Docket #1760 Date Filed: 07/11/2017

**UNITED STATES BANKRUPTCY COURT**
**FOR THE DISTRICT OF DELAWARE**

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| **In re** | : | **Chapter 11** |
| **PARAGON OFFSHORE PLC, *et al.*,** | : | **Case No. 16–10386 (CSS)** |
| **Debtors.** [1] | : | **(Jointly Administered)** |
| | : | **Hearing Date: TBD**<br>**Obj. Deadline: TBD** |

**DEBTORS' MOTION FOR ORDER (I) AUTHORIZING MODIFICATION OF THE DEBTORS' FIFTH JOINT PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE PURSUANT TO SECTION 1127(b) OF THE BANKRUPTCY CODE AND (II) DETERMINING THAT FURTHER DISCLOSURE AND RESOLICITATION OF VOTES ARE NOT REQUIRED PURSUANT TO SECTION 1127(c) OF THE BANKRUPTCY CODE**

Paragon Offshore plc (in administration) ("**Paragon Parent**") and its affiliated debtors in the above-captioned chapter 11 cases, as debtors and debtors in possession (collectively, the "**Debtors**"), as and for their motion (the "**Motion**"), pursuant to sections 105(a), 1127(b) and (c), and 1129 of title 11 of the United States Code (the "**Bankruptcy Code**"), for an order, substantially in the form set out in **Exhibit A** (the "**Proposed Order**"), approving modifications

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, as applicable, are: Paragon Offshore plc (in administration) (6017); Paragon Offshore Finance Company (6632); Paragon International Finance Company (8126); Paragon Offshore Holdings US Inc. (1960); Paragon Offshore Drilling LLC (4541); Paragon FDR Holdings Ltd. (4731); Paragon Duchess Ltd.; Paragon Offshore (Luxembourg) S.à r.l. (5897); PGN Offshore Drilling (Malaysia) Sdn. Bhd. (9238); Paragon Offshore (Labuan) Pte. Ltd. (3505); Paragon Holding SCS 2 Ltd. (4108); Paragon Asset Company Ltd. (2832); Paragon Holding SCS 1 Ltd. (4004); Paragon Offshore Leasing (Luxembourg) S.à r.l. (5936); Paragon Drilling Services 7 LLC (7882); Paragon Offshore Leasing (Switzerland) GmbH (0669); Paragon Offshore do Brasil Ltda.; Paragon Asset (ME) Ltd. (8362); Paragon Asset (UK) Ltd.; Paragon Offshore International Ltd. (6103); Paragon Offshore (North Sea) Ltd.; Paragon (Middle East) Limited (0667); Paragon Holding NCS 2 S.à r.l. (5447); Paragon Leonard Jones LLC (8826); Paragon Offshore (Nederland) B.V.; and Paragon Offshore Contracting GmbH (2832). The Debtors' mailing address is 3151 Briarpark Drive, Suite 700, Houston, Texas 77042. Neville Barry Kahn and David Philip Soden, each of Deloitte LLP, are the joint administrators of Paragon Offshore plc (in administration) (the "**Joint Administrators**"). The affairs, business and property of Paragon Offshore plc (in administration) are managed by the Joint Administrators.



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(the "**Modifications**") to the Debtors' *Fifth Joint Chapter 11 Plan of Paragon Offshore plc and its Affiliated Debtors*, dated June 7, 2017 (the "**Plan**")[2] annexed as **Exhibit A** to the *Findings of Fact, Conclusions of Law and Order Confirming the Fifth Joint Chapter 11 Plan of Paragon Offshore plc and its Affiliated Debtors* (Docket No. 1614) (the "**Confirmation Order**") and deeming the Plan and the applicable Plan Documents, each as modified by the Modifications, accepted by all holders of Claims in Classes 3 and 4 that previously voted to accept the Plan, respectfully represent as follows:

## Jurisdiction

1. This Court has jurisdiction to consider this Motion pursuant to 28 U.S.C. §§ 157 and 1334, and the Amended Standing Order of Reference from the United States District Court for the District of Delaware dated February 29, 2012. This is a core proceeding pursuant to 28 U.S.C. § 157(b) and, pursuant to Local Rule 9013–1(f), the Debtors consent to the entry of a final order by the Court in connection with this Motion to the extent that it is later determined that the Court, absent consent of the parties, cannot enter final orders or judgments consistent with Article III of the United States Constitution. Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

## Background

2. On February 14, 2016 (the "**Petition Date**"), each of the Debtors commenced with this Court a voluntary case under chapter 11 of the Bankruptcy Code. The Debtors' chapter 11 cases have been consolidated for procedural purposes only and are being jointly administered pursuant to Bankruptcy Rule 1015(b). The Debtors continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and

[2] Capitalized terms used but not otherwise defined herein, shall have the meaning ascribed to such terms in the Plan.

1108 of the Bankruptcy Code. On January 27, 2017, the Office of the United States Trustee appointed the Official Committee of Unsecured Creditors (Docket No. 1059) (the "**Creditors Committee**"). No trustee or examiner has been appointed in these chapter 11 cases. On May 2, 2017, the Debtors filed the *Fifth Joint Chapter 11 Plan of Paragon Offshore plc and its Affiliated Debtors* (Docket No. 1459) and *Disclosure Statement in Support for Fifth Joint Chapter 11 Plan of Paragon Offshore plc and its Affiliated Debtors* (Docket No. 1460) (the "**Disclosure Statement**"). On May 2, 2017, the Court entered an order approving the Disclosure Statement.[3] On June 7, 2017, this Court entered the Confirmation Order.

**The Proposed Modifications**

3. The Plan contemplates a wholesale reorganization of the Debtors' balance sheet and corporate structure. Among other things, the Plan is premised upon (i) the transfer of certain assets of the Liquidating Subsidiaries to certain Transferred Subsidiaries and/or to the new parent company, Paragon Offshore Limited ("**Reorganized Paragon**"), (ii) the transfer of direct and indirect ownership of the Transferred Subsidiaries from Paragon Parent to Reorganized Paragon, and (iii) the wind down of the Liquidating Subsidiaries that remain under the direct or indirect ownership of Paragon Parent pursuant to applicable local law. Pursuant to the Plan, the Corporate Restructuring[4] must occur on or prior to the Effective Date. Pursuant to

[3] *See Order (I) Approving Proposed Disclosure Statement and Form and Manner of Notice of Disclosure Statement, (II) Establishing Solicitation and Voting Procedures, (III) Scheduling Confirmation Hearing and (IV) Establishing Notice and Objection Procedures for Confirmation of the Proposed Plan Pursuant to Sections 105, 502, 1125, 1126, and 1128 of the Bankruptcy Code and Bankruptcy Rules 2002, 3003, 3017, 3018, 3020, and 9006 and Local Rules 2002-1, 3017-1, and 9006-1* (Docket No. 1456) (the "**Disclosure Statement Order**").

[4] *See* Plan §1.1 ("***Corporate Restructuring*** means the reorganization of the Paragon Entities' corporate structure in accordance with the Plan and the U.K. Implementation Agreement and through which: (i) certain assets of the Liquidating Subsidiaries will be transferred to certain Transferred Subsidiaries and/or Reorganized Paragon; (ii) the Transferred Subsidiaries will be directly or indirectly transferred to Reorganized Paragon; and (iii) the Liquidating Subsidiaries will remain as direct or indirect subsidiaries of Paragon Parent, to be implemented on or prior to the Effective Date.").

the version of the U.K. Implementation Agreement filed on June 5, 2017,[5] Prospector Offshore Drilling S.à r.l. (a direct subsidiary of Paragon Parent) and its direct and indirect subsidiaries (the "**Prospector Group**") are among the subsidiaries that are to be transferred to Reorganized Paragon.

4. The Prospector Group has an interest in two high specification jackup rigs (collectively, the "**Prospector Rigs**") pursuant to two sale-leaseback agreements (the "**Leases**") executed with subsidiaries of SinoEnergy (the "**Lessor**"). In connection with the Leases, Paragon Parent's shares in Prospector Offshore Drilling S.à r.l. are pledged in favor of the Lessor (the "**Share Pledge**") and, to transfer the Prospector Group to the Reorganized Paragon group, the Debtors are seeking consent to the transfer from the Lessor. The Debtors have been in negotiations with the Lessor since May 2017 with respect to the transfer, but, as of the filing of this Motion, no agreement has yet been reached with the Lessor regarding the transfer of the Prospector Group to Reorganized Paragon. While the Debtors continue to negotiate with the Lessor, they are also exploring alternatives in the near term to preserve the value of the Prospector Group for the benefit of Reorganized Paragon and its equity holders.[6]

5. Since the Confirmation Hearing, the Debtors have worked with the Creditors' Committee and the Requisite Lenders to finalize the documentation necessary to consummate the Plan well in advance of July 31, 2017, the outside Effective Date of the Plan. *See* Plan § 9.3. Accordingly, to preserve the emergence timeline contemplated by the Plan and to preserve the value being distributed to creditors under the Plan, the Debtors, in consultation with the Creditors' Committee and the Requisite Lenders, have agreed as follows:

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[5] *See* **Exhibit C** to the *Notice of Filing of Amended Supplement to Fifth Joint Chapter 11 Plan of Paragon Offshore plc and its Affiliated Debtors* (Doc. No. 1593).

[6] Absent becoming a permanent waiver, the Debtors' current forbearance with the Lessor expires as early as the outside Effective Date of the Plan.

- Section 9.1(h) of the Plan, the condition precedent that requires, among other things, the Debtors obtain, prior to the Effective Date, all necessary third-party approvals in connection with the transactions will be waived with respect to the third-party approval required to transfer the Prospector Group.

- To make the following Modifications to the Plan and the relevant Plan Documents:

    - Modify the definition of Corporate Restructuring to allow for the Corporate Restructuring to be "implemented on or prior to the Effective Date, or, with respect to Prospector Offshore Drilling S.à r.l. and its direct and indirect subsidiaries, as soon as practicable thereafter."

    - Following the aforementioned Modification, Paragon Parent will not transfer its shares in the Prospector Group on or before the Effective Date, as currently contemplated under the Plan.

    - Rather, on the Effective Date, Paragon Parent will agree to transfer its shares in Prospector Offshore Drilling S. à r. l. to Reorganized Paragon or one of its direct or indirect subsidiaries post-Effective Date on the terms set out in the Management Agreement (defined below) on the earlier of (i) the receipt of consent to the transfer and a waiver of any associated events of default from the Lessor, and (ii) discharge of the lessees' respective obligations under the Leases and release of the security over the shares in Prospector Offshore Drilling S. à r. l. (each, a "**Transfer Event**").

    - On the Effective Date, Paragon Parent will also enter into a management agreement with Reorganized Paragon and the U.K. Administrators on the terms set out below (the "**Management Agreement**"). The form of Management Agreement is annexed hereto as **Exhibit B**. The Management Agreement will continue to be in place until the occurrence of a Transfer Event.

        - The Management Agreement provides that Paragon Parent will:

            - pay to Reorganized Paragon an amount in cash equal to any unencumbered amounts received by Paragon Parent on account of its ownership of shares in Prospector Offshore Drilling S. à r. l., *provided, that* if any unencumbered *in specie* distributions are received, Paragon Parent will have the option to distribute such asset directly to Reorganized Paragon *in specie* or transfer cash in an amount equal to the proceeds of disposal of the asset and in each case will make such payment or distribution net of any withholding and/or unrelieved taxes suffered by Paragon Parent;

- to the extent permitted by the Share Pledge, exercise its rights as a shareholder of Prospector Offshore Drilling S. à r. l. in the manner directed by Reorganized Paragon, including in relation to board appointments and payments of dividends and/or distributions;

- provide to Reorganized Paragon such information in relation to the Prospector Group as Reorganized Paragon may reasonably request from time to time; and

- provide to Reorganized Paragon information relating to (i) returns such as dividends or other distributions of capital; (ii) actual or potential breaches of the Leases, Share Pledge or certain service agreements relating to the Prospector Rigs; and (iii) funding requirements of the Prospector Group, in each case promptly on receipt or upon becoming aware of such information.

▪ The Management Agreement provides that Reorganized Paragon will:

- pay certain costs incurred by Paragon Parent and/or the U.K. Administrators in connection with the Management Agreement and indemnify Paragon Parent and/or the U.K. Administrators for certain liabilities suffered by Paragon Parent and/or the U.K. Administrators in connection with its ongoing ownership of shares in Prospector Offshore Drilling S. à r. l. and

- procure the provision of certain management services to the Prospector Group, including in accordance with existing services agreements entered into between the Lessees and one or more Transferred Subsidiaries.

▪ Any funding that is provided to Prospector Group at any time will be provided by Reorganized Paragon or a subsidiary of Reorganized Paragon without recourse to Paragon Parent and its subsidiaries (other than the Prospector Group).

6. In addition to the above, certain creditors, with the consent of the Creditors' Committee and the Requisite Lenders, have requested certain Modifications to the

version of the Registration Rights Agreement filed on May 19, 2017.[7] The requested amendments will allow one demand registration to be made by two or more beneficial holders collectively holding 15% or more of the New Equity Interests at an aggregate offering price of at least $30,000,000, subject to the consent of Reorganized Paragon, with such consent not to be unreasonably withheld, and will provide all other beneficial holders the right to participate. Reorganized Paragon will pay all of the underwriter's discounts and commissions for the registration. A redline of the Registration Rights Agreement incorporating the aforementioned Modifications is annexed hereto as **Exhibit C**.

7. The Debtors believe they have authority under the confirmed Plan and Plan Documents to implement the Modifications without further order of the Court. The Plan expressly contemplated that the list of Liquidating Debtors, Liquidating Subsidiaries, and Transferred Subsidiaries may be subject to further change prior to the Effective Date and that the documents filed as part of the Plan Supplement may be amended through the Effective Date. *See*, *e.g.* Plan § 1.1 (defining Liquidating Debtor and noting "as such list may be further amended in the U.K. Implementation Agreement"); Plan § 1.1 (definition of Plan Supplement providing that "through the Effective Date, the Debtors shall have the right to amend the documents included in, and the exhibits to, the Plan Supplement in accordance with the terms of this Plan."); Plan § 1.4 (providing that "[i]n the event of an inconsistency between this Plan and any instrument or document in the Plan Supplement, the terms of the relevant instrument or document in the Plan Supplement shall control unless otherwise specified in such Plan Supplement document."). Out of an abundance of caution, however, the Debtors are filing this

[7] *See* **Exhibit H** to the *Notice of Filing of Supplement to Fifth Joint Chapter 11 Plan of Paragon Offshore plc and its Affiliated Debtors* (Doc. No. 1516).

Motion, and providing notice to the parties that have requested notice under Bankruptcy Rule 2002, for entry of an order expressly authorizing the Modifications.

**The Court Should Approve the Proposed Modifications**

8. The Modifications will (i) allow the Debtors to emerge from these chapter 11 cases without further delay, (ii) enable Reorganized Paragon to provide its future owners (the Debtors' secured lenders and unsecured bondholders) the economic benefits provided under the Plan with respect to the Prospector Group without violating the terms of the Leases or the Share Pledge, and (iii) preserve Paragon Parent's ability to transfer the Prospector Group to Reorganized Paragon after the Effective Date upon a Transfer Event. The Confirmation Order provides:

> Subject to the reasonable consent of the Creditors' Committee and the Requisite Lenders, the Plan may be amended, modified, or supplemented by the Debtors in the manner provided for by section 1127 of the Bankruptcy Code or as otherwise permitted by law, without additional disclosure pursuant to section 1125 of the Bankruptcy Code, except as otherwise ordered by the Bankruptcy Court. In addition, after the Confirmation Date, so long as such action does not materially and adversely affect the treatment of holders of Allowed Claims or Allowed Interests pursuant to the Plan and subject to the reasonable consent of the Creditors' Committee and the Requisite Lenders, the Debtors may remedy any defect or omission or reconcile any inconsistencies in the Plan or the Confirmation Order with respect to such matters as may be necessary to carry out the purposes or effects of the Plan, and any holder of a Claim or Interest that has accepted the Plan shall be deemed to have accepted the Plan as amended, modified, or supplemented.[8]

9. Section 1127 of the Bankruptcy Code, in relevant part, provides:

> (b) The proponent of a plan or the reorganized debtor may modify such plan at any time after confirmation of such plan and before substantial consummation of such plan, but may not modify such plan so that such plan as modified fails to meet the requirements of sections 1122 and 1123 of this title. Such plan as modified under this subsection becomes the plan only if circumstances warrant such modification and the court,

[8] Confirmation Order ¶ 46.

> after notice and a hearing, confirms such plan as modified, under section 1129 of this title.
>
> (c) The proponent of a modification shall comply with section 1125 of this title with respect to the plan as modified.
>
> (d) Any holder of a claim or interest that has accepted or rejected a plan is deemed to have accepted or rejected, as the case may be, such plan as modified, unless, within the time fixed by the court, such holder changes such holder's previous acceptance or rejection.

11 U.S.C. §1127. The proposed Modifications satisfy section 1127(b) because the circumstances warrant the modification and the Plan as modified meets the requirements of sections 1122, 1123, and 1129 of the Bankruptcy Code.

10. Rather than subject the holders of Allowed Claims to any further delay, the Debtors, with the consent of the Creditors' Committee and the Requisite Lenders, propose to modify the Plan and certain relevant Plan Documents to allow the Debtors to emerge from these chapter 11 cases within the timeline contemplated by the Plan. The Modifications will (i) enable Reorganized Paragon to obtain the benefit of the Prospector Group's operations, as originally contemplated, without violating the terms of the Leases or the Share Pledge, while preserving Paragon Parent's ability to transfer the Prospector Group to Reorganized Paragon after the Effective Date upon a Transfer Event and (ii) provide additional benefits under the Registration Rights Agreement to the beneficial holders of the New Equity Interests.

11. Additionally, section 1127(b) is further satisfied because the Modifications do not affect the classification or treatment of Claims and thus does not implicate this Court's previous holding that the Plan satisfies the requirements of sections 1122, 1123, and 1129 of the Bankruptcy Code. Significantly, as discussed more fully below, the Modifications will not materially alter the treatment to be received by the creditors in Class 3 and Class 4, the

only Classes that could be impacted by the Modifications. Accordingly, the Modifications should be approved.

**The Proposed Modifications Do Not Require Further Disclosure or Resolicitation**

12. As noted, section 1127(c) of the Bankruptcy Code requires that, any proposed modification to a plan must comply with, among other things, the disclosure requirements of section 1125 of the Bankruptcy Code. The legislative history of section 1127(c) makes clear that not all modifications to a confirmed plan require new disclosure. *See* H. Rep. No. 595, 95th Cong., 1st Sess., 411 (1977) ("if the modification were sufficiently minor, the court might determine that additional disclosure was not required under the circumstances"). A number of courts have held that further disclosure and resolicitation of votes on the modified plan is required only when the modification materially *and* adversely impacts parties who previously voted for the plan. *See, e.g., Beal Bank, S.S.B. v. Jack's Marine, Inc. (In re Beal Bank, S.S.B.)*, 201 B.R. 376, 380 (E.D. Pa. 1996) (further disclosure and solicitation not required under sections 1127(b) and (c) where modification to plan is immaterial)*; In re Century Glove, Inc.*, 1993 U.S. Dist. LEXIS 2286, at *12 (D. Del. Feb. 10, 1993) (upholding bankruptcy court's finding that section 1127 did not require further disclosure and resolicitation of votes on plan modification that altered the treatment to only one creditor when "the modifications at issue did not materially and adversely impact any creditors who previously voted for the Plan"); *In re Am. Solar King Corp.*, 90 B.R. 808, 823-24 (Bankr. W.D. Tex. 1988) ("Further disclosure occurs only when and to the extent that the debtor intends to solicit votes from previously dissenting creditors or when the modification materially and adversely impacts parties who previously voted for the plan."); *see also In re Temple Zion*, 125 B.R. 910, 914 (Bankr. E.D. Pa. 1991) (further disclosure pursuant to section 1125 is unnecessary where post-confirmation plan modification under section 1127(b) affected distribution to only one creditor, but did not affect

any allegedly impaired class); *In re Aleris Int'l, Inc.*, 2010 WL 3492664, at *32 (Bankr. D. Del. May 13, 2010) ("Further disclosure and resolicitation of votes on a modified plan is only required…when the modification materially *and* adversely affects parties who previously voted for the plan.") (citations omitted) (emphasis in original); *In re Federal–Mogul Global Inc.*, 2007 WL 4180545, at *39 (Bankr. D. Del. Nov. 16, 2007) (additional disclosure under section 1125 is not required where plan "modifications do not materially and adversely affect or change the treatment of any Claim against or Equity Interest in any Debtor").

13. The *American Solar King* court explained the logic behind not requiring disclosure and resolicitation of a plan modification where such modification is not material:

> Ballots solicited with the original disclosure statement previously approved by the court will still be valid for the modified plan, because that disclosure statement is presumed already to contain "adequate information" to cover minor modifications. "Adequate information" is a term of art, defined by Section 1125 to be that disclosure necessary for a reasonable investor to make an informed judgment on whether to vote for a given plan. 11 U.S.C. § 1125(a)(1). A modification which is not "material" is by definition one which will not affect an investor's voting decision. Additional disclosure would serve no purpose and would therefore not be required.

*Am. Solar King*, 90 B.R. at 824, n. 28 (internal citations omitted).

14. The proposed Modifications are not material. "A modification is material if it so affects a creditor or interest holder who accepted the plan that such entity, if it knew of the modification, would be likely to reconsider its acceptance." *Am. Solar King*, 90 B.R. at 824 (internal citation omitted). In *American Solar King*, the court held that an amendment to a plan to increase the distribution of stock in the reorganized company to one creditor such that other creditors' recoveries would be diluted by less than one percent as a result of the modification to "be so small" so as to be immaterial. *Id.* Similarly, in *Beal Bank, S.S.B. v. Jack's Marine, Inc.*

*(In re Beal Bank, S.S.B.)*, the court held that a modification to a plan after confirmation to extend by 60 days the date on which a creditor would receive payment did not require further disclosure or solicitation "given the immaterial nature of the modification." 201 B.R. at 380. The Debtors submit that the Modifications are immaterial. The Debtors have designed the Modifications to enable Reorganized Paragon and its future owners, the Debtors' creditors, to continue to receive the benefits of the Prospector Group's operations while complying with the terms of the Leases and the Share Pledge. Accordingly, while there may be a delay in the transfer of the Prospector Group to Reorganized Paragon, the Modifications will allow the intended economic effect of the transfer of the Prospector Group to Reorganized Paragon to continue unimpeded in the meantime.

15. Furthermore, the proposed Modifications to the Plan are not adverse to any creditors. Courts have held that proposed plan modifications are not adverse where "[n]one of the changes negatively affects the repayment of creditors. . . ." *See, e.g., In re Mount Vernon Plaza Community Urban Redevelopment Corp. I,* 79 B.R. 305, 306 (Bankr. S.D. Ohio 1987); *see also Am. Solar King*, 90 B.R. at 823, n. 27 ("The modified plan need not be resubmitted to creditors and interest holders if the court finds that they are not adversely affected.") (internal citations omitted). In this case, no creditors are adversely affected by the proposed Modifications. As outlined above, the Plan contemplates that the economic value of the Prospector Group will inure to the benefit of the future equity owners of Reorganized Paragon, namely, the Class 3 Senior Noteholders and the Class 4 Revolving Lenders and Term Lenders. The proposed Modifications will continue to allow the Class 3 and Class 4 creditors to realize the economic benefits of the Prospector Group in the interim while the Debtors continue to negotiate the transfer of the Prospector Group with the Lessor. Additionally, the Modifications to the

Registration Rights Agreement will provide the Class 3 and Class 4 creditors that receive smaller amounts of New Equity Interests an additional benefit under the Registration Rights Agreement that they otherwise would not have received. Together, the Modifications will enable the Debtors to close and make the Plan Distributions to all of their creditors without unnecessary delay. Accordingly, all holders of Allowed Claims will receive the distributions contemplated by the Plan on the Effective Date.

16. Therefore, because the Modifications are neither material nor adverse to creditors in Class 3 or Class 4 who voted in favor of the Plan, the Debtors submit that they need not provide further disclosure in respect thereof or resolicit the votes of any parties in interest.

**Notice**

17. Notice of this Motion has been provided to (i) the Office of the United States Trustee for the District of Delaware; (ii) members of the Committee of Unsecured Creditors appointed in these chapter 11 cases; (iii) Simpson Thacher & Bartlett LLP, 425 Lexington Avenue, New York, NY 10017 (Attn: Sandeep Qusba, Esq. and Kathrine A. McLendon, Esq.), counsel to JPMorgan Chase Bank, N.A. (a) as administrative agent under the Senior Secured Revolving Credit Agreement, dated as of June 17, 2014, and (b) as collateral agent under the Guaranty and Collateral Agreement, dated as of July 18, 2014; (iv) Freshfields Bruckhaus Deringer LLP, 601 Lexington Avenue, 31st Floor, New York, NY 10022 (Attn: Scott D. Talmadge, Esq., Mark F. Liscio, Esq., and Madlyn Primoff, Esq.), counsel to Cortland Capital Market Services L.L.C. as administrative agent under the Senior Secured Term Loan Agreement, dated as of July 18, 2014; (v) Morgan, Lewis, & Bockius LLP, 101 Park Avenue, New York, NY 10178 (Attn: James O. Moore, Esq., Glenn E. Siegel, Esq., and Joshua Dorchak, Esq.), counsel to Deutsche Bank Trust Company Americas as trustee under the Senior Notes Indenture, dated as of July 18, 2014, for the 6.75% Senior Notes due 2022 and the 7.25% Senior Notes due 2024;

(vi) Paul, Weiss, Rifkind, Wharton, & Garrison LLP, 1285 Avenue of the Americas, New York, NY 10019 (Attn: Andrew N. Rosenberg, Esq. and Samuel E. Lovett, Esq.), counsel to the Creditors' Committee; (vii) the Securities and Exchange Commission; (viii) the Internal Revenue Service; (ix) the United States Attorney's Office for the District of Delaware; and (x) all parties who filed a request for service of notices under Bankruptcy Rule 2002.

**No Prior Request**

18. No previous request for the relief sought herein has been made to this Court or any other court.

WHEREFORE the Debtors respectfully request that the Court enter an order, substantially in the form attached hereto as **Exhibit A**, granting the Debtors: (i) the relief requested herein; and (ii) such other and further relief as the Court may deem proper.

Dated: July 11, 2017
Wilmington, Delaware

Respectfully submitted,

*/s/ Amanda R. Steele*

RICHARDS, LAYTON & FINGER, P.A.
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Attorneys for the Debtors
and Debtors in Possession

**UNITED STATES BANKRUPTCY COURT**
**DISTRICT OF DELAWARE**

| | | |
|---|---|---|
| **In re** | : | **Chapter 11** |
| **PARAGON OFFSHORE PLC, *et al.*,** | : | **Case No. 16-10386 (CSS)** |
| **Debtors.** [1] | : | **Jointly Administered** |
| | : | **Hearing Date: TBD** |
| | : | **Obj. Deadline: TBD** |

## NOTICE OF MOTIONS AND HEARING

PLEASE TAKE NOTICE that, on July 11, 2017, Paragon Offshore plc (in administration) and its affiliated debtors and debtors in possession (collectively, the "**Debtors**") filed the *Debtors' Motion for Order (I) Authorizing Modification of the Debtors' Fifth Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code Pursuant to Section 1127(b) of the Bankruptcy Code and (II) Determining that Further Disclosure and Resolicitation of Votes Are Not Required Pursuant to Section 1127(c) of the Bankruptcy Code* (the "**Motion**") with the United States Bankruptcy Court for the District of Delaware (the "**Bankruptcy Court**").

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, as applicable, are: Paragon Offshore plc (in administration) (6017); Paragon Offshore Finance Company (6632); Paragon International Finance Company (8126); Paragon Offshore Holdings US Inc. (1960); Paragon Offshore Drilling LLC (4541); Paragon FDR Holdings Ltd. (4731); Paragon Duchess Ltd.; Paragon Offshore (Luxembourg) S.à r.l. (5897); PGN Offshore Drilling (Malaysia) Sdn. Bhd. (9238); Paragon Offshore (Labuan) Pte. Ltd. (3505); Paragon Holding SCS 2 Ltd. (4108); Paragon Asset Company Ltd. (2832); Paragon Holding SCS 1 Ltd. (4004); Paragon Offshore Leasing (Luxembourg) S.à r.l. (5936); Paragon Drilling Services 7 LLC (7882); Paragon Offshore Leasing (Switzerland) GmbH (0669); Paragon Offshore do Brasil Ltda.; Paragon Asset (ME) Ltd. (8362); Paragon Asset (UK) Ltd.; Paragon Offshore International Ltd. (6103); Paragon Offshore (North Sea) Ltd.; Paragon (Middle East) Limited (0667); Paragon Holding NCS 2 S.à r.l. (5447); Paragon Leonard Jones LLC (8826); Paragon Offshore (Nederland) B.V.; and Paragon Offshore Contracting GmbH (2832). The Debtors' mailing address is 3151 Briarpark Drive, Suite 700, Houston, Texas 77042. Neville Barry Kahn and David Philip Soden, each of Deloitte LLP, are the joint administrators of Paragon Offshore plc (in administration) (the "**Joint Administrators**"). The affairs, business and property of Paragon Offshore plc (in administration) are managed by the Joint Administrators.

PLEASE TAKE FURTHER NOTICE that, contemporaneously with the filing of the Motion, the Debtors also filed a motion to shorten the notice and objection period with respect to the Motion (the "**Motion to Shorten**").

PLEASE TAKE FURTHER NOTICE that, if the Bankruptcy Court grants the relief requested in the Motion to Shorten: (i) a hearing to consider the Motion will be held as the Bankruptcy Court's calendar will permit before The Honorable Christopher S. Sontchi, United States Bankruptcy Judge for the District of Delaware, at the Bankruptcy Court, 824 North Market Street, 5th Floor, Courtroom 6, Wilmington, Delaware 19801 (the "**Hearing**") and (ii) responses or objections to the Motion, if any, may be made prior to or at the Hearing.

PLEASE TAKE FURTHER NOTICE that if the Bankruptcy Court grants the relief requested in the Motion to Shorten, parties-in-interest will receive separate notice of the Bankruptcy Court-approved objection deadline and hearing date for the Motion.

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Dated: July 11, 2017
Wilmington, Delaware

*/s/ Amanda R. Steele*

RICHARDS, LAYTON & FINGER, P.A.
Mark D. Collins (No. 2981)
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-and-

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*Attorneys for the Debtors*
*and Debtors in Possession*

# EXHIBIT A

## Proposed Order

**UNITED STATES BANKRUPTCY COURT**
**FOR THE DISTRICT OF DELAWARE**

| | | |
|---|---|---|
| **In re** | : | **Chapter 11** |
| **PARAGON OFFSHORE PLC, *et al.*,** | : | **Case No. 16–10386 (CSS)** |
| **Debtors.** [1] | : | **(Jointly Administered)** |

**ORDER (I) AUTHORIZING MODIFICATION OF THE DEBTORS' FIFTH JOINT PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE PURSUANT TO SECTION 1127(b) OF THE BANKRUPTCY CODE AND (II) DETERMINING THAT FURTHER DISCLOSURE AND RESOLICITATION OF VOTES ARE NOT REQUIRED PURSUANT TO SECTION 1127(c) OF THE BANKRUPTCY CODE**

A hearing having been held on July [●], 2017 (the "**Hearing**")[2] to consider the motion, dated July 11, 2017 (the "**Motion**"), of Paragon Offshore plc (in administration) and its affiliated debtors in the above-captioned chapter 11 cases, as debtors and debtors in possession (collectively, the "**Debtors**"), for entry of an order pursuant to sections 105(a), 1127(b) and (c),

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, as applicable, are: Paragon Offshore plc (in administration) (6017); Paragon Offshore Finance Company (6632); Paragon International Finance Company (8126); Paragon Offshore Holdings US Inc. (1960); Paragon Offshore Drilling LLC (4541); Paragon FDR Holdings Ltd. (4731); Paragon Duchess Ltd.; Paragon Offshore (Luxembourg) S.à r.l. (5897); PGN Offshore Drilling (Malaysia) Sdn. Bhd. (9238); Paragon Offshore (Labuan) Pte. Ltd. (3505); Paragon Holding SCS 2 Ltd. (4108); Paragon Asset Company Ltd. (2832); Paragon Holding SCS 1 Ltd. (4004); Paragon Offshore Leasing (Luxembourg) S.à r.l. (5936); Paragon Drilling Services 7 LLC (7882); Paragon Offshore Leasing (Switzerland) GmbH (0669); Paragon Offshore do Brasil Ltda.; Paragon Asset (ME) Ltd. (8362); Paragon Asset (UK) Ltd.; Paragon Offshore International Ltd. (6103); Paragon Offshore (North Sea) Ltd.; Paragon (Middle East) Limited (0667); Paragon Holding NCS 2 S.à r.l. (5447); Paragon Leonard Jones LLC (8826); Paragon Offshore (Nederland) B.V.; and Paragon Offshore Contracting GmbH (2832). The Debtors' mailing address is 3151 Briarpark Drive, Suite 700, Houston, Texas 77042. Neville Barry Kahn and David Philip Soden, each of Deloitte LLP, are the joint administrators of Paragon Offshore plc (in administration) (the "**Joint Administrators**"). The affairs, business and property of Paragon Offshore plc (in administration) are managed by the Joint Administrators.

[2] Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Motion.

and 1129 of title 11 of the United States Code (the "**Bankruptcy Code**"), authorizing the modification of the Debtors' *Fifth Joint Chapter 11 Plan of Paragon Offshore plc and its Affiliated Debtors*, dated June 7, 2017 (the "**Plan**") annexed as **Exhibit A** to the *Findings of Fact, Conclusions of Law and Order Confirming the Fifth Joint Chapter 11 Plan of Paragon Offshore plc and its Affiliated Debtors* (Docket No. 1614) (the "**Confirmation Order**"); having found that the Modifications are not material and do not have an adverse effect on creditors who voted in favor of the Plan; and determining that further disclosure and resolicitation of votes are not required, all as more fully set forth in the Motion; and the Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334; and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion having been given, and it appearing that no other or further notice need be provided; and upon the Motion, the papers in support thereof, the response and objections thereto (if any), the record of the Hearing, and all proceedings had before the Court; and the Court having found and determined that the relief requested in the Motion is in the best interests of the Debtors and their estates and creditors; and after due deliberation and sufficient cause appearing therefor;

IT IS HEREBY ORDERED THAT:

1. The Motion is granted as set forth herein.

2. All responses and objections not heretofore withdrawn or resolved by this Order are overruled in all respects.

3. The Debtors are not required to provide further disclosure in respect of the Modifications to the Plan and the Plan Documents or to resolicit the votes of any creditors as a result thereof.

4. The proposed Modifications comply with section 1127 of the Bankruptcy Code.

5. The definition of Corporate Restructuring in section 1.1 of the Plan shall be revised to read a follows: "***Corporate Restructuring*** means the reorganization of the Paragon Entities' corporate structure in accordance with the Plan and the U.K. Implementation Agreement and through which: (i) certain assets of the Liquidating Subsidiaries will be transferred to certain Transferred Subsidiaries and/or Reorganized Paragon; (ii) the Transferred Subsidiaries will be directly or indirectly transferred to Reorganized Paragon; and (iii) the Liquidating Subsidiaries will remain as direct or indirect subsidiaries of Paragon Parent, to be implemented on or prior to the Effective Date, or, with respect to Prospector Offshore Drilling S.à r.l. and its direct and indirect subsidiaries, as soon as practicable thereafter."

6. The Plan and the Plan Documents, as modified, comply with sections 1122, 1123, and 1129 of the Bankruptcy Code.

7. The Confirmation Order confirming the Plan shall apply to the Plan as modified by this Order.

8. Any holder of a claim in Class 3 or in Class 4 that has accepted the Plan is deemed to have accepted the Plan, as modified, and such creditor shall not have the opportunity to change its previous acceptance.

9. The Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation, or enforcement of the Management

Agreement, *provided*, *that*, the Court shall not retain jurisdiction to hear or determine any suit, action, or proceeding and/or settle any dispute against the U.K. Administrators in their personal capacity which may arise from, in connection with, or in any way relate to the Management Agreement.

10. The Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation, or enforcement of this Order.

Dated: _____, 2017
Wilmington, Delaware

THE HONORABLE CHRISTOPHER S. SONTCHI
UNITED STATES BANKRUPTCY JUDGE

# EXHIBIT B

## Form of Management Agreement

**Weil, Gotshal & Manges (London) LLP**
110 Fetter Lane
London EC4A 1AY
+44 20 7903 1000 main tel
+44 20 7903 0990 main fax
weil.com

Weil

**EXECUTION VERSION**

**[Execution Date] 2017**

# MANAGEMENT AGREEMENT

**between**

**PARAGON OFFSHORE PLC (in administration)**

**and**

**PARAGON OFFSHORE LIMITED**

**and**

**NEVILLE KAHN AND DAVID SODEN**
**as joint administrators of Paragon Offshore plc**

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**THIS AGREEMENT** is made on 2017 between the following parties

**(1)** **PARAGON OFFSHORE PLC (IN ADMINISTRATION)**, a company incorporated in England and Wales with registered number 08814042, whose registered office is at c/o Deloitte LLP, Four Brindleyplace, Birmingham, B1 2HZ, United Kingdom ("**Paragon Parent**");

**(2)** **PARAGON OFFSHORE LIMITED**, a company incorporated in Cayman with registered number MC-323580, whose registered office is at c/o Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands ("**Reorganized Paragon**"); and

**(3)** **NEVILLE KAHN and DAVID SODEN** in their capacity as joint administrators of Paragon Parent, each of Deloitte LLP, Athene Place, 66 Shoe Lane, London EC4A 3BQ (the "**Administrators**") (each acting as agent of Paragon Parent and without personal liability).

**RECITALS**

**(A)** Paragon Parent (amongst others) is subject to reorganization (the "**Chapter 11 Proceeding**") under chapter 11 of title 11 of the United States Code (the "**Bankruptcy Code**"). On 7 June 2017, an order confirming the Plan in relation to the corporate and financial restructuring of Paragon Parent and each of the other Debtors was entered by the United States Bankruptcy Court in the Chapter 11 Proceeding.

**(B)** The Administrators were appointed to Paragon Parent on 23 May 2017 pursuant to an order of the Companies Court of the High Court of Justice of England and Wales.

**(C)** On [•] July 2017, the United States Bankruptcy Court made an order authorising a non-material modification to the Plan pursuant to which Paragon Parent would retain legal title to the shares in a Subsidiary of Paragon Parent, Offshore Drilling (and the shares in each of its Subsidiaries) on the Effective Date pursuant to the terms of an agreement substantially in the form of this Agreement.

**(D)** The Parties have agreed to enter into this Agreement in accordance with the Plan.

**THE PARTIES, pursuant to the Plan, hereby AGREE as follows:**

**1 INTERPRETATION**

**1.1** Capitalised terms shall, unless the contrary is indicated, have the meaning given to them in the Plan. In addition, the following expressions have the following meanings:

"**Administration**" means the administration of Paragon Parent pursuant to Schedule B1 to the Insolvency Act 1986;

"**Agreement**" means this agreement including any schedules and any attachments hereto;

"**Business Day**" means any day (other than a Saturday or Sunday) on which banks are open in London, Houston and Cayman for normal banking business;

"**Encumbrance**" means any security interest, mortgage, charge, pledge, lien, restriction, option, equity, claim, right of first refusal or other third party right (including a right of pre-emption) of any nature whatsoever;

**"Facility Agent"** means Industrial and Commercial Bank of China Limited, as facility agent for the Finance Parties (as defined in the Leases);

"**Leases**" means the Prospector 1 Lease and the Prospector 5 Lease;

"**Losses**" means all losses, actual liabilities, payments, damages, fines, penalties, costs, charges or expenses (including, but not limited to, reasonably and properly incurred legal costs and expenses and payments arising out of any claims, demands, proceedings and judgments);

"**Nederland**" means Paragon Offshore (Nederland) BV, a company incorporated in the Netherlands with registered number [•], whose registered office is at Parallelweg 96, 1948 NM, Beverwijk, the Netherlands;

"**Offshore Drilling**" means Prospector Offshore Drilling S.à r.l., a *société à responsibilité limitée* incorporated in Luxembourg with registered number B153772, whose registered office is at 291, route d'Arlon, L1150, Luxembourg;

"**Offshore Drilling Shares**" means the entire issued share capital of Offshore Drilling from time to time;

"**P1C**" means Prospector One Corporation, a corporation incorporated under the laws of the Marshall Islands and having its registered office at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960;

"**P5C**" means Prospector Five Corporation, a corporation incorporated under the laws of the Marshall Islands and having its registered office at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960;

"**Paragon Parent Disposal Tax**" means any amount of, or in respect of, Tax which is incurred by Paragon Parent (or any Subsidiary thereof) in respect of any disposal of any Return to a third party pursuant to the provisions of clause 2.1(b)(ii);

"**Paragon Parent Tax**" means any amount of, or in respect of, Tax which is incurred by Paragon Parent (or any Subsidiary thereof) in respect of any Return declared, paid, made or done by any Prospector Group Company to Paragon Parent, less any Paragon Parent Tax Credit Amount;

"**Paragon Parent Tax Credit Amount**" means the amount of any credit or deduction in respect of Tax which Paragon Parent obtains and is able to utilise as a result of the payment to Reorganized Paragon (or such other person(s) as Reorganized Paragon may direct) of any amounts under Clause 2.1 of this Agreement;

"**Parties**" means each the parties to this Agreement from time to time but excluding the Administrators;

"**Plan**" means the Fifth Joint Chapter 11 Plan of Paragon Parent and its Affiliated Debtors, including all appendices, exhibits, schedules and supplements thereto (including any appendices, schedules and supplements to the Plan that are included in the Plan Supplement), all as may be modified from time to time in accordance with the Bankruptcy Code and the terms of the Plan;

"**Pledge**" means the pledge over shares agreement relating to the Offshore Drilling Shares entered into on 24 July 2015 by and between Paragon Parent, the Security Holders and Offshore Drilling;

"**Prospector 1 Lease**" means the lease agreement entered into on 3 June 2015 by and between P1C and Prospector Rig 1 Contracting Company S.à r.l.;

"**Prospector 5 Lease**" means the lease agreement entered into on 3 June 2015 by and between P5C and Prospector Rig 5 Contracting Company S.à r.l.;

"**Return**" means:

**(a)** any dividend (whether in cash or in kind), bonus or other distribution of capital, assets, income or profit;

**(b)** any repurchase, redemption, repayment or return of share or loan capital (or any other relevant securities); or

**(c)** any interest or other income paid or made;

"**Prospector Group**" means Offshore Drilling and each of its Subsidiaries from time to time and "**Prospector Group Company**" shall mean any one of them;

"**Security Holders**" means P1C and P5C;

"**Services**" those services provided to any Prospector Group Company pursuant to the Services Agreements;

"**Services Agreements**" means:

**(a)** the technical services agreement entered into effective as of 29 May 2015 by and between Nederland and Prospector Rig 1 Contracting Company S.à r.l.; and

**(b)** the technical services agreement entered into effective as of 29 May 2015 by and between Nederland and Prospector Rig 5 Contracting Company S.à r.l.;

"**Subsidiary**" has the meaning given to the term 'subsidiary undertaking' pursuant to section 1162 of and schedule 7 to the Companies Act 2006, and includes any undertaking which would be a subsidiary undertaking but for any security subsisting over the shares in that undertaking from time to time;

"**Tax**" means all forms of taxation, duties, imposts, levies, VAT and contributions and any associated interest, penalty, surcharge or fine;

"**Termination Date**" means the date on which this Agreement is terminated with regard to all of the Parties in accordance with Clause 7 (*Termination*);

"**Transfer Agreement**" the transfer agreement substantially in the form set out in Schedule 1; and

"**VAT**" means:

**(a)** any tax imposed in compliance with the Council Directive of 28 November 2006 on the common system of value added tax (EC Directive 2006/112); and

**(b)** any other tax of a similar nature, whether imposed in a member state of the European Union in substitution for, or levied in addition to, such tax referred to in paragraph (a) above, or imposed elsewhere.

**1.2** In interpreting this Agreement unless the context otherwise requires:

**(a)** the headings to the clauses are for convenience only and shall not affect the construction of anything in this Agreement;

**(b)** reference to clauses are to be construed as references to the clauses of, and Schedules to, this Agreement;

**(c)** references to the singular includes the plural and vice versa and references to any gender includes the other genders;

**(d)** a reference to the Administrators shall be construed as being to the Administrators both jointly and severally acting as agents of Paragon Parent without personal liability and to any person who from time to time is appointed as an administrator in substitution for any administrator or as an additional administrator in conjunction with the Administrators;

**(e)** a reference to "including" means including, without limitation;

**(f)** references to a party includes such person's successors-in-title;

**(g)** where reference is made to a statutory provision this includes all prior and subsequent enactments, amendments and modifications relating to that provision and any subordinate legislation made under it; and

**(h)** where reference is made to any document or instrument this is a reference to that document or instrument as amended, supplemented, novated, extended or reinstated from time to time.

## 2 PARAGON PARENT UNDERTAKINGS

**Undertaking relating to Prospector Amounts**

**2.1** For such time as Offshore Drilling is a Subsidiary of Paragon Parent, promptly upon receipt of any Return to which Paragon Parent is (or upon Paragon Parent becoming) beneficially entitled free from any Encumbrance, Paragon Parent will:

**(a)** to the extent that the Return is received in cash, pay to Reorganized Paragon (or such other person(s) as Reorganized Paragon may direct) an amount equal to such Return, less any Paragon Parent Tax thereon; and

**(b)** to the extent that the Return is not received in cash, at its sole discretion, either:

(i) transfer the Return to Reorganized Paragon (or such other person(s) as Reorganized Paragon may direct), provided first that Reorganized Paragon (or such other person(s) as Reorganized Paragon may direct) pays to Paragon Parent an amount (the "**Payment**") equal to:

(A) any Paragon Parent Tax in relation to the Return; plus

(B)

**(1)** to the extent that Reorganized Paragon (or such other person(s) to whom the Return is transferred, as the case may be) are required to make any withholding or deduction in respect of such Payment; and

**(2)** to the extent that Paragon Parent suffers any Tax on receipt of such Payment;

an additional amount such that, after the making of any such withholding or deduction, and the payment by Paragon Parent of any such Tax on receipt, leaves an amount equal to the amount which would have been due if no withholding, deduction had been required, and Paragon Parent had not suffered any such Tax on receipt of the Payment; or

(ii) dispose of the Return to a third party, and, following such disposal, pay to Reorganized Paragon (or such other person(s) as Reorganized Paragon may direct) an amount equal to the proceeds received by Paragon Parent in consideration of such disposal, less:

(A) any Paragon Parent Tax in relation to such Return; and

(B) any Paragon Parent Disposal Tax.

in each case:

**(a)** less any stamp duties, transfer Taxes or registration Taxes which Paragon Parent suffers pursuant to any of the arrangements described above, and

**(b)** less any reasonable and documented costs, fees or expenses (without double counting for amounts of, or in respect of, any Paragon Parent Tax (such amounts having already been accounted for by virtue of the definition of the "Prospector Amount")) of the Administration which relate to Paragon Parent's obligations under this Agreement or which otherwise relate to Paragon Parent's ownership of the Offshore Drilling Shares (including but not limited to the reasonable and proper remuneration of the Administrators and any reasonable and documented costs, fees or expenses incurred)

(together, the **"Payment Amounts"**).

**2.2** As the Payment Amounts would be payable from time to time pursuant to this Agreement, which is a contract entered into by the Administrators, acting as agents for Paragon Parent, the Parties and the Administrators acknowledge and agree that:

**(a)** the Payment Amounts have the priority of payment provided for in paragraph 99(4) of Schedule B1 to the Insolvency Act 1986; and

**(b)** notwithstanding the priority provided for in paragraph 99(4) of Schedule B1 to the Insolvency Act 1986, the Payment Amounts shall be subordinated as necessary to the costs, fees and expenses (without double counting for amounts of, or in respect of, any Paragon Parent Tax (such amounts having already been accounted for by virtue of the definition of the "Prospector Amount")) of the Administration which relate to

Paragon Parent's obligations under this Agreement or which otherwise relate to Paragon Parent's ownership of the Offshore Drilling Shares (including but not limited to the reasonable and proper remuneration of the Administrators).

**Undertaking relating to governance**

**2.3** For such time as Offshore Drilling is a Subsidiary of Paragon Parent, Paragon Parent will, to the extent permitted to do so by the Pledge,:

**(a)** provide to Reorganized Paragon any information relating to: (i) Returns; (ii) actual or potential breaches of the Leases, Pledge or Service Agreements; or (iii) funding requirements of the Prospector Group, in each case promptly on receipt or upon becoming aware of such information;

**(b)** promptly upon receipt of written request provide to Reorganized Paragon such information relating to the Prospector Group as Reorganized Paragon may reasonably request from time to time;

**(c)** notify Reorganized Paragon of receipt of any notice of any general meeting or of any written resolution of the shareholders of Offshore Drilling;

**(d)** exercise its rights as a shareholder of Offshore Drilling (including any rights with respect to dividends and distributions and payment thereof) in the manner directed by Reorganized Paragon, including by exercising such rights to appoint to the board of directors of Offshore Drilling such persons as may be notified by Reorganized Paragon to Paragon Parent in writing from time to time.

**Undertaking relation to Offshore Drilling Shares**

**2.4** For such time as Offshore Drilling is a Subsidiary of Paragon Parent, save as provided in Clause 2.5 below Paragon Parent:

**(a)** will not directly or indirectly transfer, or create or authorize the creation of any Encumbrance over, any of the Offshore Drilling Shares; and

**(b)** will procure that Offshore Drilling will not allot, issue, agree to allot or agree to issue any shares or other securities without the prior written consent of Reorganized Paragon,

in each case excluding any such action which Paragon Parent is required to take pursuant to the Pledge, the Leases or pursuant to the order or direction of any court of competent jurisdiction.

**2.5** Paragon Parent will transfer the Offshore Drilling Shares to Reorganized Paragon (or such other person(s) as Reorganized Paragon may direct) pursuant to a Transfer Agreement if (and only if):

**(a)** all applicable consents to such transfer and an irrevocable waiver of any associated events of default are obtained or cease to be required from P1C, P5C and the Facility Agent (as applicable) pursuant to the Leases, the Pledge and any other Finance Document (as defined in the Leases); or

**(b)** the obligations of Prospector Rig 1 Contracting Company S.à r.l. and Prospector Rig 5 Contracting Company S.à r.l. under the terms of the Leases are discharged in full

and the Encumbrances over the Offshore Drilling Shares pursuant to the Pledge are released,

and, in each case, the Offshore Drilling Shares are otherwise freely transferrable by Paragon Parent. Paragon Parent and Reorganized Paragon (or such other person(s) as Reorganized Paragon may direct) agree to enter into (or, in the case of Reorganized Paragon, procure that such other person(s) as Reorganised Paragon may direct shall enter into) a Transfer Agreement as soon as reasonably practicable after either of the conditions in Clause 2.5 is satisfied.

**2.6** Paragon Parent will promptly notify Reorganized Paragon upon satisfaction of either of the conditions in Clause 2.5.

## 3 REORGANIZED PARAGON UNDERTAKINGS

**Undertaking relating to provision of services**

**3.1** For such time as Offshore Drilling is a Subsidiary of Paragon Parent, Reorganized Paragon will procure the provision of:

**(a)** the Services subject to the terms of the Services Agreements (as may be amended from time to time);

**(b)** any other services which are provided by a Subsidiary of Paragon Parent to the Prospector Group immediately prior to the Effective Date; and

**(c)** such other services as may be agreed between a Prospector Group Company and Reorganized Paragon (or any of its Subsidiaries) from time to time.

**Funding of the Prospector Group**

**3.2** The Parties agree that any funding that is provided to any Prospector Group Company at any time will be provided by Reorganized Paragon or a Subsidiary of Reorganized Paragon (in each case at its sole discretion) without recourse to Paragon Parent and its Subsidiaries (excluding members of the Prospector Group).

**3.3** For the avoidance of doubt, from and including the date of this Agreement, neither Reorganized Paragon, any Subsidiary of Reorganized Paragon, Paragon Parent, any Subsidiary of Paragon Parent, nor the Administrators have any obligation to provide or procure funding to the Prospector Group (and, in the case of Paragon Parent, its Subsidiaries and the Administrators, shall not do so).

## 4 CONDUCT OF CLAIMS

**4.1** This Clause 4 (*Conduct of Claims*) shall apply in circumstances where any claim, demand or proceeding is made or brought against any Prospector Group Company, including any enforcement claim under the Pledge or any other Encumbrance affecting the Prospector Group (each such claim, a "**Claim**").

**4.2** To the extent that it is within its power to do so, Paragon Parent shall (and shall procure that each relevant Prospector Group Company shall):

**(a)** notify Reorganized Parent immediately upon becoming aware of any Claim or potential Claim;

**(b)** promptly and diligently take all such action as Reorganized Parent may reasonably request (including the institution of proceedings and the instruction of professional advisors in relation to such proceedings) to avoid, dispute, resist, compromise, defend or appeal against any such Claim;

**(c)** not settle or compromise any liability or claim to which such action is referable without the prior written consent of Reorganized Parent; and

**(d)** allow Reorganized Parent to take conduct of such Claim.

**4.3** Reorganized Paragon agrees:

**(a)** promptly to pay to Paragon Parent, in advance, all reasonable and documented costs and expenses incurred or to be incurred by Paragon Parent pursuant to Clause 4.2 (and Paragon Parent shall not be obliged to undertake any action pursuant to Clause 4.2 pending such payment); and

**(b)** to indemnify and keep indemnified Paragon Parent and the Administrators from and against all Losses suffered or incurred by any of them in connection with Clause 4.2, provided that such indemnity shall not cover: (i) unless otherwise agreed between the Parties and the Administrators, actions taken in contravention of this Agreement; or (ii), any Losses arising as a result of any gross negligence or fraud by the Administrators or Paragon Parent.

## 5 INDEMNITY

Reorganized Paragon agrees to indemnify and keep indemnified the Administrators and Paragon Parent from and against all Losses suffered or incurred by any of them in connection with the Offshore Drilling Shares, the Prospector Group or the performance of the matters set out in this Agreement, whether arising on or after the date of this Agreement, provided that such indemnity shall not cover: (i) any Losses incurred prior to the date of this Agreement; (ii) any loss in value of the Offshore Drilling Shares; (iii) unless otherwise agreed between the Parties and the Administrators, actions taken in contravention of this Agreement; or (iv) any Losses arising as a result of any gross negligence or fraud by the Administrators or Paragon Parent.

## 6 LIMITATIONS

**6.1** Nothing in this Agreement shall require any Party or the Administrators to (whether by action or omission) breach, or procure the breach of:

**(a)** any law or regulation or fiduciary duties;

**(b)** any law or regulation or duties applicable to the Administrators, including but not limited to their obligations pursuant to Schedule B1 to the Insolvency Act 1986; or

**(c)** any order or direction of any relevant court or governmental body.

## 7 TERMINATION

### 7.1 Mutual Voluntary Termination

This Agreement may be terminated with immediate effect with the prior written consent of each of Paragon Parent, Reorganized Paragon and the Administrators (such consent not to be unreasonably withheld).

### 7.2 Automatic Termination

This Agreement will terminate immediately on the date upon which Paragon Parent is no longer a direct or indirect shareholder of any of the Offshore Drilling Shares, other than by virtue of a breach of this Agreement.

### 7.3 Effect of Termination

If this Agreement terminates in accordance with this Clause 7 (*Termination*), the Parties shall immediately be released from all of their undertakings and other obligations under this Agreement, provided that such termination or release:

**(a)** shall not limit or prejudice the rights of each Party against any other Party which have accrued or relate to breaches of the terms of this Agreement at the time of or prior to termination; and

**(b)** shall not limit the effectiveness of Clauses 1 (*Interpretation*), 5 (*Indemnity*), 7.3 (*Effect of Termination*), 8 (*Confidentiality and Announcements*), 12 (*Notices*), 13 (*Enforcement by Third Parties*), 14 (*Administrators' Liability*), 15 (*Governing Law*) and 16 (*General*).

## 8 CONFIDENTIALITY AND ANNOUNCEMENTS

**8.1** Subject to Clause 8.2, the Parties agree to keep confidential and not disclose any confidential information in connection with this Agreement.

**8.2** Any Party may disclose any information that it is otherwise required to be kept confidential under this Clause 8 (*Confidentiality and Announcements*):

**(a)** to the extent that such information is generally known to the public (not as a result of a breach of any duty of confidentiality);

**(b)** to its professional advisers, directors, employees and officers, provided that the disclosing party procures that the people to whom the information is disclosed comply with the confidentiality undertakings in this Clause 8 (*Confidentiality and Announcements*);

**(c)** to its auditors;

**(d)** to the extent that disclosure is required by applicable rules, regulations, guidance or law;

**(e)** to the extent disclosure is required by a regulatory body, tax authority, governmental authority or securities exchange;

**(f)** to the extent necessary or desirable in relation to the Tax affairs of a Party; and

**(g)** with the prior written approval of the other Parties,

provided that in the case of clauses 8.2(d) and (e), such Party will, to the extent practicable and legally permissible and other than in connection with a routine regulatory examination, promptly notify the other Parties of the proposed disclosure as far in advance of such disclosure as reasonably practicable and use commercially reasonable efforts to obtain a protective order or other remedy to prevent any disclosure and if no such order or remedy is obtained, use commercially reasonable efforts to ensure that any information so disclosed is accorded confidential treatment (including in connection with a routine regulatory examination).

**8.3** The Administrators and Paragon Parent, at a time when it is in administration, may disclose any information that it is otherwise required to be kept confidential under this Clause 8 (*Confidentiality and Announcements*) to the extent such disclosure is made in the exercise of the statutory duties of the Administrators or to the extent such disclosure is required to comply with current insolvency practice or to enable the Administrators to properly carry out the duties of their office, provided that the Administrators and Paragon Parent will notify the other Parties of the proposed disclosure, if practicable and legally permissible, as far in advance of such disclosure as is reasonably practicable.

**8.4** No announcement, statement, circulation, or other publicity in connection with this Agreement or its subject matter (unless otherwise permitted by this Agreement) shall be made by or on behalf of the Parties, without the approval of the Administrators and Reorganized Paragon (such approval not to be unreasonably withheld or delayed).

## 9 ADMINISTRATORS' COSTS

Reorganized Paragon must, to the extent lawful, pay on demand all reasonable and proper costs, expense and liabilities (including the remuneration of the Administrators) incurred by the Administrators in connection with the performance of this Agreement.

## 10 STAMP DUTY

Reorganized Paragon shall pay or shall procure the payment of any stamp duties, registration or transfer Taxes which arise in respect of any of the transactions contemplated by this Agreement.

## 11 WITHHOLDING

All sums payable by Paragon Parent to Reorganized Paragon under this Agreement shall be paid free and clear of all deductions or withholdings whatsoever, save only as may be required by law.

## 12 NOTICES

**12.1** Any confirmation or notice given under this Agreement must be in writing in the English language and may be given in person or by hand, post, courier or email.

**12.2** The contact details of the Parties for all notices under this Agreement are as follows, or such other contact details as the Parties may notify to each other by not less than five Business Days' written notice:

**(a) Paragon Parent**

Paragon Offshore plc (in administration)
c/o Deloitte LLP,
Four Brindleyplace,
Birmingham,
B1 2HZ,
United Kingdom
Email: nkahn@deloitte.co.uk, dsoden@deloitte.co.uk
Fax: +44 207 007 3442
For the Attention of Neville Kahn and David Soden

**(b) Reorganized Paragon**

Paragon Offshore Limited
c/o Paragon Offshore Services LLC
3151 Briarpark Drive
Houston, TX 77042
United States
Email: TStrickler@paragonoffshore.com
Telephone: +1 832 783 4000

with copies by email to

Madlyn Primoff: Madlyn.Primoff@freshfields.com
Ken Baird: Ken.Baird@freshfields.com
Edward Taylor: Edward.Taylor@freshfields.com

Sandeep Qusba: squsba@stblaw.com
Kathrine McLendon: kmclendon@stblaw.com

Samuel E. Lovett: SLovett@paulweiss.com

**(c) Administrators**

Neville Kahn and David Soden in their capacity as joint Administrators of Paragon Offshore plc (in administration)
c/o Deloitte LLP
Athene Place
66 Shoe Lane, London
EC4A 3BQ
Email: nkahn@deloitte.co.uk; dsoden@deloitte.co.uk
Fax: +44 207 007 3442
For the Attention of Neville Kahn and David Soden

**12.3** Any notice under this Agreement will be deemed to be given as follows:

**(a)** if in person, at the time of delivery;

**(b)** if by inland post, three Business Days after being deposited in the post, postage prepaid in a correctly addressed envelope;

**(c)** if by international priority courier delivery, three days after delivery to such courier; or

**(d)** if by email or fax, when received in legible form.

**12.4** For the purpose of this Agreement, an email notice will be treated as being in writing.

## 13 ENFORCEMENT BY THIRD PARTIES

Unless otherwise expressly provided to the contrary in this Agreement and subject to Clause 14 (*Administrators' Liability*) below, a person who is not a party has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce or to enjoy the benefit of any term of this Agreement.

## 14 ADMINISTRATORS' LIABILITY

**14.1** The Administrators are party to this Agreement in their personal capacities only for the purposes of receiving the benefit of all releases, limitations, exclusions, undertakings, covenants and indemnities in their favour and in favour of Paragon Parent contained in this Agreement, from which the Administrators will continue to benefit notwithstanding the termination of the agency of the Administrators or their discharge from office as Administrators of Paragon Parent.

**14.2** Each of the Administrators has entered into this Agreement acting as agents for and on behalf of the Paragon Parent and neither of the Administrators, nor any subsequent liquidator, nor any of their firm, members, partners, directors, officers, employees, advisers, representatives or agents shall incur any personal liability whatever in respect of any of the obligations undertaken by Paragon Parent or in respect of any failure on the part of Paragon Parent to observe, perform or comply with any such obligations; or under or in relation to any associated arrangements or negotiations; or under any document or assurance made pursuant to this Agreement.

**14.3** The exclusion of liability set out in this Clause 14 (*Administrators' Liability*) shall arise and continue notwithstanding the termination of the agency of the Administrators and shall operate as a waiver of any and all claims (including, but not limited to, claims in tort, equity and common law as well as under the laws of contract).

**14.4** Each of the Administrators' firm, its members, partners, directors, officers, employees, agents, advisers and representatives shall be entitled to rely on, enforce and enjoy the benefit of this Clause 14 (*Administrators' Liability*) as if they were a party to this Agreement.

## 15 GOVERNING LAW

**15.1** This Agreement and any non-contractual obligations arising out of or in connection with this Agreement shall be governed by and construed in accordance with English law.

**15.2** Subject to clauses 15.4 and 15.5, the Parties irrevocably agree that: (i) the courts of England; and (ii) the United States Bankruptcy Court for the District of Delaware shall each (to the exclusion of any other court, tribunal or forum) have jurisdiction to hear and determine any suit, action or proceeding and/or to settle any dispute which may arise out of or in connection with or in any way relate to this Agreement and, for such purposes, irrevocably submit to the jurisdiction of the courts of England and the United States Bankruptcy Courts for the District of Delaware.

**15.3** Subject to clauses 15.4 and 15.5, each of the Parties irrevocably waives any objection which it might now or hereafter have to either the courts of England or the United States Bankruptcy Courts for the District of Delaware being nominated as the forum to hear and determine any suit, action or proceeding and/or any dispute which may arise out of or in connection with or in any way relate to this Agreement and agrees not to claim that such court is not a convenient

or appropriate forum and further irrevocably agrees that a judgment in respect of any such suit, action or proceedings and/or dispute brought in the courts of England or the United States Bankruptcy Courts for the District of Delaware shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction.

**15.4** Notwithstanding Clauses 15.2 and 15.3, the Parties and the Administrators irrevocably agree that the courts of England shall have exclusive jurisdiction to hear and determine any suit, action or proceeding and/or to settle any dispute against the Administrators personally which may arise out of or in connection with or in any way relate to this Agreement and, for such purposes, irrevocably submit to the exclusive jurisdiction of the courts of England.

**15.5** Each of the Parties and the Administrators irrevocably waives any objection which it might now or hereafter have to the courts of England being nominated as the forum to hear and determine any suit, action or proceeding and/or any dispute against the Administrators personally which may arise out of or in connection with or in any way relate to this Agreement and agrees not to claim that such court is not a convenient or appropriate forum for such suit, action or proceeding and/or any dispute and further irrevocably agrees that a judgment in respect of any such suit, action or proceedings and/or dispute brought in the courts of England shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction.

## 16 GENERAL

**16.1** This Agreement may not be modified, amended or supplemented except in writing by each of the Parties.

**16.2** The obligations of each Party under this Agreement are several.

**16.3** The rights of each Party under or in connection with this Agreement are separate and independent rights. Each Party may separately and independently enforce its rights under this Agreement.

**16.4** No provision of this Agreement shall be construed to provide an indemnity or other recovery for any Losses or other amounts to the extent that the claiming Party has been compensated under any other provision of this Agreement.

**16.5** This Agreement is intended to bind and inure to the benefit of the Parties and their respective successors, permitted assigns and transferees.

**16.6** Failure by the Parties or the Administrators to require performance of any term or condition of this Agreement shall not prevent the subsequent enforcement of such term or condition nor shall such failure be deemed to be a waiver of any subsequent breach of this Agreement, or any right or remedy granted by this Agreement or by the general law in respect of such breach.

**16.7** If any provision of this Agreement is held not to be valid but would be valid if part of the wording were deleted or modified then such provision shall apply with such deletion or modification as may be necessary to make it enforceable.

**16.8** The terms of this Agreement represent the entire agreement between the Parties relating to the subject matter of this Agreement and this Agreement supersedes any previous arrangement between the Parties in relation to the matters dealt with in this Agreement.

**16.9** This Agreement may be signed in hard copy, by original fax or by pdf copy in any number of counterparts, and by each of the Parties on separate counterparts, each of which so signed and delivered will be an original, but all counterparts will together constitute one and the same Agreement.

**IN WITNESS** hereof this Agreement has been signed on the date first above written.

**SCHEDULE 1**

**FORM OF TRANSFER AGREEMENT**

**SHARE TRANSFER AGREEMENT**

This Share Transfer Agreement, dated as of [•] (this "Agreement"), is made and entered into by and between Paragon Offshore Plc (in administration), a public limited company incorporated under the laws of England and Wales with registered office at C/O Deloitte LLP, Four Brindley Place, Birmingham, B1 2HZ, registered with the Companies House under registered number 08814042 (the "Seller"), [*Reorganized Paragon or such other person(s) as Reorganized Paragon may direct*] (the "Purchaser") and Neville Kahn and David Soden in their capacity as joint administrators of the Seller, each of Deloitte LLP, Athene Place, 66 Shoe Lane, London EC4A 3BQ (the "Administrators") (each acting as agent of the Seller and without personal liability) and in the presence of Prospector Offshore Drilling S.à r.l., a Luxembourg *société à responsabilité limitée* having its registered office at 291, route d'Arlon, L-1150 Luxembourg and registered with the Luxembourg Trade and Companies Register under number B 153772 (the "Company")

**WHEREAS,** Neville Kahn and David Soden were appointed joint Administrators of the Seller on 23 May 2017. The business, affairs and property of the Seller are managed by the Administrators.

**WHEREAS**, the Seller holds the outstanding shares (collectively, the "Transferred Shares") of the Company as set forth on Schedule A attached hereto.

**WHEREAS**, the Seller wishes to sell and transfer to the Purchaser, and the Purchaser wishes to purchase and receive from the Seller, the Transferred Shares in satisfaction of $190,768,213 of debt owed by the Seller to [Paragon Offshore Limited / the Purchaser][1], on the terms set forth herein.

**NOW, THEREFORE**, in consideration of the mutual agreements and covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

1. Purchase and Sale of Transferred Shares.

(a) Subject to the terms set forth herein, the Seller hereby agrees to sell to the Purchaser, and the Purchaser hereby agrees to purchase from the Seller, the Transferred Shares. The Seller hereby agrees to sell to the Purchaser, and the Purchaser hereby agrees to purchase from the Seller, the Transferred Shares, at the Purchase Price.

(b) Closing. The closing of the purchase and sale of the Transferred Shares (the "Closing") shall occur on the same date as the date of this Agreement. Any rights attached to the Transferred Shares, which shall accrue after the Closing, shall belong to the Purchaser (e.g. share premium and /or dividends attached to the Transferred Shares whose distribution would be decided after the Closing, etc.).

(c) Closing Deliveries. At the Closing the Seller will take all the necessary steps under the laws of Luxembourg to declare the transfer of the Transferred Shares to the Purchaser, in particular the execution of an approval in its capacity as the sole shareholder of the

[1] Delete as required depending on whether Purchaser is Paragon Offshore Limited or a person as directed by Paragon Offshore Limited

Company set forth on Schedule B attached hereto and to procure the update of the Company's share register to reflect the transfer of the Transferred Shares to the Purchaser and to fulfil all formalities required by law in this respect.

2. Representations and Warranties. The Purchaser hereby represents and warrants to the Seller that as of the Closing, the Purchaser is authorized and qualified and has full right and power to execute and deliver this Agreement and all other agreements and instruments contemplated hereby to which such Purchaser is a party, and to perform its obligations hereunder and thereunder. This Agreement and all other agreements and instruments contemplated hereby to which such Purchaser is a party have been duly authorized, executed and delivered by or on behalf of such Purchaser. Assuming the due authorization, execution, delivery and performance of this Agreement and all other agreements and instruments contemplated hereby by the other parties hereof and thereof, this Agreement and all other agreements and instruments contemplated hereby to which such Purchaser is a party are legal, valid and binding agreements, enforceable against such Purchaser in accordance with their terms.

3. Miscellaneous.

(a) Costs. Any reasonable and documented costs, expenses, stamp duties or transfer or registration taxes arising from the matters contained in this Agreement shall be for the account of the Purchaser.

(b) Amendment. Any modification, waiver, amendment or termination of this Agreement or any provision hereof, shall be effective only if in writing and signed by all of the Parties to this Agreement.

(c) Assignment. This Agreement and the rights and obligations hereunder shall not be assigned, delegated, or otherwise transferred (whether by operation of law, by contract, or otherwise) without the prior written consent of the other Party hereto.

(d) Binding Effect. Except as otherwise expressly provided herein, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

(e) Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original copy of this Agreement and all of which, when taken together, will be deemed to constitute one and the same agreement.

(f) Administrators. A reference to the Administrators shall be construed as being to the Administrators both jointly and severally acting as agents of the Seller without personal liability and to any person who from time to time is appointed as an administrator in substitution for any administrator or as an additional administrator in conjunction with the Administrators.

(g) Parties. In this agreement "Parties" means each of the parties to this Agreement from time to time and "Party" shall mean any one of them, in each case excluding the Administrators.

(h) Entire Agreement. This Agreement (including the schedule attached hereto) constitutes the entire agreement of the Parties hereto in respect of the subject matter hereof, and supersedes all prior agreements or understandings among the Parties hereto in respect of the subject matter hereof.

(i) Governing Law. This Agreement shall be enforced, governed, and construed in all respects in accordance with the laws of Luxembourg.

(j) Headings. The section headings of this Agreement are for convenience of reference only and shall not be deemed to alter or affect the meaning or interpretation of any provision hereof.

(k) Jurisdiction. The courts of the district of Luxembourg city shall have exclusive jurisdiction to settle any dispute which may arise out of or in connection with this Agreement and that accordingly any proceeding, suit or action arising out of or in connection with this Agreement shall be brought before such courts.

(l) Notices. All notices and other communications under this Agreement shall be in writing and shall be deemed given (i) when delivered personally by hand (with written confirmation of receipt), (ii) when sent by facsimile (with written confirmation of transmission) or (iii) one business day following the day sent by overnight courier (with written confirmation of receipt).

(m) Severability. If any provision of this Agreement or the application of such provision to any person or circumstance shall be held (by a court of jurisdiction) to be invalid, illegal, or unenforceable under the applicable law of any jurisdiction, (i) the remainder of this Agreement or the application of such provision to other persons or circumstances or in other jurisdictions shall not be affected thereby, and (ii) such invalid, illegal, or unenforceable provision shall not affect the validity or enforceability of any other provision of this Agreement.

(n) Third-Party Beneficiaries. Subject to Clause 4 (*Administrators' Liability*) below in respect of the Administrators, nothing express or implied in this Agreement is intended or shall be construed to confer upon or give any person other than the Parties hereto and their respective permitted assigns, any rights or remedies under this Agreement.

(o) Waiver. The waiver by any Party of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any other or subsequent breach by any Party.

(p) Further Assurances. The Parties agree (i) to furnish upon request to each other such further information, (ii) to execute and deliver to each other such other documents, and (iii) to do such other acts and things, all as the other Party may reasonably request for the purpose of carrying out the intent of this Agreement and the transactions contemplated by this Agreement.

4. Administrators' Liability

(a) The Administrators are party to this Agreement in their personal capacities only for the purposes of receiving the benefit of all releases, limitations, exclusions, undertakings, covenants and indemnities in their favour and in favor of the Seller contained in this Agreement, from which the Administrators will continue to benefit notwithstanding the termination of the agency of the Administrators or their discharge from office as Administrators of the Seller.

(b) Each of the Administrators has entered into this Agreement acting as agents for and on behalf of the Seller and neither of the Administrators, nor any subsequent liquidator, nor any of their firm, members, partners, directors, officers, employees, advisers, representatives or agents shall incur any personal liability whatever in respect of any of the

obligations undertaken by the Seller or in respect of any failure on the part of the Seller to observe, perform or comply with any such obligations; or under or in relation to any associated arrangements or negotiations; or under any document or assurance made pursuant to this Agreement.

(c) The exclusion of liability set out in this Clause 4 (*Administrators' Liability*) shall arise and continue notwithstanding the termination of the agency of the Administrators and shall operate as a waiver of any and all claims (including, but not limited to, claims in tort, equity and common law as well as under the laws of contract).

(d) Each of the Administrators' firm, its members, partners, directors, officers, employees, agents, advisers and representatives shall be entitled to rely on, enforce and enjoy the benefit of this Clause 4 (*Administrators' Liability*) as if they were a party to this Agreement.

[*Signature Page Follows*]

**IN WITNESS WHEREOF**, the Parties hereto and the Administrators have executed this Agreement as of the date first written above in 4 (four) originals the day and year first above written, each Party and the Administrators acknowledging having received 1 (one) original.

**Paragon Offshore Plc (in administration)**

By: _____
Name: David Soden
Title: One of the Administrators, acting as agent of Paragon Offshore Plc and without personal liability

**Joint Administrators**

By: _____
Name: David Soden
Title: One of the Administrators on behalf of each of them (without personal liability and solely for the benefit of the provisions of this Agreement in their favour)

[*Reorganized Paragon or such other person(s) as Reorganized Paragon may direct*]

By: _____
Name:
Title:

For acknowledgment of the transfer of the Transferred Shares in accordance with article 190 of the Luxembourg law on commercial companies dated 10 August 1915, as amended, and article 1690 of the Luxembourg civil code:

**Prospector Offshore Drilling S.à r.l.**

By: _____
Name: Lee M. Ahlstrom
Title: Manager

## SCHEDULE A

## Transferred Shares

| Entity Name and details | Transferred Shares |
|---|---|
| **Prospector Offshore Drilling S.à r.l.**<br>**Registered office:** 291, route d'Arlon, L-1150 Luxembourg<br>**RCS Luxembourg:** B 153772 | **94,596,709** |

**SCHEDULE B**

The Seller, being the holder of the Transferred Shares and therefore the sole shareholder of the Company, hereby agrees to and approves in accordance with the provisions of article 189 of the Luxembourg Law dated 1915 on commercial companies (as amended) the transfer of the Transferred Shares to a non-shareholder (i.e. the Buyer).

**Paragon Offshore Plc (in administration)**

By: _____
Name: David Soden
Title: One of the Administrators, acting as agent of Paragon Offshore Plc and without personal liability

**PARAGON OFFSHORE PLC (IN ADMINISTRATION)**

_____

**SIGNED** for and on behalf of **PARAGON OFFSHORE PLC (IN ADMINISTRATION)** acting by David Soden, one of the Administrators, acting as its agent and without personal liability

**JOINT ADMINISTRATORS**

_____

**SIGNED** by David Soden
in his capacity as one of the **ADMINISTRATORS** on behalf of each of them (without personal liability and solely for the benefit of the provisions of this Agreement in their favour)

**PARAGON OFFSHORE LIMITED**

_____

**SIGNED** by _____ authorized for Paragon Offshore Limited

# EXHIBIT C

## Form of Registration Rights Agreement Redline

Form of

REGISTRATION RIGHTS AGREEMENT

by and among

~~[REORGANIZED PARAGON]~~
**Paragon Offshore Limited**

and

the Holders party hereto

Dated as of [ ], 2017

**Form of**

**REGISTRATION RIGHTS AGREEMENT**

This Registration Rights Agreement (this "Agreement") is made and entered into as of [ ], 2017, by and among ~~[Reorganized~~ Paragon~~], a [__]~~ **Offshore Limited, an exempted company limited by shares incorporated under the laws of the Cayman Islands** (the "Company"), as successor to Paragon Offshore plc, a public limited company incorporated under the laws of England and Wales ("Old Paragon"), the investors signatory hereto ~~(collectively, the "Initial Holders")~~ and any Permitted Transferee (as defined below) who hereafter becomes a party to this Agreement as contemplated in Section 7(b) hereof (each such party ~~who holds Registrable Securities~~**, an "Initial Holder" and together with any Permitted Group** (as defined below), a "Holder" and, collectively, the "Holders").

On February 14, 2016, Old Paragon and certain of its Affiliates filed voluntary petitions with the bankruptcy court initiating cases under chapter 11 of the Bankruptcy Code (collectively, the "Chapter 11 Cases"). On May 2, 2017, Old Paragon filed with the bankruptcy court a Fifth Joint Chapter 11 Plan of Paragon Offshore plc and its Affiliated Debtors (as may be further amended, supplemented or otherwise modified, the "Paragon Plan"), and the related Disclosure Statement for the Fifth Joint Chapter 11 Plan of Paragon Offshore plc and its Affiliated Debtors.

Pursuant to the Paragon Plan, and in relation to Old Paragon's emergence from the Chapter 11 Cases as set forth in the Paragon Plan (the "Effective Date"), the Initial Holders will exchange their claims against Old Paragon for, among other consideration, shares of the Company's common stock, par value $~~0.01~~**0.001** per share ("Common Stock").

This Agreement is made for the benefit of the Holders. In connection with the Paragon Plan, the Company has agreed to provide the registration rights set forth in this Agreement.

The parties hereby agree as follows:

Section 1. Definitions.

As used in this Agreement, the following capitalized terms shall have the following meanings:

"Affiliate" means, with respect to any Person, any Person directly or indirectly controlling, controlled by or under common control with, such other Person. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlled by" and "under common control with"), when used with respect to any Person, means the possession, directly or indirectly, of the power to cause the direction of management and/or policies of such Person, whether through the ownership of voting securities by contract or otherwise.

"Business Day" means any day other than a Saturday, Sunday or U.S. federal holiday or a day on which banking institutions or trust companies located in New York, New York are authorized or obligated to be closed. If the time to perform any action hereunder falls on a day that is not a Business Day, such time will be extended to the next Business Day.

"Closing Price" means the closing price of a share of Common Stock as reported on the principal national securities exchange on which the shares of Common Stock are listed or admitted for trading or, if no such closing price on such date is reported, the average of the closing bid and asked prices on such date, as so reported; or (ii) if not then listed or admitted to trading on any securities exchange but it is designated as a national market system security by the National Association of Securities Dealers, Inc., the last trading price of a share of Common Stock on such date; or (iii) if the Common Stock is not so designated, the average of the reported closing bid and asked prices of a share of Common Stock on such date as shown by the National Market System of the National Association of Securities Dealers, Inc. Automated Quotations System and reported by any member firm of the New York Stock Exchange selected by the Company; ~~or~~ (iv) if not so reported and shown by the National Market System of the National Association of Securities Dealers, Inc. Automated Quotations System, the average of the reported closing bid and asked prices of a share of Common Stock on such date in the over-the-counter market or comparable system as shown by a system of automated dissemination of quotations of securities prices then in common use comparable to the National Association of Securities Dealers, Inc. Automated Quotations System **or (v) if not determined in accordance with clauses (i) through (iv) above, then as determined by the board of directors of the Company in good faith**.

"Commission" means the Securities and Exchange Commission.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"FINRA" means the Financial Industry Regulatory Authority, Inc.

"Indemnified Holder" has the meaning set forth in Section 6(a) hereof.

**"Permitted Group" means any two or more beneficial owners (who may include Initial Holders) of Common Stock who were beneficial owners of Common Stock as of the Effective Date and collectively hold at least 15% of the outstanding Common Stock as of the date of a request for a Demand Registration (as defined herein) proposing to sell shares of Common Stock in such offering at an anticipated aggregate offering price (calculated based upon the Closing Price of the Common Stock on the date on which the Company receives the written request for such Demand Registration) of at least $30,000,000.**

"Permitted Transferee" means any transferee of Registrable Securities in a transaction not involving a public offering; provided that such transferee agrees in writing to become a party to this Agreement.

"Person" means an individual, partnership, corporation, limited liability company, trust or unincorporated organization, or a government or agency or political subdivision thereof.

"Prospectus" means the prospectus included in a Registration Statement, as amended or supplemented by any prospectus supplement and by all other amendments thereto, including post-effective amendments, and all material incorporated by reference into such Prospectus.

"Registrable Securities" means all Common Stock held by the Initial Holders or Holders from time to time following the consummation of the Paragon Plan. Registrable Securities include any shares of capital stock, warrants or other securities of the Company issued as a dividend or other distribution with respect to or in exchange for or in replacement of Registrable Securities. As to any particular Registrable Securities, such securities shall cease to be Registrable Securities when: (a) a Registration Statement with respect to the sale of such securities shall have become effective under the Securities Act and such securities shall have been sold, transferred or otherwise disposed of in accordance with such Registration Statement; (b) such securities shall have ceased to be outstanding; or (c) the amount of Registrable Securities held by any Holder together with its Affiliates in the aggregate is less than 8.0% of the outstanding Common Stock of the Company.

"Registration Statement" means a registration statement filed by the Company with the Commission in compliance with the Securities Act for a public offering and sale of ~~Registrable Securities~~**equity securities** (other than a registration statement on Form S-4 or Form S-8 (or any successor or substantially similar form~~)~~), or in connection with (i) an employee stock option, stock purchase or compensation plan or securities issued or issuable pursuant to any such plan or (ii) a dividend reinvestment plan).

"Securities Act" means the Securities Act of 1933, as amended.

Section 2. Demand Registration.

(a) Request for Demand Registration. At any time and from time to time, following the Effective Date, ~~any of the Holders (the~~**an Initial Holder or a Permitted Group (collectively, the** "Initiating Holders") may make a written request to the Company to register, and the Company shall register on a Registration Statement, under the Securities Act (other than pursuant to a Registration Statement on Form S-4 or S-8, or with respect to shares issued in an acquisition or any debt securities), in accordance with the terms of this Agreement (a "Demand Registration"), the number of Registrable Securities **(or, in the case of a Permitted Group, shares of Common Stock)** stated in such request; provided, however, that the Company shall not be obligated to effect (i) more than two (2) such Demand Registrations **on behalf of the Initial Holders and more than one (1) such Demand Registration on behalf of a Permitted Group (it being agreed and understood that once a Demand Registration has been made by a Permitted Group (and consented to by the Company hereunder) no other Permitted Group may make a Demand**

**Registration hereunder)**, (ii) a Demand Registration ~~if the Initiating Holders propose~~**by an Initial Holder** to sell Registrable Securities in such Demand Registration at an anticipated aggregate offering price (calculated based upon the ~~Market~~**Closing** Price of the Registrable Securities on the date on which the Company receives the written request for such Demand Registration) to the public of less than $4,000,000 unless such Demand Registration includes all of the then-outstanding Registrable Securities, (iii) any such Demand Registration within 90 days **(or such shorter period as the Company may determine in its sole discretion)** of the effective date of a prior Registration Statement for an offering of Common Stock (~~or such shorter period as the Company may determine in its sole discretion) after the effective date of any other Registration Statement of the Company (~~other than a Registration Statement on Form S-4 or S-8, or with respect to shares issued in an acquisition or any debt securities)~~ or~~**,** (iv) any such Demand Registration**, other than a Demand Registration requested by a Permitted Group,** if at the time the Company is not filing reports pursuant to Sections 13(a) or 15(d) of the Exchange Act~~.~~ **or (v) a Demand Registration on behalf of a Permitted Group without the consent of the Company, such consent not to be unreasonably withheld. The Company shall give written notice to each member of the Permitted Group of its determination to refuse such Demand Registration promptly after the occurrence thereof. If the Company refuses a Demand Registration, such request shall not count as a Demand Registration for purposes of clause (i) above.**

In addition, if the ~~Board of Directors~~**board of directors** of the Company, in its good faith judgment, determines that any registration of ~~Registrable Securities~~**securities** should not be made or continued because it would materially interfere with any material or potentially material financing, acquisition, corporate reorganization or merger or other transaction involving the Company, including negotiations related thereto, or require the Company to disclose any material nonpublic information which would reasonably be likely to be detrimental to the Company or otherwise make it undesirable for the Company to complete a Demand Registration at that time (a "Valid Business Reason"), (x) the Company may postpone filing a Registration Statement (but not the preparation of the Registration Statement) relating to a Demand Registration until such Valid Business Reason no longer exists, but in no event for more than ninety (90) days after the date when the Demand Registration was requested or, if later, after the occurrence of the Valid Business Reason and (y) in case a Registration Statement has been filed relating to a Demand Registration, the Company may postpone amending or supplementing such Registration Statement (in which case, if the Valid Business Reason no longer exists or if more than one 90-day period has passed since such postponement, the Initiating Holders may request a new Demand Registration (which request shall not be counted as an additional Demand Registration for purposes of clause (i) above) or request the prompt amendment or supplement of such Registration Statement). The Company shall give written notice to all Holders participating in the relevant Registration Statement of its determination to postpone filing, amending or supplementing a Registration Statement and of the fact that the Valid Business Reason for such postponement no longer exists, in each case, promptly after the occurrence thereof. Notwithstanding anything to the contrary contained herein, the Company may not postpone a filing, amendment or supplement under

this Section 2(a) due to a Valid Business Reason for more than 120 days in the aggregate in any twelve month period. Each request for a Demand Registration by the Initiating Holders shall state the type and amount of ~~the Registrable Securities~~**securities** proposed to be sold and the intended method of disposition thereof.

(b) Incidental or "Piggy-Back" Rights with Respect to a Demand Registration. Any **Initial** Holder which has not requested a registration under Section 2(a) hereof may, pursuant to this Section 2(b), offer its Registrable Securities under any Demand Registration. **In addition, in any offering pursuant to a Demand Registration requested by a Permitted Group (but not by an Initial Holder), every other beneficial holder of Common Stock shall be entitled to participate.** The Company may also offer its Common Stock under any Demand Registration. The Company shall (i) as promptly as practicable, give written notice thereof to all of the Holders (other than the Initiating Holders) **(and in an offering requested by a Permitted Group, to all other beneficial holders of Common Stock)**, which notice shall specify the ~~type and~~ number of ~~Registrable Securities~~**shares of Common Stock** subject to the request for Demand Registration, the names of the Initiating Holders and the intended method of disposition of such ~~Registrable Securities~~**Common Stock**, and (ii) subject to Section 2(~~e~~**d**) hereof, include in the Registration Statement filed pursuant to the Demand Registration all of the ~~Registrable Securities~~**shares of Common Stock** held by such Holders **(and in an offering requested by a Permitted Group, other beneficial holders of Common Stock)** from whom the Company has received a written request for inclusion therein within ten days of the date on which the Company sent the written notice referred to in clause (i) above. Each such request by such Holders **(or, in the case of an offering requested by a Permitted Group, other beneficial holders of Common Stock)** shall specify the ~~type and~~ number of ~~Registrable Securities~~**shares of Common Stock** proposed to be registered. The failure of any Holder to respond within such ten-day period referred to in clause (ii) above shall be deemed to be a waiver of such Holder's rights under this Section 2(b) with respect to such Demand Registration. Any Holder may waive its rights under this Section 2(b) by giving written notice to the Company. **Any notice required to be delivered by the Company pursuant to this Section 2(b) to persons other than Initial Holders shall be provided in the form of an "Online Notice," as such term is defined in the Shareholders' Agreement, dated as of [•], 2017, among the Company and the beneficial owners of Common Stock (the "Shareholders' Agreement"), and in accordance with Section 6.03 of the Shareholders' Agreement.**

(c) Effective Demand Registration. Subject to Section 2(a), the Company shall use its commercially reasonable efforts to (i) file a Registration Statement relating to the Demand Registration as promptly as practicable thereafter and in any event, no later than seventy five (75) days after it receives a request under Section 2(a) hereof **(provided that if the request for a Demand Registration is made by a Permitted Group at any time before the Company is filing reports pursuant to Sections 13(a) or 15(d) of the**

**Exchange Act, such Registration Statement shall be filed no later than ninety (90) days after it receives such request by a Permitted Group)**, (ii) cause such Registration Statement to become effective as promptly as practicable thereafter, so long as, prior to the Company's request for effectiveness, the Registration Statement reflects or has been amended to reflect post-Effective Date fresh-start accounting, and (iii) cause such Registration Statement to remain continuously effective (subject to postponement or blackout pursuant to a Valid Business Reason) for the lesser of (i) the period during which all ~~Registrable Securities~~**Common Stock** registered in the Demand Registration are sold or (ii) one hundred twenty days.

(d) Underwriting Procedures. If the Initiating Holders so elect, the Company shall use its commercially reasonable efforts to cause the offering made pursuant to such Demand Registration pursuant to this Section 2 to be in the form of a firm commitment underwritten offering and the managing underwriter or underwriters selected for such offering shall be the Approved Underwriter selected in accordance with Section 2(e) hereof. In connection with any Demand Registration under this Section 2 involving an underwritten offering, none of the ~~Registrable Securities~~**Common Stock** held by any ~~Holder~~**holder** making a request for inclusion of such ~~Registrable Securities~~**Common Stock** pursuant to Section 2(a) or 2(b) hereof shall be included in such underwritten offering unless such ~~Holder~~**holder** (i) accepts the terms of the offering as agreed upon by the Company, the Initiating Holders and the Approved Underwriter (including, without limitation, offering price, underwriting commissions or discounts and lockup agreement terms), and then only in such quantity as set forth below and (ii) completes and executes all reasonable questionnaires, powers of attorney, indemnities, underwriting agreements, lock-up letters and other documents required under the terms of such underwriting arrangements.

If the Approved Underwriter advises the Company that the aggregate amount of such ~~Registrable Securities~~**Common Stock** requested to be included in such offering is sufficiently large to have a material adverse effect on the distribution or sales price of the ~~Registrable Securities~~**Common Stock** in such offering, then the Company shall include in such Demand Registration**, on a pari passu basis**, to the extent of the amount that the Approved Underwriter believes may be sold in an orderly manner at a price that is acceptable to the Initiating Holders without causing such material adverse effect, ~~all of the Registrable Securities of the Initiating Holders~~**shares of Common Stock of the holders** requested to be registered pursuant to such Demand Registration~~;~~ **allocated pro rata among such holders participating in the offering based on the number of shares of Common Stock held by each such holder; and** if the Approved Underwriter determines that additional securities may be included in such offering after including all of the ~~Registrable Securities of the Initiating Holders~~ **shares of Common Stock of the participating holders** requested to be registered pursuant to such Demand Registration, then the offering may include ~~on a *pari passu* basis (i) such number of Registrable Securities of the Holders (other than the Initiating Holders) participating in the offering under Section 2(b) hereof, which Registrable Securities shall be allocated pro rata among such Holders participating in the offering, based on the number of Registrable Securities held by each such Holder, (ii) any other securities of the Company requested by holders thereof to be included in such registration, pro rata among such other~~

~~holders based on the number of securities held by each such holder, and (iii)~~ securities offered by the Company for its own account. ~~For purposes of clarity and the avoidance of doubt, the right of the Holders other than the Initiating Holders to include Registrable Securities in a Demand Registration shall be on a basis *pari passu* with (i) the rights of other holders of Company securities to include Common Stock in such Demand Registration, and (ii) the right of the Company to include shares of Common Stock in such Demand Registration.~~

(e) Selection of Underwriters. If any Demand Registration ~~of Registrable Securities~~ is in the form of an underwritten offering, the Company shall select and obtain one or more investment banking firms of national reputation to act as the managing underwriter or underwriters of the offering; provided, however, that such firm or firms shall, in any case, also be approved by the Initiating Holders, such approval not to be unreasonably delayed or withheld. An investment banking firm or firms selected pursuant to this Section 2(e) shall be referred to as the "Approved Underwriter" herein.

(f) Withdrawal. The Initiating Holders shall be entitled to withdraw or revoke a request for a Demand Registration without the prior written consent of the Company if (i) such withdrawal or revocation is as a result of facts or circumstances arising after the date on which a request for a Demand Registration was made and the Initiating Holders reasonably determine that participation in such registration would have a material adverse effect on the Initiating Holders, (ii) the Closing Price is more than twenty percent lower than the Closing Price on the date the Initiating Holders requested such Demand Registration or (iii) the Initiating Holders agree to pay all fees and expenses incurred by the Company in connection with such withdrawn registration (each, a "Permitted Withdrawal"). If a Permitted Withdrawal occurs under clause (i) above, the related Demand Registration shall be counted as a Demand Registration for purposes of Section 2(a) hereof, and if a Permitted Withdrawal occurs under clauses (ii) or (iii) above, the related Demand Registration shall not be counted as a Demand Registration for purposes of Section 2(a) hereof. Any Permitted Withdrawal shall constitute and effect an automatic withdrawal by all Initiating Holders and any other ~~Holder~~**holder** participating in such Demand Registration pursuant to the provisions of Section 2(b) hereof.

Section 3. Incidental or "Piggy-Back" Registration

(a) Request for Incidental or "Piggy-Back" Registration. At any time after the Effective Date, if the Company proposes to file a Registration Statement with respect to an offering of Common Stock by the Company for its own account (other than a Registration Statement on Form S-4 or S-8, or with respect to shares issued in an acquisition or any debt securities or a registration statement on Form S-1 or Form S-3 covering solely an employee benefit or dividend reinvestment plan) or for the account of any stockholder of the Company other than Holders pursuant to Section 2 hereof, then the Company shall give written notice of such proposed filing to each of the **Initial** Holders at least ten days before the anticipated filing date, which notice shall describe the

proposed registration and distribution and offer such **Initial** Holders the opportunity to register the number of Registrable Securities that each such **Initial** Holder may request (an "Incidental Registration"). The Company shall use its commercially reasonable efforts to cause the managing underwriter or underwriters in the case of a proposed underwritten offering (the "Company Underwriter") to permit each **Initial** Holder who has requested in writing to participate in the Incidental Registration pursuant to this Section 3(a) to include the number of such **Initial** Holder's Registrable Securities indicated by such **Initial** Holder in such offering on the same terms and conditions as the Common Stock of the Company or the account of such other stockholder, as the case may be, included therein. Any withdrawal of the Registration Statement by the Company for any reason shall constitute and effect an automatic withdrawal of any Incidental Registration related thereto. In connection with any Incidental Registration under this Section 3(a) involving an underwritten offering, the Company shall not be required to include any Registrable Securities in such underwritten offering unless the Holders thereof accept the terms of the underwritten offering as agreed upon between the Company, such other stockholders, if any, and the Company Underwriter (including, without limitation, offering price, underwriting commissions or discounts and lock-up agreement terms), and then only in such quantity as set forth below. If the Company Underwriter determines that the aggregate amount of the securities requested to be included in such offering is sufficiently large to have a material adverse effect on the distribution or sales price of the securities in such offering, then the Company shall include in such Incidental Registration, to the extent of the amount that the Company Underwriter believes may be sold in an orderly manner at a price that is acceptable to the Company without causing such material adverse effect, all of the securities to be offered for the account of the Company, in the case of a Company initiated Incidental Registration; if the Company Underwriter determines that additional securities may be included in such offering after including all of the securities to be offered for the account of the Company, then the offering may include on a *pari passu* basis (i) all of the securities to be offered for the stockholders (other than Holders) who have requested such Incidental Registration, in the case of a stockholder initiated Incidental Registration, and (ii) any Registrable Securities to be included in such Incidental Registration, pro rata among the Holders and any other stockholders with comparable contractual registration rights based on the number of securities held by each such Holder and such other stockholders. For purposes of clarity and the avoidance of doubt, in the event of a Company initiated Incidental Registration or other Registration Statement initiated by the Company, the Company shall at all times have the right (but not the obligation) to include all of its securities before any other stockholder, including any Holder, may include any of its securities. The Company shall have the right to terminate or withdraw any Incidental Registration prior to effectiveness, whether or not any Holder has elected to include Registrable Securities in such Incidental Registration.

Section 4. Registration Procedures.

(a) In connection with any Registration Statement and any Prospectus required by this Agreement to permit the sale or resale of ~~Registrable Securities~~**securities**, the Company shall:

(i) use commercially reasonable efforts to keep such Registration Statement continuously effective during the period required by this Agreement and provide all requisite financial statements for such period; upon the occurrence of any event that would cause any such Registration Statement or the Prospectus contained therein (A) to contain a material misstatement or omission or (B) not to be effective and usable for resale of ~~Registrable Securities~~**securities** during the period required by this Agreement, the Company shall as promptly as reasonably practicable file an appropriate amendment to such Registration Statement, in the case of clause (A), correcting any such misstatement or omission, and, if Commission review is required, shall use commercially reasonable efforts to cause such amendment to be declared effective and such Registration Statement and the related Prospectus to become usable for their intended purpose(s) as soon as practicable thereafter;

(ii) use commercially reasonable efforts to prepare and file with the Commission such amendments and post-effective amendments to the Registration Statement as may be necessary to keep the Registration Statement effective time for the period required by this Agreement; cause the Prospectus to be supplemented by any required Prospectus supplement, and as so supplemented to be filed pursuant to Rule 424 under the Securities Act, and to comply fully with any applicable provisions of Rules 424 and 430A under the Securities Act in a timely manner; and to comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such Registration Statement during the period required by this Agreement in accordance with the intended method or methods of distribution by the sellers thereof set forth in such Registration Statement or supplement to the Prospectus;

(iii) advise each ~~Holder~~**holder** whose ~~Registrable Securities~~**securities** have been included in a Registration Statement, (A) when the Prospectus or any Prospectus supplement or post-effective amendment has been filed, and, with respect to such Registration Statement or any post-effective amendment thereto, when the same has become effective, (B) of any request by the Commission for amendments to the Registration Statement or amendments or supplements to the Prospectus or for additional information relating thereto, (C) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement under the Securities Act or of the suspension by any state securities commission of the qualification of the Registrable Securities for offering or sale in any jurisdiction, or the initiation of any proceeding for any of the preceding purposes, (D) of the happening of any event that makes any statement of a material fact made in the Registration Statement, the Prospectus, any amendment or supplement thereto or any document incorporated by reference therein untrue, or that requires the making of any additions to or changes in the Registration Statement or the Prospectus in order to

make the statements therein not misleading. If at any time the Commission shall issue any stop order suspending the effectiveness of the Registration Statement, or any state securities commission or other regulatory authority shall issue an order suspending the qualification or exemption from qualification of the ~~Registrable Securities~~**securities subject to a Registration Statement** under state securities or blue sky laws, the Company shall use commercially reasonable efforts to obtain the withdrawal or lifting of such order at the earliest possible time;

(iv) furnish without charge, upon request, to each selling ~~Holder~~**holder** named in a Registration Statement, and each of the underwriter(s), if any, before filing with the Commission, copies of the Registration Statement or any Prospectus included therein or any amendments or supplements to any such Registration Statement or Prospectus (including all documents incorporated by reference after the initial filing of such Registration Statement to the extent not then available via the Commission's EDGAR system, but only to the extent they expressly relate to any offering to be effected thereunder), which documents will be subject to the review and comment of such ~~Holders~~**holders** and underwriter(s) in connection with such sale, if any, for a period of at least three Business Days, and the Company will not file any such Registration Statement or Prospectus or any amendment or supplement to any such Registration Statement or Prospectus (including all such documents incorporated by reference, but only to the extent they expressly relate to any offering to be effected thereunder) to which a ~~Holder of Registrable Securities~~**holder of securities** covered by such Registration Statement or the underwriter(s), if any, shall reasonably object in writing within three Business Days after the receipt thereof (such objection to be deemed timely made upon confirmation of telecopy transmission within such period). The objection of a ~~Holder~~**holder** or underwriter, if any, shall be deemed to be reasonable if such Registration Statement, amendment, Prospectus or supplement, as applicable, as proposed to be filed, contains a material misstatement or omission. Notwithstanding the foregoing, the Company shall not be required to take, or refrain from taking, any actions under this clause (iv) that are not, in the reasonable opinion of counsel for the Company, in compliance with applicable law;

(v) promptly prior to the filing of any document that is to be incorporated by reference into a Registration Statement or Prospectus (but only to the extent such incorporated document expressly relates to any offering to be effected thereunder) in connection with such registration or sale, if any, provide copies of such document to each selling ~~Holder~~**holder** named in the Registration Statement in connection with such registration or sale, if any, and to the underwriter(s), if any, make the Company's representatives available for discussion of such document and other customary due diligence matters subject to execution and delivery of customary confidentiality agreements, and include such information in such document prior to the filing thereof as such selling ~~Holders~~**holders** or underwriter(s), if any, reasonably may request to correct any material misstatement or omission contained therein or omitted therefrom or in order to comply with the applicable requirements of the Securities Act or the rules and regulations promulgated thereunder;

(vi) make available at reasonable times for inspection by the selling ~~Holders~~**holders**, the underwriter(s), if any, participating in any disposition pursuant to such Registration Statement and any attorney or accountant retained by such selling ~~Holders~~**holders** or any of the underwriter(s), all financial and other records, pertinent corporate documents and properties of the Company and cause the Company's officers, directors and employees to supply all information reasonably requested by any such ~~Holder~~**holder**, underwriter, attorney or accountant in connection with such Registration Statement or any post-effective amendment thereto subsequent to the filing thereof and prior to its effectiveness and to participate in meetings with investors to the extent requested by the underwriter(s), if any; provided that any ~~Holder~~**holder**, underwriter or representative of any ~~Holder~~**holder** or underwriter requesting or receiving such information shall agree to be bound by reasonable confidentiality agreements and procedures with respect thereto;

(vii) if requested by any selling ~~Holders~~**holders** or the underwriter(s), if any, promptly incorporate in any Registration Statement or Prospectus, pursuant to a supplement or post-effective amendment if necessary, such information as such selling ~~Holders~~**holders** and underwriter(s), if any, may reasonably request to have included therein to correct any material misstatement or omission contained therein or omitted therefrom or in order to comply with the applicable requirements of the Securities Act or the rules and regulations promulgated thereunder, including, without limitation, information relating to the "Plan of Distribution" of the ~~Registrable Securities~~**securities**, information with respect to the number of ~~Registrable Securities~~**securities** being sold to such underwriter(s), the purchase price being paid therefor and any other terms of the offering of the ~~Registrable Securities~~**securities** to be sold in such offering; and make all required filings of such Prospectus supplement or post-effective amendment as soon as practicable after the Company is notified of the matters to be incorporated in such Prospectus supplement or post-effective amendment;

(viii) upon request, furnish to each selling ~~Holder~~**holder** and each of the underwriter(s), if any, without charge, at least one copy of the Registration Statement, as first filed with the Commission, and of each amendment thereto, including financial statements and schedules (without all documents incorporated by reference therein or exhibits thereto, unless requested);

(ix) upon request, deliver to each selling ~~Holder~~**holder** and each of the underwriter(s), if any, without charge, as many copies of the Prospectus (including each preliminary prospectus) and any amendment or supplement thereto as such Persons reasonably may request; provided, that if no Registration Statement is effective or no Prospectus is usable, the Company shall deliver to each selling ~~Holder~~**holder** a notice to that effect in response to such request; the Company hereby consents to the use (in accordance with law and this Agreement) of the Prospectus and any amendment or supplement thereto by each of the selling ~~Holders~~**holders** and each of the underwriter(s), if any, in connection with the offering and the sale of the ~~Registrable Securities~~**securities** covered by the Prospectus or any amendment or supplement thereto;

(x) upon the reasonable request of such ~~Holder~~**holder**, use commercially reasonable efforts to enter into such agreements (including an underwriting agreement containing customary terms), and make such representations and warranties, and take all such other actions in connection therewith in order to expedite or facilitate the disposition of the ~~Registrable Securities~~**securities** pursuant to a Registration Statement contemplated by this Agreement, all to such extent as may be customarily and reasonably requested by any ~~Holder of Registrable Securities~~**such holder** or underwriter in connection with any sale or resale pursuant to a Registration Statement contemplated by this Agreement; and whether or not an underwriting agreement is entered into and whether or not the registration is an underwritten registration, the Company shall use commercially reasonable efforts to:

(A) upon the request of any ~~Holder~~**holder**, furnish to each underwriter, if any, in such substance and scope as they may reasonably request and as are customarily made by issuers to underwriters in primary underwritten offerings, upon the date of the effectiveness of the Registration Statement:

(1) an opinion and 10b-5 letter in customary form of counsel for the Company, covering the matters customarily covered in opinions and 10b-5 letters requested in similar underwritten offerings and such other matters as such parties may reasonably request; and

(2) obtain a customary comfort letter, dated the date of effectiveness of the Registration Statement, from the Company's independent accountants, in the customary form and covering matters of the type customarily requested to be covered in comfort letters by underwriters in connection with primary underwritten offerings;

(B) deliver such other documents and certificates as may be reasonably requested by such parties to evidence compliance with clause (A) above and with any customary conditions contained in the underwriting agreement or other agreement entered into by the Company; **and**

**(C) upon the request of the Initiating Holders, Permitted Group or underwriter, seek to effect the listing of the securities being offered on a national securities exchange if the listing criteria of such exchange are then met or capable of being met;**

(xi) prior to any public offering ~~of Registrable Securities~~, cooperate with the selling ~~Holders~~**holders**, the underwriter(s), if any, and their respective counsel in connection with the registration and qualification of the ~~Registrable Securities~~**securities to be sold** under the state securities or blue sky laws of such jurisdictions within the United States of America as the selling ~~Holders~~**holders** or underwriter(s), if any, may reasonably request and do such other acts or things reasonably necessary or advisable to permit the disposition in such jurisdictions of the ~~Registrable Securities~~**securities** covered by the Registration Statement in a manner that is in compliance with the applicable laws of such jurisdiction *provided* that the

Company will not be required to (A) qualify generally to do business in any jurisdiction where it would not otherwise be required to qualify but for this paragraph (xi), (B) conform its capitalization or the composition of its assets at the time to the securities or blue sky laws of any such jurisdiction, (C) subject itself to taxation in any such jurisdiction or (D) consent to general service of process in any such jurisdiction;

(xii) if any fact or event contemplated by Section 4(a)(iii)(D) hereof shall exist or have occurred, prepare a supplement or post-effective amendment to the Registration Statement or related Prospectus or any document incorporated therein by reference or file any other required document so that, as thereafter delivered to the purchasers of ~~Registrable Securities~~**securities to be sold thereunder**, the Prospectus will not contain an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein not misleading;

(xiii) cause its executive officers to use their commercially reasonable efforts to support the marketing of the ~~Registrable Securities~~**securities** covered by the Registration Statement (including participation in "road shows" in a customary manner) taking into account the Company's business needs;

(xiv) cooperate and assist in any filings required to be made with FINRA and in the performance of any due diligence investigation by any underwriter (including any "qualified independent underwriter") that is required to be retained in accordance with the rules and regulations of FINRA; and

(xv) otherwise use commercially reasonable efforts to comply with all applicable rules and regulations of the Commission, and make generally available to its security holders, as soon as practicable, a consolidated earnings statement meeting the requirements of Rule 158 under the Securities Act (which need not be audited) for the twelve-month period commencing after the effective date of the Registration Statement.

(b) Restrictions on Holders.

(i) Subject to the provisions of this Section 4(b), following the effectiveness of a Registration Statement, the Company may direct the ~~Holders~~**holders**, in accordance with Section 4(b)(ii), to suspend sales of ~~Registrable Securities~~**securities** pursuant to such Registration Statement and the use of any Prospectus or preliminary Prospectus contained therein for such times as the Company reasonably may determine are necessary and advisable (but in no event, (A) in the case of clause (1) below, for more than 60 consecutive days and (B) in the case of clauses (1), (2) and (3) below, for more than an aggregate of 120 days in any consecutive 12-month period commencing on the date hereof or more than 90 days in any consecutive 120-day period, except, in the case of clause (B), as a result of a review of any post-effective amendment by the Commission prior to declaring any post-effective amendment to the Registration Statement effective, provided that the Company has used its commercially reasonable efforts to cause such post-effective amendment to be declared effective), if any of the following events shall occur: (1) the representative of

the underwriters of an underwritten offering of Common Stock has advised the Company that the sale of ~~Registrable Securities~~**securities** pursuant to such Registration Statement would have a material adverse effect on such underwritten offering; (2) the majority of the Company's board of directors shall have determined in good faith that (a) the offer or sale of any ~~Registrable Securities~~**securities** would materially impede, delay or interfere with any proposed financing, offer or sale of securities, acquisition, merger, consolidation, business combination, disposition, tender offer, corporate reorganization or other significant transaction involving the Company, (b) upon the advice of counsel, the sale of ~~Registrable Securities~~**securities** pursuant to such Registration Statement would require disclosure of non-public material information not otherwise required to be disclosed under applicable laws or (c) (i) the Company has a bona fide business purpose for preserving the confidentiality of such transaction, (ii) disclosure would have a material adverse effect on the Company or the Company's ability to consummate such transaction or (iii) the proposed transaction renders the Company unable to comply with Commission requirements, in each case under circumstances that would make it impractical or inadvisable to cause the Registration Statement to become effective or to promptly amend or supplement the Registration Statement on a post-effective basis, as applicable; or (3) the majority of the Company's board of directors shall have determined in good faith that it is required by law, rule or regulation or Commission-published release or interpretation to supplement the Registration Statement or file a post-effective amendment to the Registration Statement in order to incorporate information into the Registration Statement, including for the purpose of (a) including in the Registration Statement any prospectus required under Section 10(a)(3) of the Securities Act, (b) reflecting in the Prospectus any facts or events arising after the effective date of the Registration Statement (or of the most recent post-effective amendment) that, individually or in the aggregate, represents a fundamental change in the information set forth therein, or (c) including in the Prospectus any material information with respect to the plan of distribution not disclosed in the Registration Statement or any material change to such information. Upon the occurrence of any such suspension, the Company shall use commercially reasonable efforts to cause the Registration Statement to become effective or to promptly amend or supplement the Registration Statement on a post-effective basis or to take such action as is necessary to make resumed use of the Registration Statement compatible with the Company's best interests, as applicable, so as to permit the ~~Holders~~**holders** to resume sales of ~~Registrable Securities~~**securities** as soon as possible.

(ii) Each ~~Holder~~**holder** agrees that, upon receipt of the notice referred to in Section 4(a)(iii)(C), any notice from the Company of the existence of any fact of the kind described in Section 4(a)(iii)(D) hereof or a notice from the Company of any of the events set forth in Section 4(b)(i) (in each case, a "Suspension Notice"), such ~~Holder~~**holder** will forthwith discontinue disposition of ~~Registrable Securities~~**securities** pursuant to the Registration Statement until (A) such ~~Holder's~~**holder's** receipt of the copies of the supplemented or amended Prospectus contemplated by Section 4(a)(xii) hereof, or (B) it is advised in writing by the Company that the use of the Prospectus may be resumed, and has received copies of any additional or supplemental filings that are incorporated by reference in the Prospectus. Each ~~Holder~~**holder** receiving a Suspension Notice hereby agrees that it

will either (1) destroy any Prospectuses, other than permanent file copies, then in such ~~Holder's~~**holder's** possession that have been replaced by the Company with more recently dated Prospectuses, or (2) deliver to the Company (at the Company's expense) all copies, other than permanent file copies then in such ~~Holder's~~**holder's** possession, of the Prospectus covering such ~~Registrable Securities~~**securities** that was current at the time of receipt of such notice.

Section 5. Registration Expenses.

(a) Except as provided in Section 2(f) hereof, all expenses incident to the Company's performance of or compliance with this Agreement (except for any underwriters' discounts or commissions**; provided, however, that during the five (5) years following the Effective Date, the Company agrees to pay all underwriters' discounts and commissions relating to a Demand Registration requested by a Permitted Group pursuant to Section 2(a) hereof**) will be borne by the Company regardless of whether a Registration Statement becomes effective, including, without limitation: (i) all registration and filing fees and expenses (including filings made by any Holder with FINRA (and, if applicable, the fees and expenses of any "qualified independent underwriter" and its counsel that may be required by the rules and regulations of FINRA)); (ii) all fees and expenses of compliance with federal securities and state securities or blue sky laws; (iii) all fees and disbursements of counsel for the Company and reasonable and documented fees and disbursements for one counsel for all of the ~~Holders of Registrable Securities~~**holders of securities**; and (iv) all fees and disbursements of independent certified public accountants of the Company (including the expenses of any special audit and comfort letters required by or incident to such performance).

The Company will, in any event, bear its internal expenses (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), the expenses of any annual audit and the fees and expenses of any Person, including special experts, retained by the Company.

(b) In connection with a Registration Statement required by this Agreement, the Company will reimburse the ~~Holders of Registrable Securities~~**holders of securities** being registered pursuant to the Registration Statement for the reasonable and documented fees and disbursements of one counsel for all of ~~the Holders of Registrable Securities~~**such holders**.

Section 6. Indemnification.

**For purposes of this Section 6, in connection with any offering by a Permitted Group, references to a "Holder" shall include all beneficial holders participating or proposing to participate in such offering.**

(a) The Company agrees to indemnify and hold harmless (i) each Holder and (ii) each Person, if any, who controls (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) any Holder (any of the Persons referred to in this clause (ii) being hereinafter referred to as a "controlling person") and (iii) the

respective officers, directors, partners, employees, representatives and agents of any Holder or any controlling person (any Person referred to in clause (i), (ii) or (iii) may hereinafter be referred to as an "Indemnified Holder"), to the fullest extent lawful, from and against any and all losses, claims, damages, liabilities, judgments, actions and expenses (including, without limitation, and as incurred, reimbursement of all reasonable out-of-pocket costs of investigating, preparing, pursuing, settling, compromising, paying or defending any claim or action, or any investigation or proceeding by any governmental agency or body, commenced or threatened, including the reasonable fees and expenses of counsel to any Indemnified Holder), directly or indirectly caused by, related to, based upon, arising out of or in connection with any untrue statement or alleged untrue statement of a material fact contained in a Registration Statement or Prospectus (or any amendment or supplement thereto), or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as such losses, claims, damages, liabilities or expenses are caused by an untrue statement or omission or alleged untrue statement or omission that is based upon information relating to any of the Holders furnished in writing to the Company by or on behalf of any of the Holders expressly for use therein or out of sales of ~~Registrable Securities~~**securities** made during a suspension period after notice is given pursuant to Section 4(b) hereof. This indemnity agreement shall be in addition to any liability that the Company may otherwise have.

In case any action or proceeding (including any governmental or regulatory investigation or proceeding) shall be brought or asserted against any of the Indemnified Holders with respect to which indemnity may be sought against the Company, such Indemnified Holder (or the Indemnified Holder controlled by such controlling person) shall promptly notify the Company in writing; provided, however, that the failure to give such notice shall not relieve the Company of its obligations pursuant to this Agreement except to the extent that it had been materially prejudiced by such failure (through forfeiture of substantive rights). The Company may assume the defense of such action or proceeding at its own expense, with counsel reasonably satisfactory to such Indemnified Holder, unless such assumption would be inappropriate due to actual or potential differing or conflicting interests between the Company and the Indemnified Holder. In any such proceeding so assumed by the Company, any Indemnified Holder shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Indemnified Holder unless (i) the Company and the Indemnified Holder shall have mutually agreed to the retention of such counsel, (ii) representation of both parties by the same counsel would be inappropriate due to actual or potential differing or conflicting interests between them or (iii) the Company does not assume the defense of such action or proceeding. The Company shall not, in connection with any one such action or proceeding or separate but substantially similar or related actions or proceedings in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the reasonable fees and expenses of more than one separate firm of attorneys (in addition to any local counsel) at any time for such Indemnified Holders, which firm shall be designated by the Holders. The Company shall be liable for any settlement of any such action or proceeding effected with the Company's prior written consent, which consent shall not be withheld unreasonably, and the Company agrees to indemnify and hold harmless any Indemnified Holder from and against any loss, claim, damage, liability or reasonable out-of-pocket expense by reason of any settlement of any action effected with the written consent of the Company. The Company shall not, without the prior written consent of

each Indemnified Holder, settle or compromise or consent to the entry of judgment in or otherwise seek to terminate any pending or threatened action, claim, litigation or proceeding in respect of which indemnification or contribution may be sought hereunder (whether or not any Indemnified Holder is a party thereto), unless such settlement, compromise, consent or termination (i) includes an unconditional release of each Indemnified Holder from all liability arising out of such action, claim, litigation or proceeding and (ii) does not include a statement as to an admission of fault, culpability or a failure to act, by or on behalf of the Indemnified Holder.

(b) Each Holder ~~of Registrable Securities~~ agrees, severally and not jointly, to indemnify and hold harmless the Company and the directors and officers of the Company who sign a Registration Statement, and any Person controlling (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) the Company, and the respective officers, directors, partners, employees, representatives and agents of each such Person, from and against any and all losses, claims, damages, liabilities, judgments, actions and expenses to the same extent as the foregoing indemnity from the Company to each of the Indemnified Holders, but only with respect to claims and actions based on information relating to such Holder furnished in writing by or on behalf of such Holder expressly for use in a Registration Statement. In case any action or proceeding shall be brought against the Company or its directors or officers or any such controlling Person or its respective officers, directors, partners, employees, representatives and agents in respect of which indemnity may be sought against a Holder ~~of Registrable Securities~~, such Holder shall have the rights and duties given the Company, and the Company, its directors and officers, such controlling person and its respective officers, directors, partners, employees, representatives and agents shall have the rights and duties given to each Holder by the preceding paragraph. Notwithstanding the provisions of this Section 6, the total amount to be paid by a Holder pursuant to this Section 6(b) shall be limited to the net proceeds (after deducting underwriters' discounts and commissions) received by such Holder in the offering to which such Registration Statement or prospectus relates.

(c) If the indemnification provided for in this Section 6 is unavailable to an indemnified party under Section 6(a) or (b) hereof (other than by reason of exceptions provided in those Sections) in respect of any losses, claims, damages, liabilities, judgments, actions or expenses referred to therein, then each applicable indemnifying party, in lieu of indemnifying such indemnified party, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages, liabilities or expenses in such proportion as is appropriate to reflect the relative fault of the Company, on the one hand, and the Holders, on the other hand, in connection with the statements or omissions that resulted in such losses, claims, damages, liabilities or expenses, as well as any other relevant equitable considerations. The relative fault of the Company, on the one hand, and of the Holders, on the other hand, shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company, on the one hand, or the Holders, on the other hand, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The amount paid or payable by a party as a result of the losses, claims, damages, liabilities and expenses referred to above

shall be deemed to include any legal or other fees or expenses reasonably incurred by such party in connection with investigating or defending any action or claim.

The Company and each Holder ~~of Registrable Securities~~ agree that it would not be just and equitable if contribution pursuant to this Section 6(c) were determined by pro rata allocation (even if the Holders were treated as one entity for such purpose) or by any other method of allocation that does not take account of the equitable considerations referred to in the immediately preceding paragraph. The amount paid or payable by an indemnified party as a result of the losses, claims, damages, liabilities or expenses referred to in the immediately preceding paragraph shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 6, the total amount to be contributed by a Holder pursuant to this Section 6 shall be limited to the net proceeds (after deducting underwriters' discounts and commissions) received by such Holder in the offering to which such Registration Statement or prospectus relates. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation. The Holders' obligations to contribute pursuant to this Section 6(c) are several in proportion to the respective number of ~~Registrable Securities~~**securities** held by each of the Holders hereunder and not joint.

Section 7. Miscellaneous.

(a) Remedies. The Company hereby agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of the provisions of this Agreement and hereby agrees to waive the defense in any action for specific performance that a remedy at law would be adequate.

(b) Assignment; No Third Party Beneficiaries; Additional Parties. This Agreement and the rights, duties and obligations of the Company hereunder may not be assigned or delegated by the Company in whole or in part. This Agreement and the rights, duties and obligations of the Holders hereunder may be freely assigned or delegated by such Holder in conjunction with and to the extent of any transfer of Registrable Securities by any such Holder to a Permitted Transferee. This Agreement is not intended to confer any rights or benefits on any persons that are not party hereto other than as expressly set forth in this Section 7(b). **For the avoidance of doubt, this Agreement is intended to confer all rights and benefits relating to a Demand Registration initiated by a Permitted Group to members of such Permitted Group and any beneficial holder who participates in such Demand Registration, provided that such Permitted Group member or beneficial holder executes and delivers to the Company an instrument, in form and substance reasonably satisfactory to the Company, to evidence its agreement to be bound by, and to comply with, all of the obligations of a Holder hereunder.**

(c) No Inconsistent Agreements. The Company will not on or after the date of this Agreement enter into any agreement with respect to its securities that is inconsistent with the rights granted to the Holders in this Agreement or otherwise conflicts with the provisions hereof. The rights granted to the Holders hereunder do not in any way

conflict with and are not inconsistent with the rights granted to the holders of the Company's securities under any agreement in effect on the date hereof.

(d) Amendments and Waivers. The provisions of this Agreement may not be amended, modified or supplemented, and waivers or consents to or departures from the provisions hereof may not be given unless (i) the Company has obtained the written consent of Holders of a majority of the outstanding Registrable Securities **then held by the Initial Holders** (excluding any Registrable Securities held by the Company or its subsidiaries) and (ii) the Company has provided its consent to such amendment, modification, supplement, waiver, consent or departure; provided, however, that, with respect to any matter that directly or indirectly affects the rights of any **Initial** Holder hereunder, the Company shall obtain the written consent of each such Holder with respect to which such amendment, qualification, supplement, waiver, consent or departure is to be effective~~.~~**, and provided further, provisions herein related to offerings by a Permitted Group may not be amended in a manner materially adverse to any beneficial holder without the consent of the beneficial holders of two-thirds of the then outstanding Common Stock.**

(e) Notices. ~~All~~**(A) Except as set forth in paragraph (B) below, all** notices and other communications provided for or permitted hereunder shall be made in writing by hand-delivery, first-class mail (registered or certified, return receipt requested), telex, telecopier, e-mail or air courier guaranteeing overnight delivery:

(i) if to a Holder, at the address set forth on the signature page hereto; and

(ii) if to the Company:

~~[~~Reorganized ~~]~~ Paragon~~]~~ **Offshore Limited**
3151 Briarpark Drive
Suite 700
Houston, TX 77042
Attention: ~~[~~Legal Department~~]~~
Facsimile: ~~[~~(832) 218-0694~~]~~
Email:
~~[sdonley@Paragonoffshore~~**TStrickler@paragonoffshore**.com~~]~~

All such notices and communications shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; five Business Days after being deposited in the mail, postage prepaid, if mailed; when answered back, if telexed; when receipt acknowledged, if telecopied or sent by e-mail; and on the next Business Day, if timely delivered to an air courier guaranteeing overnight delivery.

**(B) All notices and other communications provided for or permitted hereunder to be made to a holder who is not a Holder may be given by**

**Online Notice and shall be deemed to have been given on the date the Company has posted or otherwise delivered such notice.**

(f) Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties, including, without limitation, and without the need for an express assignment, subsequent Holders of Registrable Securities; provided, however, that this Agreement shall not inure to the benefit of or be binding upon a successor or assign of a Holder unless and to the extent such successor or assign is a Permitted Transferee of such Holder.

(g) Counterparts. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

(h) Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(i) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without regard to its conflict of laws principles.

(j) Severability. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be affected or impaired thereby.

(k) Entire Agreement. This Agreement is intended by the parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein with respect to the registration rights granted by the Company with respect to the Registrable Securities. This Agreement supersedes all prior agreements and understandings between the parties with respect to such subject matter.

(l) Use of Free Writing Prospectus. No ~~Holder~~**holder** shall use a free writing prospectus prepared by or on behalf of the relevant ~~Holder~~**holder** or used or referred to by such ~~Holder~~**holder** in connection with the offering of ~~Registrable Securities~~**securities** pursuant to ~~the~~**a** Registration Statement without the prior written consent of the Company, which shall not be unreasonably withheld.

(m) Rules 144 and 144A. The Company shall make publicly available such information required by Rule 144(c) and Rule 144A(d)(4) for so long as necessary to permit sales pursuant to Rule 144 or Rule 144A under the Securities Act, as such Rules may be amended from time to time or any similar rule or regulation hereafter adopted by the SEC (which replaces Rule 144 o Rule 144A), to enable such Holder to sell Registrable Securities without Registration under the Securities Act within the limitation of the

exemptions provided by (i) Rule 144 or Rule 144A under the Securities Act, as such rules may be amended or replaced from time to time. Upon the request of any Holder, the Company will deliver to such Holder a written statement as to whether it has complied with such requirements.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

~~[REORGANIZED~~ PARAGON~~]~~ **OFFSHORE LIMITED**

By: _____
Name:
Title:



~~WEIL:\96023204\6\66879.0004~~

The foregoing Registration Rights Agreement is hereby confirmed and accepted as of the date first above written:

By:_____
Name:
Title:
Address:

Fax:

By:_____
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| **Summary report:**<br>**Litéra® Change-Pro 7.5.0.145 Document comparison done on 7/11/2017 4:12:18 PM** | |
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| **Style name:** PW Basic | |
| **Intelligent Table Comparison:** Active | |
| **Original DMS:**iw://US/US1/10790929/11 | |
| **Modified DMS:** iw://US/US1/10790929/16 | |
| **Changes:** | |
| **Add** | 138 |
| ~~Delete~~ | 134 |
| ~~Move From~~ | 14 |
| **Move To** | 14 |
| Table Insert | 0 |
| ~~Table Delete~~ | 0 |
| Table moves to | 0 |
| ~~Table moves from~~ | 0 |
| Embedded Graphics (Visio, ChemDraw, Images etc.) | 0 |
| Embedded Excel | 0 |
| Format changes | 0 |
| **Total Changes:** | 300 |