

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:

PARAGON OFFSHORE PLC,

Debtor.

PARAGON LITIGATION TRUST,

Plaintiff,

v.

NOBLE CORPORATION PLC, NOBLE CORPORATION HOLDINGS LTD, NOBLE CORPORATION, NOBLE HOLDING INTERNATIONAL (LUXEMBOURG) S.à r.l., NOBLE HOLDING INTERNATIONAL (LUXEMBOURG NHIL) S.à r.l., NOBLE FDR HOLDINGS LIMITED, MICHAEL A. CAWLEY, JULIE H. EDWARDS, GORDON T. HALL, JON A. MARSHALL, JAMES A. MACLENNAN, MARY P. RICCIARDELLO, JULIE J. ROBERTSON, and DAVID WILLIAMS,

Defendants.

Chapter 11

Case No. 16-10386 (CSS)

Adv. Pro. No. 17-51882 (CSS)

DECLARATION OF TIM DAILEADER IN SUPPORT OF THE PARAGON LITIGATION TRUST'S MOTION SEEKING ENTRY OF A FINAL ORDER (I) AUTHORIZING THE PARAGON LITIGATION TRUST TO OBTAIN ADDITIONAL FINANCING AND (II) GRANTING RELATED RELIEF

I, Tim Daileader, hereby declare under penalty of perjury that the following is true and correct:

1. I am currently a Partner at Drivetrain LLC ("Drivetrain"), which was appointed by the Litigation Trust Committee to serve as Litigation Trust Management. I have over 25 years of experience in leveraged finance, bankruptcy and corporate reorganization and investment research and management, including the formation of post-restructuring operating companies and liquidation of post-bankruptcy estates. Since Drivetrain's appointment as Litigation Trust



Management, I have been involved in the administration of the Paragon Litigation Trust (the “Trust”) and its assets. Based on that involvement, I am familiar with the Trust’s attempts to obtain additional financing, the negotiation of the Credit Agreement, and all of the facts below.

2. Litigation Trust Management’s attempts to obtain additional financing began in July 2018 when it recognized that the Trust required additional funding to continue to prosecute its claims against Defendants. As an initial step, Litigation Trust Management scheduled a meeting with the then-current members of the Litigation Trust Committee to discuss the need for funding, the process for obtaining it given the provisions in the Litigation Trust Agreement, and the rights of holders of Class A Litigation Trusts Interests to participate in any such financing.

3. Around the same time, Litigation Trust Management and the Litigation Trust Committee held discussions with other potential law firms where they solicited proposals that would address, at least in part, the Trust’s funding needs. While this process did not fully resolve the Trust’s funding needs, Litigation Trust Management and the Litigation Trust Committee ultimately retained Kirkland & Ellis LLP (“Kirkland”).

4. At that point, Litigation Trust Management, at the direction of the Litigation Trust Committee,¹ began to work with Kirkland to run a formal process for obtaining additional financing. On the one hand, Litigation Trust Management had already developed an informed view of the market based on proposals we had received from the members of the Litigation Trust Committee and the law firms we interviewed. But we also believed a more formal process that included other third parties and holders of Litigation Trust Interests would ensure that the Trust received additional funding on the best terms possible.

¹ Given the expressed interests of the members of the Litigation Trust Committee to provide the financing, the process for identifying the proposal with terms most favorable to the Trust was thereafter run by Litigation Trust Management and Kirkland.

5. Litigation Trust Management began the formal process in December 2018. Initially, we contacted the largest holder of Class A Litigation Trust Interests, a significant holder of Class B Litigation Interests, and a highly-regarded third-party litigation funder to determine whether they were interested in providing funding. All three of these parties entered into non-disclosure agreements (“NDAs”) and participated in discussions with Litigation Trust Management regarding the potential funding.

6. Throughout January 2019, Litigation Trust Management continued to contact additional parties we believed may be interested in providing additional financing, including two other holders of Class A Litigation Trust Interests and another third-party litigation funder. As with the parties Litigation Trust Management contacted in December 2018, the Trust required these parties to sign an NDA if they were interested in participating. In addition, Litigation Trust Management provided additional information to the prospective lenders who had signed an NDA.

7. By February 18, 2019, Litigation Trust Management had contacted 11 parties that we believed may be interested in providing financing. Of those 11, nine parties had signed NDAs, received additional information, and held discussions with Litigation Trust Management. Of the nine parties who signed NDAs, four parties had submitted term sheets that provided full financing of up to \$40 million,² and four other parties were willing to participate in any financing.

8. Of the four parties that submitted term sheets, one of those parties was a third-party litigation funder. That proposal was ultimately improved upon by another proposal Litigation Trust Management received.

² The three members of the Litigation Trust Committee submitted one combined term sheet and another party submitted a separate term sheet.

9. Litigation Trust Management did not, however, stop there. Instead, consistent with the provision in the Litigation Trust Agreement allowing all holders of Class A Litigation Trust Interests to participate in the funding of Additional Litigation Funding Loans, on March 11, 2019, Litigation Trust Management notified all holders of Class A Litigation Trust Interests that they would have the opportunity to provide either alternative financing or participate in any agreed-upon financing. Litigation Trust Management also contacted the additional parties that had previously signed NDAs and requested an alternative financing proposal or a proposal to participate in financing.

10. In total, Litigation Trust Management contacted 205 holders of Class A Litigation Trust Interests. Of those 205 holders, 13 account managers responded and requested a form of the NDA, eight of whom executed the NDA and received a draft term sheet containing the best proposal Litigation Trust Management had received to date. Of those eight, two committed to participate in the financing and one provided an alternative financing proposal that was superior to the prior proposals Litigation Trust Management received.

11. On March 20, 2019, Litigation Trust Management informed all parties who had expressed an interest in the financing that we would hold a meeting at Kirkland's New York office. The purpose of this meeting was to finalize the terms of the additional funding by seeking any additional offers that were superior to the terms we had previously received.

12. On March 22, 2019, Litigation Trust Management held an in-person and telephonic meeting that lasted from 9 a.m. to 2 a.m. the following morning. Over the course of the day and night, Litigation Trust Management conducted an "auction" where the participating parties bid against themselves over several rounds. By the end of the meeting, Litigation Trust Management had obtained financing for the Trust on terms that materially improved the prior proposal. A third-

party investor that does not sit on the Litigation Trust Committee set the terms of the proposal. Certain other holders of Litigation Trust A Interests, as well as the members of the Litigation Trust Committee, agreed to participate in that financing.

13. On March 26, 2019, Litigation Trust Management distributed the final term sheet to the participating parties. Over the course of the next few months, Litigation Trust Management, with the assistance of Kirkland, drafted the Credit Agreement and finalized the remaining open terms, including the loan maturity, Litigation Trust Management's financing fee, permitted Trust expenses, and events of default and remedies.

14. Based on the foregoing, I believe that Litigation Trust Management conducted a full, fair, and robust process designed to obtain for the Trust the financing it needs on the most attractive terms available, and that the financing evidenced by the Credit Agreement is the manifestation of that process.

Dated: June 24, 2019

New York, New York

A handwritten signature in black ink, appearing to read "Tim Daileader", written over a horizontal line.

Tim Daileader