

## **GENERAL FAQ**

### **1. What did Valaris announce?**

- Valaris announced that it has entered into a Restructuring Support Agreement (RSA) and Backstop Commitment Agreement (BCA) with certain of its noteholders to reorganize its financial structure, substantially reduce its debt load and support continued operations during the current lower demand environment and over the long term.
- To implement these terms, Valaris has voluntarily commenced a Chapter 11 restructuring process in the U.S. Bankruptcy Court, which is a tool intended to allow Valaris to enhance its financial foundation and emerge as a stronger company with the ability to continue to serve our customers and accelerate our company's transformation and return to profitability.
  - We now have 72% of noteholders in support of the restructuring and have received access of up to \$500 million in the form of a term loan DIP facility. We have also received final approval for First Day Motions to continue to operate in the ordinary course of business.
- The significant downturn in the energy sector and the economy more broadly requires that we create a stronger, more nimble company that reflects the current demand environment for offshore drilling services.
- Valaris is taking necessary steps for a financial restructuring to anticipate and adapt to a prolonged contraction in the industry to best position itself for when overall market conditions improve.

### **2. What is a Chapter 11 bankruptcy? Why is Valaris pursuing it now? Why not an out-of-court restructuring?**

- Chapter 11 is a form of bankruptcy that involves a reorganization of a company's business affairs, debts, and assets.
- Valaris is pursuing a Chapter 11 restructuring process to align the company's financial profile with current market conditions to best position the company as market conditions improve.
- We believe an in-court restructuring is the fastest, most certain and cost-effective way to reorganize our financial structure, and undergoing this restructuring process with an RSA and BCA ensures further certainty.

### **3. How long will this process take? When can Valaris expect to emerge? What will determine that?**

- Valaris aims to pursue an efficient bankruptcy process and exit Chapter 11 as soon as possible.

### **4. Does this mean Valaris is going out of business?**

- No, absolutely not. We plan to operate in the normal course of business throughout the restructuring process and post-emergence.
- With a stronger financial foothold following the conclusion of the Chapter 11 restructuring process, we expect Valaris will be better equipped to handle shifts in global and industry market environments.

- Valaris is establishing an industry-leading cost structure with a platform that is scalable, nimble and adaptable to changing market conditions.

**5. How will day-to-day operations be affected?**

- We do not anticipate disruptions to our day-to-day operations.
- Valaris is widely recognized across the offshore drilling industry for operational excellence and customer satisfaction. That commitment will not change throughout this process.

**6. Does Valaris have the liquidity to continue operating throughout this process? What about access to Debtor-In-Possession (DIP) financing?**

- We remain confident that we will be able to maintain liquidity and operate in the ordinary course of business throughout this process.
- We have approximately \$175 million in cash as of August 19 and have received access of up to \$500 million in the form of a term loan DIP facility. We have also received final approval for First Day Motions to continue to operate in the ordinary course of business.

**7. Is the DIP facility unsecured or do the DIP lenders have the benefit of a collateral package?**

- The DIP facility will benefit from a customary collateral package with mortgages over certain rigs and collateral over certain other material assets.
- This negotiated collateral package is in line with the market and will not have any impact on the day-to-day operation of the rigs or our business generally, which will continue as normal. The DIP lenders will have no right to interfere with our assets and operations as we are confident that we can comply with the covenants and the other terms of the DIP facility.
- We remain confident that we will be able to maintain liquidity and operate in the ordinary course of business throughout this process.

**8. Do you need any consents to grant mortgages over rigs and provide collateral to the DIP lenders?**

- The company will be seeking certain consents where required and is fully aware of its contractual obligations.

**9. Where can I receive more information?**

- You can contact our information line by calling 855-348-2032 (Toll-Free) or +1 949-266-6309 (International), or view our restructuring website at <http://cases.stretto.com/Valaris>.
- In addition, information is available in a Form 8-K filed with the Securities and Exchange Commission.