months ended September 30, 2005, revenues for platform rigs increased by $6.2 million, or 78%, and contract drilling expense increased $3.9 million, or 56%, as compared to the prior year period. The increase in revenues and contract drilling expense is due primarily to an increase in utilization to 62% in the current year period from 33% in the prior year period.

Depreciation and Amortization

Depreciation and amortization expense for the three-month and nine-month periods ended September 30, 2005 increased by $5.5 million, or 16%, and $13.8 million, or 14%, respectively, as compared to the corresponding prior year periods. The increases are primarily attributable to depreciation associated with capital enhancement projects completed subsequent to the third quarter of 2004 and depreciation on ENSCO 106 which was acquired in February 2005.

General and Administrative

General and administrative expense for the three-month and nine-month periods ended September 30, 2005 decreased by $100,000, or 1%, and $800,000, or 4%, respectively, as compared to the corresponding prior year periods. The decreases are primarily attributable to non-recurring costs incurred in 2004 related to information systems consulting services, Sarbanes-Oxley Act compliance initiatives and other projects, partially offset by an increase in personnel costs in 2005.

Other Income (Expense)

The components of other income (expense) for the three-month and nine-month periods ended September 30, 2005 and 2004 is as follows (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2005	2004	2005	2004
Interest income	$ 2.0	$ .9	$ 4.9	$ 2.5
Interest expense, net:				
Interest expense	(8.8)	(10.2)	(28.1)	(30.3)
Capitalized interest	2.3	1.5	5.8	1.9
	(6.5)	(8.7)	(22.3)	(28.4)
Other, net	(5.2)	(1.4)	(3.4)	(.5)
	$(9.7)	$ (9.2)	$(20.8)	$(26.4)

Interest income for the three-month and nine-month periods ended September 30, 2005 increased as compared to the corresponding prior year periods due to higher average interest rates. Interest expense decreased during the same periods due primarily to a decrease in outstanding debt. Capitalized interest for the three-month and nine-month periods ended September 30, 2005 increased as compared to the corresponding prior year periods due to an increase in the amount invested in construction and enhancement projects.

Other, net, in the three-month period ended September 30, 2005 includes a $5.5 million loss for the insurance deductible related to damage sustained on the Company's rigs located in the Gulf of Mexico during Hurricane Katrina. (See Note 9 to the Company's Consolidated Financial Statements.) The $5.5 million loss was offset in part by foreign currency translation gains of $200,000 during the third quarter of 2005. Other, net for the third quarter of 2004 includes a $5.5 million loss for the insurance deductible related to damage sustained on ENSCO 64 and ENSCO 25 in the Gulf of Mexico during Hurricane Ivan. (See Note 10 to the Company's Consolidated Financial Statements.) The $5.5 million loss is partially offset by a $3.9 million gain resulting from the settlement of an insurance claim related to ENSCO 7500 steel hull repairs and lost revenue in the first quarter of 2002 and net foreign currency translation gains of $200,000.

Other, net, in the nine-month period ended September 30, 2005 includes a $2.4 million expense for the unamortized discount and redemption premium incurred upon the redemption of the Company's 5.63% bonds on June 15, 2005 (see Note 8 to the Company's Consolidated Financial Statements), and the aforementioned $5.5 million loss for the insurance deductible related to damage sustained on the Company's rigs located in the Gulf of Mexico during Hurricane Katrina, partially offset by a $3.1 million net gain related to the resolution of insurance claims associated with the damage sustained on ENSCO 64 and ENSCO 25 during Hurricane Ivan and foreign currency translation gains of $1.1 million. Other, net for the nine months ended September 30, 2004 consists primarily of the $3.9 million gain related to the ENSCO 7500 insurance claim settlement discussed above and net foreign currency translation gains of $1.0 million, partially offset by the $5.5 million loss for the insurance deductible related to the damages sustained on ENSCO 64 and ENSCO 25 during Hurricane Ivan.

Provision for Income Taxes

The provisions for income taxes for the three-month and nine-month periods ended September 30, 2005 increased in comparison to the corresponding periods of the prior year by $20.0 million and $50.7 million, respectively. The increase is attributable to increased profitability and an increase in the effective income tax rate, partially offset by the impact of a $5.4 million net benefit included in the income tax provisions for the three-month and nine-month periods ended September 30, 2005.

The Company's effective income tax rates for the three-month and nine-month periods ended September 30, 2005 were 26.4% and 28.3%, respectively, compared to effective income tax rates in the corresponding periods of the prior year of 20.9% and 22.9%. The income tax rates imposed in the tax jurisdictions in which the Company's foreign subsidiaries conduct operations vary, as does the tax base to which the rates are applied. In some cases, tax rates may be applicable to gross revenue, statutory or negotiated deemed profits, or other bases utilized under local tax laws, rather than to net income. In addition, the Company's drilling rigs are frequently moved from one tax jurisdiction to another. As a result, the Company's consolidated effective income tax rate may vary substantially from one reporting period to another, depending on the relative components of the Company's earnings generated in tax jurisdictions with higher tax rates and lower tax rates.

The income tax provisions for the three-month and nine-month periods ended September 30, 2005 include a $5.4 million net benefit that results primarily from the resolution of various issues in connection with an audit by tax authorities of the Company's 2002 U.S. tax return and release of certain tax liabilities recognized in prior years that are determined to no longer be necessary. Excluding the impact of the $5.4 million net benefit, the Company's effective income tax rates for the three-month and nine-month periods ended September 30, 2005 would have been 31.6% and 30.5%, respectively.

Discontinued Operations

On June 30, 2005, the Company sold its six South America/Caribbean barge rigs for $59.6 million and recognized a pre-tax gain of $9.6 million, which is included in "Gain on disposal of discontinued operations, net" in the consolidated statement of income for the nine-month period ended September 30, 2005. The net book value of the rigs was $45.1 million on the date of sale. The operating results of the six South America/Caribbean barge rigs have been reclassified as discontinued operations in the consolidated statements of income for the three-month and nine-month periods ended September 30, 2005 and 2004.

The ENSCO 64 jackup rig sustained substantial damage during Hurricane Ivan in September 2004. On April 15, 2005, the Company's insurance underwriters completed their analysis of the damage to ENSCO 64 and declared the rig a constructive total loss under the terms of the Company's insurance policies. Accordingly, the Company transferred beneficial ownership of ENSCO 64 to insurance underwriters and received the rig's insured value of $65.0 million. On the date of transfer, the net book value of the rig was $52.8 million. The Company recognized a pre-tax gain of $11.7 million upon receipt of the insurance proceeds, which is included in "Gain on disposal of discontinued operations, net" in the consolidated statement of income for the nine-month period ended September 30, 2005. The operating results of ENSCO 64 have been reclassified as discontinued operations in the consolidated statements of income for the three-month period ended September 30, 2004 and the nine-month periods ended September 30, 2005 and 2004.

In February 2004, the Company entered into an agreement with Keppel FELS Limited ("KFELS"), a major international shipyard, to exchange three rigs (ENSCO 23, ENSCO 24 and ENSCO 55) and $55.0 million for the construction of a new high performance premium jackup rig to be named ENSCO 107. The exchange of the three rigs occurred in May 2004 and was treated as a sale with no significant gain or loss recognized, as the fair value of the rigs approximated their book value of $39.9 million. The results of operations of ENSCO 23, ENSCO 24 and ENSCO 55 have been reclassified as discontinued operations in the consolidated statement of income for the nine-month period ended September 30, 2004.

Following is a summary of income (loss) from discontinued operations for the three-month and nine-month periods ended September 30, 2005 and 2004 (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2005	2004	2005	2004
Revenues	$ --	$3.9	$ 8.8	$25.4
Operating expenses and other	(1.0)	5.1	6.4	21.7
Operating income (loss) before income taxes	1.0	(1.2)	2.4	3.7
Income tax expense	(.6)	(.7)	(1.5)	(1.9)
Gain on disposal of discontinued operations, net	--	--	11.6	--
Income (loss) from discontinued operations	$ .4	$(1.9)	$12.5	$ 1.8

LIQUIDITY AND CAPITAL RESOURCES

The Company has historically relied on its cash flow from continuing operations to meet liquidity needs and fund the majority of its cash requirements. Management believes the Company has maintained a strong financial position through the disciplined and conservative use of debt. A substantial majority of the Company's cash flow is invested in the expansion and enhancement of its fleet of drilling rigs.

During the nine month period ended September 30, 2005, the Company's primary sources of cash consisted of $245.4 million generated from continuing drilling operations, $121.0 million from the disposal of discontinued operations and $62.9 million from the exercise of stock options. The Company's primary use of cash consisted of $401.8 million for the acquisition, construction, enhancement and other improvement of drilling rigs and $49.7 million for the redemption of the Company's 5.63% bonds. During the nine month period ended September 30, 2004, the Company's primary source of cash consisted of $184.5 million generated from continuing drilling operations and its primary use of cash consisted of $247.5 million for the acquisition, enhancement and other improvement of drilling rigs.

Detailed explanations of the Company's liquidity and capital resources for the nine-month periods ended September 30, 2005 and 2004, including discussions of cash flow from continuing operations and capital expenditures, financing and capital resources, off-balance sheet arrangements and liquidity are set forth below.

Cash Flow from Continuing Operations and Capital Expenditures

The Company's cash flow from continuing operations and capital expenditures of continuing operations for the nine months ended September 30, 2005 and 2004 are as follows (in millions):

	Nine Months Ended September 30, 2005	2004
Cash flow from continuing operations	$245.4	$184.5
Capital expenditures on continuing operations		
Rig acquisition	$ 80.3	$ 94.6
New construction	135.5	.1
Enhancements	152.9	118.8
Minor upgrades and improvements	33.1	34.0
	$401.8	$247.5

Cash flow from continuing operations increased by $60.9 million, or 33%, for the nine-month period ended September 30, 2005, as compared to the prior year period. The increase resulted primarily from a $156.1 million increase in cash receipts from drilling services and $12.0 million of cash reimbursements from insurance underwriters associated with the ENSCO 64 insurance claim, partially offset by a $26.0 million increase in cash payments for contract drilling expenses and a $76.6 million increase in cash payments related to income taxes.

Upon completion of rig construction in February 2005, the Company purchased ENSCO 106 from an affiliated joint venture for a net payment of $79.6 million. (See "Off-Balance Sheet Arrangements" and Note 6 to the Company's Consolidated Financial Statements for information concerning the Company's investment in the joint venture related to the ENSCO 106.) In addition to the acquisition of ENSCO 106, management anticipates that capital expenditures in 2005 will include approximately $235.0 million for rig enhancement projects, approximately $145.0 million for construction of ENSCO 107, ENSCO 108 and ENSCO 8500, and approximately $50.0 million for minor upgrades and improvements. Management currently estimates capital expenditures associated with the construction of ENSCO 107, ENSCO 108 and ENSCO 8500 will total approximately $185.0 million, $130.0 million and $75.0 million in 2006, 2007 and 2008, respectively. (See "Outlook" for information concerning the construction of ENSCO 107, ENSCO 108 and ENSCO 8500.) Depending on market conditions and opportunities, the Company may also make capital expenditures to construct or acquire additional rigs.

Financing and Capital Resources

The Company's long-term debt, total capital and long-term debt to total capital ratios at September 30, 2005 and December 31, 2004 are summarized below (in millions, except percentages):

	September 30, 2005	**December 31, 2004**
Long-term debt	$ 483.9	$ 527.1
Total capital *	2,910.3	2,709.0
Long-term debt to total capital	16.6%	19.5%

* Total capital includes long-term debt plus stockholders equity.

On June 15, 2005, the Company redeemed its 5.63% bonds for $40.9 million, including $900,000 of accrued interest and a $1.8 million redemption premium. The bonds were guaranteed by MARAD and were assumed by the Company in connection with a prior acquisition to provide long-term financing for ENSCO 76. There were no other significant changes in the Company's long-term debt or total capital during the nine months ended September 30, 2005. At September 30, 2005, the Company has an aggregate $202.8 million outstanding under its remaining two separate MARAD guaranteed bond issues that require semiannual principal and interest payments. The Company also makes semiannual interest payments on $150.0 million of notes and $150.0 million of debentures, due in 2007 and 2027, respectively.

On June 23, 2005, the Company amended and restated its existing $250.0 million unsecured revolving credit agreement (the "Credit Agreement"). The amended and restated agreement (the "2005 Credit Facility") provides for a $350.0 million unsecured revolving credit facility with a syndicate of lenders for general corporate purposes. The 2005 Credit Facility has a five-year term, expiring June 23, 2010, and replaces the Company's $250.0 million five-year Credit Agreement that was scheduled to mature on July 26, 2007. The Company is in compliance with the financial covenants under the 2005 Credit Facility, which require the maintenance of a specified level of interest coverage and debt to total capitalization ratio. The Company had no amounts outstanding under the 2005 Credit Facility or the Credit Agreement at September 30, 2005 and December 31, 2004, respectively.

The Company maintains investment grade credit ratings of Baa1 from Moody's and BBB+ from Standard & Poor's.

Off-Balance Sheet Arrangements

During recent years the Company entered into two separate joint venture arrangements with KFELS in connection with the construction and ownership of two jackup rigs. ENSCO Enterprises Limited ("EEL") was established by the Company (with an initial 25% ownership interest) and KFELS (with an initial 75% ownership interest) to own and charter ENSCO 102. Construction of ENSCO 102 commenced in 2000 and was completed in May 2002, after which the Company chartered ENSCO 102 from EEL. In January 2004, the Company exercised a purchase option and acquired ENSCO 102 from EEL and EEL was liquidated. ENSCO Enterprises Limited II ("EEL II") was established by the Company (25% ownership interest) and KFELS (75% ownership interest) in March 2003 to construct and own ENSCO 106. Upon completion of rig construction in February 2005, the Company exercised a purchase option and acquired ENSCO 106 from EEL II and EEL II was effectively liquidated.

The Company's equity interests in EEL and EEL II constituted variable interests in variable interest entities, as defined in the Financial Accounting Standards Board's Interpretation No. 46 (revised December 2003), "Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51" ("FIN 46R"). However, the Company did not absorb a majority of the expected losses or receive a majority of the expected residual returns of EEL and EEL II, as defined by FIN 46R, and accordingly was not required to consolidate EEL or EEL II.

Liquidity

The Company's liquidity position at September 30, 2005 and December 31, 2004 is summarized in the table below (in millions, except ratios):

	September 30, 2005	December 31, 2004
Cash and cash equivalents	$232.2	$267.0
Working capital	276.2	277.9
Current ratio	2.3	2.3

Management expects to fund the Company's short-term liquidity needs, including contractual obligations and anticipated capital expenditures, as well as any working capital requirements, from its cash and cash equivalents and operating cash flow.

Management expects to fund the Company's long-term liquidity needs, including contractual obligations and anticipated capital expenditures, from its cash and cash equivalents, investments, operating cash flow and, if necessary, funds drawn under its 2005 Credit Facility or other future financing arrangements.

The Company has historically funded the majority of its liquidity from operating cash flow. The Company anticipates the majority of its cash flow in the near to intermediate-term will continue to be invested in the expansion and enhancement of its fleet of drilling rigs. As a substantial majority of such expenditures are elective, the Company expects to be able to maintain adequate liquidity throughout future business cycles through the deferral or acceleration of its future capital investments, as necessary. Accordingly, while future operating cash flow cannot be accurately predicted, management believes its long-term liquidity will continue to be funded primarily by operating cash flow.

MARKET RISK

The Company has net assets and liabilities denominated in numerous foreign currencies and uses various methods to manage its exposure to foreign currency exchange risk. The Company predominantly structures its drilling rig contracts in U.S. dollars, which significantly reduces the portion of the Company's cash flows and assets denominated in foreign currencies. The Company also employs various strategies, including the use of derivative instruments, 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. The Company occasionally utilizes derivative instruments to hedge forecasted foreign currency denominated transactions. At September 30, 2005, the Company had contracts outstanding to exchange an aggregate $65.9 million U.S. dollars for various foreign currencies, all of which mature during the next twelve months. Based on a hypothetical 10% adverse change in foreign currency exchange rates, the net unrealized loss associated with the Company's foreign currency denominated assets and liabilities and related foreign currency exchange contracts as of September 30, 2005 would approximate $2.5 million.

The Company uses various derivative financial instruments to manage its exposure to interest rate risk. The Company occasionally uses interest rate swap agreements to effectively convert the variable interest rate on debt to a fixed rate or the fixed rate on debt to a variable rate, and interest rate lock agreements to hedge against increases in interest rates on pending financing. At September 30, 2005, the Company had no outstanding interest rate swap agreements or interest rate lock agreements.

The Company utilizes derivative instruments and undertakes hedging activities in accordance with its established policies for the management of market risk. The Company does not enter into derivative instruments for trading or other speculative purposes. Management believes that the Company's use of derivative instruments and related hedging activities do not expose the Company to any material interest rate risk, foreign currency exchange rate risk, commodity price risk, credit risk or any other market rate or price risk.

OUTLOOK

Changes in industry conditions and the corresponding impact on the Company's operations cannot be accurately predicted because of the short-term nature of many of the Company's contracts and the volatility of oil and natural gas prices, which impact expenditures for oil and gas drilling, rig utilization and day rates. Whether recent levels of regional and worldwide expenditures for oil and gas drilling will increase, decrease or remain unchanged, it is not determinable at this time. Management's current plans and expectations relative to its major areas of operations and near-term industry conditions are detailed below.

Rig Construction

The Company has two high performance premium jackup rigs and one ultra-deepwater semisubmersible rig currently under construction by KFELS in Singapore. ENSCO 107 and ENSCO 108 will be enhanced KFELS MOD V (B) design jackup rigs modified to ENSCO specifications and nearly identical to the recently delivered ENSCO 106. ENSCO 107 remains on schedule for delivery in February 2006 and ENSCO 108, which commenced construction in April 2005, is expected to be delivered during the first quarter of 2007. ENSCO 8500 will be an enhanced version of the Company's first deepwater semisubmersible rig, ENSCO 7500, capable of drilling in up to 8,500 feet of water and can readily be upgraded to 10,000 feet water-depth capability if required. Construction of ENSCO 8500 commenced in September 2005 and delivery is expected during the second quarter of 2008.

Rig Enhancements and Relocations

ENSCO 87 entered a shipyard in May 2005 for enhancement procedures and is projected to return to service in the Gulf of Mexico during March 2006. ENSCO 86 entered a shipyard in October 2005 for enhancement procedures and is projected to return to service in the Gulf of Mexico during February 2006.

In the Asia Pacific region, ENSCO 88 and ENSCO 96 are currently in a shipyard completing contractually required modifications and limited enhancement procedures and are expected to return to service in November 2005. ENSCO 56 entered a shipyard in October 2005 for enhancement procedures and is projected to return to service in New Zealand during February 2006.

ENSCO 102 completed a contract offshore Australia in October 2005 and is currently en route to the North Sea where it is scheduled to commence a long term contract in January 2006.

Industry Conditions

Demand for offshore drilling rigs is strong, and utilization and day rates are generally improving, in all of the major geographical markets in which the Company currently operates. The Company has substantial contract backlog and the durations of recently executed contracts are generally greater than historical average contract durations in all of the Company's major geographical markets. While it is not possible to project the period of time for which current industry conditions will be sustained or predict long-term trends in industry conditions, the Company does not anticipate significant changes in current industry conditions in the near-term.

Hurricane Damage

During the third quarter 2005, several of the Company's drilling rigs in the Gulf of Mexico were in the path of two major storms, Hurricane Katrina and Hurricane Rita. Physical damage to the Company's rigs caused by a hurricane, as well as the related removal and recovery costs, are covered by insurance subject to a deductible. The Company maintains insurance coverage under multiple insurance policies that subject the Company to escalating deductibles, the amount of which depends on the type of rig damaged and the magnitude of the damage sustained by rig type. However, all losses incurred as a result of a single hurricane (an "occurrence") are limited to a maximum aggregate deductible of $5.5 million.

The most significant damage to the Company's drilling rigs resulted from Hurricane Katrina, with severe damage sustained by the ENSCO 29 platform rig. Analysis of the damage is ongoing and the Company is currently unable to determine when it will be completed or when the associated insurance claim will be finalized. Based on preliminary analysis of the damage performed by the Company and its insurance underwriters, the Company believes it is likely that ENSCO 29 will be declared a constructive total loss under the terms of its insurance policies. If this is the case, the Company will transfer beneficial ownership in the rig to underwriters and receive $10.0 million. The net book value of ENSCO 29 is $7.5 million.

Preliminary inspections indicate the hull of ENSCO 7500 sustained some damage during Hurricane Katrina. While the damage is believed to be minor and the rig continues to work under its existing contract, the Company and its insurance underwriters have not completed an analysis of the damage. The ENSCO 7500 is expected to complete its existing contract on or about October 31, 2005, and was previously scheduled to enter a shipyard for minor enhancement and preparatory work for its pending two year contract. The Company plans to extend the shipyard stay to an estimated 30 days to accommodate completion of the hull repairs.

The Company is unable to determine when insurance claims will be finalized and has recognized a $5.5 million estimated loss during the third quarter 2005, which represents the aggregate insurance deductible for the damages sustained as a result of Hurricane Katrina. The loss is included in "Other income (expense) - Other, net" in the consolidated statements of income for the three-month and nine-month periods ended September 30, 2005. It is possible the insurance proceeds received as a result of the aforementioned claims could exceed the net book value of the Company's drilling equipment determined to be impaired, which would result in the recognition of a gain equal to the amount of the excess.

Although several of the Company's jackup rigs were in the path of Hurricane Rita, the Company has detected only minor damage to those rigs and the associated repair costs incurred, or expected to be incurred, are not significant. In addition, none of the Company's jackup rigs experienced, or is expected to experience, significant downtime in order to complete damage repairs as a result of this hurricane.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements and related disclosures in conformity with generally accepted accounting principles in the United States requires the Company's management to make estimates, judgments and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The Company's significant accounting policies are included in Note 1 to the Consolidated Financial Statements for the year ended December 31, 2004 included in the Company's Annual Report to the Securities and Exchange Commission on Form 10-K. These policies, along with the underlying assumptions and judgments made by the Company's management in their application, have a significant impact on the Company's consolidated financial statements. The Company identifies its most critical accounting policies as those that are the most pervasive and important to the portrayal of the Company's financial position and results of operations, and that require the most difficult, subjective and/or complex judgments by management regarding estimates about matters that are inherently uncertain. The Company's most critical accounting policies are those related to property and equipment, impairment of long-lived assets and goodwill, and income taxes.

Property and Equipment

At September 30, 2005, the carrying value of the Company's property and equipment totaled $2,639.0 million, which represents 75% of total assets. This carrying value reflects the application of the Company's property and equipment accounting policies, which incorporate estimates, assumptions and judgments by management relative to the capitalized costs, useful lives and salvage values of the Company's rigs.

The Company develops and applies 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 its assets and expense those costs incurred to repair or maintain the existing condition or useful lives of its assets. The development and application of such policies requires judgment and assumptions by management relative to the nature of, and benefits from, expenditures on Company assets. The Company establishes property and equipment accounting policies that are designed to depreciate or amortize its assets over their estimated useful lives. The assumptions and judgments used by management in determining the estimated useful lives of its property and equipment reflect both historical experience and expectations regarding future operations, utilization and performance of its assets. The use of different estimates, assumptions and judgments in the establishment of property and equipment accounting policies, especially those involving the useful lives of the Company's rigs, would likely result in materially different carrying values of assets and results of operations.

For additional information concerning the useful lives of the Company's 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 our Annual Report on Form 10-K for the year ended December 31, 2004.

Impairment of Long-Lived Assets and Goodwill

The Company evaluates the carrying value of its property and equipment, primarily its 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 is 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 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. The Company's rigs are mobile and may generally be moved from markets with excess supply, if economically feasible. The Company's jackup rigs and semisubmersible rig are suited for, and accessible to, broad and numerous markets throughout the world. However, there are fewer economically feasible markets available to the Company's barge rig and platform rigs.

The Company tests 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 the Company to identify reporting units and estimate the fair value of those units as of the testing date. 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, the Company estimates 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 the Company disposes of drilling rig operations that constitute a business, goodwill would be allocated in the determination of gain or loss on sale. Based on the Company's test performed as of December 31, 2004, there was no impairment of goodwill.

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

For additional information concerning drilling rig impairment evaluations, including an analysis of the Company's rigs evaluated in December 2004, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Policies and Estimates" in our Annual Report on Form 10-K for the year ended December 31, 2004.

Income Taxes

The Company conducts operations and earns income in numerous foreign countries and is subject to the laws of tax jurisdictions within those countries, as well as U.S. federal and state tax laws. At September 30, 2005, the Company has a $342.3 million net deferred income tax liability and $51.3 million of accrued liabilities for income taxes currently payable.

The carrying values of deferred income tax assets and liabilities reflect the application of the Company's income tax accounting policies in accordance with Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("SFAS 109"), and are based on management's assumptions and estimates regarding future operating results and levels of taxable income, as well as management's judgments regarding the interpretation of the provisions of SFAS 109. Carryforwards and tax credits are assessed for realization as a reduction of future taxable income by using a "more likely than not" determination. A U.S. deferred tax liability has not been recognized for undistributed earnings of foreign subsidiaries because it is not practicable to estimate. Should the Company elect to make a distribution of foreign earnings, or be deemed to have made a distribution of foreign earnings through application of various provisions of the Internal Revenue Code, it may be subject to additional U.S. income taxes.

The carrying values of liabilities for income taxes currently payable are based on management's interpretation of applicable tax laws, and incorporate management's assumptions and judgments regarding the use of tax planning strategies in various taxing jurisdictions. The use of different estimates, assumptions and judgments 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 results of operations.

The Company operates in many foreign 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, the Company obtains professional guidance and considers existing industry practices before deploying tax planning strategies and meeting its tax obligations. Tax returns are routinely subject to audit in most jurisdictions and tax liabilities are frequently finalized through a negotiation process. While the Company has generally not 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 the Company's tax liabilities to increase, including the following:

- During recent years the portion of the Company's overall operations conducted in foreign tax jurisdictions has been increasing and the Company currently anticipates this trend will continue.

- In order to deploy tax planning strategies and conduct foreign operations efficiently, the Company's subsidiaries frequently enter into transactions with affiliates, which are generally subject to complex tax regulations and frequently are reviewed by tax authorities.

- The Company 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.

- Tax laws, regulations, agreements and treaties change frequently, requiring the Company to modify existing tax strategies to conform to such changes

NEW ACCOUNTING PRONOUNCEMENTS

In December 2004, the FASB issued Statement of Financial Accounting Standards No. 123, (revised 2004) "Share-Based Payment" ("SFAS 123(R)"). This statement is a revision of Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" as amended ("SFAS 123"), and requires entities to measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award. The cost will be recognized over the period during which an employee is required to provide services in exchange for the award (usually the vesting period). SFAS 123(R) covers various share-based compensation arrangements including share options, restricted share plans, performance-based awards, share appreciation rights and employee share purchase plans. SFAS 123(R) eliminates the ability to use the intrinsic value method of accounting for share options, as provided in Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25"). SFAS 123(R) is effective for the first fiscal year beginning after June 15, 2005, with early adoption encouraged. The Company is currently evaluating the statement's transition methods and does not expect this statement to have an effect materially different than that of the pro forma SFAS 123 disclosures provided in Note 3 to the Company's Consolidated Financial Statements.

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

Information required under Item 3. has been incorporated into 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, the Company's Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures, as defined in Rule 13a-15 under the Securities and Exchange Act of 1934 (the "Exchange Act"), are effective to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

During the quarter ended September 30, 2005, no change occurred in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. *Legal Proceedings*

The Company has received summonses charging violations of the U.K. Health and Safety at Work Act in connection with a fatal injury sustained by an employee on one of its rigs during May 2003. Should criminal liability be established, the Company is subject to a monetary fine. The Company currently believes it has established a sufficient reserve in relation to this matter.

In August 2004, the Company and certain subsidiaries were named as defendants in three multi-party lawsuits filed in Mississippi State courts involving numerous other companies as co-defendants. The lawsuits seek an unspecified amount of monetary damages on behalf of approximately 120 named individuals alleging personal injury or death, including claims under the Jones Act, purportedly resulting from exposure to asbestos on drilling rigs and associated facilities during the period 1965 through 1986. The lawsuits are in preliminary stages and the Company has not been able to determine the number of plaintiffs that were employed by the Company or its subsidiaries or otherwise associated with its drilling operations during the relevant period. The Company has filed responsive pleadings preserving all defenses and challenges to jurisdiction or venue, and intends to vigorously defend against the litigation. Based on information currently available, the Company cannot reasonably estimate a range of potential liability exposure, if any. While the Company does not expect the resolution of these lawsuits to have a material adverse effect on its financial position, results of operations or cash flows, there can be no assurance as to the ultimate outcome of these lawsuits.

Legislation known as the U.K. Working Time Directive was introduced in August 2003 and may be applicable to employees of the Company and other drilling contractors that work offshore in U.K. territorial waters or in the U.K. sector of the North Sea. Certain unions representing offshore employees have claimed that drilling contractors are not in compliance with the U.K. Working Time Directive in respect of paid time off (vacation time) for employees working offshore on a rotational basis (equal time working and off). Based on the information available at this time, the Company does not expect the resolution of this matter to have a material adverse effect on its financial position, results of operations or cash flows.

The Company and its subsidiaries are named defendants in certain lawsuits and are involved from time to time as parties to governmental proceedings, including matters related to taxation, all arising in the ordinary course of business. Although the outcome of lawsuits or other proceedings involving the Company and its subsidiaries 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, management does not expect these matters to have a material effect on the financial position, results of operations or cash flows of the Company.

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

Following is a summary of all repurchases by the Company of its common stock during the three month period ended September 30, 2005:

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	Maximum Number of Shares that May Yet Be Purchased Under Plans or Programs
July	2,729	$38.07	--	--
August	1,625	$40.82	--	--
September	398	42.24	--	--
Total	4,752	$39.36	--	--

All of the shares repurchased during the three month period ended September 30, 2005 were acquired from employees in connection with the settlement of income tax and related benefit withholding obligations arising from restricted stock grant vesting.

Item 6. ***Exhibits***

Exhibit No.

10.1 Amendment No. 6 to the ENSCO Savings Plan (As Revised and Restated Effective January 1, 1997), dated as of September 1, 2005.

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.

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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 25, 2005

/s/ J. W. SWENT
J. W. Swent
Senior Vice President -
Chief Financial Officer

/s/ H. E. MALONE, JR.
H. E. Malone, Jr.
Vice President - Finance

/s/ DAVID A. ARMOUR
David A. Armour
Controller

Exhibit 10.1

AMENDMENT NO. 6
TO THE
ENSCO SAVINGS PLAN
(As Revised and Restated Effective January 1, 1997)

THIS AMENDMENT NO. 6, executed this 1st day of September, 2005, 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; and

WHEREAS, the Company now desires to adopt this 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;

NOW, THEREFORE, in consideration of the premises and the covenants herein contained, the Company hereby adopts the following Amendment No. 6 to the Plan:

1. Section 1.30 of the Plan is hereby amended, effective September 1, 2005, to read as follows:

Sec. 1.30 Normal Retirement Date means a Participant's or Former Participant's 65th birthday; provided that Normal Retirement Date means a Participant's or Former Participant's 60th birthday with respect to any Participant or Former Participant who has completed a Period of Service of at least three years, whether or not consecutive, as of September 1, 2005.

2. Section 15.2 of the Plan is hereby amended effective as of March 28, 2005 to read as follows:

Sec. 15.2 Determination of Form and Timing of Payment. In determining which method or methods permitted in Section 15.1 shall be used in any case, the Administrator shall follow the directions of the Participant, Former Participant or Beneficiary involved. Notwithstanding the foregoing or any other provision of the Plan to the contrary, if the vested balance of the Participant's or Former Participant's Individual Account is $5,000 or less but more than $1,000, and the Participant or Former Participant does not elect, pursuant to Section 15.11, to have such vested balance paid directly to an Eligible Retirement Plan (as defined in Section 15.11) specified by the Participant or Former Participant in a direct rollover pursuant to Section 15.11 or to receive the mandatory distribution directly, then the Administrator shall direct the Trustee to pay the total distribution (including any amount rolled over to the Plan) in a direct rollover to an individual retirement rollover account ("IRRA") designated by the Administrator. Any Participant or Former Participant affected by this mandatory distribution will receive notice of the automatic rollover advising the Participant or Former Participant of the investment vehicle and fees and expenses of maintaining the IRRA. If the vested balance of the Participant's or Former Participant's Individual Account does not exceed $1,000, then subject to the requirements of Section 15.11, the Administrator shall direct the Trustee to pay the vested balance to the Participant, Former Participant or Beneficiary, as the case may be, in a single lump sum distribution. If the vested balance of the Participant's or Former Participant's Individual Account exceeds $5,000 and could be distributed to the Participant before the Participant or Former Participant attains (or would have attained if not deceased) the later of his Normal Retirement Date or age 62, the Participant or Former Participant must consent in writing or, if allowed by the Administrator, by Interactive Electronic Communication, to any distribution of such Individual Account. The consent of the Participant or Former Participant must be obtained within the 90-day period prior to the date benefit payments are to commence. The Administrator shall notify the Participant or Former Participant of the right to defer any distribution until his Required Beginning Date (as defined in Section 15.4(j)(ii)). Such Notice shall be provided no less than 30 days and no more than 90 days before benefit payments are to commence and shall include a general description of the material features, and an explanation of the relative values of, the forms of benefit available under Section 15.1 in a manner that would satisfy the notice requirements of Section 417(a)(3) of the Code and a description of his direct rollover rights under Section 15.11. Such distribution may commence less than 30 days after the Notice required under Treas. Reg.1.411(a)-11(c) is given, provided that (i) the Administrator clearly informs the Participant or Former Participant that the Participant or Former Participant has a right to a period of at least 30 days after receiving the Notice to consider the decision of whether or not to elect a distribution (and, if applicable, a particular distribution option) and (ii) the Participant or Former Participant, after receiving the Notice, affirmatively elects a distribution either in writing to the Administrator or, if allowed by the Administrator, by Interactive Electronic Communication. The consent of the Participant or Former Participant is not required to the extent that a distribution is required to satisfy either Section 401(a)(9) or Section 415 of the Code.

IN WITNESS WHEREOF, the Company, acting by and through its duly authorized officers, has caused this Amendment No. 6 to be executed on the date first above written.

ENSCO INTERNATIONAL INCORPORATED

By: ______________________________
COMPANY

Exhibit 15.1

October 24, 2005

ENSCO International Incorporated
500 North Akard Street
Suite 4300
Dallas, Texas 75201-3331

Re: Registration Statement on Form S-3, (No. 333-37897), Form S-8 (No. 333-58625, 333-10733, 33-40282, 33-41294 and 333-125048).

With respect to the subject registration statements, we acknowledge our awareness of the use therein of our report dated October 24, 2005 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. It should be noted, we have not performed any procedures subsequent to October 24, 2005.

/s/ KPMG LLP

Dallas, Texas

Exhibit 31.1

CERTIFICATION

I, Carl F. Thorne, certify that:

1. I have reviewed this report on Form 10-Q of ENSCO International Incorporated (the "Company");

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 Company as of, and for, the periods presented in this report;

4. The Company'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 Company 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 Company, 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 Company'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 Company's internal control over financial reporting that occurred during the Company'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 Company's internal control over financial reporting; and

5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company'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 Company'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 25, 2005

/s/ CARL F. THORNE

Carl F. Thorne
Chairman of the Board and
Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, J. W. Swent, certify that:

1. I have reviewed this report on Form 10-Q of ENSCO International Incorporated (the "Company");

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 Company as of, and for, the periods presented in this report;

4. The Company'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 Company 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 Company, 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 Company'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 Company's internal control over financial reporting that occurred during the Company'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 Company's internal control over financial reporting; and

5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company'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 Company'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 25, 2005

/s/ J. W. SWENT

J. W. Swent
Senior Vice President -
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, 2005 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Carl F. Thorne, 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/ CARL F. THORNE

Carl F. Thorne
Chairman of the Board and
Chief Executive Officer
October 25, 2005

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, 2005 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, J. W. Swent, 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/ J. W. SWENT

J. W. Swent
Senior Vice President -
Chief Financial Officer
October 25, 2005

End of Filing