

Seadrill Response to NSN AHG Proposal



Set forth below is Seadrill Limited's ("Seadrill's") response to the proposal from the ad hoc group of holders of the New Secured Notes (the "NSNs"; the proposal offered, the "NSN AHG Proposal"), which provides significant value to holders of the NSNs (including 11 cents of par value in the form of NSNCo cash)

Subject	NSN AHG Proposal (May 21, 2020)	Seadrill Response (August 15, 2020)
NSN Collateral Turnover	<ul style="list-style-type: none"> All NSN assets to be turned over to holders of the NSNs via transfer of 100% of the equity in NSNCo Application of secured cash at IHC Co to be discussed 	<ul style="list-style-type: none"> Stakes in Seadrill Seabras UK Limited ("Seabras") and Archer Limited ("Archer") to be turned over to holders of the NSNs \$59mm of Cash at NSNCo to be distributed to holders of the NSNs Stakes in Seadrill Partners ("SDLP") and SeaMex to be retained by Seadrill
Transaction Structure	<ul style="list-style-type: none"> Transfer 100% of the equity in NSNCo to a newly incorporated SPV ("NewCo") wholly owned by noteholders Release (or transfer to NewCo) all intercompany claims owing by NSNCo and its subsidiaries to IHC Co, RigCo and their subsidiaries Each noteholders' equity holding of NewCo will be pro rata to their holding of the NSNs on the effective date The NSNs shall maintain all existing first ranking security within the NSNCo Group Governance of NewCo to be agreed 	<ul style="list-style-type: none"> NewCo structure conceptually acceptable to Seadrill subject to due diligence on details on change-of-control provisions in JV agreements, customer contracts and financing documents If waivers of above provisions cannot be obtained, alternative structures will need to be considered Stakes in Seabras and Archer only to be transferred to NewCo or alternative structure Release of all indebtedness under the NSN indenture
NSN Claims at Seadrill and RigCo	<ul style="list-style-type: none"> Release by the holders of the NSNs of all existing guarantees and security and claims with respect to Seadrill Limited and its subsidiaries (including IHC Co and RigCo and their respective subsidiaries) 	<ul style="list-style-type: none"> Agreed
Management Agreements	<ul style="list-style-type: none"> Management and employment agreements with the Seadrill Group to be on market terms to reflect the new ownership structure and market conditions 	<ul style="list-style-type: none"> To be discussed
Implementation	<ul style="list-style-type: none"> To be implemented consensually under the terms of the existing Finance Documents or utilizing a Bermudan Scheme of Arrangement 	<ul style="list-style-type: none"> Potential implementation using Chapter 11 process or Bermudan Scheme of Arrangement

Source: Seadrill New Finance Limited In Principle Proposal (May 21, 2020)