

Paragon Updated Frequently Asked Questions

Updated October 3, 2016

Note: The provided FAQ document should not be read in a vacuum and readers should not assume that all relevant information is contained within this FAQ document. This FAQ document should be read in conjunction with Paragon's other publicly provided information including, but not limited to, press releases, earnings conference call transcripts, previous FAQ documents posted on Paragon's public website at www.paragonoffshore.com, filings with the U.S. Securities and Exchange Commission, and filings with the U.S. Bankruptcy Court.

- **Where does the process stand?**
 - Paragon's confirmation hearing before the Court concluded on September 30, 2016 and we are now awaiting the judge's decision.

- **What is the current schedule following the conclusion of the confirmation hearing on September 30, 2016?**
 - The judge has requested post trial briefings. These are due **5:00 PM Eastern Time on Monday, October 17, 2016.**
 - Each party will have one week, until **5:00 PM Eastern Time on Monday, October 24, 2016,** to reply to the other party's belief.
 - The judge has indicated he would then expect to rule **as soon thereafter as possible.** No additional oral arguments will be heard.

- **What is contained in the post-trial briefings and responses?**
 - Each side will summarize its arguments with respect to confirmation and provide appropriate case law in support of its position.
 - In the responses, each side will attempt to rebut specific arguments and case law presented by the other side.
 - No new evidence will be introduced in the briefings.

- **When will you announce the outcome?**
 - Paragon expects to announce the outcome of the hearing once the judge has issued his ruling.

- **What are the judge's options in ruling?**
 - The judge can rule to confirm the plan.
 - The judge can rule that he will not confirm the plan. In this case, he might or might not provide additional guidance as to why he did not confirm or what he might look for in the way of changes that could result in a confirmable plan.
 - The judge cannot unilaterally modify or set a new plan and confirm that.

- **What happens assuming the judge rules in Paragon's favor?**
 - If the judge rules in our favor, the plan will be '*confirmed,*' but not yet '*effective.*'
 - There will be a period of time after the judge rules during which our legal team will prepare the final paperwork for signature by all parties and conclude any other matters

that must be finalized before we become effective. When the plan becomes effective, we will announce the occurrence of the ‘*effective date*’ of the plan.

- **When will the plan be effective? When will you emerge from bankruptcy?**
 - Upon confirmation, there will be a period of time after the judge rules during which time the legal team will prepare the final paperwork for signature by all parties and conclude any other matters that must be finalized.
 - We would expect to emerge sometime during the fourth quarter of 2016, but the precise timing is currently unknown.

- **What happens on the effective date?**
 - Assuming our plan is confirmed, on the effective date, the company will emerge from its restructuring process and a number of things will occur as described in the modified restructuring plan:
 - Cash will be distributed to the bondholders and revolver banks.
 - Shares will be issued to the bondholders.
 - The \$60 million of notes will be issued to the bondholders.
 - The Noble settlement agreement will be in effect.
 - The existing revolving credit facility will be converted to a term loan.
 - The existing term loan will be reinstated under its original terms.

- **Are you going to re-list the equity on NYSE or NASDAQ?**
 - Paragon may seek to relist on one of the major trading platforms, but will likely not do so immediately.
 - The company will evaluate how the price of the equity performs following confirmation and the issuance of the new shares.
 - At this time, we have no guidance on when such a relisting may occur.

- **Are there any restrictions on the bondholders with respect to the new shares they will receive?**
 - No, there are no restrictions. Bondholders will be free to trade their shares when they receive them.

- **Will I receive new shares?**
 - Our process does not create a new equity. Rather, we will issue additional shares of our existing equity, taking the share count outstanding from approximately 88 million shares to approximately 166 million shares.
 - Thus, if you are an existing shareholder, nothing will change in terms of the number of shares you own. That is, if you own 1,000 shares today, you will own 1,000 shares on the effective date.
 - Only the bondholder group will be issued new shares.

- **What happens if the judge rules against you?**
 - In the event that the judge rules against us, we will seek to understand the specific nature of his ruling and its implications. We will then re-consider our options and develop a new way forward which we would communicate publicly when appropriate.

- However, we do not believe it is fruitful to engage in speculation around hypothetical scenarios of what might occur if the judge does not confirm our plan.

FORWARD LOOKING STATEMENT

This document contains forward-looking statements. Statements regarding the Chapter 11 process including timing and steps, expectations around the confirmation hearing timing or outcomes, timing of confirmation or emergence, as well as any other statements that are not historical facts in this release, are forward-looking statements that involve certain risks, uncertainties and assumptions. These include but are not limited to risks associated with the general nature of the oil and gas industry, actions by regulatory authorities, customers and other third parties, and other factors detailed in the "Risk Factors" section of Paragon's annual report on Form 10-K for the fiscal year ended December 31, 2015, Paragon's most recently filed report on Form 10-Q, and in Paragon's other filings with the SEC, which are available free of charge on the SEC's website at www.sec.gov. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those indicated.