



PARAGON
OFFSHORE®

Paragon Offshore Limited

Current Report

Date of Report (Date of earliest event reported): December 20, 2017 (December 8, 2017)

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Approval of Long Term Incentive Plan

On December 8, 2017, upon recommendation of the corporate governance and compensation committee (the “Committee”) of the board of directors of Paragon Offshore Limited (the “Company”), the board of directors (the “Board”) approved the Paragon Offshore Limited Long Term Incentive Plan (the “Plan”).

The following description of the material features of the Plan is only a summary and is qualified by reference to the full text thereof, which is attached as Exhibit 10.1 of this Current Report.

Purpose

The Plan is intended to attract, retain and motivate qualified employees, directors and consultants with incentives to contribute to the long-term performance of the Company thereby aligning the participants interests with those of the Company’s shareholders.

Ordinary Shares Reserved

The aggregate number of ordinary shares of the Company that may be issued under the Plan with respect to awards may not exceed 500,000. The share limit is subject to adjustment for certain transactions affecting the Company’s ordinary shares. Shares subject to awards under the Plan that are cancelled, surrendered, forfeited, exchanged, settled in cash or otherwise terminated will not count against this limit and can be re-granted under the Plan.

Eligibility for Participation

Qualified employees, directors, and consultants of the Company are eligible for awards under the Plan.

Administration

The Plan is administered by the Committee or any other committee that may be designated by the Board. The Committee selects the employees, consultants and directors who receive awards, determines the type and terms of awards to be granted, and interprets and administers the Plan. Awards under the Plan may be granted in tandem with other compensation. The Committee may extend the exercisability, accelerate vesting or exercisability and waive restrictions in any manner that is compliant with the provisions of the Plan and is not adverse to the participant. In the event that shareholder approval is required by state or federal law, an amendment or alteration to the Plan will be submitted to the shareholders for approval not later than the next annual meeting of shareholders.

Terms, Conditions and Limitations of Employee Awards

Stock Options. Stock options granted to employees or directors are subject to such terms and conditions as may be established by the Committee, except that the option exercise price cannot be less than the greater of (a) the par value per share of the Company’s ordinary shares, or (b) the fair market value per share of the Company’s ordinary shares on the date of grant. Stock options granted to employees and directors may be in the form of nonqualified stock options. Stock options granted to employees may be in the form of incentive stock options (“ISOs”) under Section 422 of the Internal Revenue Code. No ISO may be exercised more than 10 years after the date of grant. Payment of the option exercise price may be by: (i) cash or check; (ii) transfer of ordinary shares already owned by the optionee, if permitted by the Committee; (iii) a “cashless broker exercise” procedure; or (iv) such other legal consideration the Committee deems appropriate.

Performance Awards. The Committee may grant a performance award consisting of any type of award or combination of awards. A performance award is subject to the achievement of one or more performance objectives.

Stock Award (Including Restricted Stock and Restricted Stock Units). The Committee may grant an award of ordinary shares, which may be restricted shares, or an award that is denominated in units of ordinary shares.

Stock Appreciation Right. The Committee may grant an award that is in the form of a SAR. A SAR is the right to receive an amount of ordinary shares or cash equal to the appreciation in value of a specified number of ordinary shares over a particular period of time. SARs are subject to such terms and conditions as may be established by the Committee, except that the SAR exercise price cannot be less than the greater of (a) the par value per share of the Company’s ordinary shares, or (b) the fair market value per share of the Company’s ordinary shares on the date of

grant. A SAR may be granted in tandem with an option, and in such case, upon exercise of one such tandem award, the other tandem award shall automatically terminate.

Cash Award. The Committee may grant an award in cash.

Other Terms and Limitations

Restricted Securities. Prior to a qualifying public offering, the ordinary shares to be issued under the Plan, which may be issued in reliance on any available exemption under the Securities Act, shall be deemed to be “restricted securities” as defined in Rule 144, promulgated by the Securities and Exchange Commission under the Securities Act as from time to time in effect and applicable to the Plan and Participants. Resales of the ordinary shares by the holder thereof shall be in compliance with the Securities Act or an exemption therefrom. The ordinary shares may bear a restrictive legend if determined necessary by the Committee.

Shareholders’ Agreement. Prior to a qualifying public offering, the ordinary shares to be issued under the Plan shall be subject to that certain Shareholder’s Agreement dated July 18, 2017 between the Company and the beneficial owners of the ordinary shares from time to time, as may be amended.

Lock-Up Period. If requested by the Company or any representative of the underwriters in connection with any registration of the offering of any securities of the Company under the Securities Act, a participant under the Plan or transferee will not sell or otherwise transfer any ordinary shares or other securities of the Company during the 180-day period (or such other period as may be requested in writing by the managing underwriter and agreed to in writing by the Company) following the effective date of a qualifying public offering. The Company may impose stop-transfer instructions in conjunction with the lock-up period.

Transferability. Awards under the Plan generally are not transferable other than by will or the laws of descent and distribution or pursuant to a qualified domestic relations order; provided, however, the Committee may, in its discretion, permit a participant to transfer all or a portion of any award that is not an ISO without consideration to the participant’s “immediate family members,” or related family trusts, limited partnerships or similar entities or on such terms and conditions as the Committee may from time to time establish.

Deferral. The Committee, in its discretion, may permit participants to elect to defer payment of some or all types of awards or provide for the deferral of an award. Any such deferral will be set forth in the award agreement.

Dividends and Interest. An award denominated in ordinary shares or units of ordinary shares may include dividends or dividend equivalent rights. The Committee may also establish rules for the crediting of interest on deferred cash payments and dividend equivalents for deferred payments denominated in ordinary shares or units of ordinary shares.

Adjustments to Awards Following Grant. The Committee may provide for adjustment of awards following grant under the Plan in limited circumstances. In the event of any ordinary share distribution or split, recapitalization, extraordinary distribution, merger, consolidation, combination or exchange of ordinary shares or similar change or upon the occurrence of any other event that the Committee, in its sole discretion, deems appropriate, the Committee may adjust the number, price, award limitations and/or shares covered by an award to prevent diminution or enlargement of the benefits or potential benefits intended under the Plan.

In the event of a corporate merger, consolidation, acquisition of property or stock, separation, reorganization or liquidation, the Committee shall be authorized to (i) issue or assume awards; (ii) accelerate the vesting and exercisability of, or lapse of restrictions or cancellation thereof with respect to awards and (iii) cancel and terminate unexercised awards in exchange for cash in an amount determined to be the fair market value of such awards.

Tax Withholding. The Plan permits the Committee to allow a participant, upon exercise, payment or vesting of an award, to satisfy any applicable tax withholding requirements in the form of ordinary shares, including shares issuable upon exercise, payment or vesting of such award.

Change of Control and Termination of Employment or Service. Upon a “change of control” of the Company (as defined in the Plan) or upon the termination of a participant’s employment or service with the Company, awards will be treated as provided in the applicable award agreements.

Clawback. The Plan and the awards granted thereunder are subject to any clawback policy adopted by the Company pursuant to any law, regulation or stock exchange listing requirement, or in the absence of any such law, regulation or

stock exchange listing requirement consistent with the rules proposed by the Securities and Exchange Commission on July 1, 2015 under Section 10D of the Securities Exchange Act of 1934, providing for clawback or recovery of amounts that were paid to an applicable participant.

Amendment and Termination. The Board of Directors may amend, alter or discontinue the Plan, except that no amendment or alteration that would impair the rights of a holder of any award shall be made without the holder's consent, and no amendment or alteration shall be effective prior to approval by the shareholders to the extent the Board of Directors determines such approval is required by applicable laws, or regulations.

Approval of the Form of Awards Pursuant to the Long Term Incentive Plan

On December 8, 2017, upon recommendation of the Committee, the Board approved the form of Time-Vested Restricted Stock Unit Award and the Director Stock Unit Award, which forms of awards will govern the terms of certain long-term incentive awards to be granted to the Company's directors and executive officers, as applicable, under the Plan.

The following description of the material features of each award is only a summary and is qualified by reference to the forms of award, which are attached as Exhibits 10.2 and 10.3 of this Current Report. Capitalized Terms not defined in this description shall have the definition attributed them in the award agreement.

Time-Vested Restricted Stock Unit Award (the "RSU Award")

The RSU Award contains customary provisions consistent with the Plan. Under the RSU Award, each grantee is awarded a number of non-transferable restricted stock units. The restricted stock units vest, subject to certain conditions, in substantially equal installments on each anniversary date during the three-year period beginning on July 18, 2017. Awards under the RSU Award agreement are settled in the Company's ordinary shares. Vesting of the award accelerates upon the death of a grantee or a Change in Control. In the event of a termination of a grantee's employment due to Disability, the grantee may be eligible for full or partial acceleration upon the approval of the Committee.

Director Time-Vested Restricted Stock Unit Award (the "Director RSU Award")

The Director RSU Award contains provisions similar to the RSU Award except the vesting of the award accelerates upon the involuntary separation of service of the director from the Company or a Change in Control. The director restricted stock units vest, subject to certain conditions, in substantially equal installments on each anniversary date during the three-year period beginning on July 18, 2017.

Approval of Employment Agreement with James Swent

On December 8, 2017, upon recommendation of the Committee, the Board approved a subsidiary of the Company entering into an employment agreement with James Swent, the Company's President and Chief Executive Officer, with an effective date of August 21, 2017 (the "Agreement"). Capitalized Terms not defined in this description shall have the definition attributed them in the Agreement.

The term of the Agreement is for a three-year period from the effective date. Upon the expiration of the three-year period, the agreement automatically renews for successive one-year periods upon the same terms and conditions unless either party provides written notice of the intention not to extend at least ninety days prior to the renewal date.

The Agreement provides that Mr. Swent will be paid a base salary of \$600,000 annually. The base salary will be reviewed at least annually by the Board and the Board may increase the salary during the term (but is not required to do so) but the Board may not decrease the salary. Mr. Swent is eligible to receive an annual, performance-based bonus under the Company's applicable annual incentive plan and to receive equity-based long-term incentive awards under the Company's applicable plans and programs. The target bonus opportunity shall be 100% of base salary and shall be based on the achievement of performance metrics and targets established by the Board (or a committee thereof). The actual bonus may be higher or lower than target, as determined by the Board (or a committee thereof). Mr. Swent

is eligible to receive a pro-rata bonus for the period from the effective date until December 31, 2017. As an inducement to join the Company, Mr. Swent was granted a one-time award of restricted stock units (the "Inducement RSUs") with an aggregate dollar value of \$2,500,000 as of the date of grant. The Inducement RSUs vest in three substantially equal installments. The first installment vested on the date of grant and the remaining installments vest on July 18, 2019 and July 18, 2020, respectively.

Mr. Swent is entitled to fringe benefits and perquisites that are no less favorable than those provided in accordance with Company practices and to the extent the Company provides similar benefits and perquisites to other executives within the Company. Notwithstanding the foregoing, Mr. Swent is entitled to (i) an automobile allowance of \$1,000 per complete calendar month (less applicable taxes and withholdings), and (ii) in the event Mr. Swent does not relocate to Houston, Texas, a housing allowance of \$5,000 per complete calendar month (less applicable taxes and withholdings). Mr. Swent is also entitled to participate in all benefits, practices and programs maintained by the Company.

In the event Mr. Swent's employment terminates as a result of an expiration of the term, for Cause or Without Good Reason, Mr. Swent shall be entitled to: (i) accrued but unpaid base salary; (ii) accrued but unused vacation; and (iii) reimbursement of unreimbursed business expenses; and (iv) vested employment benefits. Items (i)-(iii) are referred to as the "Accrued Amounts." In the event of Mr. Swent's failure to renew the Agreement, he will receive a lump sum payment equal to the pro rata portion of the target bonus for the period of time in the calendar year for which Mr. Swent worked.

In the event of termination due to Mr. Swent's death or Disability, he or his beneficiaries shall be entitled to the Accrued Amounts, and notwithstanding anything to the contrary in the award agreements, all outstanding unvested time-vested equity awards under the Plan or any similar equity incentive plan shall immediately vest, options shall become immediately exercisable until their termination, and any awards subject to performance criteria shall vest at the target level of performance.

In the event Mr. Swent's employment is terminated without Cause or for Good Reason, Mr. Swent will receive the Accrued Amounts. In exchange for a release of claims, and subject to compliance with requirements regarding Confidential Information, Non-Competition and Non-Solicitation, Mr. Swent will be entitled to the following: (i) a lump sum payment equal to two times base salary and target bonus; (ii) a lump sum payment equal to the pro rata portion of the target bonus for the period of time in the calendar year for which Mr. Swent worked; (iii) the Company will promptly reimburse Mr. Swent for the difference between COBRA premiums for he and his dependents and the monthly premium amount of similarly situated active executives until the earlier of the eighteen month anniversary of the termination date, the date Mr. Swent is no longer able to receive COBRA continuation coverage, or the date in which he is able to receive substantially similar coverage from another source; and (iv) all outstanding unvested time-vested equity awards under the Plan or any similar equity incentive plan shall immediately vest, options shall become immediately exercisable until their termination, and with respect to any awards subject to performance criteria the service period shall be deemed satisfied but the vesting shall remain subject to the performance conditions of the award.

In the event the Agreement is not renewed by the Company, Mr. Swent in exchange for a release and subject to compliance with requirements regarding Confidential Information, Non-Competition and Non-Solicitation, will receive the compensation outlined above for termination Without Cause or for Good Reason, except the lump sum payment will be equal to one times base salary and target bonus.

In the event of a termination for Good Reason or by the Company without Cause (other than termination resulting from death, Disability or a non-renewal) within 12 months of a Change in Control, in exchange for a release and subject to compliance with requirements regarding Confidential Information, Non-Competition and Non-Solicitation Mr. Swent will receive the compensation outlined above for termination without Cause or for Good Reason, except the lump sum payment will be equal to three times base salary and target bonus.

In the event of a Change in Control, notwithstanding anything to the contrary in the award agreements, all outstanding unvested time-vested equity awards under the Plan or any similar equity incentive plan shall immediately vest, options shall become immediately exercisable until their termination, and any awards subject to performance criteria shall vest at the target level of performance.

In the event any payment or benefit received or to be received in connection with a Change of Control or Mr. Swent's termination of employment, would be subject to an Excise Tax under 280G, the payments will be reduced to the minimum extent necessary to avoid the Excise Tax. Any reduction shall be made in a manner consistent with 409A.

In the event of a termination for Cause or by Mr. Swent without Good Reason prior to July 18, 2018, Mr. Swent shall issue to the company an unsecured promissory note in the amount of \$833,333 which shall be due and payable on the earlier to occur of (i) the disposition by Mr. Swent of any the shares received in connection with the Inducement RSUs, and (ii) the date of the commencement by the Company of an underwritten public offering.

Any incentive compensation paid to Mr. Swent is subject to any clawback policy adopted by the Company pursuant to any law, regulation or stock exchange listing requirement, or in the absence of any such law, regulation or stock exchange listing requirement consistent with the rules proposed by the Securities and Exchange Commission on July 1, 2015 under Section 10D of the Securities Exchange Act of 1934, providing for clawback or recovery of amounts that were paid to an applicable participant

The Agreement also contains Non-Compete and Non-Solicitation provisions during the period Mr. Swent is employed by the Company or its subsidiaries and for a two-year period thereafter.

Item 9.01 Financial Statements and Exhibits.

(d) EXHIBITS

- 10.1 Paragon Offshore Limited Long Term Incentive Plan
- 10.2 Form of Time-Vested Restricted Stock Unit Award
- 10.3 Form of Director Restricted Stock Unit Award
- 10.4 Employment Agreement by and between the Company and James Swent dated effective August 21, 2017.

PARAGON OFFSHORE LTD.

By: /s/ Todd D. Strickler
Todd D. Strickler
Senior Vice President of Administration,
General Counsel and Corporate

Date: December 20, 2017

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PARAGON OFFSHORE LIMITED
LONG TERM INCENTIVE PLAN

1. **Purpose.** The purpose of the Paragon Offshore Limited Long Term Incentive Plan (the “*Plan*”) is to provide a means through which (a) Paragon Offshore Limited, an exempted company limited by shares incorporated under the laws of the Cayman Islands (the “*Company*”), and its Affiliates may attract, retain and motivate qualified persons as employees, directors and consultants, thereby enhancing the profitable growth of the Company and its Affiliates and (b) persons upon whom the responsibilities of the successful administration and management of the Company and its Affiliates rest, and whose present and potential contributions to the Company and its Affiliates are of importance, can acquire and maintain share ownership or awards the value of which is tied to the performance of the Company, thereby strengthening their concern for the Company and its Affiliates. Accordingly, the Plan provides for the grant of Options, SARs, Restricted Stock, Restricted Stock Units, Stock Awards, Dividend Equivalents, Other Stock-Based Awards, Cash Awards, Substitute Awards, Performance Awards, or any combination of the foregoing, as determined by the Committee in its sole discretion. It is the general intention of the Company to design Awards to comply with or to be exempt from the Nonqualified Deferred Compensation Rules, and Awards will be operated and construed accordingly.

2. **Definitions.** For purposes of the Plan, the following terms shall be defined as set forth below:

(a) “*Affiliate*” means any corporation, partnership, limited liability company, limited liability partnership, association, trust or other organization that, directly or indirectly, controls, is controlled by, or is under common control with, the Company. For purposes of the preceding sentence, “control” (including, with correlative meanings, the terms “controlled by” and “under common control with”), as used with respect to any entity or organization, shall mean the possession, directly or indirectly, of the power (i) to vote more than 50% of the securities having ordinary voting power for the election of directors of the controlled entity or organization or (ii) to direct or cause the direction of the management and policies of the controlled entity or organization, whether through the ownership of voting securities, by contract, or otherwise.

(b) “*ASC Topic 718*” means the Financial Accounting Standards Board Accounting Standards Codification Topic 718, *Compensation – Stock Compensation*, as amended or any successor accounting standard.

(c) “**Award**” means any Option, SAR, Restricted Stock, Restricted Stock Unit, Stock Award, Dividend Equivalent, Other Stock-Based Award, Cash Award, Substitute Award or Performance Award, together with any other right or interest, granted under the Plan.

(d) “**Award Agreement**” means any written instrument (including any employment, severance or change in control agreement) that sets forth the terms, conditions, restrictions and/or limitations applicable to an Award, in addition to those set forth under the Plan.

(e) “**Board**” means the Board of Directors of the Company.

(f) “**Cash Award**” means an Award denominated in cash granted under Section 6(i).

(g) “**Change in Control**” means, except as otherwise provided within an Award Agreement, the occurrence of any of the following events after the Effective Date:

(i) a “change in the ownership” of the Company within the meaning of Treasury Regulation § 1.409A-3(i)(5)(v), whereby any one person, or more than one person acting as a “group” (for purposes of this clause (i), as such term is defined in Treasury Regulation § 1.409A-3(i)(5)(v)(B)), acquires ownership of stock in the Company that, together with stock held by such person or group, constitutes more than 50% of the stock of the Company;

(ii) A “change in the effective control” of the Company within the meaning of Treasury Regulation § 1.409A-3(i)(5)(vi), whereby either (A) any one person, or more than one person acting as a “group” (for purposes of this clause (ii), as such term is defined in Treasury Regulation § 1.409A-3(i)(5)(vi)(D)), acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of the Company possessing 30% or more of the total voting power of the stock of the Company; or (B) a majority of the members of the Board are replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the Board prior to the date of the appointment or election; or

(iii) a “change in the ownership of a substantial portion” of the Company’s assets within the meaning of Treasury Regulation § 1.409A-3(i)(5)(vii), whereby any one person, or more than one person acting as a “group” (for purposes of this clause (iii), as such term is defined in Treasury Regulation § 1.409A-3(i)(5)(vii)(C)), acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) all or substantially all of the assets of the Company immediately prior to such acquisition or acquisitions.

The Committee shall have full discretion to interpret the meaning or application of this Change in Control definition.

(h) “**Change in Control Price**” means the amount determined in the following clause (i), (ii), (iii), (iv) or (v), whichever the Committee determines is applicable, as follows: (i) the price per share offered to holders of Shares in any merger or consolidation, (ii) the per share Fair Market Value of the Shares immediately before the Change in Control or other event without regard to assets sold in the Change in Control or other event and assuming the Company has

received the consideration paid for the assets in the case of a sale of the assets, (iii) the amount distributed per Share in a dissolution transaction, (iv) the price per share offered to holders of Shares in any tender offer or exchange offer whereby a Change in Control or other event takes place, or (v) if such Change in Control or other event occurs other than pursuant to a transaction described in clauses (i), (ii), (iii), or (iv) of this Section 2(h), the value per Share that may otherwise be obtained with respect to such Awards or to which such Awards track, as determined by the Committee as of the date determined by the Committee to be the date of cancellation and surrender of such Awards. In the event that the consideration offered to shareholders of the Company in any transaction described in this Section 2(h) or in Section 8(e) consists of anything other than cash, the Committee shall determine the fair cash equivalent of the portion of the consideration offered which is other than cash and such determination shall be binding on all affected Participants to the extent applicable to Awards held by such Participants.

(i) “**Code**” means the Internal Revenue Code of 1986, as amended from time to time, including the guidance and regulations promulgated thereunder and successor provisions, guidance and regulations thereto.

(j) “**Committee**” means a committee of two or more directors designated by the Board to administer the Plan.

(k) “**Dividend Equivalent**” means a right, granted to an Eligible Person under Section 6(g), to receive cash, Shares, other Awards or other property equal in value to dividends paid with respect to a specified number of Shares, or other periodic payments.

(l) “**Effective Date**” means December 8, 2017.

(m) “**Eligible Person**” means any individual who, as of the date of grant of an Award, is an officer or employee of the Company or of any of its Affiliates, and any other person who provides services to the Company or any of its Affiliates, including directors of the Company. An employee on leave of absence may be an Eligible Person.

(n) “**Fair Market Value**” of a Share means, as of any specified date, the amount determined by the Committee in its discretion in such manner as it deems appropriate, taking into account all factors the Committee deems appropriate, including the Nonqualified Deferred Compensation Rules. Notwithstanding this definition of Fair Market Value, with respect to one or more Award types, or for any other purpose for which the Committee must determine the Fair Market Value under the Plan, the Committee may elect to choose a different measurement date or methodology for determining Fair Market Value so long as the determination is consistent with the Nonqualified Deferred Compensation Rules and all other applicable laws and regulations.

(o) “**ISO**” means an Option intended to be and designated as an “incentive stock option” within the meaning of Section 422 of the Code.

(p) “**Nonqualified Deferred Compensation Rules**” means the limitations or requirements of (i) Section 409A of the Code and (ii) Section 457A of the Code, in each case, as amended from time to time, including the guidance and regulations promulgated thereunder and successor provisions, guidance and regulations thereto.

(q) “*Nonstatutory Option*” means an Option that is not an ISO.

(r) “*Option*” means a right, granted to an Eligible Person under Section 6(b), to purchase Shares at a specified price during specified time periods that may either be an ISO or a Nonstatutory Option.

(s) “*Other Stock-Based Award*” means an Award granted to an Eligible Person under Section 6(h).

(t) “*Participant*” means a person who has been granted an Award under the Plan that remains outstanding, including a person who is no longer an Eligible Person.

(u) “*Performance Award*” means an award granted to an Eligible Person under Section 6(k), the grant, vesting, exercisability and/or settlement of which (and/or the timing or amount thereof) is subject to the achievement of one or more performance goals specified by the Committee.

(v) “*Qualifying Public Offering*” shall mean the first firm commitment underwritten public offering of Shares for cash where the Shares registered under the Securities Act are listed on a national securities exchange.

(w) “*Restricted Stock*” means Shares granted to an Eligible Person under Section 6(d) that are subject to certain restrictions and to a risk of surrender or forfeiture.

(x) “*Restricted Stock Unit*” means a right, granted to an Eligible Person under Section 6(e), to receive Shares, cash or a combination thereof at the end of a specified period (which may or may not be coterminous with the vesting schedule of the Award).

(y) “*SAR*” means a stock appreciation right granted to an Eligible Person under Section 6(c).

(z) “*Securities Act*” means the Securities Act of 1933, as amended from time to time, including the guidance, rules and regulations promulgated thereunder and successor provisions, guidance, rules and regulations thereto.

(aa) “*Shares*” means the ordinary shares, par value \$0.001 per share, of the Company and such other securities as may be substituted (or re-substituted) for Shares pursuant to Section 8.

(bb) “*Stock Award*” means unrestricted Shares granted to an Eligible Person under Section 6(f).

(cc) “*Substitute Award*” means an Award granted under Section 6(j).

3. Administration.

(a) Authority of the Committee. The Plan shall be administered by the Committee except to the extent the Board elects to administer the Plan, in which case references

herein to the “Committee” shall be deemed to include references to the “Board.” Subject to the express provisions of the Plan and applicable law, the Committee shall have the authority, in its sole and absolute discretion, to:

- (i) designate Eligible Persons as Participants;
- (ii) determine the type or types of Awards to be granted to an Eligible Person;
- (iii) determine the number of Shares or amount of cash to be covered by Awards;
- (iv) determine the terms and conditions of any Award, including whether, to what extent and under what circumstances Awards may be vested, settled, exercised, cancelled, surrendered or forfeited (including conditions based on continued employment or service requirements or the achievement of one or more performance goals);
- (v) modify, waive or adjust any term or condition of an Award that has been granted, which may include the acceleration of vesting, waiver of forfeiture or surrender restrictions, modification of the form of settlement of the Award (for example, from cash to Shares or vice versa), early termination of a performance period, or modification of any other condition or limitation regarding an Award;
- (vi) determine the treatment of an Award upon a termination of employment or other service relationship;
- (vii) impose a holding period with respect to an Award or the Shares received in connection with an Award;
- (viii) interpret and administer the Plan and any Award Agreement;
- (ix) correct any defect, supply any omission or reconcile any inconsistency in the Plan, in any Award, or in any Award Agreement; and
- (x) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Plan.

The express grant of any specific power to the Committee, and the taking of any action by the Committee, shall not be construed as limiting any power or authority of the Committee. Any action of the Committee shall be final, conclusive and binding on all persons, including the Company, its Affiliates, shareholders, Participants, beneficiaries, and permitted transferees under Section 7(a) or other persons claiming rights from or through a Participant.

(b) Delegation of Authority. The Committee may delegate any or all of its powers and duties under the Plan to a subcommittee of directors or to any officer of the Company, including the power to perform administrative functions and grant Awards; provided, however, that such delegation does not violate state or corporate law. Upon any such delegation, all references in the Plan to the “Committee,” other than in Section 8, shall be deemed to include any

subcommittee or officer of the Company to whom such powers have been delegated by the Committee. Any such delegation shall not limit the right of such subcommittee members or such an officer to receive Awards; provided, however, that such subcommittee members and any such officer may not grant Awards to himself or herself or a member of the Board, or take any action with respect to any Award previously granted to himself or herself or a member of the Board. The Committee may also appoint agents who are not executive officers of the Company or members of the Board to assist in administering the Plan.

(c) Limitation of Liability. The Committee and each member thereof shall be entitled to, in good faith, rely or act upon any report or other information furnished to him or her by any officer or employee of the Company or any of its Affiliates, the Company's legal counsel, independent auditors, consultants or any other agents assisting in the administration of the Plan. Members of the Committee and any officer or employee of the Company or any of its Affiliates acting at the direction or on behalf of the Committee shall not be personally liable for any action or determination taken or made in good faith with respect to the Plan, and shall, to the fullest extent permitted by law, be indemnified and held harmless by the Company with respect to any such action or determination.

(d) Participants in Non-U.S. Jurisdictions. Notwithstanding any provision of the Plan to the contrary, to comply with applicable laws in countries other than the United States in which the Company or any of its Affiliates operates or has employees, directors or other service providers from time to time the Committee, in its sole discretion, shall have the power and authority to: (i) determine which of the Company's Affiliates shall be covered by the Plan; (ii) determine which Eligible Persons outside the United States are eligible to participate in the Plan; (iii) modify the terms and conditions of any Award granted to Eligible Persons outside the United States to comply with applicable foreign laws, including withholding and tax-related provisions; (iv) establish sub-plans and modify exercise procedures and other terms and procedures, to the extent such actions may be necessary or advisable (any such sub-plans and/or modifications shall be attached to the Plan as appendices), provided, however, that no such sub-plans and/or modifications shall increase the share limitations contained in Section 4(a); and (v) take any action, before or after an Award is granted, that it deems advisable to comply with any applicable governmental regulatory exemptions or approval. For purposes of the Plan, all references to foreign laws, rules, regulations or taxes shall be references to the laws, rules, regulations and taxes of any applicable jurisdiction other than the United States or a political subdivision thereof.

4. **Shares Subject to Plan.**

(a) Number of Shares Available for Issuance. Subject to adjustment in a manner consistent with Section 8, 500,000 Shares are reserved and available for issuance with respect to Awards, and such total shall be available for the issuance of shares upon the exercise of ISOs.

(b) Application of Limitation to Grants of Awards. Subject to Section 4(c), no Award may be granted if the number of Shares that may be issued in connection with such Award exceeds the number of Shares remaining available under the Plan minus the number of Shares issuable in settlement of or relating to then-outstanding Awards. The Committee may adopt reasonable counting procedures to ensure appropriate counting, avoid double counting (as, for

example, in the case of tandem or Substitute Awards) and make adjustments if the number of Shares actually issued differs from the number of Shares previously counted in connection with an Award.

(c) Availability of Shares Not Issued under Awards. If all or any portion of an Award expires or is cancelled, surrendered, forfeited, exchanged, settled in cash or otherwise terminated, the Shares subject to such Award (including (i) Shares surrendered or forfeited with respect to Restricted Stock, and (ii) the number of Shares withheld or surrendered to the Company in payment of any exercise or purchase price of an Award or taxes relating to Awards) shall not be considered “issued Shares” under the Plan, shall be available for issuance with respect to Awards, and shall no longer be considered issuable or related to outstanding Awards for purposes of Section 4(b). If an Award may be settled only in cash, such Award need not be counted against any share limit under this Section 4.

(d) Shares Offered. The Shares to be issued under the Plan shall be made available from (i) authorized but unissued Shares, (ii) Shares held in the treasury of the Company, or (iii) previously issued Shares reacquired by the Company.

5. **Eligibility**. Awards may be granted under the Plan only to Eligible Persons.

6. **Specific Terms of Awards**.

(a) General. Awards may be granted on the terms and conditions set forth in this Section 6. Awards granted under the Plan may, in the discretion of the Committee, be granted either alone, in addition to, or in tandem with any other Award. In addition, the Committee may impose on any Award or the exercise thereof, at the date of grant or thereafter (subject to Section 10), such additional terms and conditions, not inconsistent with the provisions of the Plan, as the Committee shall determine.

(b) Options. The Committee is authorized to grant Options, which may be designated as either ISOs or Nonstatutory Options, to Eligible Persons on the following terms and conditions:

(i) Exercise Price. Each Award Agreement evidencing an Option shall state the exercise price per Share (the “**Exercise Price**”) established by the Committee; provided, however, that except as provided in Section 6(j) or in Section 8, the Exercise Price of an Option shall not be less than the greater of (A) the par value per Share or (B) 100% of the Fair Market Value per Share as of the date of grant of the Option (or in the case of an ISO granted to an individual who owns shares possessing more than 10% of the total combined voting power of all classes of shares of the Company or its parent or any of its subsidiaries, 110% of the Fair Market Value per Share on the date of grant).

(ii) Time and Method of Exercise; Other Terms. The Committee shall determine the methods by which the Exercise Price may be paid or deemed to be paid, the form of such payment, including cash or cash equivalents, Shares (including previously owned shares or through a cashless exercise, i.e., “net settlement”, a broker-assisted exercise, or other reduction of the amount of shares otherwise issuable pursuant to the Option), other Awards or awards granted under other plans of the Company or any Affiliate, other property, or any other legal consideration

the Committee deems appropriate (including notes or other contractual obligations of Participants to make payment on a deferred basis), the methods by or forms in which Shares will be issued or deemed to be issued to Participants, including the issuance of Restricted Stock subject to Section 6(d), and any other terms and conditions of any Option. In the case of an exercise whereby the Exercise Price is paid with Shares, such Shares shall be valued based on the Share's Fair Market Value as of the date of exercise. No Option may be exercisable for a period of more than ten years following the date of grant of the Option (or in the case of an ISO granted to an individual who owns shares possessing more than 10% of the total combined voting power of all classes of shares of the Company or its parent or any of its subsidiaries, for a period of more than five years following the date of grant of the ISO).

(iii) ISOs. The terms of any ISO granted under the Plan shall comply in all respects with the provisions of Section 422 of the Code. ISOs may only be granted to Eligible Persons who are employees of the Company or employees of a parent or any subsidiary corporation of the Company. Except as otherwise provided in Section 8, no term of the Plan relating to ISOs (including any SAR in tandem therewith) shall be interpreted, amended or altered, nor shall any discretion or authority granted under the Plan be exercised, so as to disqualify either the Plan or any ISO under Section 422 of the Code, unless the Participant has first requested the change that will result in such disqualification. ISOs shall not be granted more than ten years after the earlier of the adoption of the Plan or the approval of the Plan by the Company's shareholders. Notwithstanding the foregoing, to the extent that the aggregate Fair Market Value of shares of Shares subject to an ISO and the aggregate Fair Market Value of shares of any parent or subsidiary corporation (within the meaning of Sections 424(e) and (f) of the Code) subject to any other incentive stock options of the Company or a parent or subsidiary corporation (within the meaning of Sections 424(e) and (f) of the Code) that are exercisable for the first time by a Participant during any calendar year exceeds \$100,000, or such other amount as may be prescribed under Section 422 of the Code, such excess shall be treated as Nonstatutory Options in accordance with the Code. As used in the previous sentence, Fair Market Value shall be determined as of the date the ISO is granted. If a Participant shall make any disposition of Shares issued pursuant to an ISO under the circumstances described in Section 421(b) of the Code (relating to disqualifying dispositions), the Participant shall notify the Company of such disposition within the time provided to do so in the applicable award agreement.

(c) SARs. The Committee is authorized to grant SARs to Eligible Persons on the following terms and conditions:

(i) Right to Payment. An SAR is a right to receive, upon exercise thereof, the excess of (A) the Fair Market Value of one Share on the date of exercise over (B) the grant price of the SAR as determined by the Committee.

(ii) Grant Price. Each Award Agreement evidencing an SAR shall state the grant price per Share established by the Committee; provided, however, that except as provided in Section 6(j) or in Section 8, the grant price per Share subject to an SAR shall not be less than the greater of (A) the par value per share of the Shares or (B) 100% of the Fair Market Value per Share as of the date of grant of the SAR.

(iii) Method of Exercise and Settlement; Other Terms. The Committee shall determine the form of consideration payable upon settlement, the method by or forms in which Shares (if any) will be issued or deemed to be issued to Participants, and any other terms and conditions of any SAR. SARs may be either free-standing or granted in tandem with other Awards. No SAR may be exercisable for a period of more than ten years following the date of grant of the SAR.

(iv) Rights Related to Options. An SAR granted in connection with an Option shall entitle a Participant, upon exercise, to surrender that Option or any portion thereof, to the extent unexercised, and to receive payment of an amount determined by multiplying (A) the difference obtained by subtracting the Exercise Price with respect to a Share specified in the related Option from the Fair Market Value of a Share on the date of exercise of the SAR, by (B) the number of Shares as to which that SAR has been exercised. The Option shall then cease to be exercisable to the extent surrendered. SARs granted in connection with an Option shall be subject to the terms and conditions of the Award Agreement governing the Option, which shall provide that the SAR is exercisable only at such time or times and only to the extent that the related Option is exercisable and shall not be transferable except to the extent that the related Option is transferrable.

(d) Restricted Stock. The Committee is authorized to grant Restricted Stock to Eligible Persons on the following terms and conditions:

(i) Restrictions. Restricted Stock shall be subject to such restrictions on transferability, risk of surrender or forfeiture and other restrictions, if any, as the Committee may impose. Except as provided in Section 7(a)(iii) and Section 7(a)(iv), during the restricted period applicable to the Restricted Stock, the Restricted Stock may not be sold, transferred, pledged, hedged, hypothecated, margined or otherwise encumbered by the Participant.

(ii) Dividends and Splits. As a condition to the grant of an Award of Restricted Stock, the Committee may allow a Participant to elect, or may require, that any cash dividends paid on a share of Restricted Stock be automatically reinvested in additional shares of Restricted Stock, applied to the purchase of additional Awards or deferred without interest to the date of vesting of the associated Award of Restricted Stock. Unless otherwise determined by the Committee and specified in the applicable Award Agreement, Stock distributed in connection with a Stock split or Stock dividend, and other property (other than cash) distributed as a dividend, shall be subject to restrictions and a risk of surrender or forfeiture to the same extent as the Restricted Stock with respect to which such Stock or other property has been distributed.

(e) Restricted Stock Units. The Committee is authorized to grant Restricted Stock Units to Eligible Persons on the following terms and conditions:

(i) Award and Restrictions. Restricted Stock Units shall be subject to such restrictions (which may include a risk of surrender or forfeiture) as the Committee may impose.

(ii) Settlement. Settlement of vested Restricted Stock Units shall occur upon vesting or upon expiration of the deferral period specified for such Restricted Stock Units by

the Committee (or, if permitted by the Committee, as elected by the Participant). Restricted Stock Units shall be settled by issuance of (A) a number of Shares equal to the number of Restricted Stock Units for which settlement is due, or (B) cash in an amount equal to the Fair Market Value of the specified number of Shares equal to the number of Restricted Stock Units for which settlement is due, or a combination thereof, as determined by the Committee at the date of grant or thereafter.

(f) Stock Awards. The Committee is authorized to grant Stock Awards to Eligible Persons as a bonus, as additional compensation, or in lieu of cash compensation any such Eligible Person is otherwise entitled to receive, in such amounts and subject to such other terms as the Committee in its discretion determines to be appropriate.

(g) Dividend Equivalents. The Committee is authorized to grant Dividend Equivalents to Eligible Persons, entitling any such Eligible Person to receive cash, Shares, other Awards, or other property equal in value to dividends or other distributions paid with respect to a specified number of Shares. Dividend Equivalents may be awarded on a free-standing basis or in connection with another Award (other than an Award of Restricted Stock or a Stock Award). The Committee may provide that Dividend Equivalents shall be paid or distributed when accrued or at a later specified date and, if distributed at a later date, may be deemed to have been reinvested in additional Shares, Awards, or other investment vehicles or accrued in a bookkeeping account without interest, and subject to such restrictions on transferability and risks of surrender or forfeiture, as the Committee may specify. With respect to Dividend Equivalents granted in connection with another Award, absent a contrary provision in the Award Agreement, such Dividend Equivalents shall be subject to the same restrictions and risk of surrender or forfeiture as the Award with respect to which the dividends accrue and shall not be paid unless and until such Award has vested and been earned.

(h) Other Stock-Based Awards. The Committee is authorized, subject to limitations under applicable law, to grant to Eligible Persons such other Awards that may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on, or related to, Shares, as deemed by the Committee to be consistent with the purposes of the Plan, including convertible or exchangeable debt securities, other rights convertible or exchangeable into Shares, purchase rights for Shares, Awards with value and payment contingent upon performance of the Company or any other factors designated by the Committee, and Awards valued by reference to the book value of Shares or the value of securities of, or the performance of, specified Affiliates of the Company. The Committee shall determine the terms and conditions of such Other Stock-Based Awards. Shares issued pursuant to an Other-Stock Based Award in the nature of a purchase right granted under this Section 6(h) shall be purchased for such consideration, paid for at such times, by such methods, and in such forms, including cash, Shares, other Awards, or other property, as the Committee shall determine.

(i) Cash Awards. The Committee is authorized to grant Cash Awards, on a free-standing basis or as an element of, a supplement to, or in lieu of any other Award under the Plan to Eligible Persons in such amounts and subject to such other terms as the Committee in its discretion determines to be appropriate.

(j) Substitute Awards. Awards may be granted in substitution or exchange for any other Award granted under the Plan or under another plan of the Company or an Affiliate or any other right of an Eligible Person to receive payment from the Company or an Affiliate. Awards may also be granted under the Plan in substitution for awards held by individuals who become Eligible Persons as a result of a merger, consolidation or acquisition of another entity or the assets of another entity by or with the Company or an Affiliate. Such Substitute Awards referred to in the immediately preceding sentence that are Options or SARs may have an exercise price that is less than the Fair Market Value of a Share on the date of the substitution if such substitution complies with or remains exempt from the Nonqualified Deferred Compensation Rules and other applicable laws.

(k) Performance Awards. The Committee is authorized to designate any of the Awards granted under the foregoing provisions of this Section 6 as Performance Awards. The Committee may use such business criteria and other measures of performance as it may deem appropriate in establishing any performance goals applicable to a Performance Award, and may exercise its discretion to reduce or increase the amounts payable under any Performance Award. Performance goals may differ among Performance Awards granted to any one Participant or to different Participants. The performance period applicable to any Performance Award shall be set by the Committee in its discretion but shall not exceed ten years.

7. **Certain Provisions Applicable to Awards.**

(a) Limit on Transfer of Awards.

(i) Except as provided in Sections 7(a)(iii) and (iv), each Option and SAR shall be exercisable only by the Participant during the Participant's lifetime, or by the person to whom the Participant's rights shall pass by will or the laws of descent and distribution. Notwithstanding anything to the contrary in this Section 7(a), an ISO shall not be transferable other than by will or the laws of descent and distribution.

(ii) Except as provided in Sections 7(a)(i), (iii) and (iv), no Award, other than a Stock Award, and no right under any such Award, may be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by a Participant and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against the Company or any Affiliate.

(iii) To the extent specifically provided by the Committee, an Award may be transferred by a Participant without consideration to immediate family members or related family trusts, limited partnerships or similar entities or on such terms and conditions as the Committee may from time to time establish.

(iv) An Award may be transferred pursuant to a domestic relations order entered or approved by a court of competent jurisdiction upon delivery to the Company of a written request for such transfer and a certified copy of such order.

(b) Form and Timing of Payment under Awards; Deferrals. Subject to the terms of the Plan and any applicable Award Agreement, payments to be made by the Company or any of its Affiliates upon the exercise or settlement of an Award may be made in such forms as the

Committee shall determine in its discretion, including cash, Shares, other Awards or other property, and may be made in a single payment or transfer, in installments, or on a deferred basis (which may be required by the Committee or permitted at the election of the Participant on terms and conditions established by the Committee); provided, however, that any such deferred or installment payments will be set forth in the Award Agreement. Payments may include, without limitation, provisions for the payment or crediting of reasonable interest on installment or deferred payments or the grant or crediting of Dividend Equivalents or other amounts in respect of installment or deferred payments denominated in Shares.

(c) Evidencing Shares. The Shares or other securities of the Company issued pursuant to an Award may be evidenced in any manner deemed appropriate by the Committee in its sole discretion, including in the form of a certificate issued in the name of the Participant or by book entry, electronic or otherwise, and shall be subject to such other restrictions as the Committee may deem advisable under the Plan or as may be required by any applicable federal, state or other laws, and the Committee may cause a legend or legends to be inscribed on any such certificates to make appropriate reference to such restrictions. Further, if certificates representing Restricted Stock are registered in the name of the Participant, the Company may retain physical possession of the certificates and may require that the Participant deliver a stock power to the Company, endorsed in blank, related to the Restricted Stock.

(d) Consideration for Grants. Awards may be granted for such consideration, including services, as the Committee shall determine, but shall not be granted for less than the minimum lawful consideration.

(e) Additional Agreements. Each Eligible Person to whom an Award is granted under the Plan may be required to agree in writing, as a condition to the grant of such Award or otherwise, to subject an Award that is exercised or settled following such Eligible Person's termination of employment or service to a general release of claims and/or a noncompetition or other restricted covenant agreement in favor of the Company and its Affiliates, with the terms and conditions of such agreement(s) to be determined in good faith by the Committee.

8. Subdivision or Consolidation; Recapitalization; Change in Control; Reorganization.

(a) Existence of Plans and Awards. The existence of the Plan and the Awards granted hereunder shall not affect in any way the right or power of the Company, the Board or the shareholders of the Company to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, any merger or consolidation of the Company, any issue of debt or equity securities ahead of or affecting Shares or the rights thereof, the dissolution or liquidation of the Company or any sale, lease, exchange or other disposition of all or any part of its assets or business or any other corporate act or proceeding.

(b) Additional Issuances. Except as expressly provided herein, the issuance by the Company of Shares of any class, including upon conversion of shares or obligations of the Company convertible into such shares or other securities, and in any case whether or not for fair value, shall not affect, and no adjustment by reason thereof shall be made with respect to, the

number of Shares subject to Awards theretofore granted or the purchase price per Share, if applicable.

(c) Subdivision or Consolidation of Shares. The terms of an Award and the share limitations under the Plan shall be subject to adjustment by the Committee from time to time, in accordance with the following provisions:

(i) If at any time, or from time to time, the Company shall subdivide as a whole (by reclassification, by a Share split, by the issuance of a distribution on Shares payable in Shares, or otherwise) the number of Shares then outstanding into a greater number of Shares or in the event the Company distributes an extraordinary cash dividend, then, as appropriate (A) the maximum number of Shares available for issuance with respect to Awards and applicable limitations with respect to Awards provided in Section 4 and Section 5 (other than cash limits) shall be increased proportionately, and the kind of shares or other securities available for the Plan shall be appropriately adjusted, (B) the number of Shares (or other kind of shares or securities) that may be acquired under any then outstanding Award shall be increased proportionately, and (C) the price (including the Exercise Price or grant price) for each Share (or other kind of shares or securities) subject to then outstanding Awards shall be reduced proportionately, without changing the aggregate purchase price or value as to which outstanding Awards remain exercisable or subject to restrictions; provided, however, that in the case of an extraordinary cash dividend that is not an Adjustment Event, the adjustment to the number of Shares and the Exercise Price or grant price, as applicable, with respect to an outstanding Option or SAR may be made in such other manner as the Committee may determine that is permitted pursuant to applicable tax and other laws, rules and regulations.

(ii) If at any time, or from time to time, the Company shall consolidate as a whole (by reclassification, by reverse Stock split, or otherwise) the number of Shares then outstanding into a lesser number of Shares, then, as appropriate (A) the maximum number of Shares available for issuance with respect to Awards and applicable limitations with respect to Awards provided in Section 4 and Section 5 (other than cash limits) shall be decreased proportionately, and the kind of shares or other securities available for the Plan shall be appropriately adjusted, (B) the number of Shares (or other kind of shares or securities) that may be acquired under any then outstanding Award shall be decreased proportionately, and (C) the price (including the Exercise Price or grant price) for each Share (or other kind of shares or securities) subject to then outstanding Awards shall be increased proportionately, without changing the aggregate purchase price or value as to which outstanding Awards remain exercisable or subject to restrictions.

(d) Recapitalization. In the event of any change in the capital structure or business of the Company or other corporate transaction or event that would be considered an “equity restructuring” within the meaning of ASC Topic 718 and, in each case, that would result in an additional compensation expense to the Company pursuant to the provisions of ASC Topic 718, if adjustments to Awards with respect to such event were discretionary or otherwise not required (each such an event, an “*Adjustment Event*”), then the Committee shall equitably adjust (i) the aggregate number or kind of shares that thereafter may be issued under the Plan, (ii) the number or kind of shares or other property (including cash) subject to an Award, (iii) the terms and conditions of Awards, including the purchase price or Exercise Price of Awards and

performance goals, as applicable, and (iv) the applicable limitations with respect to Awards provided in Section 4 and Section 5 (other than cash limits) to equitably reflect such Adjustment Event (“*Equitable Adjustments*”). In the event of any change in the capital structure or business of the Company or other corporate transaction or event that would not be considered an Adjustment Event, and is not otherwise addressed in this Section 8, the Committee shall have complete discretion to make Equitable Adjustments (if any) in such manner as it deems appropriate with respect to such other event.

(e) Change in Control and Other Events. Except to the extent otherwise provided in any applicable Award Agreement, vesting of any Award shall not automatically occur solely upon the occurrence of a Change in Control and, in the event of a Change in Control or other changes in the Company or the outstanding Shares by reason of a recapitalization, reorganization, merger, consolidation, combination, exchange or other relevant change occurring after the date of the grant of any Award, the Committee, acting in its sole discretion without the consent or approval of any holder, may exercise any power enumerated in Section 3 (including the power to accelerate vesting, waive any surrender or forfeiture conditions or otherwise modify or adjust any other condition or limitation regarding an Award) and may also effect one or more of the following alternatives, which may vary among individual holders and which may vary among Awards held by any individual holder:

(i) accelerate the vesting of any Award, in part or in full;

(ii) accelerate the time of exercisability of an Award so that such Award may be exercised in full or in part for a limited period of time on or before a date specified by the Committee, after which specified date all unexercised Awards and all rights of holders thereunder shall terminate;

(iii) redeem in whole or in part outstanding Awards by requiring the mandatory surrender to the Company by selected holders of some or all of the outstanding Awards held by such holders (irrespective of whether such Awards are then vested or exercisable) as of a date, specified by the Committee, in which event the Committee shall thereupon cancel such Awards and pay to each holder an amount of cash or other consideration per Award (other than a Dividend Equivalent or Cash Award, which the Committee may separately require to be surrendered in exchange for cash or other consideration determined by the Committee in its discretion) equal to the Change in Control Price, less the Exercise Price with respect to an Option and less the grant price with respect to a SAR, as applicable to such Awards; provided, however, that to the extent the Exercise Price of an Option or the grant price of an SAR exceeds the Change in Control Price, such Award may be cancelled for no consideration;

(iv) cancel Awards that remain subject to a restricted period as of the date of a Change in Control or other such event without payment of any consideration to the Participant for such Awards; or

(v) make such adjustments to Awards then outstanding as the Committee deems appropriate to reflect such Change in Control or other such event (including the substitution, assumption, or continuation of Awards by the successor company or a parent or subsidiary thereof);

provided, however, that so long as the event is not an Adjustment Event, the Committee may determine in its sole discretion that no adjustment is necessary to Awards then outstanding. If an Adjustment Event occurs, this Section 8(e) shall only apply to the extent it is not in conflict with Section 8(d).

9. **General Provisions.**

(a) Restricted Securities. Prior to a Qualifying Public Offering, the Shares to be issued under this Plan, which may be issued in reliance on any available exemption under the Securities Act, shall be deemed to be “restricted securities” as defined in Rule 144, promulgated by the Securities and Exchange Commission under the Securities Act as from time to time in effect and applicable to the Plan and Participants. Resales of such Shares by the holder thereof shall be in compliance with the Securities Act or an exemption therefrom. Such Shares may bear a legend if determined necessary by the Committee in substantially the following form:

“THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAWS. THE SHARES MAY NOT BE OFFERED FOR SALE, SOLD, PLEDGED, TRANSFERRED, OR OTHERWISE DISPOSED OF UNTIL THE HOLDER HEREOF PROVIDES EVIDENCE SATISFACTORY TO PARAGON OFFSHORE LIMITED (WHICH, IN THE DISCRETION OF PARAGON OFFSHORE LIMITED, MAY INCLUDE AN OPINION OF COUNSEL SATISFACTORY TO PARAGON OFFSHORE LIMITED) THAT SUCH OFFER, SALE, PLEDGE, TRANSFER, OR OTHER DISPOSITION WILL NOT VIOLATE APPLICABLE FEDERAL OR STATE LAWS.”

(b) Shareholders’ Agreement. Prior to a Qualifying Public Offering, the Shares to be issued under this Plan shall be subject to that certain Shareholder’s Agreement dated July 18, 2017 between the Company and the beneficial owners of the Shares from time to time, as may be amended (the “*Shareholders’ Agreement*”). Notwithstanding anything herein to the contrary, no provision of this Plan shall be construed as creating any rights with respect to the Shares issued under this Plan other than the rights of a shareholder of the Company including any rights under the Shareholders’ Agreement, if applicable.

(c) Lock-Up Period. If so requested by the Company or any representative of the underwriters (the “*Managing Underwriter*”) in connection with any registration of the offering of any securities of the Company under the Securities Act, a Participant or transferee will not sell or otherwise transfer any Shares or other securities of the Company during the 180-day period (or such other period as may be requested in writing by the Managing Underwriter and agreed to in writing by the Company) (the “*Market Standoff Period*”) following the effective date of a Qualifying Public Offering. The Company may impose stop-transfer instructions with respect to securities subject to the foregoing restrictions until the end of such Market Standoff Period.

(d) Tax Withholding. Subject to any limitations set forth within the Company’s debt or credit agreements, the Company and any of its Affiliates shall net settle Awards by withholding from an applicable Award granted, or any payment relating to an Award, including from a distribution of Shares, taxes due or potentially payable in connection with any transaction

involving an Award, and to take such other action as the Committee may deem advisable to enable the Company, its Affiliates and Participants to satisfy the payment of withholding taxes and other tax obligations relating to any Award in such amounts as may be determined by the Committee. The maximum number of Shares that may be so withheld or surrendered shall be the number of Shares that have an aggregate Fair Market Value on the date of withholding or surrender equal to the aggregate amount of such tax liabilities determined based on the greatest withholding rates for federal, state, foreign and/or local tax purposes, including payroll taxes, that may be utilized without creating adverse accounting treatment for the Company with respect to such Award, as determined by the Committee. In the event that the Company or an applicable Affiliate is restricted from providing for a net settlement for an Award, the Participant shall be responsible for all applicable taxes due in connection with an Award, and the Company or an applicable Affiliate shall be authorized to make arrangements with the Participant for the payment of applicable taxes, including, without limitation, the delivery of cash or any other legal consideration the Committee deems appropriate.

(e) Limitation on Rights Conferred under Plan. Neither the Plan nor any action taken hereunder shall be construed as (i) giving any Eligible Person or Participant the right to continue as an Eligible Person or Participant or in the employ or service of the Company or any of its Affiliates, (ii) interfering in any way with the right of the Company or any of its Affiliates to terminate any Eligible Person's or Participant's employment or service relationship at any time, (iii) giving an Eligible Person or Participant any claim to be granted any Award under the Plan or to be treated uniformly with other Participants and/or employees and/or other service providers, or (iv) conferring on a Participant any of the rights of a shareholder of the Company unless and until the Participant is duly issued or transferred Shares in accordance with the terms of an Award.

(f) Governing Law; Submission to Jurisdiction. All questions arising with respect to the provisions of the Plan and Awards shall be determined by application of the laws of the State of Texas, without giving effect to any conflict of law provisions thereof, except to the extent Texas law is preempted by federal law. The obligation of the Company to sell and issue Shares hereunder is subject to applicable federal and state laws and to the approval of any governmental authority required in connection with the authorization, issuance or sale of such Shares. With respect to any claim or dispute related to or arising under the Plan, the Company and each Participant who accepts an Award hereby consent to the exclusive jurisdiction, forum and venue of the state and federal courts located in Harris County, Texas.

(g) Severability and Reformation. If any provision of the Plan or any Award is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction or as to any person or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to the applicable law or, if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction, person or Award and the remainder of the Plan and any such Award shall remain in full force and effect. If any of the terms or provisions of the Plan or any Award Agreement conflict with the requirements of Section 422 of the Code (with respect to ISOs), then those conflicting terms or provisions shall be deemed inoperative to the extent they so conflict with the requirements Section 422 of the Code. With respect to ISOs, if the Plan does not contain any provision required to be included herein under Section 422 of the Code, that provision shall

be deemed to be incorporated herein with the same force and effect as if that provision had been set out at length herein; provided, further, that, to the extent any Option that is intended to qualify as an ISO cannot so qualify, that Option (to that extent) shall be deemed a Nonstatutory Option for all purposes of the Plan.

(h) Unfunded Status of Awards; No Trust or Fund Created. The Plan is intended to constitute an “unfunded” plan for certain incentive awards. Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any Affiliate and a Participant or any other person. To the extent that any person acquires a right to receive payments from the Company or any Affiliate pursuant to an Award, such right shall be no greater than the right of any general unsecured creditor of the Company or such Affiliate.

(i) Nonexclusivity of the Plan. Neither the adoption of the Plan by the Board nor its submission to the shareholders of the Company for approval shall be construed as creating any limitations on the power of the Board or a committee thereof to adopt such other incentive arrangements as it may deem desirable. Nothing contained in the Plan shall be construed to prevent the Company or any of its Affiliates from taking any corporate action which is deemed by the Company or such Affiliate to be appropriate or in its best interest, whether or not such action would have an adverse effect on the Plan or any Award made under the Plan. No employee, beneficiary or other person shall have any claim against the Company or any of its Affiliates as a result of any such action.

(j) Fractional Shares. No fractional Shares shall be issued pursuant to the Plan or any Award, and the Committee shall determine in its sole discretion whether cash, other securities, or other property shall be paid or transferred in lieu of any fractional Shares or whether such fractional Shares or any rights thereto shall be cancelled, terminated, or otherwise eliminated with or without consideration.

(k) Interpretation. Headings are given to the Sections and subsections of the Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision thereof. Words in the masculine gender shall include the feminine gender, and, where appropriate, the plural shall include the singular and the singular shall include the plural. In the event of any conflict between the terms and conditions of an Award Agreement and the Plan, the provisions of the Plan shall control. The use herein of the word “including” following any general statement, term or matter shall not be construed to limit such statement, term or matter to the specific items or matters set forth immediately following such word or to similar items or matters, whether or not non-limiting language (such as “without limitation”, “but not limited to”, or words of similar import) is used with reference thereto, but rather shall be deemed to refer to all other items or matters that could reasonably fall within the broadest possible scope of such general statement, term or matter. References herein to any agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof and not prohibited by the Plan.

(l) Facility of Payment. Any amounts payable hereunder to any individual under legal disability or who, in the judgment of the Committee, is unable to manage properly his

financial affairs, may be paid to the legal representative of such individual, or may be applied for the benefit of such individual in any manner that the Committee may select, and the Company shall be relieved of any further liability for payment of such amounts.

(m) Conditions to Issuance of Shares. Nothing herein or in any Award Agreement shall require the Company to issue any shares with respect to any Award if that issuance would, in the opinion of counsel for the Company, constitute a violation of any applicable statute or regulation. In addition, each Participant who receives an Award under the Plan shall not sell or otherwise dispose of Shares that are acquired upon grant, exercise or vesting of an Award in any manner that would constitute a violation of any applicable federal or state securities laws or the Plan. At the time of any exercise of an Option or SAR, or at the time of any grant of any other Award, the Company may, as a condition precedent to the exercise of such Option or SAR or settlement of any other Award, require from the Participant (or in the event of his or her death, his or her legal representatives, heirs, legatees, or distributees) such written representations, if any, concerning the holder's intentions with regard to the retention or disposition of the Shares being acquired pursuant to the Award and such written covenants and agreements, if any, as to the manner of disposal of such shares as, in the opinion of counsel to the Company, may be necessary to ensure that any disposition by that holder (or in the event of the holder's death, his or her legal representatives, heirs, legatees, or distributees) will not involve a violation of any applicable state or federal statute or regulation. Shares or other securities shall not be issued pursuant to any Award until payment in full of any amount required to be paid pursuant to the Plan or the applicable Award Agreement (including any Exercise Price, grant price, or tax withholding) is received by the Company.

(n) The Nonqualified Deferred Compensation Rules. It is the general intention, but not the obligation, of the Committee to design Awards to comply with or to be exempt from the Nonqualified Deferred Compensation Rules, and Awards will be operated and construed accordingly. Neither this Section 9(n) nor any other provision of the Plan is or contains a representation to any Participant regarding the tax consequences of the grant, vesting, exercise, settlement, or sale of any Award (or the Shares underlying such Award) granted hereunder, and should not be interpreted as such. In no event shall the Company be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by the Participant on account of non-compliance with the Nonqualified Deferred Compensation Rules. Notwithstanding any provision in the Plan or an Award Agreement to the contrary, in the event that a "specified employee" (as defined under the Nonqualified Deferred Compensation Rules) becomes entitled to a payment under an Award that would be subject to additional taxes and interest under the Nonqualified Deferred Compensation Rules if the Participant's receipt of such payment or benefits is not delayed until the earlier of (i) the date of the Participant's death, or (ii) the date that is six months after the Participant's "separation from service," as defined under the Nonqualified Deferred Compensation Rules (such date, the "*Deferred Payment Date*"), then such payment or benefit shall not be provided to the Participant until the Deferred Payment Date. Any amounts subject to the preceding sentence that would otherwise be payable prior to the Deferred Payment Date will be aggregated and paid in a lump sum without interest on the Deferred Payment Date. The applicable provisions of the Nonqualified Deferred Compensation Rules are hereby incorporated by reference and shall control over any Plan or Award Agreement provision in conflict therewith.

(o) Clawback. The Plan and the Awards granted hereunder are subject to any clawback policy (whether in existence as of the Effective Date or later adopted) that the Company may establish (i) pursuant to any law, government regulation or stock exchange listing requirement or, (ii) in the absence of any such law, government regulation or stock exchange listing requirement, consistent with the rules proposed by the Securities and Exchange Commission on July 1, 2015 under Section 10D of the Securities Exchange Act of 1934, providing for clawback or recovery of amounts that were paid to the an applicable Participant.

(p) Status under ERISA. The Plan shall not constitute an “employee benefit plan” for purposes of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended.

(q) Plan Effective Date and Term. The Plan was adopted by the Board to be effective on the Effective Date. No Awards may be granted under the Plan on and after the tenth anniversary of the Effective Date, which is December 8, 2017. However, any Award granted prior to such termination (or any earlier termination pursuant to Section 10), and the authority of the Board or Committee to amend, alter, adjust, suspend, discontinue, or terminate any such Award or to waive any conditions or rights under such Award in accordance with the terms of the Plan, shall extend beyond such termination until the final disposition of such Award.

10. Amendments to the Plan and Awards. The Committee may amend, alter, suspend, discontinue or terminate any Award or Award Agreement, the Plan or the Committee’s authority to grant Awards without the consent of shareholders or Participants, except that any amendment or alteration to the Plan, including any increase in any share limitation, shall be subject to the approval of the Company’s shareholders not later than the annual meeting next following such Committee action if such shareholder approval is required by any federal or state law or regulation, and the Committee may otherwise, in its discretion, determine to submit other changes to the Plan to shareholders for approval; provided, that, without the consent of an affected Participant, no such Committee action may materially and adversely affect the rights of such Participant under any previously granted and outstanding Award. For purposes of clarity, any adjustments made to Awards pursuant to Section 8 will be deemed not to materially and adversely affect the rights of any Participant under any previously granted and outstanding Award and therefore may be made without the consent of affected Participants.



**PARAGON OFFSHORE LIMITED
LONG TERM INCENTIVE PLAN**

TIME-VESTED RESTRICTED STOCK UNIT AWARD

THIS AWARD AGREEMENT (this “*Agreement*”), made as of the 8th day of December, 2017 (the “*Grant Date*”), by Paragon Offshore Limited, an exempted company limited by shares incorporated under the laws of the Cayman Islands (the “*Company*”), evidences the Award (as defined in the Paragon Offshore Limited Long Term Incentive Plan (the “*Plan*”)) of time-vested Restricted Stock Units awarded hereunder to «FULL_NAME» (“*Employee*”) and sets forth the restrictions, terms and conditions that apply thereto.

W I T N E S S E T H:

WHEREAS, the Committee acting under the Plan has determined that it is desirable to award time-vested Restricted Stock Units to Employee pursuant to the Plan; and

WHEREAS, pursuant to the Plan, the Committee has determined that the time-vested Restricted Stock Units so awarded shall be subject to the restrictions, terms and conditions set forth in this Agreement;

NOW, THEREFORE, the Award of time-vested Restricted Stock Units is hereby granted to Employee as follows:

Time-Vested Restricted Stock Unit Award. On the terms and conditions and subject to the restrictions, including surrender, hereinafter set forth, the Company hereby awards «Shares» Restricted Stock Units (the “*Awarded Restricted Stock Units*”) to Employee pursuant to the Plan. The Awarded Restricted Stock Units are being awarded to Employee effective as of the Grant Date, and shall vest or be surrendered in accordance with (and otherwise be subject to) the provisions of this Agreement. The Awarded Restricted Stock Units are being awarded to Employee in consideration for services provided by Employee to the Company and without the payment of any cash consideration by Employee, except that payment of nominal value in cash in respect of the Shares hereunder may be required by the Committee or pursuant to procedures of the Committee in respect of the allotment and issuance or transfer of such Shares.

Vesting and Surrender. Except as set forth in Section 3 of this Agreement, the Awarded Restricted Stock Units shall vest and the surrender restrictions applicable to them under this Agreement shall terminate in accordance with the provisions of the attached Schedule I, provided that Employee remains continuously employed by the Company or a Subsidiary from the Grant Date to the applicable date of vesting. Except as set forth in Section 3 of this Agreement, any

Awarded Restricted Stock Units that have not already vested shall be surrendered by Employee upon the termination of Employee's employment with the Company and the Subsidiaries. Transfers of employment without interruption of service between or among the Company and any of its Subsidiaries shall not be considered a termination of employment.

Acceleration of Vesting. Subject to the terms and conditions of this Agreement, including the last sentence of Section 2 hereof:

All of the Awarded Restricted Stock Units that have not already vested shall become fully vested and no longer subject to any surrender restrictions under this Agreement if (i) Employee's employment with the Company or a Subsidiary is terminated due to the Employee's death, or (ii) upon the occurrence of a Change in Control. In the event that Employee's employment with the Company or a Subsidiary is terminated due to Employee's Disability, Employee may be eligible for full or partial acceleration of vesting upon the approval of the Compensation Committee.

For purposes of this Agreement, the following terms shall have the meanings specified below:

"Cause" shall mean (A) the willful and continued failure of Employee to perform substantially Employee's duties for the Company (other than any such failure resulting from bodily injury or disease or any

other incapacity due to mental or physical illness) after a written demand for substantial performance is delivered to Employee by the Vice President of Human Resources of the Company, which specifically identifies the manner in which the Company believes Employee has not substantially performed Employee's duties; or (B) the willful engaging by Employee in illegal conduct or gross misconduct that is materially and demonstrably detrimental to the Company and/or its Subsidiaries, monetarily or otherwise. For purposes of this provision, no act, or failure to act, on the part of Employee shall be considered "willful" unless done, or omitted to be done, by Employee in bad faith or without reasonable belief that Employee's action or omission was in the best interests of the Company. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board, upon the instructions of the Chief Executive Officer or another senior officer of the Company or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by the Employee in good faith and in the best interests of the Company and its Subsidiaries.

"Disability" shall mean the absence of Employee from Employee's duties on a full-time basis for an aggregate of 180 days within any given period of 270 consecutive days (in addition to any statutorily required leave of absence and any leave of absence approved by the Company) as a result of incapacity of Employee, despite any reasonable accommodation required by law, due to bodily injury or disease or any other mental or physical illness, which will, in the opinion of a physician selected by the Company or its insurers and acceptable to Employee or Employee's legal representative, be permanent and continuous during the remainder Employee's life.

Settlement of Award. The Company shall, subject to the satisfaction of Employee's

obligations under Section 7 hereof, allot and issue or transfer to Employee one Share in settlement of each vested Awarded Restricted Stock Unit and, upon such settlement, such Awarded Restricted Stock Unit shall be cancelled. Notwithstanding the foregoing, the Committee, in its sole discretion, may, in lieu of settling the vested Awarded Restricted Stock Unit in Shares, settle any vested Awarded Restricted Stock Unit in cash by paying to Employee an amount equal to the Fair Market Value of a Share (determined as of the applicable vesting date) and, upon such settlement, such Awarded Restricted Stock Unit shall be cancelled. Any settlement of an Awarded Restricted Stock Unit shall be made as soon as practicable following the applicable vesting date (but no later than the end of the calendar year in which vesting occurs or, if later, 74th day after vesting).

No Rights as Shareholder. Employee shall have no rights as a shareholder of the Company, including, without limitation, voting rights or the right to receive dividends and distributions as a shareholder, with respect to the Shares subject to the Awarded Restricted Stock Units, unless and until such Shares (if any) are allotted and issued or transferred to Employee as provided herein.

Dividend Equivalent Rights. The Company hereby awards to Employee rights to Dividend Equivalents with respect to the Awarded Restricted Stock Units. The Dividend Equivalents awarded to Employee under this Section 6 shall entitle Employee to the payment, with respect to each Share that is subject to an Awarded Restricted Stock Unit that has not been cancelled or surrendered, of an amount in cash equal to the amount of any cash dividend or other cash distribution paid by the Company with respect to one Share while such Awarded Restricted Stock Unit remains outstanding. Such amount shall be subject to the same vesting schedule as the Awarded Restricted Stock Unit to which it relates and shall be paid to Employee, in cash, on the date that the Awarded Restricted Stock Unit to which it relates is settled in accordance with Section 4 hereof. Any Dividend Equivalents which relate to an Awarded Restricted Stock Unit that does not become vested shall be surrendered at the same time the related Awarded Restricted Stock Unit is surrendered.

Arrangements and Procedures Regarding Nominal Value and Withholding Taxes. Employee shall make arrangements satisfactory to the Committee for the payment of the aggregate nominal value with respect to the Shares that are allotted and issued or transferred to or on behalf of Employee in settlement of Awarded Restricted Stock Units that have become vested.

If Employee does not, for whatever reason, satisfy his or her obligations under Section 7(a), then the Company and its Affiliates shall, to the extent permitted by law, have the right to deduct from any payments of any kind otherwise due to Employee the amount required to satisfy the obligations of Employee under Section 7(a).

The Company (or any of its Affiliates) shall net settle the Awarded Restricted Stock Units by withholding from any Awarded Restricted Stock Units, or any payment relating to the Award, including from a distribution of Shares, taxes due or potentially payable in connection with any transaction involving the Awarded Restricted Stock Units. The maximum number of Shares that may be so withheld or surrendered shall be the number of Shares that have an aggregate Fair Market Value on the date of withholding or surrender equal to the aggregate amount of such tax liabilities determined based on the greatest withholding rates for federal, state, foreign and/or local tax purposes, including payroll taxes, that may be utilized without creating adverse accounting treatment for the Company with respect to the Awarded Restricted Stock Units, as determined by

the Committee.

Non-Assignability; Transfer Restrictions. This Agreement is not assignable or transferable by Employee. No right or interest of Employee under this Agreement or the Plan may be assigned, transferred or alienated, in whole or in part, either directly or by operation of law (except by will or the laws of descent and distribution or pursuant to a qualified domestic relations order within the meaning of Section 414(p) of the Code or a similar domestic relations order under applicable foreign law, in each case, in such form as is acceptable to the Committee), and no such right or interest shall be liable for or subject to any debt, obligation or liability of Employee.

Compliance with Securities Law. Notwithstanding any provision of this Agreement to the contrary, the issuance of Shares will be subject to compliance with all applicable requirements of federal, state, or foreign law with respect to such securities and with the requirements of any stock exchange or market system upon which the Shares may then be listed. No Shares will be issued hereunder if such issuance would constitute a violation of any applicable federal, state, or foreign securities laws or other law or regulations or the requirements of any stock exchange or market system upon which the Shares may then be listed. In addition, Shares will not be issued hereunder unless a) a registration statement under the Securities Act is, at the time of issuance, in effect with respect to the Shares issued or b) in the opinion of legal counsel to the Company, the Shares issued may be issued in accordance with the terms of an applicable exemption from the registration requirements of the Securities Act. **YOU ARE CAUTIONED THAT ISSUANCE OF SHARES UPON THE VESTING OF RESTRICTED STOCK UNITS GRANTED PURSUANT TO THIS AGREEMENT MAY NOT OCCUR UNLESS THE FOREGOING CONDITIONS ARE SATISFIED.** The inability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Company's legal counsel to be necessary to the lawful issuance and sale of any shares subject to the Award will relieve the Company of any liability in respect of the failure to issue such shares as to which such requisite authority has not been obtained. As a condition to any issuance hereunder, the Company may require you to satisfy any qualifications that may be necessary or appropriate to evidence compliance with any applicable law or regulation and to make any representation or warranty with respect to such compliance as may be requested by the Company. From time to time, the Board and appropriate officers of the Company are authorized to take the actions necessary and appropriate to file required documents with governmental authorities, stock exchanges, and other appropriate Persons to make Shares available for issuance.

Lock-Up Period. Employee hereby agrees that, if so requested by the Company or any representative of the underwriters (the "**Managing Underwriter**") in connection with any registration of the offering of any securities of the Company under the Securities Act, you will not sell or otherwise transfer any Shares acquired hereunder or other securities of the Company during the 180 day period (or such other period as may be requested in writing by the Managing Underwriter and agreed to in writing by the Company) (the "**Market Standoff Period**") following the effective date of a registration statement of the Company filed under the Securities Act. Such restriction will apply only to the first registration statement of the Company to become effective under the Securities Act that includes securities to be sold on behalf of the Company to the public in an underwritten public offering under the Securities Act. The Company may impose stop-transfer instructions with respect to securities subject to the foregoing restrictions until the end of such Market Standoff Period.

Legends. The Company may at any time place legends referencing any restrictions imposed on the shares pursuant to Sections 9 and 10 of this Agreement on all certificates representing shares issued with respect to this Award.

Defined Terms; Plan Provisions. Unless the context clearly indicates otherwise, the capitalized terms used (and not otherwise defined) in this Agreement shall have the meanings assigned to them under the provisions of the Plan. The Awarded Restricted Stock Units and the Dividend Equivalent rights subject to this Agreement shall be governed by and subject to all applicable provisions of the Plan. This Agreement is subject to the Plan, and the Plan shall govern where there is any inconsistency between the Plan and this Agreement. In accepting the Awarded Restricted Stock Units, Employee accepts and agrees to be bound by all the terms and conditions of the Plan and this Agreement.

Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Texas, without regard to the principles of conflicts of laws thereof, except to the extent Texas law is preempted by federal law of the United States. The obligation of the Company to allot and issue or transfer Shares is subject to applicable laws and to the approval of any governmental authority required in connection with the authorization, issuance or sale of such Shares.

Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and permitted assigns.

Prior Communications; Amendment. This Agreement, together with any Schedules and Exhibits and any other writings referred to herein or delivered pursuant hereto, evidences the Award granted hereunder, which shall be subject to the restrictions, terms and conditions hereof, and supersedes all prior agreements and understandings, whether written or oral, between the parties with respect to the subject matter hereof. To the fullest extent provided by applicable law, this Agreement may only be amended, modified and supplemented in accordance with the applicable terms and conditions set forth in the Plan.

Notices. All notices and other communications hereunder shall be in writing and shall be deemed given if directed in the manner specified below, to the parties at the following addresses and numbers:

If to the Company, when delivered by hand, confirmed fax or mail (registered or certified mail with postage prepaid) to:

Paragon Offshore Limited
3151 Briarpark Drive,
Suite 700
Houston, Texas 77042
Attention: Human Resources
Fax: 832-783-4175

With a copy to:

Chairman of Compensation Committee
c/o Paragon Offshore Limited
3151 Briarpark Drive,
Suite 700
Houston, Texas 77042
Fax: 832-783-4175

If to Employee, when delivered by hand, confirmed fax or mail (registered or certified mail with postage prepaid) to:

The last known address and number for Employee as maintained in the personnel records of the Company

For purposes of this Section 16, the Company shall provide Employee with written notice of any change of the Company's address, and Employee shall be responsible for providing the Company with proper notice of any change of Employee's address pursuant to the Company's personnel policies, and from and after the giving of such notice the address or addresses therein specified will be deemed to be the address of such party for the purposes of giving notice hereunder.

Severability. If any provision of this Agreement is held to be unenforceable, this Agreement shall be considered divisible and such provision shall be deemed inoperative to the extent it is deemed unenforceable, and in all other respects the restrictions, terms and conditions set forth in this Agreement shall remain in full force and effect; provided, however, that if any such provision may be made enforceable by limitation thereof, then such provision shall be deemed to be so limited and shall be enforceable to the maximum extent permitted by applicable law.

Descriptive Headings. The descriptive headings herein are inserted for convenience of reference only, do not constitute a part of this Agreement, and shall not affect in any manner the meaning or interpretation of this Agreement.

Gender. Pronouns in masculine, feminine and neuter genders shall be construed to include any other gender, and words in the singular form shall be construed to include the plural and vice versa, unless the context otherwise requires.

References. The words "this Agreement," "herein," "hereof," "hereby," "hereunder" and words of similar import refer to this Agreement as a whole and not to any particular subdivision unless expressly so limited. Whenever the words "include," "includes" and "including" are used in this Agreement, such words shall be deemed to be followed by the words "without limitation."

Unfunded Awards. The Awards made under this Agreement are unfunded and unsecured obligations and rights to provide or receive compensation in accordance with the provisions hereof, and to the extent that Employee acquires a right to receive compensation from the Company or a Subsidiary pursuant to this Agreement, such right shall be no greater than the right of any unsecured general creditor of the Company or such Subsidiary.

Compliance with Code Section 409A and Section 457A. The compensation payable to or with respect to Employee pursuant to the Awarded Restricted Stock Units and any related Dividend Equivalents or otherwise under this Agreement is intended to be exempt from the application of the Nonqualified Deferred Compensation Rules by reason of the short-term deferral exemption set forth in U.S. Treasury regulation §1.409A-1(b)(4) and the short term deferral exception to Section 457A of the Code, set forth in Q&A-4 of I.R.S. Notice 2009-8, 2009-1 C.B. 347, and this Agreement shall be administered and construed to the fullest extent possible to reflect and implement such intent (provided, that the Company makes no representation that this Agreement complies with the Nonqualified Deferred Compensation Rules and shall have no liability to Employee for any failure to comply with the Nonqualified Deferred Compensation Rules). If any provision of this Agreement or the Plan would result in the imposition of an additional tax under the Nonqualified Deferred Compensation Rules, the Company may in its discretion amend that provision, to the extent permissible under Section the Nonqualified Deferred Compensation Rules, to avoid imposition of the additional tax; provided, however, that this Section 22 shall not create any obligation on the part of the Company to adopt any such amendment, nor shall the Company have any liability for failing to do so.

No Company Representations or Advice. Employee is hereby notified, and by accepting the Awards under this Agreement, Employee acknowledges, that the Company is not providing, and no employee or Subsidiary of the Company is authorized to provide, any tax, legal or financial advice, nor to make any recommendations regarding Employee's participation in the Plan and/or the acquisition or disposition of the Shares subject to the Awarded Restricted Stock Units. Employee is advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan. The Company and its Subsidiaries (i) make no representations or undertakings regarding the tax treatment of any aspect of the Awarded Restricted Stock Units or Dividend Equivalent rights, the issuance of Shares or payment of cash in respect thereof, the subsequent sale of Shares acquired pursuant to such issuance and the receipt of any dividends with respect to such Shares, and (ii) are under no obligation to structure the terms of the grant or any other aspect of the Awarded Restricted Stock Units or the Dividend Equivalent rights to reduce or eliminate Employee's tax liability or achieve any particular tax result. Employee hereby releases, acquits and forever discharges the Company Group (defined below) from all actions, causes of actions, suits, debts, obligations, liabilities, claims, damages, losses, costs and expenses of any nature whatsoever, known or unknown, on account of, arising out of, or in any way related to the tax effects associated with Employee's receipt and holding of, the lapse of restrictions with respect to and the settlement of the Awarded Restricted Stock Units or Dividend Equivalent rights. The Company makes no representation or guarantee to Employee as to the future value of the Shares underlying the Awarded Restricted Stock Units.

Electronic Delivery and Participation. The Company may, in its sole discretion, decide to deliver any documents related to the Awards under this Agreement or to Employee's current or future participation in the Plan by electronic means. By accepting the Awards under this Agreement, Employee consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

Furnish Information; Data Privacy. Employee agrees to furnish to the Company all

information requested by the Company to enable it to comply with any reporting or other requirements imposed upon the Company by or under any applicable statute or regulation. By accepting the Awards under this Agreement, Employee explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Employee's personal data as described in this Agreement and any other Plan-related materials by and among the Company and any of its Subsidiaries (collectively, the "**Company Group**") and service providers for the exclusive purpose of implementing, administering and managing Employee's participation in the Plan. Employee understands that the Company Group may hold certain personal information about Employee, including, but not limited to, Employee's name, home address and telephone number, date of birth, social security number or other identification number, salary, nationality, job title, any shares or directorships held in the Company Group, details of any Awards under the Plan or any other entitlement to Shares awarded, cancelled, exercised, vested, unvested or outstanding (collectively, "**Data**") which may be transferred within the Company Group or to such Plan service providers as may be selected by the Company from time to time for the exclusive purpose of assisting the Company with the implementation, administration and management of the Plan. The recipients of Data may be located in the United States or elsewhere, and the recipients' country (e.g., the United States) may have different data privacy laws and protections than Employee's country. Employee's consent to the sharing of such Data as provided herein may be refused or revoked, but such refusal or withdrawal of such consent may affect Employee's ability to participate in the Plan. For more information, Employee may contact his or her human resources representative.

Employment Relationship. For purposes of this Agreement, Employee shall be considered to be in the employment of the Company and its Subsidiaries as long as Employee has an employment relationship with a member of the Company Group. The Committee shall determine any questions as to whether and when there has been a termination of such employment relationship and the cause of such termination under the Plan, and the Committee's determination shall be final and binding on all persons. The Committee may, in its sole discretion, determine that if Employee is on leave of absence for any reason Employee will be considered to still be in the employ of, or providing services for, the Company or the Company Group, provided that rights to the Awarded Restricted Stock Units and any related Dividend Equivalents during a leave of absence will be limited to the extent to which those rights were earned or vested when the leave of absence began. Records of the Company or of the Company Group regarding Employee's period of service, termination of service and the reason(s) therefor, and other matters shall be conclusive for all purposes hereunder, unless determined by the Company to be incorrect. This Agreement is not an employment agreement, and no provision of this Agreement shall be construed or interpreted to create an employment relationship between Employee and any member of the Company Group or guarantee the right to remain employed by any member of the Company Group for any specified term.

Limitation of Liability. Under no circumstances will any member of the Company Group be liable for any indirect, incidental, consequential or special damages (including lost profits) of any form incurred by any person, whether or not foreseeable and regardless of the form of the act in which such a claim may be brought, with respect to the Plan. No member of the Company Group and no member of the Board shall be liable for any act, omission or determination taken or made in good faith with respect to the Agreement or the Awards granted hereunder.

Execution of Receipts and Releases. Any payment of cash or any issuance or transfer of Shares or other property to Employee, or to Employee's legal representative, heir, legatee or distributee, in accordance with the provisions hereof, shall, to the extent thereof, be in full satisfaction of all claims of such persons hereunder. The Company may require Employee or Employee's legal representative, heir, legatee or distributee, as a condition precedent to such payment or issuance to execute a release and receipt therefor in such form as it shall determine.

Clawback. The Awards granted hereunder are subject to any clawback policy (whether in existence as of the Grant Date or later adopted) that the Company may establish (i) pursuant to any law, government regulation or stock exchange listing requirement or, (ii) in the absence of any such law, government regulation or stock exchange listing requirement, consistent with the rules proposed by the Securities and Exchange Commission on July 1, 2015 under Section 10D of the Securities Exchange Act of 1934, providing for clawback or recovery of amounts that were paid to Employee.

IN WITNESS WHEREOF, the Company has signed and delivered this Agreement as of the date first above written.

PARAGON OFFSHORE LIMITED



Name: Julie Ferro

Title: Vice President – Human Resources

SCHEDULE I
PARAGON OFFSHORE LIMITED
RESTRICTION PERIODS
FOR AWARD OF TIME-VESTED RESTRICTED STOCK UNITS

The Committee has determined that the following specified restricted time periods shall be applicable to the Awarded Restricted Stock Units awarded pursuant to the Agreement:

1. **Restriction Periods.**

- (i) 33% of the Awarded Restricted Stock Units shall vest and no longer be subject to surrender on July 18, 2018; and
- (ii) 33% of the Awarded Restricted Stock Units shall vest and no longer be subject to surrender on July 18, 2019; and
- (iii) 34% of the Awarded Restricted Stock Units shall vest and no longer be subject to surrender on July 18, 2020.



**PARAGON OFFSHORE LIMITED
LONG TERM INCENTIVE PLAN**

**TIME-VESTED RESTRICTED STOCK UNIT AWARD
(Non-Employee Director Form)**

THIS AWARD AGREEMENT (this “*Agreement*”), made as of the 8th day of December, 2017 (the “*Grant Date*”), by Paragon Offshore Limited, an exempted company limited by shares incorporated under the laws of the Cayman Islands (the “*Company*”), evidences the Award (as defined in the Paragon Offshore Limited Long Term Incentive Plan (the “*Plan*”)) of time-vested Restricted Stock Units awarded hereunder to «FULL_NAME» (“*Director*”) and sets forth the restrictions, terms and conditions that apply thereto.

W I T N E S S E T H:

WHEREAS, the Committee acting under the Plan has determined that it is desirable to award time-vested Restricted Stock Units to Director pursuant to the Plan; and

WHEREAS, pursuant to the Plan, the Committee has determined that the time-vested Restricted Stock Units so awarded shall be subject to the restrictions, terms and conditions set forth in this Agreement;

NOW, THEREFORE, the Award of time-vested Restricted Stock Units is hereby granted to Director as follows:

Time-Vested Restricted Stock Unit Award. On the terms and conditions and subject to the restrictions, including surrender, hereinafter set forth, the Company hereby awards «**Shares**» Restricted Stock Units (the “*Awarded Restricted Stock Units*”) to Director pursuant to the Plan. The Awarded Restricted Stock Units are being awarded to Director effective as of the Grant Date, and shall vest or be surrendered in accordance with (and otherwise be subject to) the provisions of this Agreement. The Awarded Restricted Stock Units are being awarded to Director in consideration for services provided by Director to the Company and without the payment of any cash consideration by Director, except that payment of nominal value in cash in respect of the Shares hereunder may be required by the Committee or pursuant to procedures of the Committee in respect of the allotment and issuance or transfer of such Shares.

Vesting and Surrender. Except as set forth in Section 3 of this Agreement, the Awarded Restricted Stock Units shall vest and the surrender restrictions applicable to them under this Agreement shall terminate in accordance with the provisions of the attached Schedule I, provided that Director continuously provides services to the Company or a Subsidiary from the Grant Date to the applicable date of vesting. Except as set forth in Section 3 of this Agreement, any Awarded

Restricted Stock Units that have not already vested shall be surrendered by Director upon the termination of Director's services with the Company and the Subsidiaries.

Acceleration of Vesting. Subject to the terms and conditions of this Agreement, including the last sentence of Section 2 hereof:

All of the Awarded Restricted Stock Units that have not already vested shall become fully vested and no longer subject to any surrender restrictions under this Agreement if (i) Director incurs a separation from service with the Company or a Subsidiary due to an Involuntary Separation (defined below), or (ii) upon the occurrence of a Change in Control.

For purposes of this Agreement, the following terms shall have the meanings specified below:

“Cause” shall mean, upon a determination by a majority of the disinterested Board members, that Director has engaged in any of the following: (i) malfeasance in office; (ii) gross misconduct or neglect; (iii) false or fraudulent misrepresentation inducing your appointment; (iv) willful conversion of corporate funds; or (v) repeated failure to participate in Board meetings on a regular basis despite having received proper notice of the meetings in advance.

“Disability” shall mean the absence of Director from Director's duties on a full-time basis for an aggregate of 180 days within any given period of 270 consecutive days (in addition to any statutorily required leave of absence and any leave of absence approved by the Company) as a result of incapacity of Director, despite any reasonable accommodation required by law, due to bodily injury or disease or any other mental or physical illness, which will, in the opinion of a physician selected by the Company or its insurers and acceptable to Director or Director's legal representative, be permanent and continuous during the remainder of Director's life.

“Involuntary Separation” shall mean a separation from service due to Director's death or Disability, or any separation from service that is without Cause.

Settlement of Award. The Company shall, subject to the satisfaction of Director's obligations under Section 7 hereof, allot and issue or transfer to Director one Share in settlement of each vested Awarded Restricted Stock Unit and, upon such settlement, such Awarded Restricted Stock Unit shall be cancelled. Notwithstanding the foregoing, the Committee, in its sole discretion, may, in lieu of settling the vested Awarded Restricted Stock Unit in Stock, settle any vested Awarded Restricted Stock Unit in cash by paying to Director an amount equal to the Fair Market Value of a Share (determined as of the applicable vesting date) and, upon such settlement, such Awarded Restricted Stock Unit shall be cancelled. Any settlement of an Awarded Restricted Stock Unit shall be made as soon as practicable following the applicable vesting date (but no later than the end of the calendar year in which vesting occurs or, if later, 74th day after vesting).

No Rights as Shareholder. Director shall have no rights as a shareholder of the Company, including, without limitation, voting rights or the right to receive dividends and distributions as a shareholder, with respect to the Shares subject to the Awarded Restricted Stock Units, unless and until such Shares (if any) are allotted and issued or transferred to Director as provided herein.

Dividend Equivalent Rights. The Company hereby awards to Director rights to Dividend Equivalents with respect to the Awarded Restricted Stock Units. The Dividend Equivalents awarded to Director under this Section 6 shall entitle Director to the payment, with respect to each Share that is subject to an Awarded Restricted Stock Unit that has not been cancelled or surrendered, of an amount in cash equal to the amount of any cash dividend or other cash distribution paid by the Company with respect to one Share while such Awarded Restricted Stock Unit remains outstanding. Such amount shall be subject to the same vesting schedule as the Awarded Restricted Stock Unit to which it relates and shall be paid to Director, in cash, on the date that the Awarded Restricted Stock Unit to which it relates is settled in accordance with Section 4 hereof. Any Dividend Equivalents which relate to an Awarded Restricted Stock Unit that does not become vested shall be surrendered at the same time the related Awarded Restricted Stock Unit is surrendered.

Arrangements and Procedures Regarding Nominal Value and Taxes. Director shall make arrangements satisfactory to the Committee for the payment of the aggregate nominal value with respect to the Shares that are allotted and issued or transferred to or on behalf of Director in settlement of Awarded Restricted Stock Units that have become vested.

If Director does not, for whatever reason, satisfy his or her obligations under Section 7(a), then the Company and its Subsidiaries shall, to the extent permitted by law, have the right to deduct from any payments of any kind otherwise due to Director the amount required to satisfy the obligations of Director under Section 7(a).

The Company (or any of its Affiliates) shall net settle the Awarded Restricted Stock Units by withholding from any Awarded Restricted Stock Units, or any payment relating to the Award, including from a distribution of Shares, taxes due or potentially payable in connection with any transaction involving the Awarded Restricted Stock Units, and to take such other action as the Committee may deem advisable to enable the Company, its Affiliates and Director to satisfy the payment of withholding taxes and other tax obligations relating to the Award in such amounts as may be determined by the Committee, including, without limitation, settling a portion of the Awarded Restricted Stock Units in the form of a cash payment that is equal to value of any tax liabilities that may be due or payable in connection with the transaction in question.

Non-Assignability; Transfer Restrictions. This Agreement is not assignable or transferable by Director. No right or interest of Director under this Agreement or the Plan may be assigned, transferred or alienated, in whole or in part, either directly or by operation of law (except by will or the laws of descent and distribution or pursuant to a qualified domestic relations order within the meaning of Section 414(p) of the Code or a similar domestic relations order under applicable foreign law, in each case, in such form as is acceptable to the Committee), and no such right or interest shall be liable for or subject to any debt, obligation or liability of Director.

Compliance with Securities Law. Notwithstanding any provision of this Agreement to the contrary, the issuance of Shares will be subject to compliance with all applicable requirements of federal, state, or foreign law with respect to such securities and with the requirements of any stock exchange or market system upon which the Shares may then be listed. No Shares will be issued hereunder if such issuance would constitute a violation of any applicable federal, state, or foreign securities laws or other law or regulations or the requirements of any stock exchange or market system upon which the Shares may then be listed. In addition, Shares will not be issued hereunder unless a) a registration statement under the Securities Act is, at the time of issuance, in effect with

respect to the Shares issued or b) in the opinion of legal counsel to the Company, the Shares issued may be issued in accordance with the terms of an applicable exemption from the registration requirements of the Securities Act. **YOU ARE CAUTIONED THAT ISSUANCE OF SHARES UPON THE VESTING OF RESTRICTED STOCK UNITS GRANTED PURSUANT TO THIS AGREEMENT MAY NOT OCCUR UNLESS THE FOREGOING CONDITIONS ARE SATISFIED.** The inability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Company's legal counsel to be necessary to the lawful issuance and sale of any Shares subject to the Award will relieve the Company of any liability in respect of the failure to issue such Shares as to which such requisite authority has not been obtained. As a condition to any issuance hereunder, the Company may require you to satisfy any qualifications that may be necessary or appropriate to evidence compliance with any applicable law or regulation and to make any representation or warranty with respect to such compliance as may be requested by the Company. From time to time, the Board and appropriate officers of the Company are authorized to take the actions necessary and appropriate to file required documents with governmental authorities, stock exchanges, and other appropriate Persons to make Shares available for issuance.

Lock-Up Period. Director hereby agrees that, if so requested by the Company or any representative of the underwriters (the "**Managing Underwriter**") in connection with any registration of the offering of any securities of the Company under the Securities Act, you will not sell or otherwise transfer any Shares acquired hereunder or other securities of the Company during the 180 day period (or such other period as may be requested in writing by the Managing Underwriter and agreed to in writing by the Company) (the "**Market Standoff Period**") following the effective date of a registration statement of the Company filed under the Securities Act. Such restriction will apply only to the first registration statement of the Company to become effective under the Securities Act that includes securities to be sold on behalf of the Company to the public in an underwritten public offering under the Securities Act. The Company may impose stop-transfer instructions with respect to securities subject to the foregoing restrictions until the end of such Market Standoff Period.

Legends. The Company may at any time place legends referencing any restrictions imposed on the Shares pursuant to Sections 9 and 10 of this Agreement on all certificates representing Shares issued with respect to this Award.

Defined Terms; Plan Provisions. Unless the context clearly indicates otherwise, the capitalized terms used (and not otherwise defined) in this Agreement shall have the meanings assigned to them under the provisions of the Plan. The Awarded Restricted Stock Units and the Dividend Equivalent rights subject to this Agreement shall be governed by and subject to all applicable provisions of the Plan. This Agreement is subject to the Plan, and the Plan shall govern where there is any inconsistency between the Plan and this Agreement. In accepting the Awarded Restricted Stock Units, Director accepts and agrees to be bound by all the terms and conditions of the Plan and this Agreement.

Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Texas, without regard to the principles of conflicts of laws thereof, except to the extent Texas law is preempted by federal law of the United States. The obligation of the Company to allot and issue or transfer Shares is subject to applicable laws and to the approval of any governmental authority required in connection with the authorization, issuance or sale of such Shares.

Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and permitted assigns.

Prior Communications; Amendment. This Agreement, together with any Schedules and Exhibits and any other writings referred to herein or delivered pursuant hereto, evidences the Award granted hereunder, which shall be subject to the restrictions, terms and conditions hereof, and supersedes all prior agreements and understandings, whether written or oral, between the parties with respect to the subject matter hereof. To the fullest extent provided by applicable law, this Agreement may only be amended, modified and supplemented in accordance with the applicable terms and conditions set forth in the Plan.

Notices. All notices and other communications hereunder shall be in writing and shall be deemed given if directed in the manner specified below, to the parties at the following addresses and numbers:

If to the Company, when delivered by hand, confirmed fax or mail (registered or certified mail with postage prepaid) to:

Paragon Offshore Limited
3151 Briarpark Drive,
Suite 700
Houston, Texas 77042
Attention: Human Resources
Fax: 832-783-4175

With a copy to:

Chairman of Compensation Committee
c/o Paragon Offshore Limited
3151 Briarpark Drive,
Suite 700
Houston, Texas 77042
Fax: 832-783-4175

If to Director, when delivered by hand, confirmed fax or mail (registered or certified mail with postage prepaid) to:

The last known address and number for Director as maintained in the personnel records of the Company.

For purposes of this Section 16, the Company shall provide Director with written notice of any change of the Company's address, and Director shall be responsible for providing the Company with proper notice of any change of Director's address pursuant to the Company's personnel policies, and from and after the giving of such notice the address or addresses therein specified will be deemed to be the address of such party for the purposes of giving notice hereunder.

Severability. If any provision of this Agreement is held to be unenforceable, this Agreement shall be considered divisible and such provision shall be deemed inoperative to the extent it is deemed unenforceable, and in all other respects the restrictions, terms and conditions

set forth in this Agreement shall remain in full force and effect; provided, however, that if any such provision may be made enforceable by limitation thereof, then such provision shall be deemed to be so limited and shall be enforceable to the maximum extent permitted by applicable law.

Descriptive Headings. The descriptive headings herein are inserted for convenience of reference only, do not constitute a part of this Agreement, and shall not affect in any manner the meaning or interpretation of this Agreement.

Gender. Pronouns in masculine, feminine and neuter genders shall be construed to include any other gender, and words in the singular form shall be construed to include the plural and vice versa, unless the context otherwise requires.

References. The words “this Agreement,” “herein,” “hereof,” “hereby,” “hereunder” and words of similar import refer to this Agreement as a whole and not to any particular subdivision unless expressly so limited. Whenever the words “include,” “includes” and “including” are used in this Agreement, such words shall be deemed to be followed by the words “without limitation.”

Unfunded Awards. The Awards made under this Agreement are unfunded and unsecured obligations and rights to provide or receive compensation in accordance with the provisions hereof, and to the extent that Director acquires a right to receive compensation from the Company or a Subsidiary pursuant to this Agreement, such right shall be no greater than the right of any unsecured general creditor of the Company or such Subsidiary.

Compliance with Code Section 409A and Section 457A. The compensation payable to or with respect to Director pursuant to the Awarded Restricted Stock Units and any related Dividend Equivalents or otherwise under this Agreement is intended to be exempt from the application of the Nonqualified Deferred Compensation Rules by reason of the short-term deferral exemption set forth in U.S. Treasury regulation §1.409A-1(b)(4) and the short term deferral exception to Section 457A of the Code, set forth in Q&A-4 of I.R.S. Notice 2009-8, 2009-1 C.B. 347, and this Agreement shall be administered and construed to the fullest extent possible to reflect and implement such intent (provided, that the Company makes no representation that this Agreement complies with the Nonqualified Deferred Compensation Rules and shall have no liability to Director for any failure to comply with the Nonqualified Deferred Compensation Rules). If any provision of this Agreement or the Plan would result in the imposition of an additional tax under the Nonqualified Deferred Compensation Rules, the Company may in its discretion amend that provision, to the extent permissible under Section the Nonqualified Deferred Compensation Rules, to avoid imposition of the additional tax; provided, however, that this Section 22 shall not create any obligation on the part of the Company to adopt any such amendment, nor shall the Company have any liability for failing to do so.

No Company Representations or Advice. Director is hereby notified, and by accepting the Awards under this Agreement, Director acknowledges, that the Company is not providing, and no employee or Subsidiary of the Company is authorized to provide, any tax, legal or financial advice, nor to make any recommendations regarding Director’s participation in the Plan and/or the acquisition or disposition of the Shares subject to the Awarded Restricted Stock Units. Director is advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan. The Company and its Subsidiaries (i) make no representations or undertakings regarding the tax treatment of any aspect of the Awarded Restricted Stock Units or Dividend Equivalent rights, the issuance of Shares or

payment of cash in respect thereof, the subsequent sale of Shares acquired pursuant to such issuance and the receipt of any dividends with respect to such Shares, and (ii) are under no obligation to structure the terms of the grant or any other aspect of the Awarded Restricted Stock Units or the Dividend Equivalent rights to reduce or eliminate Director's tax liability or achieve any particular tax result. Director hereby releases, acquits and forever discharges the Company Group (defined below) from all actions, causes of actions, suits, debts, obligations, liabilities, claims, damages, losses, costs and expenses of any nature whatsoever, known or unknown, on account of, arising out of, or in any way related to the tax effects associated with Director's receipt and holding of, the lapse of restrictions with respect to and the settlement of the Awarded Restricted Stock Units or Dividend Equivalent rights. The Company makes no representation or guarantee to Director as to the future value of the Shares underlying the Awarded Restricted Stock Units.

Electronic Delivery and Participation. The Company may, in its sole discretion, decide to deliver any documents related to the Awards under this Agreement or to Director's current or future participation in the Plan by electronic means. By accepting the Awards under this Agreement, Director consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

Furnish Information; Data Privacy. Director agrees to furnish to the Company all information requested by the Company to enable it to comply with any reporting or other requirements imposed upon the Company by or under any applicable statute or regulation. By accepting the Awards under this Agreement, Director explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Director's personal data as described in this Agreement and any other Plan-related materials by and among the Company and any of its Subsidiaries (collectively, the "**Company Group**") and service providers for the exclusive purpose of implementing, administering and managing Director's participation in the Plan. Director understands that the Company Group may hold certain personal information about Director, including, but not limited to, Director's name, home address and telephone number, date of birth, social security number or other identification number, salary, nationality, job title, any shares or directorships held in the Company Group, details of any Awards under the Plan or any other entitlement to Shares awarded, cancelled, exercised, vested, unvested or outstanding (collectively, "**Data**") which may be transferred within the Company Group or to such Plan service providers as may be selected by the Company from time to time for the exclusive purpose of assisting the Company with the implementation, administration and management of the Plan. The recipients of Data may be located in the United States or elsewhere, and the recipients' country (e.g., the United States) may have different data privacy laws and protections than Director's country. Director's consent to the sharing of such Data as provided herein may be refused or revoked, but such refusal or withdrawal of such consent may affect Director's ability to participate in the Plan. For more information, Director may contact his or her human resources representative.

Service Relationship. For purposes of this Agreement, Director shall be considered to be in the service of the Company and its Subsidiaries as long as Director providing director services to any member of the Company Group. The Committee shall determine any questions as to whether and when there has been a termination of such service relationship and the cause of such termination under the Plan, and the Committee's determination shall be final and binding on all persons. The Committee may, in its sole discretion, determine that if Director is on leave of

absence for any reason Director will be considered to still be providing services for the Company or the Company Group, provided that rights to the Awarded Restricted Stock Units and any related Dividend Equivalents during a leave of absence will be limited to the extent to which those rights were earned or vested when the leave of absence began. Records of the Company or of the Company Group regarding Director's period of service, termination of service and the reason(s) therefor, and other matters shall be conclusive for all purposes hereunder, unless determined by the Company to be incorrect. No provision of this Agreement shall be construed or interpreted to guarantee Director's right to provide services to any member of the Company Group for any specified term.

Limitation of Liability. Under no circumstances will any member of the Company Group be liable for any indirect, incidental, consequential or special damages (including lost profits) of any form incurred by any person, whether or not foreseeable and regardless of the form of the act in which such a claim may be brought, with respect to the Plan. No member of the Company Group and no member of the Board shall be liable for any act, omission or determination taken or made in good faith with respect to the Agreement or the Awards granted hereunder.

Execution of Receipts and Releases. Any payment of cash or any issuance or transfer of Shares or other property to Director, or to Director's legal representative, heir, legatee or distributee, in accordance with the provisions hereof, shall, to the extent thereof, be in full satisfaction of all claims of such persons hereunder. The Company may require Director or Director's legal representative, heir, legatee or distributee, as a condition precedent to such payment or issuance to execute a release and receipt therefor in such form as it shall determine.

Clawback. The Awards granted hereunder are subject to any clawback policy (whether in existence as of the Grant Date or later adopted) that the Company may establish (i) pursuant to any law, government regulation or stock exchange listing requirement or, (ii) in the absence of any such law, government regulation or stock exchange listing requirement, consistent with the rules proposed by the Securities and Exchange Commission on July 1, 2015 under Section 10D of the Securities Exchange Act of 1934, providing for clawback or recovery of amounts that were paid to Director.

IN WITNESS WHEREOF, the Company has signed and delivered this Agreement as of the date first above written.

PARAGON OFFSHORE LIMITED



Name: Julie Ferro

Title: Vice President – Human Resources

SCHEDULE I

PARAGON OFFSHORE LIMITED

RESTRICTION PERIODS FOR AWARD OF TIME-VESTED RESTRICTED STOCK UNITS

The Committee has determined that the following specified restricted time periods shall be applicable to the Awarded Restricted Stock Units awarded pursuant to the Agreement:

1. Restriction Periods.

- (i) 33% of the Awarded Restricted Stock Units shall vest and no longer be subject to surrender on July 18, 2018; and
- (ii) 33% of the Awarded Restricted Stock Units shall vest and no longer be subject to surrender on July 18, 2019; and
- (iii) 34% of the Awarded Restricted Stock Units shall vest and no longer be subject to surrender on July 18, 2020.

EMPLOYMENT AGREEMENT

This Employment Agreement (the “**Agreement**”) is made and entered into by and between James Swent (the “**Executive**”) and Paragon Offshore Services, LLC, a Delaware limited liability company (the “**Company**”), effective as of August 21, 2017 (the “**Effective Date**”).

WHEREAS, the Company desires to employ the Executive on the terms and conditions set forth herein; and

WHEREAS, the Executive desires to be employed by the Company on such terms and conditions.

NOW, THEREFORE, in consideration of the mutual covenants, promises, and obligations set forth herein, the parties agree as follows:

1. Term. The Executive’s employment hereunder shall be effective as of the Effective Date and shall continue until the third anniversary thereof, unless terminated earlier pursuant to Section 5 of this Agreement; provided that, on such third anniversary of the Effective Date and each annual anniversary thereafter (such date and each annual anniversary thereof, a “**Renewal Date**”), the Agreement shall be deemed to be automatically extended, upon the same terms and conditions, for successive periods of one year, unless either party provides written notice of its intention not to extend the term of the Agreement at least 90 days prior to the applicable Renewal Date. The period during which the Executive is employed by the Company hereunder is hereinafter referred to as the “**Employment Term**.”

2. Position and Duties.

2.1 Position. During the Employment Term, the Executive shall serve as the President and Chief Executive Officer of each of the Company and Paragon Offshore Limited, a Cayman Islands company, which is the parent corporation of the Company (“**Parent**”). The Executive shall only report to the board of directors of Parent (the “**Board**”), and shall have such duties, authority, and responsibilities that are commensurate with the position of President and Chief Executive Officer, as same shall be determined from time to time by the Board. In addition, during the Employment Period, subject to the mutual agreement of Executive and Parent, Parent may nominate the Executive, and the Executive shall serve (if elected), as a member of the Board and as a member of the board of directors of one or more direct or indirect subsidiaries of Parent, as determined by the Board, for no additional consideration.

2.2 Duties. During the Employment Term, the Executive shall devote his commercially reasonable best efforts and his full business time and attention to the performance of the Executive’s duties hereunder and will not engage in any other business, profession, or occupation for compensation or otherwise that would conflict or interfere with the performance of such services either directly or indirectly without the prior written consent of the Board. In addition, so long as such activity does not materially interfere with Executive’s performance of his duties and responsibilities hereunder, and is not contrary to the interests of the Company, Executive may (i) serve on the board of directors (or similar governing body) of another company or entity that is not in the same Business in the Market

Area (as those terms are defined in Section 7.5 below) of the Company or constitutes a Business Opportunity (as that term is defined in Section 7.5 below), (ii) participate in civic, charitable or educational activities, and on behalf of civic, charitable or educational organizations, and/or (iii) maintain, monitor and pursue personal and family investments.

3. Place of Performance. The principal place of the Executive's employment shall be the Company's principal executive office currently located in Houston, Texas; provided that, the Executive may be required to travel on Company business during the Employment Term.

4. Compensation.

4.1 Base Salary. For all services provided hereunder, the Company shall pay the Executive an annualized rate of base salary of \$600,000 in periodic installments in accordance with the Company's customary payroll practices in effect from time to time, but no less frequently than monthly. The Executive's base salary shall be reviewed at least annually by the Board and the Board may, but shall not be required to, increase the base salary during the Employment Term, provided that Executive's base salary may not be decreased as then in effect at any time during the Employment Term (including, for the avoidance of doubt, on or subsequent to any Renewal Date). The Executive's annualized base salary, as in effect from time to time, is hereinafter referred to as "**Base Salary**".

4.2 Annual Bonus.

(a) For each complete calendar year that he is employed hereunder, the Executive shall be eligible to receive an annual bonus pursuant to the Company's short term incentive plan, as in effect from time to time (the "**Annual Bonus**"). As of the Effective Date, the Executive's annual target bonus opportunity shall be equal to 100% of Base Salary (the "**Target Bonus**"), and shall be based on the achievement of performance targets and metrics established by the Board (or a committee thereof); provided that, depending on results, the Executive's actual bonus may be higher or lower than the Target Bonus, as determined by the Board (or a committee thereof). For the period beginning on the Effective Date and ending on December 31, 2017, the Executive shall be eligible to receive a pro-rated Annual Bonus (calculated as the Annual Bonus that would have been paid for the entire calendar year multiplied by a fraction, the numerator of which is equal to the number of days the Executive worked in the applicable calendar year and the denominator of which is equal to the total number of days in such year).

(b) The Annual Bonus, if any, will be paid no later than March 15 following the end of the applicable calendar year.

(c) Except as otherwise provided in Section 5, in order to be eligible to receive an Annual Bonus (including the pro-rated bonus for 2017 referenced in Section 4.2(a)), the Executive must be employed by the Company on the date that such Annual Bonus (or pro-rated bonus for 2017) is paid.

4.3 Equity Awards.

(a) In consideration of the Executive entering into this Agreement, and as an inducement to join the Company and satisfy the terms set forth herein, the Company will grant to the executive, pursuant to the Paragon Offshore Limited Long Term Incentive Plan (the “**LTIP**”), a one-time award of a number of restricted stock units (the “**Inducement RSUs**”) with an aggregate dollar value of \$2,500,000 as of the date of grant, which value shall be calculated based on the value per share obtained by dividing \$150,000,000 by the number of outstanding shares of Parent as of the date of grant. The Inducement RSUs shall vest in three substantially equal installments on the date of grant of the Inducement RSUs, July 18, 2019 and July 18, 2020. The Company shall pay all withholding taxes due and owing upon the vesting of any Inducement RSUs by withholding from the Executive such number of vested Inducement RSUs, the fair market value of which (as determined in good faith by the Board or a committee thereof), is equal to the applicable withholding tax. Notwithstanding the foregoing, if the Company’s payment of withholding taxes pursuant to the previous sentence would result in the violation by the Company or any of its affiliates of any obligation under any other agreement entered into prior to the Effective Date, the previous sentence shall not apply and the Board (or a committee thereof) shall determine the appropriate form of payment for such tax withholding obligations including, for the avoidance of doubt, the delivery of cash or cash equivalents by the Executive. All other terms and conditions of the Inducement RSUs shall be governed by the terms and conditions of the LTIP and the applicable award agreement; and

(b) During the Employment Period, the Executive shall be eligible to receive awards under the LTIP, as amended from time to time, or any other equity incentive plan, program or arrangement made available to other senior executives in amounts determined by the Board (or a committee thereof) in its sole discretion and subject to the terms and conditions of such plans, programs or arrangements as in effect from time to time.

4.4 Fringe Benefits and Perquisites. During the Employment Term, the Executive shall be entitled to fringe benefits and perquisites no less favorable than those provided in accordance with the practices of the Company in effect from time to time, and to the extent the Company provides similar benefits or perquisites (or both) to similarly situated executives of the Company. Notwithstanding the foregoing, during the Employment Term, the Company shall provide the Executive with the following: (i) an automobile allowance to be used in accordance with the Company’s applicable policies equal to \$1,000 per complete calendar month (less applicable taxes and withholdings) and (ii) in the event that the Executive does not relocate to Houston, Texas, a housing allowance equal to \$5,000 per complete calendar month (less applicable taxes and withholdings), in each case, paid in accordance with the Company’s customary payroll procedures in effect from time to time.

4.5 Employee Benefits. During the Employment Term, the Executive shall be entitled to participate in all employee benefit plans, practices, and programs maintained by the Company in effect from time to time, including, but not limited to, any physical reimbursement program, in each case as in effect from time to time (collectively, “**Employee**

Benefit Plans”), on a basis which is no less favorable than is provided to other similarly situated executives of the Company, to the extent consistent with applicable law and the terms of the applicable Employee Benefit Plans. The Company reserves the right to amend or cancel any Employee Benefit Plans at any time in its sole discretion, subject to the terms of such Employee Benefit Plan and applicable law.

4.6 Vacation; Paid Time-Off. During the Employment Term, the Executive shall be entitled to up to 30 paid vacation days (*i.e.*, six weeks) per calendar year (prorated for partial years) in accordance with the Company’s vacation policies, as in effect from time to time. The Executive shall receive other paid time off in accordance with the Company’s policies for executive officers as such policies may exist from time to time.

4.7 Relocation Expenses. The Company shall pay, or reimburse the Executive for, all reasonable relocation expenses incurred by the Executive relating to his relocation to Houston, Texas in accordance with the terms of the Company’s Domestic Relocation Policy. If the Executive does not relocate to Houston, Texas, the Company shall pay, or reimburse the Executive for, all reasonable furniture shipment expenses.

4.8 Business Expenses. The Executive shall be entitled to reimbursement for all reasonable and necessary out-of-pocket business, entertainment, and travel expenses incurred by the Executive in connection with the performance of the Executive’s duties hereunder in accordance with the Company’s Travel and Entertainment Policy as in effect from time to time.

4.9 Indemnification. The Company shall (a) during the Employment Term and thereafter, indemnify and advance reasonable expenses to the Executive to the fullest extent permitted by applicable law and to the extent such expenses arise from the Executive’s lawful acts undertaken on behalf of the Company hereunder, and (b) ensure that during the Employment Term, Parent acquires and maintains directors and officers liability insurance covering the Executive to the extent it is available at commercially reasonable rates as determined by the Board; *provided, however*, that in no event shall the Executive be entitled to indemnification or advancement of expenses under this Section 4.9 with respect to any proceeding or matter therein brought or made by the Executive against the Company or Parent other than one initiated by the Executive to enforce the Executive’s rights under this Section 4.9. The rights of indemnification and to receive advancement of expenses as provided in this Section 4.9 shall not be deemed exclusive of any other rights to which the Executive may at any time be entitled under applicable law, the certificate of incorporation or bylaws of the Company, the organizational documents of Parent, any agreement, a vote of shareholders, a resolution of the Board or of the board of directors of the Company, or otherwise. The provisions of this Section 4.9 shall continue in effect notwithstanding termination of the Executive’s employment hereunder for any reason.

4.10 Clawback Provisions. Any incentive based compensation payable under this Agreement shall be subject to any clawback policy (whether in existence as of the Effective Date or later adopted) that the Company may establish (i) pursuant to any law, government regulation or stock exchange listing requirement or, (ii) in the absence of any such law, government regulation or stock exchange listing requirement, consistent with the rules

proposed by the Securities and Exchange Commission on July 1, 2015 under Section 10D of the Securities Exchange Act of 1934, providing for clawback or recovery of amounts that were paid to the Executive.

5. Termination of Employment. The Employment Term and the Executive's employment hereunder may be terminated by either the Company or the Executive at any time and for any reason; provided that, unless otherwise provided herein, the Executive shall be required to give the Company at least 90 days advance written notice of any termination of the Executive's employment and, provided further, if the Executive has provided notice to the Company of his termination of employment, the Company may determine, in its sole discretion, that such termination shall be effective on any date prior to the effective date of termination provided in such notice (and, if such earlier date is so required, then it shall not change the basis for the Executive's termination of employment nor be construed or interpreted as a termination of employment pursuant to Section 5.3 below). Upon termination of the Executive's employment hereunder, the Executive shall be entitled to the compensation and benefits described in this Section 5 (as applicable, depending on the reason for termination) and shall have no further rights to any compensation or any other benefits from the Company or any of its affiliates.

5.1 Expiration of the Term, for Cause or Without Good Reason.

(a) The Executive's employment hereunder may be terminated upon the Executive's failure to renew the Agreement in accordance with Section 1, by the Company for Cause or by the Executive without Good Reason. If the Executive's employment is terminated upon the Executive's failure to renew the Agreement, by the Company for Cause or by the Executive without Good Reason, the Executive shall be entitled to receive:

(i) any accrued but unpaid Base Salary and accrued but unused vacation (but only to the extent required by any written policy or agreement of the Company) which shall be paid on the pay date required by applicable law;

(ii) reimbursement for unreimbursed business expenses properly incurred by the Executive, which shall be subject to and paid in accordance with the Company's Travel and Entertainment Policy;

(iii) such employee benefits, if any, to which the Executive may be entitled under the Company's employee benefit plans as of the Termination Date; provided that, in no event shall the Executive be entitled to any payments in the nature of severance or termination payments except as specifically provided herein; and

(iv) in the event the Executive's employment hereunder is terminated upon the Executive's failure to renew the Agreement in accordance with Section 1, a lump sum payment equal to the Target Bonus in respect of the calendar year of such non-renewal calculated based upon the Target Bonus that would have been paid for the entire calendar year multiplied by a fraction, the numerator of which is equal to the number of days the Executive worked in the applicable

calendar year and the denominator of which is equal to the total number of days in such year.

Items 5.1(a)(i) through 5.1(a)(iii) are referred to herein collectively as the “**Accrued Amounts**”.

(b) For purposes of this Agreement, “**Cause**” shall mean:

(i) The willful and continued failure of the Executive to perform substantially the Executive’s duties hereunder (other than any such failure resulting from bodily injury or disease or any other incapacity due to mental or physical illness) after a written demand for substantial performance is delivered to the Executive by the Board or the board of directors of the Company, which specifically identifies the manner in which the Board or the board of directors of the Company believes the Executive has not substantially performed the Executive’s duties; or

(ii) the willful engaging by the Executive in illegal conduct or gross misconduct that is materially and demonstrably detrimental to the Company and/or its affiliated companies, monetarily or otherwise.

(c) For purposes of this provision, no act, or failure to act, on the part of the Executive shall be considered “willful” unless done, or omitted to be done, by the Executive in bad faith or without reasonable belief that the Executive’s action or omission was in the best interests of Parent. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by the Executive in good faith and in the best interests of the Company and its affiliated companies. The cessation of employment of the Executive shall not be deemed to be for Cause unless and until there shall have been delivered to the Executive a copy of a resolution duly adopted by the affirmative vote of not less than two-thirds of the entire membership of the Board then in office at a meeting of the Board called and held for such purpose (after reasonable written notice (the “**Cause Notice**”) is provided to the Executive and the Executive is given an opportunity, together with counsel, to be heard before the Board (the “**Cause Hearing**”)) finding that, in the good faith opinion of the Board, the Executive is guilty of the conduct described in subparagraph (i) or (ii) above, and specifying the particulars thereof in detail. Notwithstanding the foregoing, the Company shall not have the right to terminate the Executive’s employment hereunder for Cause unless (i) within 60 days of the initial existence of the condition or conditions giving rise to such right to terminate the Executive for Cause the Company provides the Cause Notice to the Executive, (ii) the Cause Notice provides at least 20 days’ notice of the date, time and place of the “Cause Hearing,” and (iii) the Company terminates the Executive for Cause within 110 days of the initial existence of the condition or conditions giving rise to the Cause event.

(d) For purposes of this Agreement, “**Good Reason**” shall mean any of the following, in each case occurring during the Employment Term without the Executive’s written consent:

(i) a material diminution in the Executive’s authority, duties, or responsibilities (including a requirement that the Executive report to a corporate officer or employee instead of reporting directly to the Board);

(ii) the geographic location at which the Executive is required to perform his services under this Agreement is changed to (A) outside of the continental United States, or (B) further west of San Antonio, Texas; or

(iii) any material breach by the Company of any provision of this Agreement.

Notwithstanding the foregoing, the Executive shall not have the right to terminate the Executive’s employment hereunder for Good Reason unless (i) within 60 days of the initial existence of the condition or conditions giving rise to such right the Executive provides written notice to the Company of the existence of such condition or conditions, (ii) the Company fails to remedy such condition or conditions within 30 days following the receipt of such written notice; and (iii) the Executive terminates his employment following such failure, and within 120 days of the initial existence of the condition or conditions giving rise to the Good Reason event.

5.2 Death or Disability.

(a) The Executive’s employment hereunder shall terminate automatically upon the Executive’s death, and the Company may terminate the Executive’s employment on account of the Executive’s Disability.

(b) If the Executive’s employment is terminated on account of the Executive’s death or Disability, the Executive (or the Executive’s estate and/or beneficiaries, as the case may be) shall be entitled to receive the Accrued Amounts; and

(c) notwithstanding anything in the applicable award agreement to the contrary, all outstanding unvested time-based equity awards under the LTIP or any similar equity incentive plan, program or arrangement of the Company, in each case, granted to Executive prior to the date of the termination of Executive’s employment (the “**Termination Date**”) shall immediately become fully vested as of the Termination Date (with any outstanding stock options remaining exercisable, without regard to such termination, until their expiration date); *provided, however*, that, with respect to any unvested equity awards subject to performance-based vesting conditions, such awards shall vest and become settled based on the target level of performance.

(d) For purposes of this Agreement, “**Disability**” shall mean the absence of the Executive from the Executive’s duties hereunder on a full-time basis for an aggregate of 180 days within any given period of 270 consecutive days (in addition to any statutorily required leave of absence and any leave of absence approved by the

Company) as a result of incapacity of the Executive, despite any reasonable accommodation required by law, due to bodily injury or disease or any other mental or physical illness, which will, in the opinion of a physician selected by the Company or its insurers and acceptable to the Executive or the Executive's legal representative, be permanent and continuous during the remainder of the Executive's life.

5.3 Without Cause or for Good Reason. The Employment Term and the Executive's employment hereunder may be terminated by the Executive for Good Reason or by the Company without Cause. In the event of any such termination, the Executive shall be entitled to receive the Accrued Amounts and, subject to the Executive's compliance with Sections 6 and 7 of this Agreement and his execution and return to the Company by the Release Expiration Date (and non-revocation in any time provided by the Company to do so) of a release of claims (the "**Release**") in favor of the Company, its affiliates, and the foregoing entities' respective shareholders, members, partners, officers, managers, directors, fiduciaries, employees, representatives, agents and benefit plans (and fiduciaries of such plans) from any and all claims, including any and all causes of action arising out of the Executive's employment with the Company and the termination of such employment, but excluding all claims to severance payments the Executive may have pursuant to this Section 5, the Executive shall be entitled to receive the following:

(a) a lump sum payment equal to two times the sum of the Executive's Base Salary and Target Bonus for the year in which the Executive's termination of employment occurs, which shall be paid on the first business day that is on or after the date that is 60 days following the Termination Date;

(b) a payment of the Annual Bonus that the Executive would have earned for the calendar year in which the Termination Date occurs had the Executive remained employed through the date of payment of such Annual Bonus, pro-rated based on a fraction, the numerator of which is equal to the number of days prior to the Termination Date in the calendar year in which the Termination Date occurs and the denominator of which is equal to the total number of days in such year, which shall be paid at the time that annual bonuses are paid to other senior executives of the Company, but in no event later than March 15 of the year following the calendar year in which the Termination Date occurs;

(c) if the Executive timely and properly elects health continuation coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 ("**COBRA**"), the Company shall reimburse the Executive for the difference between the monthly COBRA premium paid by the Executive for himself and his dependents and the monthly premium amount paid by similarly situated active executives. Such reimbursement shall be paid to the Executive on the Company's first regularly scheduled pay date in the month immediately following the month in which the Executive timely remits the premium payment. The Executive shall be eligible to receive such reimbursement until the earliest of: (i) the 18-month anniversary of the Termination Date; (ii) the date the Executive is no longer eligible to receive COBRA continuation coverage; and (iii) the date on which the Executive becomes eligible to receive substantially similar coverage from another employer or other source. Notwithstanding the foregoing, if the

Company's making payments under this Section 5.3(b) would violate the nondiscrimination rules applicable to non-grandfathered plans under the Affordable Care Act (the "ACA"), or result in the imposition of penalties under the ACA and the related regulations and guidance promulgated thereunder), the parties agree to reform this Section 5.3(b) in a manner as is necessary to comply with the ACA; and

(d) notwithstanding anything in the applicable award agreement to the contrary, all outstanding unvested time-based equity awards under the LTIP or any similar equity incentive plan, program or arrangement of the Company, in each case, granted to Executive prior to the Termination Date shall immediately become fully vested as of the Termination Date (with any outstanding stock options remaining exercisable, without regard to such termination, until the Expiration Date); *provided, however,* that, with respect to any unvested equity awards subject to performance-based vesting conditions, including awards intended to qualify for the performance-based compensation exemption from Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"), the service condition, if any, under such awards shall be deemed satisfied in full, but the vesting of such awards shall remain subject to the performance conditions set forth in the applicable award.

(e) For purposes of this Agreement, the "**Release Expiration Date**" means that date that is 21 days following the date upon which the Company delivers the Release to the Executive (which shall occur no later than seven days after the Termination Date) or, in the event that such termination of employment is "in connection with an exit incentive or other employment termination program" (as such phrase is defined in the Age Discrimination in Employment Act of 1967, as amended), the date that is 45 days following such delivery date.

5.4 Non-Renewal by the Company. The Employment Term and the Executive's employment hereunder may be terminated on account of the Company's failure to renew the Agreement in accordance with Section 1 (a "**Non-Renewal**"). In the event of such termination, the Executive shall be entitled to receive the Accrued Amounts and subject to the Executive's compliance with Sections 6 and 7 of this Agreement and his execution and return to the Company by the Release Expiration Date (and non-revocation in any time provided by the Company to do so) of the Release, the Executive shall be entitled to receive the following:

(a) a lump sum payment equal to one times the sum of the Executive's Base Salary and Target Bonus for the year in which the Executive's termination of employment occurs, which shall be paid on the first business day that is on or after the date that is 60 days following the Termination Date;

(b) a payment of the Annual Bonus that the Executive would have earned for the calendar year in which the Termination Date occurs had the Executive remained employed through the date of payment of such Annual Bonus, pro-rated based on a fraction, the numerator of which is equal to the number of days prior to the Termination Date in the calendar year in which the Termination Date occurs and the denominator of which is equal to the total number of days in such year, which shall be paid at the time that annual bonuses are paid to other senior executives of the Company, but in no event

later than March 15 of the year following the calendar year in which the Termination Date occurs;

(c) if the Executive timely and properly elects health continuation coverage under COBRA, the Company shall reimburse the Executive for the difference between the monthly COBRA premium paid by the Executive for himself and his dependents and the monthly premium amount paid by similarly situated active executives. Such reimbursement shall be paid to the Executive on the Company's first regularly scheduled pay date in the month immediately following the month in which the Executive timely remits the premium payment. The Executive shall be eligible to receive such reimbursement until the earliest of: (i) the 18-month anniversary of the Termination Date; (ii) the date the Executive is no longer eligible to receive COBRA continuation coverage; and (iii) the date on which the Executive becomes eligible to receive substantially similar coverage from another employer or other source. Notwithstanding the foregoing, if the Company's making payments under this Section 5.4(b) would violate the nondiscrimination rules applicable to non-grandfathered plans under the ACA, or result in the imposition of penalties under the ACA and the related regulations and guidance promulgated thereunder), the parties agree to reform this Section 5.4(b) in a manner as is necessary to comply with the ACA; and

(d) notwithstanding anything in the applicable award agreement to the contrary, all outstanding unvested time-based equity awards under the LTIP or any similar equity incentive plan, program or arrangement of the Company, in each case, granted to Executive prior to the Termination Date shall immediately become fully vested as of the Termination Date (with any outstanding stock options remaining exercisable, without regard to such termination, until the Expiration Date); *provided, however,* that, with respect to any unvested equity awards subject to performance-based vesting conditions, including awards intended to qualify for the performance-based compensation exemption from Section 162(m) of the Code, the service condition, if any, under such awards shall be deemed satisfied in full, but the vesting of such awards shall remain subject to the performance conditions set forth in the applicable award.

5.5 Change in Control Termination. Notwithstanding any other provision contained herein, if the Executive's employment hereunder is terminated by the Executive for Good Reason or by the Company without Cause (other than on account of the Executive's death or Disability or a Non-Renewal), in each case within 12 months following a Change in Control, the Executive shall be entitled to receive the Accrued Amounts and, subject to the Executive's compliance with Sections 6 and 7 of this Agreement and his execution and return to the Company by the Release Expiration Date (and non-revocation in any time provided by the Company to do so) of the Release, the Executive shall be entitled to receive the following in lieu of any payments or benefits described in Section 5.3:

(a) a lump sum payment equal to three times the sum of the Executive's Base Salary and Target Bonus for the year in which the Termination Date occurs (or if greater, the year immediately preceding the year in which the Change in Control occurs), which shall be paid on the first business day that is on or after the date that is 60 days following the Termination Date;

(b) a lump sum payment equal to the product of (i) the Target Bonus for the calendar year in which the Termination Date occurs and (ii) a fraction, the numerator of which is equal to the number of days prior to the Termination Date in the calendar year in which the Termination Date occurs and the denominator of which is equal to the total number of days in such year, which shall be paid on the first business day that is on or after the date that is 60 days following the Termination Date;

(c) if the Executive timely and properly elects health continuation coverage under COBRA, the Company shall reimburse the Executive for the difference between the monthly COBRA premium paid by the Executive for himself and his dependents and the monthly premium amount paid by similarly situated active executives. Such reimbursement shall be paid to the Executive on the Company's first regularly scheduled pay date in the month immediately following the month in which the Executive timely remits the premium payment. The Executive shall be eligible to receive such reimbursement until the earliest of: (i) the 18-month anniversary of the Termination Date; (ii) the date the Executive is no longer eligible to receive COBRA continuation coverage; and (iii) the date on which the Executive becomes eligible to receive substantially similar coverage from another employer or other source. Notwithstanding the foregoing, if the Company's making payments under this Section 5.5(b) would violate the nondiscrimination rules applicable to non-grandfathered plans under the ACA, or result in the imposition of penalties under the ACA, the parties agree to reform this Section 5.5(b) in a manner as is necessary to comply with the ACA; and

(d) notwithstanding anything in the applicable award agreement to the contrary, all outstanding unvested time-based equity awards under the LTIP or any similar equity incentive plan, program or arrangement of the Company, in each case, granted to Executive prior to the Termination Date shall immediately become fully vested as of the Termination Date (with any outstanding stock options remaining exercisable, without regard to such termination, until the Expiration Date); *provided, however,* that, with respect to any unvested equity awards subject to performance-based vesting conditions, such awards shall vest and become settled based on the target level of performance.

(e) For purposes of this Agreement, "**Change in Control**" shall mean the occurrence of any of the following after the Effective Date:

(i) a "change in the ownership" of the Company or Parent within the meaning of Treasury Regulation § 1.409A-3(i)(5)(v), whereby any one person, or more than one person acting as a "group" (for purposes of this Section 5.5(e)(i), as such term is defined in Treasury Regulation § 1.409A-3(i)(5)(v)(B)), acquires ownership of stock in the Company or Parent that, together with stock held by such person or group, constitutes more than 50% of the stock of the Company or Parent, as applicable;

(ii) a "change in the effective control" of the Company or Parent within the meaning of Treasury Regulation § 1.409A-3(i)(5)(vi), whereby either (A) any one person, or more than one person acting as a "group" (for purposes

of this Section 5.5(e)(ii), as such term is defined in Treasury Regulation § 1.409A-3(i)(5)(vi)(D)), acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of the Company or Parent possessing 30% or more of the total voting power of the stock of the Company or Parent, as applicable; or (B) a majority of the members of the board of directors of the Company or a majority of the members of the Board are replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the board of the directors of the Company or a majority of the members of the Board, as applicable, prior to the date of the appointment or election; or

(iii) a “change in the ownership of a substantial portion” of the Company’s or Parent’s assets within the meaning of Treasury Regulation § 1.409A-3(i)(5)(vii), whereby any one person, or more than one person acting as a “group” (for purposes of Section 5.5(e)(iii), as such term is defined in Treasury Regulation § 1.409A-3(i)(5)(vii)(C)), acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) all or substantially all of the assets of the Company or Parent immediately prior to such acquisition or acquisitions.

The Company shall have full discretion to interpret the meaning or application of this Change in Control definition.

5.6 Acceleration of Unvested Equity Awards upon a Change in Control. In the event of a Change in Control, notwithstanding anything in the applicable award agreement to the contrary, all outstanding unvested time-based equity awards under the LTIP or any similar equity incentive plan, program or arrangement of the Company, in each case, granted to Executive prior to such Change in Control shall immediately become fully vested as of the date of such Change in Control (with any outstanding stock options remaining exercisable until the Expiration Date); *provided, however*, that, with respect to any unvested equity awards subject to performance-based vesting conditions, such awards shall vest and become settled based on the target level of performance.

5.7 Section 280G.

(a) If any of the payments or benefits received or to be received by the Executive (including, without limitation, any payment or benefits received in connection with a Change in Control or the Executive’s termination of employment, whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement, or otherwise) (all such payments collectively referred to herein as the “**280G Payments**”) constitute “parachute payments” within the meaning of Section 280G of the Code and would, but for this Section 5.7, be subject to the excise tax imposed under Section 4999 of the Code (the “**Excise Tax**”), then prior to making the 280G Payments, a calculation shall be made comparing (i) the Net Benefit (as defined below) to the Executive of the 280G Payments after payment of the Excise Tax to (ii) the Net Benefit to the Executive if the 280G Payments are limited to the extent necessary to avoid being

subject to the Excise Tax. Only if the amount calculated under (i) above is less than the amount under (ii) above will the 280G Payments be reduced to the minimum extent necessary to ensure that no portion of the 280G Payments is subject to the Excise Tax. “**Net Benefit**” shall mean the present value of the 280G Payments net of all federal, state, local, foreign income, employment, and excise taxes. Any reduction made pursuant to this Section 5.7 shall be made in a manner determined by the Company that is consistent with the requirements of Section 409A.

(b) All calculations and determinations under this Section 5.7 shall be made by an independent accounting firm or independent tax counsel appointed by the Company (the “**Tax Counsel**”) whose determinations shall be conclusive and binding on the Company and the Executive for all purposes. For purposes of making the calculations and determinations required by this Section 5.7, the Tax Counsel may rely on reasonable, good faith assumptions and approximations concerning the application of Section 280G and Section 4999 of the Code. The Company and the Executive shall furnish the Tax Counsel with such information and documents as the Tax Counsel may reasonably request in order to make its determinations under this Section 5.7. The Company shall bear all costs the Tax Counsel may reasonably incur in connection with its services.

5.8 Repayment of Compensation. The Executive acknowledges and agrees that, in addition to the payment of Base Salary hereunder, the Executive will be provided certain compensation by the Company in consideration of services that Executive is anticipated to perform during the Employment Term. Executive further acknowledges and agrees that if his employment is terminated (a) by the Company for Cause or (b) by the Executive without Good Reason (excluding, for the avoidance of doubt, a termination due to the Executive’s death or Disability), in each case prior to July 18, 2018 (each such termination event, a “**Repayment Termination**”), the Company shall be deprived of the benefit of such services. Therefore, Executive agrees that, upon a Repayment Termination, the Executive shall issue to the Company an unsecured promissory note in an amount equal to \$833,333, which shall be due and payable upon the earlier to occur of (x) the disposition by the Executive of any of the shares that the Executive receives in connection with the vesting and settlement of the portion of the Inducement RSUs that vests on the date of grant of such Inducement RSUs and (y) the date of the consummation by Parent or the Company of an underwritten initial public offering. For the avoidance of doubt, nothing in this Section 5.8 shall limit the right of either party to terminate Executive’s employment hereunder at any time or for any reason pursuant to the terms of this Agreement.

6. Confidential Information.

6.1 During the Employment Term, the Company will provide the Executive with (and the Executive will have access to) confidential information belonging to the Company or its affiliates, or otherwise regarding the Company’s or its affiliates’ business. The Executive recognizes and acknowledges that the Company’s and its affiliates’ trade secrets and other confidential or proprietary information, as they may exist from time to time, are valuable, special and unique assets of the Company’s or its affiliates’ business. The Executive confirms that all such trade secrets and other information constitute the exclusive property of the

Company or its affiliates. During the Employment Term and thereafter without limitation of time, the Executive shall hold in strict confidence and shall not, directly or indirectly, disclose or reveal to any person, or use for the Executive's own personal benefit or for the benefit of anyone else, any trade secrets, confidential dealings or other confidential or proprietary information of any kind, nature or description (whether or not acquired, learned, obtained or developed by the Executive alone or in conjunction with others) belonging to or concerning the Company or any of its affiliates, except (i) with the prior written consent of the Company duly authorized by the Board, (ii) in the course of the proper performance of the Executive's duties hereunder, (iii) for information (x) that becomes generally available to the public other than as a result of unauthorized disclosure by the Executive or the Executive's affiliates or (y) that becomes available to the Executive on a non-confidential basis from a source other than the Company or its affiliates who is not bound by a duty of confidentiality, or other contractual, legal or fiduciary obligation, to the Company, or (iv) as required by applicable law or legal process. The provisions of this Section 6 shall continue in effect notwithstanding termination of the Executive's employment hereunder for any reason.

6.2 Notwithstanding the foregoing, nothing in the Agreement (or in any other agreement between the Executive and the Company) shall prohibit or restrict the Executive from lawfully (i) initiating communications directly with, cooperating with, providing information to, causing information to be provided to, or otherwise assisting in an investigation by any governmental or regulatory agency, entity, or official(s) (collectively, "**Governmental Authorities**") regarding a possible violation of any law; (ii) responding to any inquiry or legal process directed to the Executive individually from any Governmental Authorities; (iii) testifying, participating or otherwise assisting in an action or proceeding by any such Governmental Authorities relating to a possible violation of law; or (iv) making any other disclosures that are protected under the whistleblower provisions of any applicable law. Additionally, pursuant to the federal Defend Trade Secrets Act of 2016, no individual (including the Executive) shall be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (A) is made (x) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (y) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made to such individual's attorney in relation to a lawsuit for retaliation against such individual for reporting a suspected violation of law; or (C) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Nothing in this Agreement (or in any other agreement that Executive may have with the Company) requires the Executive to obtain prior authorization from the Company or any of its affiliates before engaging in any conduct described in this paragraph, or to notify the Company or any of its affiliates that the Executive has engaged in any such conduct.

6.3 Upon the end of the Employment Period, and at any other time upon request of the Company, the Executive shall promptly surrender and deliver to the Company all documents (including electronically stored information) and all copies thereof and all other materials of any nature containing or pertaining to all confidential or proprietary information of the Company or any of its affiliates, and any other property (including any Company-issued computer, mobile device or other equipment) in the Executive's possession, custody or control that belongs to the Company or its affiliates, and the Executive shall not retain any such documents or other materials or property of the Company.

7. Non-Competition; Non-Solicitation.

7.1 The Company shall provide the Executive access to Confidential Information for use only during the Employment Period, and the Executive acknowledges and agrees that Parent and its direct and indirect subsidiaries (collectively, the “**Company Group**”) shall be entrusting the Executive, in the Executive’s unique and special capacity, with developing the goodwill of the Company Group, and as a condition thereof and in consideration of the Company providing the Executive with access to Confidential Information and as an express incentive for the Company to enter into this Agreement and employ the Executive, the Executive has voluntarily agreed to the covenants set forth in this Section 7. The Executive further agrees and acknowledges that the limitations and restrictions set forth herein, including geographical and temporal restrictions on certain competitive activities, are reasonable in all respects and not oppressive, shall not cause the Executive undue hardship, and are material and substantial parts of this Agreement intended and necessary to prevent unfair competition and to protect the Company Group’s Confidential Information, goodwill and substantial and legitimate business interests.

7.2 The Executive agrees that, during the Restricted Period, the Executive shall not, without the prior written approval of the Board, directly or indirectly, for the Executive or on behalf of or in conjunction with any other person or entity of any nature:

(a) engage in or participate within the Market Area in competition with any member of the Company Group in any aspect of the Business, which prohibition shall prevent the Executive from: (A) directly or indirectly owning, managing or operating a business that competes with any member of the Company Group in the Market Area, or (B) joining, becoming an employee or consultant of, or otherwise being affiliated with, any person or entity engaged in, or planning to engage in, the Business in the Market Area in competition, or anticipated competition, with any member of the Company Group, in each case (with respect to this clause (B)) in any capacity in which the Executive’s duties are the same or similar to those performed for any member of the Company Group);

(b) appropriate any Business Opportunity of, or relating to, the Company Group located in the Market Area;

(c) within the Market area, solicit, canvass, approach, encourage, entice or induce any customer or supplier of any member of the Company Group to cease or lessen such customer’s or supplier’s business with the Company Group; or

(d) within the Market Area, solicit, canvass, approach, encourage, entice or induce any employee or contractor of the Company Group to terminate his, her or its employment or engagement with any member of the Company Group.

7.3 Because of the difficulty of measuring economic losses to the Company Group as a result of a breach of the covenants set forth in Section 6 and in this Section 7, and because of the immediate and irreparable damage that would be caused to the members of the Company Group for which they would have no other adequate remedy, the Company and each

other member of the Company Group shall be entitled to enforce the foregoing covenants, in the event of a breach as determined by a court of law or arbitrator, by (a) notwithstanding anything to the contrary contained in an equity incentive plan or an award agreement, causing the forfeiture of any unvested or unexercisable awards granted under an equity incentive plan (including the equity awards described in Section 4.3) or (b) obtaining injunctions and restraining orders from any court of competent jurisdiction, without the necessity of showing any actual damages or that money damages would not afford an adequate remedy, and without the necessity of posting any bond or other security. The aforementioned relief shall not be the Company's or any other member of the Company Group's exclusive remedy for a breach but instead shall be in addition to all other rights and remedies available to the Company and each other member of the Company Group at law and equity.

7.4 The covenants in this Section 7, and each provision and portion hereof, are severable and separate, and the unenforceability of any specific covenant (or portion thereof) shall not affect the provisions of any other covenant (or portion thereof).

7.5 For purposes of this Section 7 and Section 2.2 above, the following terms shall have the following meanings:

(a) “**Business**” shall mean the business and operations that are the same or similar to those performed by the Company and any other member of the Company Group for which the Executive provides services or about which the Executive obtains Confidential Information during the Employment Period, which business and operations include offshore drilling rig contracting.

(b) “**Business Opportunity**” shall mean any commercial, investment or other business opportunity relating to the Business of which Executive was aware during his employment with the Company or about which the Executive received Confidential Information.

(c) “**Market Area**” shall mean the United States, the Middle East and the North Sea.

(d) “**Restricted Period**” shall mean the period during which the Executive is employed by any member of the Company Group and continuing for a period of 24 months following the Termination Date.

8. Arbitration.

8.1 Subject to Section 8.2, any dispute, controversy or claim between the Executive and the Company arising out of or relating to this Agreement or the Executive's employment with the Company shall be finally settled by arbitration in Harris County, Texas before, and in accordance with the then-existing American Arbitration Association (“AAA”) Employment Arbitration Rules. The arbitration award shall be final and binding on both parties. Any arbitration conducted under this Section 8 shall be heard by a single arbitrator (the “**Arbitrator**”) selected in accordance with the then-applicable rules of the AAA. The Arbitrator shall expeditiously hear and decide all matters concerning the dispute. Except as expressly provided to the contrary in this Agreement, the Arbitrator shall have the power to

(i) gather such materials, information, testimony and evidence as the Arbitrator deems relevant to the dispute before him or her (and each party shall provide such materials, information, testimony and evidence requested by the Arbitrator), and (ii) grant injunctive relief and enforce specific performance. The decision of the Arbitrator shall be reasoned, rendered in writing, be final and binding upon the disputing parties and the parties agree that judgment upon the award may be entered by any court of competent jurisdiction; *provided, however*, that the parties agree that the Arbitrator and any court enforcing the award of the Arbitrator shall not have the right or authority to award punitive or exemplary damages to any disputing party. The party whom the Arbitrator determines is the prevailing party in such arbitration shall be eligible to receive, at the discretion of the Arbitrator, in addition to any other award pursuant to such arbitration or associated judgment, reimbursement from the other party of all reasonable legal fees and costs associated with such arbitration and associated judgment.

8.2 Notwithstanding Section 8.1, either party may make a timely application for, and obtain, judicial emergency or temporary injunctive relief to enforce any of the provisions of Sections 6 and 7; *provided, however*, that the remainder of any such dispute (beyond the application for emergency or temporary injunctive relief) shall be subject to arbitration under this Section 8.

8.3 By entering into this Agreement and entering into the arbitration provisions of this Section 8, THE PARTIES EXPRESSLY ACKNOWLEDGE AND AGREE THAT THEY ARE KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVING THEIR RIGHTS TO A JURY TRIAL.

8.4 Nothing in this Section 8 shall prohibit a party to this Agreement from (a) instituting litigation to enforce any arbitration award, or (b) joining the other party to this Agreement in a litigation initiated by a person or entity that is not a party to this Agreement.

9. Governing Law: Jurisdiction and Venue. This Agreement shall in all respects be construed according to the laws of the State of Texas without regard to its conflict of laws principles that would result in the application of the laws of another jurisdiction. With respect to any claim or dispute related to or arising under this Agreement, the parties hereby consent to the arbitration provisions of Section 8 and recognize and agree that should any resort to a court be necessary and permitted under this Agreement, then they consent to the exclusive jurisdiction, forum and venue of the state and federal courts located in Houston, Harris County, Texas.

10. Intellectual Property.

10.1 The Executive agrees that the Company shall own, and the Executive shall (and hereby does) assign, all right, title and interest (including patent rights, copyrights, trade secret rights, mask work rights, trademark rights, and all other intellectual and industrial property rights of any sort throughout the world) relating to any and all inventions (whether or not patentable), improvements, developments, works of authorship, mask works, designs, know-how, ideas, data, and information or materials authored, created, contributed to, made or conceived or reduced to practice, in whole or in part, by the Executive, individually or in conjunction with others, during the period in which the Executive is or has been employed by or affiliated with the Company or any other member of the Company Group that either (i)

relate, at the time of conception, reduction to practice, creation, derivation or development, to any member of the Company Group's businesses or actual or anticipated research or development, or (ii) were developed on any amount of the Company's or any other member of the Company Group's time or with the use of any of the Company Group's equipment, supplies, facilities or trade secret information (all of the foregoing collectively referred to herein as "**Company Intellectual Property**"), and the Executive shall promptly disclose all Company Intellectual Property to the Company. All of the Executive's works of authorship and associated copyrights created during the period in which he is employed by or affiliated with the Company or any member of the Company Group and in the scope of his employment shall be deemed to be "works made for hire" within the meaning of the Copyright Act of 1976, as amended. The Executive hereby waives any moral rights he may have in any Company Intellectual Property. To the extent any rights to any Company Intellectual Property cannot be assigned by the Executive to the Company, the Executive hereby grants to the Company an exclusive, perpetual, royalty-free, transferable, irrevocable, fully sub-licensable (through multiple levels) worldwide license to use, exploit, and practice all rights under such Company Intellectual Property in any manner.

10.2 The Executive warrants that on or prior to his first day of employment with a member of the Company Group, he has disclosed in writing to the Company a description of any intellectual or industrial property in which he has an ownership interest that is applicable to or relates in any way to any member of the Company Group's businesses, products, services, or demonstrably anticipated research and development ("Prior Invention"). If, in the course of the Executive's employment or affiliation with the Company, he incorporates any Prior Invention into any product, process, or device of any member of the Company Group, the Executive hereby grants to each member of the Company Group a nonexclusive, perpetual, royalty-free, transferable, irrevocable, worldwide license (with rights to sublicense through multiple tiers of sublicensees) to make, have made, modify, use, import, export, offer for sale, sell and otherwise commercialize such Prior Invention as part of or in connection with any product, process, or device of any member of the Company Group.

10.3 The Executive shall perform, during and after the period in which he is or has been employed by or affiliated with the Company or any other member of the Company Group, all reasonable acts deemed necessary by the Company to assist the Company Group, at the Company's expense, in obtaining and enforcing its rights throughout the world in the Company Intellectual Property. Such acts may include execution of documents and assistance or cooperation (i) in the filing, prosecution, registration, and memorialization of assignment of any applicable patents, copyrights, mask work, or other applications, (ii) in the enforcement of any applicable patents, copyrights, mask work, trade secrets, trademarks or other proprietary rights, and (iii) in other legal proceedings related to the Company Intellectual Property. If the Company is unable for any reason to secure the Executive's signature on any document necessary for obtaining protection of or enforcing the Company Intellectual Property, the Executive hereby irrevocably designates and appoints the Company and each of the Company's duly authorized officers and agents as the Executive's agent and attorney-in-fact to act for and on the Executive's behalf with respect to such Company Intellectual Property.

11. Entire Agreement. Unless specifically provided herein, this Agreement contains all of the understandings and representations between the Executive and the Company pertaining to the subject matter hereof and supersedes all prior and contemporaneous understandings, agreements, representations and warranties, both written and oral, with respect to such subject matter. The parties mutually agree that the Agreement can be specifically enforced in court and can be cited as evidence in legal proceedings alleging breach of the Agreement.

12. Modification and Waiver. No provision of this Agreement may be amended or modified unless such amendment or modification is agreed to in writing and signed by both parties hereto. No waiver by either of the parties of any breach by the other party hereto of any condition or provision of this Agreement to be performed by the other party hereto shall be deemed a waiver of any similar or dissimilar provision or condition at the same or any prior or subsequent time, nor shall the failure of or delay by either of the parties in exercising any right, power, or privilege hereunder operate as a waiver thereof to preclude any other or further exercise thereof or the exercise of any other such right, power, or privilege.

13. Severability. Should any provision of this Agreement be held by a court of competent jurisdiction to be enforceable only if modified, or if any portion of this Agreement shall be held as unenforceable and thus stricken, such holding shall not affect the validity of the remainder of this Agreement, the balance of which shall continue to be binding upon the parties with any such modification to become a part hereof and treated as though originally set forth in this Agreement.

The parties further agree that any such court is expressly authorized to modify any such unenforceable provision of this Agreement in lieu of severing such unenforceable provision from this Agreement in its entirety, whether by rewriting the offending provision, deleting any or all of the offending provision, adding additional language to this Agreement, or by making such other modifications as it deems warranted to carry out the intent and agreement of the parties as embodied herein to the maximum extent permitted by law.

The parties expressly agree that this Agreement as so modified by the court shall be binding upon and enforceable against each of them. In any event, should one or more of the provisions of this Agreement be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provisions hereof, and if such provision or provisions are not modified as provided above, this Agreement shall be construed as if such invalid, illegal, or unenforceable provisions had not been set forth herein.

14. Counterparts. This Agreement may be executed in separate counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

15. Section 409A.

15.1 General Compliance. This Agreement is intended to comply with Section 409A or an exemption thereunder and shall be construed and administered in accordance with Section 409A. Notwithstanding any other provision of this Agreement, payments provided under this Agreement may only be made upon an event and in a manner that complies with Section 409A or an applicable exemption. Any payments under this Agreement that may be

excluded from Section 409A either as separation pay due to an involuntary separation from service or as a short-term deferral shall be excluded from Section 409A to the maximum extent possible. For purposes of Section 409A, each installment payment provided under this Agreement shall be treated as a separate payment. Any payments to be made under this Agreement upon a termination of employment shall only be made upon a “separation from service” under Section 409A. Notwithstanding the foregoing, the Company makes no representations that the payments and benefits provided under this Agreement comply with Section 409A, and in no event shall the Company be liable for all or any portion of any taxes, penalties, interest, or other expenses that may be incurred by the Executive on account of non-compliance with Section 409A.

15.2 Specified Employees. Notwithstanding any other provision of this Agreement, if any payment or benefit provided to the Executive in connection with his termination of employment is determined to constitute “nonqualified deferred compensation” within the meaning of Section 409A and the Executive is determined to be a “specified employee” as defined in Section 409A(a)(2)(b)(i), then such payment or benefit shall not be paid until the first payroll date to occur following the six-month anniversary of the Termination Date or, if earlier, on the Executive’s death (the “**Specified Employee Payment Date**”). The aggregate of any payments that would otherwise have been paid before the Specified Employee Payment Date shall be paid to the Executive in a lump sum on the Specified Employee Payment Date and thereafter, any remaining payments shall be paid without delay in accordance with their original schedule.

15.3 Reimbursements. To the extent required by Section 409A, each reimbursement or in-kind benefit provided under this Agreement shall be provided in accordance with the following:

(a) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during each calendar year cannot affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other calendar year;

(b) any reimbursement of an eligible expense shall be paid to the Executive on or before the last day of the calendar year following the calendar year in which the expense was incurred; and

(c) any right to reimbursements or in-kind benefits under this Agreement shall not be subject to liquidation or exchange for another benefit.

16. Successors and Assigns.

16.1 This Agreement is personal to the Executive and shall not be assigned by the Executive. Any purported assignment by the Executive shall be null and void from the initial date of the purported assignment.

16.2 The Company shall require any successor or assign (whether direct or indirect, by purchase, merger, consolidation, amalgamation or otherwise) to all or substantially all the business and/or assets of the Company, by agreement in writing in form and substance reasonably satisfactory to the Executive, expressly, absolutely and unconditionally to assume

and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession or assignment had taken place. As used in this Agreement, the “Company” shall mean the Company as hereinbefore defined and any successor or assign to the business and/or assets of the Company as aforesaid which executes and delivers the agreement provided for in this Section 16.2 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law.

16.3 This Agreement shall inure to the benefit of the Company and permitted successors and assigns.

17. Notice. Notices and all other communications provided for in this Agreement shall be in writing and shall be delivered personally or sent by registered or certified mail, return receipt requested, or by overnight carrier to the parties at the addresses set forth below (or such other addresses as specified by the parties by like notice):

If to the Company:

Paragon Offshore Services, LLC
c/o Paragon Legal Department
3151 Briarpark Drive
Suite 700
Houston, Texas 77042
Email: tstrickler@paragonoffshore.com

If to the Executive, addressed to the most recent address of the Executive on the Company’s records.

18. Representations and Acknowledgments of the Executive. The Executive represents and warrants to the Company that the Executive is not the subject of, or a party to, any employment agreement, non-competition, non-solicitation, restrictive covenant, non-disclosure agreement, or any other agreement, obligation, restriction or understanding that would prohibit him from executing this Agreement or fully performing each of his duties and responsibilities hereunder, or would in any manner, directly or indirectly, limit or affect any of the duties and responsibilities that may now or in the future be assigned to the Executive hereunder. The Executive expressly acknowledges and agrees that he is strictly prohibited from using or disclosing any confidential information belonging to any prior employer in the course of performing services for the Company, and the Executive promises that he shall not do so. The Executive shall not introduce documents or other materials containing confidential information of any such prior employer to the premises or property (including computers and computer systems) of the Company.

19. Withholding. The Company shall have the right to withhold from any amount payable hereunder any Federal, state, and local taxes in order for the Company to satisfy any withholding tax obligation it may have under any applicable law or regulation.

20. Survival. Upon the expiration or other termination of this Agreement, the respective rights and obligations of the parties hereto shall survive such expiration or other termination to the extent necessary to carry out the intentions of the parties under this Agreement.

21. Titles and Headings; Construction. Titles and headings to Sections hereof are for the purpose of reference only and shall in no way limit, define or otherwise affect the provisions hereof. Any and all Exhibits or Attachments referred to in this Agreement are, by such reference, incorporated herein and made a part hereof for all purposes. Unless the context requires otherwise, all references herein to an agreement, instrument or other document shall be deemed to refer to such agreement, instrument or other document as amended, supplemented, modified and restated from time to time to the extent permitted by the provisions thereof. All references to “dollars” or “\$” in this Agreement refer to United States dollars. The words “herein”, “hereof”, “hereunder” and other compounds of the word “here” shall refer to the entire Agreement, and not to any particular provision hereof. Wherever the context so requires, the masculine gender includes the feminine or neuter, and the singular number includes the plural and conversely. The word “or” is not exclusive. All references to “including” shall be construed as meaning “including without limitation.” Neither this Agreement nor any uncertainty or ambiguity herein shall be construed or resolved against any party hereto, whether under any rule of construction or otherwise. On the contrary, this Agreement has been reviewed by each of the parties hereto and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of the parties hereto.

22. Third-Party Beneficiaries. Each member of the Company Group that is not a signatory to this Agreement shall be a third-party beneficiary of the Executive’s obligations under Sections 6-8 and 10 and shall be entitled to enforce such obligations as if a party hereto.

23. Legal Fees. Upon the full execution and delivery hereof, the Company shall reimburse the Executive for the reasonable, documented, legal fees and disbursements incurred by the Executive in the negotiation, preparation and execution of this Agreement.

24. Acknowledgement of Full Understanding. THE EXECUTIVE ACKNOWLEDGES AND AGREES THAT HE HAS FULLY READ, UNDERSTANDS AND VOLUNTARILY ENTERS INTO THIS AGREEMENT. THE EXECUTIVE ACKNOWLEDGES AND AGREES THAT HE HAS HAD AN OPPORTUNITY TO ASK QUESTIONS AND CONSULT WITH AN ATTORNEY OF HIS CHOICE BEFORE SIGNING THIS AGREEMENT.

[SIGNATURE PAGE FOLLOWS]

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

**PARAGON OFFSHORE SERVICES,
LLC**

By: /s/ Todd Strickler

Name: Todd Strickler

Title: Senior Vice President of
Administration, General Counsel and
Corporate Secretary

EXECUTIVE

/s/ James Swent

James Swent