

THIS IS NOT AN OFFER OR ACCEPTANCE WITH RESPECT TO ANY SECURITIES OR A SOLICITATION OF ACCEPTANCES OF A CHAPTER 11 PLAN WITHIN THE MEANING OF SECTION 1125 OF THE BANKRUPTCY CODE. ANY SUCH OFFER OR SOLICITATION WILL COMPLY WITH ALL APPLICABLE SECURITIES LAWS AND/OR PROVISIONS OF THE BANKRUPTCY CODE.

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To	Holders of Senior Notes
Date	January 22, 2021
Re	<b>Diamond Offshore Drilling, Inc., et al. – Plan Support Agreement (the “PSA”)</b> <sup>1</sup>

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Posted herewith, please find a copy of that certain PSA, dated January 22, 2021, entered into by and among:

- (a) Diamond Offshore Drilling, Inc. (“Diamond Offshore”) and its affiliated debtors listed in Exhibit A to the PSA (collectively, the “Debtors,” and together with their non-debtor affiliates, the “Company”);
- (b) Each entity that is a party to the PSA in each such entity’s respective capacity as a holder of, or as nominee, investment advisor, sub-advisor, or investment manager, as applicable, to certain funds, accounts, and other entities (including subsidiaries and affiliates of such funds, accounts, and entities) that is a holder of Claims under the:
  - (i) 5.70% Senior Notes due 2039 (the “2039 Notes”) under that certain indenture, dated February 4, 1997 (the “Base Indenture”), by and among Diamond Offshore, as issuer, and the Chase Manhattan Bank, as trustee, and that certain Seventh Supplemental Indenture, dated October 8, 2009, by and among Diamond Offshore, as issuer, and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Senior Notes Trustee”);
  - (ii) 3.45% Senior Notes due 2023 (the “2023 Notes”), under the Base Indenture and that certain Eighth Supplemental Indenture, dated November 5, 2013 (the “Eighth Supplemental Indenture”), by and among Diamond Offshore, as issuer, and the Senior Notes Trustee;
  - (iii) 4.875% Senior Notes due 2043 (the “2043 Notes”) under the Base Indenture and the Eighth Supplemental Indenture; and
  - (iv) 7.875% Senior Notes due 2025 (the “2025 Notes,” and, collectively with the 2043 Notes, the 2023 Notes, and the 2039 Notes, the “Senior Notes”) under the Base Indenture and that certain Ninth Supplemental Indenture,

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<sup>1</sup> This summary is being provided for convenience purposes only. Please note that the definitive documentation and, where relevant, orders of the United States Bankruptcy Court for the Southern District of Texas, shall control. Capitalized terms used but not otherwise defined herein shall have the meaning ascribed to such terms in the PSA or the Plan (as defined below), as applicable.

dated August 15, 2017, by and among Diamond Offshore, as issuer, and the Senior Notes Trustee (such holders of Claims described in clauses (b)(i) through (b)(iv), collectively, the “Consenting Noteholders”); and

- (c) Each entity that is a party to the PSA in each such entity’s respective capacity as a holder of, or as nominee, investment advisor, sub-advisor, or investment manager, as applicable, to certain funds, accounts, and other entities (including subsidiaries and affiliates of such funds, accounts, and entities) that is a holder of Claims under the 5-Year Revolving Credit Agreement, dated as of October 2, 2018 (as amended, modified, or otherwise supplemented from time to time, the “RCF Credit Agreement”), by and among the Company, Diamond Foreign Asset Company, each lender from time to time party thereto, and Wells Fargo Bank, National Association, as administrative agent (such holders of Claims described in this clause (c), the “Consenting RCF Lenders,” and, together with the Consenting Noteholders, the “Consenting Stakeholders”).

In order to become a party to the PSA, any Holder of Senior Notes must make the representations and warranties of the Consenting Stakeholders set forth in Sections 9 and 25 of the PSA, including, but not limited to, that such Holder is either (a) a “qualified institutional” buyer as defined in Rule 144A of the Securities Act, (b) an “accredited investor” as such term is defined in Rule 501 of Regulation D of the Securities Act, or (c) a “non-U.S. person” (as defined in Regulation S under the Securities Act) located outside of the United States. If you are not able to make such representation, please disregard this notice and do not proceed further.

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Among other things, the PSA provides that the Consenting Stakeholders will support the Debtors’ restructuring efforts as set forth in, and subject to the terms and conditions of, the PSA. The Debtors have agreed to (a) seek approval of a plan of reorganization (the “Plan”), attached as Exhibit B to the PSA, subject to the terms, conditions, and milestones contained in the PSA, and (b) otherwise comply with the terms and requirements set forth in the PSA.

Under the Plan, each Holder of Senior Notes Claims will receive, in full and final satisfaction, compromise, settlement, release, and discharge of, and in exchange for any Claims arising under, the outstanding Senior Notes, on the terms set forth in the Plan:

- (i) its Pro Rata share of 70.0% of the New Diamond Common Shares, subject to dilution by the New Warrants and the MIP Equity Shares; and
- (ii) Subscription Rights to participate in the Rights Offerings to (a) pursuant to the Primary Rights Offering, purchase such Holder’s Pro Rata portion of \$46,875,000 of Exit Notes and 12.78% of the issued and outstanding New Diamond Common Shares as of the Effective Date, subject to dilution by the New Warrants and the MIP Equity Shares and (b) pursuant

to the Delayed Draw Rights Offering, subscribe for such Holder's Pro Rata portion of commitments to purchase up to \$21,875,000 of Delayed Draw Notes and 5.97% of the total New Diamond Common Shares outstanding on the Effective Date, subject to dilution by the New Warrants and the MIP Equity Shares.

With respect to subsection (ii) above, pursuant to, and in accordance with, the Backstop Agreement and the Rights Offerings Procedures, each Financing Party has agreed to, severally and not jointly, (a) fully exercise all Subscription Rights that are properly issued to it on the applicable Rights Offering Record Date on account of its Allowed Senior Notes Claims and (b) duly purchase all Exit Notes on account of its Allowed Senior Notes Claims.

In addition, qualified Holders of Senior Notes that become party to the PSA on or before **February 8, 2021** shall be offered an opportunity to become Private Placement Investors pursuant to, and on the terms set forth in, the Backstop Agreement, annexed as Exhibit C of the PSA.

**To become a party to the PSA, a Holder of Senior Notes Claims must execute a copy of the Joinder Agreement, attached as Exhibit D to the PSA (a "PSA Joinder"), and deliver such PSA Joinder to the contacts listed below.**

**To become a party to the Backstop Agreement, a Holder of Senior Notes Claims must execute a copy of the PSA Joinder and the Joinder Agreement, attached as Exhibit B to the Backstop Agreement (a "BCA Joinder"), and deliver both the PSA Joinder and the BCA Joinder by February 8, 2021 to the contacts listed below:**

**Paul, Weiss, Rifkind, Wharton & Garrison LLP, Counsel to the Debtors**

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Attention: Paul M. Basta, Robert A. Britton, and Christopher Hopkins

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**Milbank LLP, Counsel to the Ad Hoc Group**

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Attention: Dennis F. Dunne, Tyson M. Lomazow, and Ryan A. Berger  
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rberger@milbank.com

**Bracewell LLP, Counsel to the RCF Agent**

711 Louisiana Street

Suite 2300

Houston, TX 77002

Attention: Bob Burns, Kate Day, Trey Wood

E-mail addresses: bob.burns@bracewell.com; kate.day@bracewell.com;  
trey.wood@bracewell.com

**If you have questions, please feel free to reach out to the Ad Hoc Group's  
advisors or the Debtors' advisors listed below:**

**Ad Hoc Group:**

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