In accordance with Rule 3.35 of the Insolvency (England & Wales) Rules 2016 & Paragraph 49(4) of Schedule B1 to the Insolvency Act 1986

AM03

Notice of administrator's proposals

Companies House

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1 Company details

Company number	07023598
Company name in full	Valaris Plc

→ **Filling in this form**
Please complete in typescript or in bold black capitals.

2 Administrator's name

Full forename(s)	Jonathan
Surname	Marston

3 Administrator's address

Building name/number	Suite 3 Regency House
Street	91 Western Road
Post town	Brighton
County/Region	
Postcode	BN1 2NW
Country	

4 Administrator's name ❶

Full forename(s)	Mark Granville
Surname	Firmin

❶ **Other administrator**
Use this section to tell us about another administrator.

5 Administrator's address ❷

Building name/number	Suite 3 Regency House
Street	91 Western Road
Post town	Brighton
County/Region	
Postcode	BN1 2NW
Country	

❷ **Other administrator**
Use this section to tell us about another administrator.

AM03
Notice of Administrator's Proposals

6 Statement of proposals

☑ I attach a copy of the statement of proposals

7 Sign and date

Administrator's Signature

Signature
×  ×

Signature date

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AM03
Notice of Administrator's Proposals

Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name: Jonathan Marston

Company name: Alvarez & Marsal Europe LLP

Address: Suite 3 Regency House
91 Western Road

Post town: Brighton

County/Region:

Postcode: B N 1 2 N W

Country:

DX:

Telephone: +44 (0) 20 7715 5200

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- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed and dated the form.

Important information

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Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.

Further information

For further information please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

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ALVAREZ & MARSAL

VALARIS PLC – IN ADMINISTRATION

Joint Administrators' proposals

30 April 2021

Contents

1 Executive summary

Jonathan Marston and Mark Firmin of Alvarez & Marsal Europe LLP ("A&M UK") were appointed as Joint Administrators ("Administrators" or "Joint Administrators") of Valaris Plc (the "Company") on 30 April 2021.

Prior to the appointment of the Administrators, the Company and 89 of its subsidiaries and affiliates (together the "Debtors") were subject to the Chapter 11 Proceedings in the US Bankruptcy Court. The Chapter 11 Proceedings commenced on 19 August 2020.

As part of the Chapter 11 Proceedings, the Company (in conjunction with the additional Debtors) was required to produce a "plan of reorganisation" (a "Plan"), being a legally binding document setting out and partially implementing the terms of a proposed restructuring. This Plan was then required to be subject to a vote of the Debtors' creditors and the Company's shareholders, before being approved by the US Bankruptcy Court.

Accordingly, the Company engaged in extended negotiations with its and its subsidiaries' and affiliates' (together the "Former Group") principal creditors with regard to the Plan. Various proposals were f iled with the US Bankruptcy Court, all of which proposed a debt-for-equity transaction to relieve the Company's balance sheet of approximately $7.3 billion of liabilities (including accrued interest) owed to the Former Group's principal financial creditors.

The most recent proposal, the Debtors' Fourth Amended Joint Chapter 11 Plan of Reorganisation (the "Fourth Plan") had the support of all key stakeholder groups and received support from significant majorities (well in excess of the requisite majorities) of creditors and voting shareholders in the Chapter 11 voting process, which concluded on 1 March 2021. On 3 March 2021, the US Bankruptcy Court confirmed its approval of the Fourth Plan.

However, as the Company is registered in England & Wales, the Fourth Plan could not be implemented solely via the Chapter 11 process. The Fourth Plan therefore provided for a UK administration appointment, in order to implement a series of transactions, forming one composite transaction, which were critical to the overall delivery of the Fourth Plan.

This transaction (comprising three interrelated steps) (the "UK Transaction") was implemented by the Administrators on 30 April 2021, shortly following our appointment. The result of the UK Transaction is that the business and assets of the Company (which have been transferred to Valaris Holdco 2 Limited ("Newco"), a newly formed Company) are now ultimately owned by the principal financial creditors of the Former Group through the shares in Newco's parent company (Valaris Limited ("Holdco")). Beneficial title to the shares in Holdco was transferred to those financial creditors as part of the UK Transaction. In return, those creditors have irrevocably forgiven $7.3 billion of liabilities due from the Company. Accordingly, the UK Transaction has given effect to the Fourth Plan.

The Former Group (other than the Company) is continuing to trade in the ordinary course of business with the benefit of a significantly de-leveraged balance sheet. This includes all of the Former Group's operating and contracting subsidiaries. No other entities within the Former Group are subject to our appointment. Any questions in relation to ongoing operations should be directed to the go-forward Valaris Group.

Further details of the UK Transaction can be found at Appendix 5.

The Administrators' primary objective is to achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration), in accordance with Paragraph 3(1)(b) of Schedule B1 to the Insolvency Act 1986. We are satisfied that the UK Transaction has enabled us to achieve this purpose because the terms of the UK Transaction, which in simple terms involved the sale of all of the Company's assets (in consideration for the debt release referred to above) represented the best price reasonably obtainable for the assets of the Company, and achieved a better result for the Company's creditors as a whole than would be likely if

the Company were wound up (without first being in administration). Please see further detail about the purpose in Appendix 1.

A summary of the key matters contained in our proposals is as follows:

- The Company had no outstanding indebtedness to the lenders under its secured facility, for which Wilmington Savings Fund Society FSB ("Wilmington") acted as agent, at the date of our appointment. Immediately following our appointment (and prior to the UK Transaction), this secured facility was cancelled and all security interests over the Company's assets released. Accordingly, there will be no dividend to any secured creditor (Section 4 – Dividend prospects).

- The Company had no direct employees or preferential Crown debts at the date of appointment and accordingly there are no known preferential claims (Section 4 – Dividend prospects).

- The Company's unsecured trade creditor liabilities have all been assumed by ENSCO Global Limited under the UK Transaction. These creditors will either have their claims reinstated or receive payment in full, in cash under the terms of the Fourth Plan. Accordingly, we do not anticipate any unsecured trade creditor claims arising in the administration. Any queries regarding ongoing trading should be directed to the go-forward Valaris Group.

- As part of the UK Transaction, the Company's principal f inancial creditors have forgiven approximately $7.3 billion of debt in return for equity in a new vehicle which owns the business and assets previously held by the Company. These f inancial creditors will have no unsecured claim in the administration.

- Following the UK Transaction and releases provided by certain unsecured creditors, the only unsecured creditor balances of the Company are owed to Ensco Jersey Finance Limited and Ensco Incorporated (former subsidiaries of the Company). We anticipate that the balance due to Ensco Incorporated may be released within the coming weeks and, if so, the only outstanding creditor balance remaining would be the amount due to Ensco Jersey Finance Limited. This claim will rank as an unsecured claim in the administration; however, there is no prospect of a distribution to the unsecured creditors (Section 4 – Dividend prospects).

- As there is no prospect of payment of a dividend to the unsecured creditors of the Company, we are seeking approval of the proposals by way of deemed approval (Section 6 - Approval of proposals).

- As part of the Company's emergence from the Chapter 11 Proceedings, former shareholders of the Company were issued with warrants for shares in Holdco as agreed under and pursuant to the Fourth Plan. Any questions regarding the issuance of warrants should be directed to the go-forward Valaris Group at ValarisInquiries@stretto.com in the first instance.

- The basis and approval of remuneration does not form part of our proposals. We will contact the relevant unsecured creditors in due course proposing a resolution seeking approval for the basis of our remuneration and our pre-appointment expenses (Section 7 - Joint Administrators' remuneration, category 2 expenses and pre-administration costs).

- This document in its entirety is our statement of proposals. The relevant statutory information is included by way of appendices. Unless stated otherwise, all amounts in these proposals are stated net of VAT. Currency values included within this statement are reported in United States Dollar ("$").

Jonathan Charles Marston
Joint Administrator

2 Background and events leading to the administration

2.1 Background information

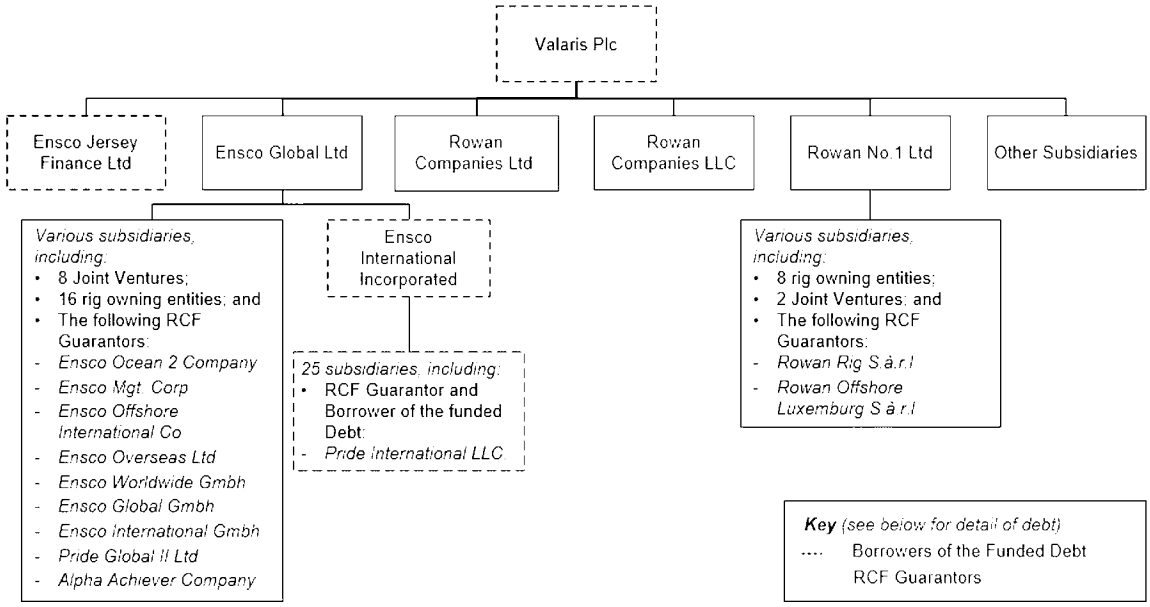
2.1.1 The Former Group

The Former Group, was a leading provider of offshore contract drilling services within the oil and gas industry, owning and operating the largest global rig fleet in the world. The Company was the ultimate parent company of the Former Group; however, it itself had no trading activities.

The Company was incorporated in England & Wales on 18 September 2009 under the name Ensco UK (No. 1) Limited and has since changed its name several times.[1] Its current name was registered on 30 July 2019, following a merger between the Company (then called Ensco Plc) and another oil and gas drilling company, Rowan Companies Plc. The Company is a public limited company which was, until 14 September 2020, listed on the New York Stock Exchange.

As a result of the corporate history of the Former Group, which has involved numerous mergers and acquisitions, its organisational structure was complex, comprising approximately 250 subsidiaries and branches, including several joint ventures. An abridged group structure chart is shown below.

2.1.2 Abridged Group Structure



Note: The above, abridged Former Group structure is included for illustrative purposes only and excludes certain subsidiaries.

[1] The Company changed its name to Ensco International Limited on 25 September 2009, to Ensco International Plc on 18 December 2009 and then to Ensco Plc on 31 March 2010. Following its merger with another oil and gas drilling company, Rowan Companies Plc, the Company changed its name to Ensco Rowan Plc on 11 April 2019 and to its current name (Valaris Plc) on 30 July 2019. The Company's registration number is 07023598.

2.1.3 The Company

The Company itself had no separate trading activities but had historically provided certain shared central services, including treasury and cash management services, to its key operating subsidiaries.

The Former Group employed approximately 3,242 staff globally at February 2021, however, the Company itself had no direct employees.

The Company's Class A ordinary shares previously traded on the New York Stock Exchange. The shares ceased trading on 17 August 2020, due to the Chapter 11 filing, and were delisted from the exchange on 14 September 2020.

2.2 Funding of the Company/Former Group

The Former Group was financed by a range of unsecured debt obligations, referenced on the abridged Former Group structure chart above.[2] As at the date of our appointment, approximately $7.3 billion (including accrued interest) was immediately due and payable (the "Funded Debt"), comprising amounts owed in respect of the:

i. Revolving Credit Facility (the "RCF" and the relevant lenders being the "RCF Lenders")

A $1.6 billion RCF in respect of which the Company was one of the borrowers. Approximately $581 million in principal amount was outstanding at the date of appointment (excluding accrued interest and any amounts in respect of outstanding letters of credit).

The RCF was unsecured, but benefited from guarantees from a number of entities within the Former Group (including those shown on the abridged structure chart above).

ii. Senior Notes (the relevant note holders of which being the "Senior Note Holders")

Approximately $5.3 billion was outstanding as at the date of our appointment in respect of various series of senior unsecured notes issued by the Company, comprised of:

- Valaris Notes ($3.1 billion including accrued interest): six series of senior unsecured notes issued by the Company; and
- Former Rowan Notes ($2.2 billion including accrued interest): f ive series of senior unsecured notes originally issued by Rowan Companies Inc. (now Rowan Companies, LLC) but in respect of which the Company became issuer on 3 February 2020.

In addition, approximately $1.4 billion was outstanding as at the date of our appointment in relation to senior unsecured notes which were guaranteed by the Company, comprised of:

- Pride Notes ($439 million including accrued interest): two series of senior unsecured notes issued by Pride International LLC;
- Jersey Notes ($864 million including accrued interest): one series of senior notes issued by Ensco Jersey Finance Limited; and
- Ensco International Notes ($114 million including accrued interest): one series of unsecured debentures issued by Ensco International Inc.

There were no guarantees from other Former Group entities in respect of the Senior Notes.

[2] For the duration of the Chapter 11 Proceedings, the Former Group also had access to the DIP Facility which is defined and described below. As at the date of our appointment, no amounts had been drawn under the DIP Facility which was cancelled with effect from the date of our appointment.

2.3 Events leading to the administration

2.3.1 Events leading up to the Chapter 11 Proceedings

The 2019 merger with Rowan Companies Plc was intended to position the Former Group to be better capable of resisting market cycles and meeting evolving customer demand as part of an anticipated recovery in the offshore drilling sector.

However, in early 2020 the Former Group was impacted by a range of market conditions, including:

- the spread of COVID-19 and the impact of efforts to stem its transmission;
- an oil 'price war' between Saudi Arabia and Russia which led to significant oversupply in the market and further reduced commodity prices; and
- the impact of the above factors on exploration and production companies (the Former Group's principal customers). The challenging market conditions led to many customers reducing their capital spending budgets and cancelling or deferring existing programmes. The declines in capital spending levels, together with the oversupply of rigs from newbuild deliveries, have resulted in significantly reduced day rates and utilisation and led to one of the most severe downturns in the industry's history. The negative effect of such downturns on offshore drilling companies is particularly acute as, when activity reduces, it is not possible to commensurately reduce costs, given their heavy marine fixed asset base, which requires a level of routine maintenance and crew irrespective of whether income is being earned to defray those costs.

The Company's financial position, operating results, and cash flows were significantly adversely affected by this broader industry-wide reduction in demand, which required the Former Group to idle or scrap rigs and modify existing contracts to avoid further cancellations.

Despite efforts to address the impact of these conditions on the Former Group's business (including through cost savings initiatives, the reduction of operational costs and management of the Former Group's capital structure), the resultant downturn in the Former Group's financial performance in the first and second quarters of 2020 left the Former Group with a significantly higher amount of debt than it was able to refinance or service through its operational activities.

Therefore, during the first half of 2020 the Former Group was forced to develop a comprehensive restructuring proposal through discussions with its key financial creditors (the RCF Lenders and certain Senior Note Holders representing, at the time, approximately 50% of the Senior Notes (the "Ad Hoc Group")). In the absence of such a restructuring, it was considered that the Former Group would have been left with an unsustainable debt burden.

Following a sustained period of discussions and negotiations, on 18 August 2020 the Former Group agreed terms with the Ad Hoc Group for a proposed financial restructuring that would result in a full conversion of the Funded Debt into equity. At this stage the terms of the proposed financial restructuring were not supported by the RCF Lenders.

In order to implement the terms of the restructuring agreed with the Ad Hoc Group, and faced with the imminent maturity of $122.9 million of the Senior Notes, on 19 August 2020, the Debtors filed voluntary petitions for relief under Chapter 11 of the US Bankruptcy Code in the US Bankruptcy Court[3].

[3] Since this time, the Debtors' cases have been jointly administered under Case No. 20-34114 before Judge Marvin Isgur in the US Bankruptcy Court

2.3.2 Chapter 11 Proceedings

The petitions for Chapter 11 Proceedings resulted in the non-trading debts of the Former Group (including the RCF and the Senior Notes) falling immediately due on demand, albeit with enforcement of those debts being restricted due to a global stay on enforcement imposed under US federal law due to the Chapter 11 Proceedings.

With the Funded Debt no longer available to meet the ongoing working capital requirements of the Former Group, a further agreement with the Ad Hoc Group provided for a $500 million Debtor-in-Possession facility (the "DIP Facility") to provide liquidity during the Chapter 11 Proceedings (for the period up to 17 August 2021). The DIP Facility benefited from first priority super senior security over the Former Group's material assets, with a charge over the Company's assets registered at Companies House in the UK in favour of the DIP collateral agent.

Under US federal law, as part of the Chapter 11 Proceedings, the Company (in conjunction with the additional Debtors) was required to produce a "plan of reorganisation" (a "Plan"), being a legally binding document setting out and partially implementing the terms of a proposed restructuring. The initial proposed Plan filed in the US Bankruptcy Court in October 2020 reflected the terms of the financial restructuring negotiated with the Ad Hoc Group.

Between October 2020 and February 2021, the Debtors filed three main further versions of the proposed Plan with the US Bankruptcy Court, with new versions being filed as negotiations progressed with various creditor parties.

Creditor solicitation and voting in relation to the third proposed Plan commenced on 30 December 2020, with an initial voting deadline of 3 February 2021. At this stage, the RCF Lenders were not supportive of the proposed Plan.

However, following extensive negotiations, the Debtors reached a settlement with the RCF Lenders and the Senior Note Holders in early February 2021. Accordingly, the Fourth Plan was filed with the US Bankruptcy Court on 6 February 2021.

The Fourth Plan provided for the de-leveraging of the Former Group's balance sheet via an equitisation of the Funded Debt, as well as for a rights issue of $550 million of new senior secured notes to provide funding for the go-forward business.

As a result of the Fourth Plan being filed, the deadline for creditors and shareholders to vote on the Fourth Plan was extended to 1 March 2021. On 2 March 2021, the outcome of the voting process was filed in the US Bankruptcy Court and is shown below:

Summary of voting outcome	ACCEPT		REJECT		RESULT
Claim/Equity interest	Percentage of number voting	Percentage of claims/shares voting (by value)	Percentage of number voting	Percentage of claims/shares voting	
RCF Lenders	100%	100%	0.0%	0.0%	Accept
Pride Bondholders	90.8%	99.8%	9.2%	0.2%	Accept
Ensco International Bondholders	88.2%	99.7%	11.8%	0.3%	Accept
Jersey Bondholders	100%	100%	0.0%	0.0%	Accept
Valaris Bondholders	95.8%	99.7%	4.2%	0.3%	Accept
Legacy Rowan Bondholders	93.2%	99.9%	6.8%	0.1%	Accept
General Unsecured creditors	95.2%	98.8%	4.8%	1.2%	Accept
Newbuild claims	100%	100%	0.0%	0.0%	Accept
Existing shareholders	80.1%	81.1%	19.9%	18.9%	Accept

On 3 March 2021, and with the required voting consensus (over two thirds in dollar amount and half in number) of all eligible voting classes, the US Bankruptcy Court confirmed and approved the Fourth Plan by way of an order of the US Bankruptcy Court [Docket Entry No. 1139].

2.3.3 Summary of the Fourth Plan

A summary of the key terms of the Fourth Plan is set out below:

- elimination of the Funded Debt (approximately $7.3 billion), including the Funded Debt owed by the Company as principal or guarantor in return for the transfer of shares in a new Bermudan holding company (Holdco) (representing approximately 66.8% of Holdco's immediate post-implementation shares) to the RCF Lenders and Senior Note Holders. The proportion of equity provided to each individual party was negotiated as part of the Fourth Plan;

- the transfer of an aggregate of approximately $130 million in cash to the RCF Lenders and certain Senior Note Holders in accordance with the Fourth Plan;

- the issuance of $550 million of new secured notes and additional Holdco shares (representing 30% of Holdco's immediate post-implementation shares) as part of a rights offering to Senior Note Holders and certain RCF Lenders. This new debt will provide funding to settle amounts due to unsecured creditors under the Fourth Plan, as well as providing liquidity to support the Former Group's continuing operations following emergence from the Chapter 11 Proceedings;

- the issuance of additional Holdco shares (representing 2.7% of Holdco's immediate post-implementation shares) as well as additional new secured notes to certain Senior Note Holders and RCF Lenders who committed to "backstop" (or underwrite) the rights offering;

- the reinstatement or payment in full of all general unsecured creditors; and
- the issuance of warrants equivalent to 7% of the fully diluted share capital of Holdco to the Company's existing shareholders at emergence.

2.3.4 Overview of the pre-packaged transaction

The Fourth Plan could not be fully implemented solely through the Chapter 11 Proceedings, as the Company is incorporated in England & Wales.

During the Chapter 11 Proceedings, the Company carefully evaluated how to implement the Fourth Plan in England & Wales (including, in particular, via a shareholder scheme of arrang ement). The Company ultimately determined that the Fourth Plan should be implemented via a UK administration, in light of the following:

- there was a material level of uncertainty at the time of such determination as to whether shareholder consent for the restructuring would have been provided in accordance with the applicable requirements of the Companies Act 2006;
- the costs and time associated with seeking such shareholder consent would have been wasted if consent was not provided; and
- certain of the Company's key financial creditors (whose consent was required in respect of the implementation mechanism to be used) determined that they would only support implementation via a UK administration.

As discussed above, the US Bankruptcy Court approved the Fourth Plan on 3 March 2021. Accordingly, following a period of preparation for the required transactions during which additional conditions to implementation of the Fourth Plan (including antitrust clearances) were satisfied, the Company entered administration on 30 April 2021 and Jonathan Charles Marston and Mark Granville Firmin were appointed to act as Joint Administrators.

On the day of the administration appointment, the Joint Administrators completed the UK Transaction which resulted in:

i) the transfer of substantially all of the Company's assets and liabilities to a wholly owned subsidiary;

ii) the transfer of shares in that subsidiary to a newly incorporated Bermudan company (Valaris Holdco 2 Limited ("Newco")) in exchange for shares in Holdco (a newly incorporated Bermudan company that is the ultimate parent company of Newco); and

iii) the subsequent transfer of the beneficial ownership in the Holdco equity to the RCF Lenders and Senior Note Holders as set out in the Fourth Plan, in consideration for the forgiveness of the Funded Debt owed by the Company as principal or guarantor ($7.3 billion).

The ultimate result of the UK Transaction is that the RCF Lenders and the Senior Note Holders have irrevocably forgiven approximately $7.3 billion of liabilities due from the Company, in exchange for equity in Holdco. In addition, as part of the UK Transaction, the Company has transferred its residual operating liabilities, which have been assumed by an entity within the Former Group. Accordingly, the UK Transaction has given effect to the Fourth Plan negotiated and approved by creditors, shareholders and the US Bankruptcy Court under the Chapter 11 Proceedings.

The Fourth Plan took considerable time to negotiate and involved extensive negotiation with the Former Group's key stakeholders. The rationale for the UK Transaction was agreed with the Company's creditors under the supervision of the US Bankruptcy Court, ultimately resulting in the overwhelming majority of the equity in Holdco being transferred to the Company's unsecured financial creditors (namely, the RCF Lenders and the Senior Note Holders, as detailed in the Fourth Plan).

2.3.5 Engagements prior to the Chapter 11 process

A&M US engagement

In late 2019 and early 2020, the Former Group engaged advisers, including Kirkland & Ellis LLP (as US counsel), Slaughter and May (as UK counsel) and Lazard, to consider out of court options to de-leverage the Former Group's balance sheet.

Alvarez & Marsal North America, LLC ("A&M US") was introduced to the Company by Kirkland & Ellis LLP, with a letter of engagement between A&M US and the Company signed on 17 April 2020. The scope of this engagement letter included the provision of consulting services to the Former Group in connection with its strategic and operational financial options, and assistance with contingency planning efforts.

A&M UK engagement

The Former Group and its advisers recognised that a comprehensive restructuring process would require a UK implementation process due to the Company being incorporated in England & Wales. Therefore, A&M UK was introduced to the Company by A&M US on 2 July 2020.

A&M UK was retained under the A&M US engagement letter, to work with the Company's legal and financial advisers in the UK and US to understand the Company's balance sheet position, and develop a contingency plan for the potential appointment of administrators in respect of the Company, should this be required.

2.3.6 Engagements during the Chapter 11 process

A&M US engagement

The Debtors entered Chapter 11 Proceedings on 19 August 2020 and A&M US (together with employees of its affiliates) were subsequently retained by the Debtors as restructuring advisers, to provide advice with respect to:

- the management of the Former Group's overall restructuring process;
- the development of ongoing business and financial plans; and
- the overall exit strategy from the Chapter 11 Proceedings.

A&M UK engagement

Following the commencement of the Chapter 11 Proceedings, A&M UK continued to provide advice to the Company under the A&M US engagement letter, developing a contingency plan for a potential administration appointment. At this point, the UK implementation route had not been finalised.

As described and for the reasons noted above, in November 2020, the Company indicated that their preference was for implementation to take place via a UK administration.

As A&M US had been engaged by the Former Group prior to and during the Chapter 11 Proceedings, partners from A&M UK were considered to be well placed to take on a role as prospective Joint Administrators and, if required, to accept the role as joint administrators.

Accordingly, on 6 January 2021 an application was submitted to the US Bankruptcy Court, requesting authorisation to expand the scope of A&M US's retention and employment to include continued and expanded utilisation of A&M UK personnel, including the identification of A&M UK professionals to potentially serve as the administrators. In submitting this application, both A&M US and A&M UK were required to satisfy disinterestedness obligations to demonstrate to the US Bankruptcy Court that there was no conflict of interest arising.

There were no objections from any parties involved in the Chapter 11 Proceedings and on 9 February 2021, the US Bankruptcy Court entered a supplemental order expanding the scope of A&M US's retention in line with the application. Accordingly, since that date, A&M UK worked to prepare for the administration and the UK Transaction.

At the time of our appointment, we disclosed to the Court details of the work carried out by A&M US and A&M UK up to that time.

We are satisfied that the work carried out by A&M before our appointment, including the pre-administration work summarised below, has not resulted in any relationships which create a conflict of interest or which threaten our independence.

Furthermore, we are satisfied that we are acting in accordance with the relevant guides to professional conduct and ethics.

Our costs for this pre-appointment work (for the period up to 2 March 2021) have either been paid by the Former Group prior to our appointment, or sufficient funding has been provided by the Former Group and set aside in an escrow account to meet these costs as part of the Chapter 11 Proceedings.

2.4 Pre-administration work

Following confirmation of the Fourth Plan on 3 March 2021, we have undertaken various steps to determine whether the outcome under the Fourth Plan was in the best interests of the creditors of the Company and the Former Group. In this regard, we have:

- held discussions with the Former Group's English and US legal advisers to better understand the Fourth Plan (and predecessor plans) and the UK Transaction including to understand the process which was undertaken to negotiate the Fourth Plan with stakeholders;
- gained a detailed understanding of the Company's balance sheet (including its assets and liabilities) and contractual arrangements;
- held discussions with representatives of the Company and the Former Group;
- gained an understanding of the various finance arrangements entered into by the Company and the Former Group;
- reviewed the detailed transaction steps required prior to and as part of implementation of the UK Transaction and the Fourth Plan and how such steps factor into the Former Group's emergence from the Chapter 11 Proceedings;
- participated in and/or reviewed notes of conference calls and meetings between advisers to the Company, the Former Group and certain of their creditors to discuss the Fourth Plan and the proposed UK Transaction;
- reviewed certain court documentation f iled in the Chapter 11 Proceedings, including in particular the valuation evidence and liquidation analysis submitted by Lazard and A&M US, respectively;
- participated in conference calls with A&M US regarding the liquidation analysis prepared for the Company in connection with the Chapter 11 Proceedings (discussed further below); and
- reviewed the detailed valuation report prepared by Lazard and sought further clarification where required.

The costs incurred by A&M UK in the period since 3 March 2021 will be paid from funds set aside in the Chapter 11 Proceedings, as discussed further in Section 7 below.

2.5 Appointment of Joint Administrators

Once all the necessary steps to prepare the Debtors for emergence from the Chapter 11 Proceedings had been implemented, an application was made to Court by the Directors for the Company to be placed into administration.

An Administration Order was made on 30 April 2021 and Jonathan Charles Marston and Mark Granville Firmin were duly appointed as Joint Administrators.

3 Strategy and progress of the administration to date

3.1 Strategy

Following our appointment, the Joint Administrators implemented the UK Transaction, as set out in further detail in Appendix 5. This transaction was completed on 30 April 2021.

In addition, the Joint Administrators have taken steps to open the required bank accounts to receive the administration funding which either will be or has been provided by Newco. This funding is held on trust for Newco and can only be utilised for the purpose of meeting the costs and expenses of the administration.

3.1.1 Trading considerations

As detailed above, the Company was the ultimate parent company of the Former Group; however, it had no trading activities itself (and no employees).

The rationale for the administration appointment was to implement the Fourth Plan, as negotiated with creditors via the Chapter 11 Proceedings, and approved by creditors, shareholders and the US Bankruptcy Court. The Fourth Plan took considerable time to negotiate and involved extensive negotiation with the Former Group's key stakeholders.

The UK Transaction ultimately resulted in the equity in Holdco being transferred to the Company's unsecured financial creditors (namely the RCF Lenders and Senior Note Holders, as detailed in the Fourth Plan).

Given the specific rationale for the administration appointment, and noting that the Company was a holding company and had no trading activities itself, the Joint Administrators do not believe that it would have been appropriate for the Company to trade. This would have undermined the restructuring efforts of the Former Group and would not have been in line with the agreement reached with creditors under the Fourth Plan. This would also have likely resulted in significant costs, delay and destabilisation to the Former Group.

Further details of the alternate options considered prior to our appointment can be found at Appendix 5.

3.1.2 Sale of Business

The UK Transaction was implemented by the Administrators on 30 April 2021, shortly following our appointment.

The result of the UK Transaction is that the business and assets of the Company (which now sit beneath Valaris Holdco 2 Limited ("Newco"), a newly formed Company), are now ultimately owned by the principal financial creditors of the Former Group through shares in Newco's parent company, Valaris Limited ("Holdco"), beneficial title to which was transferred to those financial creditors as part of the UK Transaction. In return, those creditors have irrevocably forgiven $7.3 billion of liabilities due from the Company.

3.2 Asset realisations

As outlined above, substantially all assets and liabilities of the Company were transferred or released as part of the UK Transaction. Full details of the UK Transaction are shown at Appendix 5.

The overall f inancial benefit for the Company from entering into the UK Transaction was the release of unsecured actual and contingent liabilities owed by the Company exceeding $7.3 billion.

As there has was no cash consideration payable in addition to the debt release, there are no receipts shown in the attached receipts and payments account, which covers the date of our appointment (Appendix 2).

3.3 Administration Funding

Following the UK Transaction, the Company has been left with no assets from which to fund the costs of the administration. Accordingly, the Joint Administrators have negotiated a funding arrangement whereby Newco has provided funding to meet the costs and expenses of the administration.

This funding will be held on trust for Newco and may only be used to meet the costs and expenses of the administration process. In this regard, we anticipate receipt of $2 million into the relevant trust account shortly following our appointment. Any surplus remaining after settlement of the costs and expenses of the administration will be returned to Newco.

It is anticipated that this funding will enable us to wind down the Company in an orderly fashion and in accordance with the purpose of the administration, with provision for additional funding to be drawn under specific circumstances, should this be required.

3.4 Investigations

We are reviewing the affairs of the Company to find out if there are any actions which can be taken against third parties to increase recoveries for creditors.

If you wish to bring to our attention any matters which you believe to be relevant please do so by writing to Greg Clifford at Alvarez & Marsal Europe LLP Suite 3, Regency House, 91 Western Road, Brighton, BN1 2NW.

3.5 Expenses

Expenses are any payments from the estate which are neither the Joint Administrators' remuneration nor a distribution to a creditor or a member. Expenses also include disbursements.

Disbursements are payments which are first met by A&M, and then reimbursed to A&M from the estate. For further detail in relation to our disbursements please refer to our charging policy (Appendix 3).

Expenses are divided into those that do not need approval before they are charged to the estate (category 1) and those that do (category 2).

For the avoidance of doubt, expenses are defined in Statement of Insolvency Practice 9 ("SIP 9") as:

- Category 1 expenses: These are payments to persons providing the service to which the expense relates who are not an associate of the office holder. Category 1 expenses can be paid without prior approval; and

- Category 2 expenses: These are payments to associates or which have an element of shared costs. Before being paid, category 2 expenses require approval in the samemanner as an office holder's remuneration. Category 2 expenses require approval whether paid directly from the estate or as a disbursement.

It is anticipated that the expenses of the administration will be met via the funding arrangement with Newco, as discussed above.

No payments have been made as at the date of our appointment, as set out in the attached receipts and payments account (Appendix 2).

3.6 Ongoing strategy

The work required to be undertaken in the administration is outlined in the table below.

Type of work	Narrative description of work
Engagement control	- Formulating, monitoring and reviewing the administration strategy - Briefing our staff on the administration strategy and matters in relation to various work-streams - Regular case management and reviewing of process, including regular team update meetings and calls - Reviewing and authorising junior staff correspondence and other work - Dealing with queries arising during the appo intment - Reviewing matters affecting the outcome of the administration - Allocating and managing staff/case resourcing and budgeting exercises and reviews - Liaising with our solicitors regarding the various instructions, including agreeing content of engagement letters - Complying with internal filing and information recording practices, including documenting strategy decisions
Appointment & risk	- Collating initial information to enable us to carry out our statutory duties, including creditor information and details of assets - Obtaining confirmation of validity of appointment - Arranging bonding and complying with statutory requirements - Liaising with the post-appointment insurance brokers to provide information, assess risks and ensure appropriate cover in place - Assessing the level of insurance premiums
Reports, decision making & remuneration	- Preparing statutory receipts and payments accounts - Drafting and publishing our proposals and progress reports - Obtaining approval of our proposals - Ensuring compliance with all statutory obligations within the relevant timescales - Preparing for the creditors' decision relating to the basis of the Joint Administrators' remuneration - Reviewing time costs to date and producing analysis of time incurred which is compliant with SIP 9 - Preparing and reviewing the fees estimate - Preparing and reviewing the expenses estimate - Seeking approval of the basis of remuneration from the relevant parties
Correspondence & statutory filing	- Uploading information to the Portal - Providing initial statutory notifications of our appointment to the Registrar of Companies, creditors and other stakeholders and advertising our appointment - Dealing with queries from creditors and shareholders of the Company - Dealing with the formation of a creditors' committee (if nominated)
Investigations	- Locating relevant Company books and records, arranging for their collection, review and ongoing storage - Reviewing Company and Directors searches and advising the directors of the effect of the administration - Liaising with management to produce the Statement of Affairs and filing it with the Registrar of Companies - Arranging for the redirection of the Company's mail - Reviewing the questionnaires submitted by the Directors of the Company - Reviewing pre-appointment transactions - Drafting the statutory report and submitting to the relevant authority
Sale of business	- Finalising the pre-packaged sale of the Company's business and assets immediately on appointment - Dealing with any post-completion matters under the terms of the Sale and Purchase Agreement ("SPA")

Type of work	Narrative description of work
Asset realisations	- Arranging the receipt of funding from Newco pursuant to the SPA. - Dealing with the Company's pre-appointment bank accounts
Costs of realisation	- Liaising with third parties regarding costs incurred - Reviewing costs incurred to ensure that these are recorded accurately - Arranging payment of the costs in a timely manner as and when funds allow
Tax	- Gathering initial information from the Company's records in relation to thetaxation position of the Company - Submitting relevant initial notifications to HM Revenue and Customs - Reviewing the Company's pre-appointment corporation tax and VATposition - Working on tax returns relating to the periods affected by the administration - Assisting Newco with group relief claims - Ensuring the Company is removed from the VAT group - Dealing with post appointment tax compliance
Cashiering	- Setting up administration bank accounts - Preparing and processing vouchers for the payment of post-appointment invoices - Creating remittances and sending payments to settle post-appointmentinvoices - Reconciling post-appointment bank accounts to internal systems - Ensuring compliance with appropriate risk management procedures inrespect of receipts and payments
Exit routes & closure	- Dealing with all closure related formalities

4 Dividend prospects

4.1 Secured creditors

Wilmington held, as at the date of our appointment, a debenture supported by fixed and floating charges over the Company's assets which was created on 25 September 2020 and registered on 13 October 2020. This charge was in respect of the DIP Facility, provided to the Former Group as part of the Chapter 11 Proceedings.

No amounts were drawn down on the DIP Facility prior to appointment, and no balance was outstanding as at the date of the administration. The DIP Facility was cancelled and Wilmington fully released these charges immediately following our appointment and prior to the UK Transaction.

Therefore, we are not aware of any outstanding secured claims against the Company.

4.2 Preferential creditors

The Company acted as the Former Group's holding entity and had no employees as at the date of appointment.

We are not aware of any amounts owed to HMRC that would rank as secondary preferential claims.

On this basis, we are not aware of any preferential claims against the Company.

4.3 Unsecured creditors

As detailed above, the Company's unsecured trade creditors have all transferred to and will be satisfied by the go-forward Valaris Group. We therefore do not anticipate any unsecured trade creditor claims arising in the administration.

The Company's creditor balances as at the date of our appointment include retained advisors' professional fees (for the pre-confirmation period up to 3 March 2021), that will be paid from funding that has been provided by the Former Group and set aside in an escrow account to meet these costs as part of the Chapter 11 Proceedings. Creditor balances also include retained advisors' professional fees (for the post-confirmation period from 4 March 2021) and non-retained advisors' professional fees (for the period up to our appointment). Such claims will be met by the go-forward Valaris Group following our appointment. These creditors will have no unsecured claim in the Company administration. Further detail of all creditor claims (as at the date of appointment) is detailed in Appendix 4.

The Fourth Plan provides that intercompany claims may be reinstated, set off, settled, distributed, contributed, cancelled or released without distribution at the option of the applicable Debtor with the reasonable consent of the RCF Lenders and Senior Note Holders. Following the UK Transaction, all intercompany payables were either assumed by an entity within the go-forward Valaris Group or released, with the exception of an amount of approximately $850 million due to Ensco Jersey Finance Limited and approximately $192 million due to Ensco Incorporated. These balances will rank as unsecured claims in the administration, albeit we anticipate that the amount due to Ensco Incorporated may be released in the coming weeks.

As all assets of the Company have been transferred, we do not anticipate any further asset realisations. Consequently, based on current estimates, there are insufficient funds to enable a distribution to be made to unsecured creditors.

Any queries regarding ongoing trading should be directed to the go-forward Valaris Group.

4.4 Shareholders

The Company's Class A ordinary shares ceased trading on the New York Stock Exchange on 17 August 2020 (due to the Chapter 11 f iling) and were delisted from the exchange on 14 September 2020.

As part of the Company's emergence from the Chapter 11 Proceedings, former shareholders of the Company were issued with warrants for shares in Holdco as agreed under the Fourth Plan.

We are not obliged to provide further information or reports to former shareholders of the Company.

Any questions regarding the issuance of warrants should be directed to the go forward Valaris Group in the first instance.

5 Ending the administration

5.1 Exit from administration

5.1.1 Anticipated exit route

As substantially all of the Company's assets and liabilities have transferred to Newco, we do not expect any matters to arise that would necessitate either a liquidation of the Company or an alternative insolvency process subsequent to the administration.

At this stage we therefore anticipate that the most likely exit route will be via dissolution of the Company.

Should this position change due to unforeseen circumstances, we consider it prudent to retain all the options available to us, as listed below, to bring the administration to a conclusion in due course.

5.1.2 All exit routes

We have summarised the exit routes available to an administrator (as prescribed in the Insolvency Act 1986) below. In the event that dissolution is deemed not to be the appropriate exit route, we may use any or a combination of the following exit route strategies in order to bring the administration to an end:

- apply to Court for the administration order to cease to have effect from a specified time and for control of the Company to be returned to the Directors;
- formulate a proposal for either a company voluntary arrangement ("CVA") or a Scheme of Arrangement under Part 26 or Part 26A of the Companies Act 2006, and put it to meetings of the Company's creditors, shareholders or the Court for approval as appropriate;
- place the Company into creditors' voluntary liquidation ("CVL"). In these circumstances we propose that Jonathan Charles Marston and Mark Granville Firmin of A&MUK be appointed as Joint Liquidators of the Company without any further recourse to creditors. If appointed Joint Liquidators, any action required or authorised under any enactment to be taken by us may be taken by us individually or together. The creditors may nominate different persons as the proposed Joint Liquidators, provided the nomination is received before these proposals are approved;
- petition the Court for a winding-up order placing the Company into compulsory liquidation and to consider, if deemed appropriate, appointing Jonathan Charles Marston and Mark Granville Firmin of A&M UK as proposed Joint Liquidators of the Company without further recourse to creditors. Any action required or authorised under any enactment to be taken by us as Joint Liquidators may be taken by us individually or together; or
- file notice of move from administration to dissolution with the Registrar of Companies if we consider that liquidation is not appropriate because (1) no dividend will become available to creditors, and (2) there are no other outstanding matters that require to be dealt with in liquidation. The Company will be dissolved three months after the registering of the notice with the Registrar of Companies.

Alternatively, we may allow the administration to end automatically.

5.2 Discharge from liability

We will seek approval from the Court that we will be discharged from liability in respect of any action as Joint Administrators upon the filing of our final receipts and payments account with the Registrar of Companies.

Discharge does not prevent the exercise of the Court's power in relation to any misfeasance action against us.

6 Approval of proposals

6.1 Deemed approval of proposals

Our proposals will be deemed approved with no requirement to seek deemed consent or use a decision procedure, as it appears that the Company has insufficient property to enable us to make a distribution to the unsecured creditors.

On expiry of eight business days from the date our proposals are delivered to the creditors, they will be deemed to have been approved by the creditors unless 10% in value of the creditors request that a decision is sought. Further details of the steps required to request a decision are detailed below.

6.2 Creditors' right to request a decision procedure

We will use a decision procedure or deemed consent to seek approval of our proposals (1) if asked to do so by creditors whose debts amount to at least 10% of the total debts of the Company and (2) if the procedures set out below are followed.

Requests for a decision must be made within eight business days of the date on which our proposals were delivered. They must include:

- a statement of the requesting creditors' claim;
- a list of the creditors concurring with the request, showing the amounts of their respective debts in the administration;
- written confirmation of their concurrence from each concurring creditor; and
- a statement of the purpose of the proposed decision.

In addition, the expenses of the decision procedure at the request of a creditor must be paid by that creditor. That creditor is required to deposit security for such expenses with us.

If you wish to request a decision, this can be done via the Portal. Alternatively, please contact Greg Clifford at INS_VALARP@alvarezandmarsal.com or on 0113 360 6700.

7 Joint Administrators' remuneration, category 2 expenses and pre-administration costs

7.1 Approval of the basis of remuneration and category 2 expenses

7.1.1 Basis of remuneration and category 2 expenses

As we are not seeking to establish a creditors' committee, we propose to seek approval from the unsecured creditors that:

- our remuneration will be drawn on the basis of time properly given by us and the various grades of our staff in accordance with the fees estimate; and
- category 2 expenses (as defined in SIP 9 and set out in Section 3 above) will be paid as expense of the estate, including disbursements paid directly by A&M UK and charged in accordance with our charging policy as set out in Appendix 3.

Agreement to the basis of our remuneration and the drawing of category 2 expenses is subject to specific approval. It is not part of our proposals.

We will contact the relevant unsecured creditors in due course proposing a decision seeking approval for the basis of our remuneration.

As at the date of our appointment we had not yet incurred any time costs or category 2 expenses.

7.2 Pre-administration costs and expenses

7.2.1 Pre-administration costs

Between confirmation of the Fourth Plan on 3 March 2021 and our appointment, pre-administration work totalling $550,950 was undertaken with a view to placing the Company into administration. Further detail of the specific activities undertaken in respect of this work are detailed in section 2.4 above.

This work was necessary in order to place the Company into administration and effect the UK Transaction, and was carried out under the A&M US engagement letter, dated 17 April 2020, with the Company.

Our pre-administration costs have been partially paid by Ensco Incorporated prior to our appointment, with the remainder to be paid by ENSCO Global Limited following appointment as part of the Chapter 11 Proceedings. As this funding does not form part of the administration estate, no approval is required in respect of these pre-administration costs.

In the interests of transparency, a summary of our pre-administration costs is provided in the table below.

Pre-administration costs	Paid ($)	Unpaid ($)	Total ($)
Joint Administrators' fees			
- Engagement acceptance & control	19,170.00	68,442.50	87,612.50
- Dealing with stakeholders	3,987.50	25,995.00	29,982.50
- Sale of business	224,462.50	182,300.00	406,762.50
- Appointment documentation	5,607.50	20,425.00	26,032.50
- Statement of Affairs preparation	-	560.00	560.00
Joint Administrators' expenses	-	-	-
Total	**253,227.50**	**297,722.50**	**550,950.00**

7.2.2 Pre-administration expenses

The payment of unpaid pre-administration costs as an expense of the administration is usually subject to approval from the relevant party. It is not part of our proposals.

Where required, approval in respect of the payment of pre-administration expenses will be sought f rom the relevant parties (being the remaining unsecured creditors, following the UK Transaction) in due course.

A summary of our incurred, unpaid pre-administration expenses is provided in the table below.

Pre-administration expenses	Paid ($)	Unpaid ($)	Total ($)
Valuation fees – Fearnley Offshore AS	-	33,000.00	33,000.00
Total	**-**	**33,000.00**	**33,000.00**

Fearnley

As part of the Chapter 11 Proceedings, Fearnley Offshore AS ("Fearnley") were instructed by the Former Group to complete independent valuations of the Former Group's rig assets. These valuations were used in the comparative liquidation analysis prepared by A&M US, to provide a view of the potential outcome for key classes of creditor based on a hypothetical liquidation of the Former Group as at 31 March 2021.

As the Fearnley report was provided in December 2020 and given its existing knowledge of the Former Group's assets we requested that Fearnley provide an update to their valuation to take account of any recent transactions in the market. The cost of providing this update was calculated on a day rate basis, with a total cost of $33,000.

We will require approval to make payment of Fearnley pre-administration costs as an expense of the administration. This approval will be sought from the relevant creditors in due course.

Slaughter and May

Prior to our appointment, the Company engaged Slaughter and May to provide ad hoc advice and to advise in relation to the Chapter 11 Proceedings and the UK Transaction, including assisting with the necessary steps to place the Company into administration and effect the pre-pack transaction.

This work included, but was not limited to, the drafting of the SPA for the UK Transaction and the preparation of the necessary legal documents to place the Company into administration.

Given Slaughter and May's extensive knowledge of the transaction, Slaughter and May extended reliance on aspects of their work to the Joint Administrators during this period, utilising a team comprising of separate individuals from the team advising the Company. This work was carried out under the Slaughter and May engagement letter with the Company, as amended on 8 March 2021.

Slaughter and May's pre-administration costs have been partially paid by the Former Group prior to our appointment, with the remainder to be paid from funding set aside in an escrow account prior to our appointment as part of the Chapter 11 Proceedings, or by the go-forward Valaris Group. As these costs have not been incurred by the Joint Administrators under this arrangement, no disclosure or approval is required.

Appendix 1 – Statutory information

Company information	
Company and trading name	Valaris Plc
Date of incorporation	18 September 2009
Company registration number	07023598
Trading address	Cannon Place, 78 Cannon Street, London, England, EC4N 6AF
Previous registered offices	Cannon Place, 78 Cannon Street, London, EC4N 6AF 110 Cannon Street, London, EC4N 6EU 6 Chesterfield Gardens, 3rd Floor, London W1J 5BQ 100 New Bridge Street, London, EC4V 6JA
Present registered office	Suite 3, Regency House, 91 Western Road, Brighton, BN1 2NW
Company Directors	Paul Edward Rowsey III Shares held: 57,426 Mary Francis CBE Shares held: 15,386 William Eugene Albrecht Shares held: Nil Suzanne Paquin Nimocks Shares held: 20,457 Thomas Peter Horlick Burke Shares held: 737,066 Thierry Pilenko Shares held: 687 Charles Lawrence Szews Shares held: 38,751 Georges Lambert Shares held: Nil Frederick Arnold Shares held: 3,750
Company Secretaries	Michael Terence McGuinty Shares held: 48,144 Davor Vukadin Shares held: Nil

Administration information

Delivery date of proposals	14 May 2021
Administration appointment	The administration appointment granted in the High Court of Justice, Business and Property Courts of England and Wales, Insolvency and Companies List (ChD), CR-2021-000772.
Appointor	The Court on the application of the directors of the Company.
Date of appointment	30 April 2021
Joint Administrators	Jonathan Charles Marston and Mark Granville Firmin
Joint Administrators' contact details	Address: Suite 3, Regency House, 91 Western Road, Brighton, BN1 2NW Tel: 0113 360 6700 Email: INS_VALARP@alvarezandmarsal.com
Purpose of the administration	As the purpose of the administration is to implement the UK Transaction (as agreed in the Fourth Plan and confirmed in the US Bankruptcy Court), it is not possible to rescue the Company as a going concern in accordance with Paragraph 3(1)(a). Therefore, our primary objective is to achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration), in accordance with Paragraph 3(1)(b).
Functions	The functions of the Joint Administrators are being exercised by them individually or together in accordance with Paragraph 100(2).
Current administration expiry date	29 April 2022
Prescribed Part	The Prescribed Part is not applicable in this case as (following the UK Transaction) there is no holder of a qualifying floating charge.
Insolvency proceedings	These proceedings are COMI proceedings (as defined in the Insolvency (England and Wales) Rules 2016).

Appendix 2 – Receipts and payments account

Valaris Plc
(In Administration)
Joint Administrators' Summary of Receipts & Payments

Statement of Affairs £		From 30/04/2021 To 30/04/2021 $ USD
	FIXED CHARGE ASSETS	
Awaited	Nil	NIL
	FIXED CHARGE CREDITORS	
Awaited	Nil	NIL
	ASSET REALISATIONS	
Awaited	Nil	NIL
Awaited		**NIL**
	REPRESENTED BY	
	Floating Charge Current	NIL
		NIL

No receipts or payments have occurred in the period of this report.

At such time that funds are received into the administration estate, these will be held in an interest bearing United States dollar ($ USD) bank account.

Appendix 3 – Charging policy

Joint Administrators' charging policy

The time charged to the administration is by reference to the time properly given by us and our staff in attending to matters arising in the administration. This includes work undertaken in respect of tax, VAT and investigations by A&M UK in-house specialists.

Our policy is to delegate tasks in the administration to appropriate members of staff considering their level of experience and requisite specialist knowledge, supervised accordingly, so as to maximise the cost effectiveness of the work performed. Matters of particular complexity or significance requiring more exceptional responsibility are dealt with by senior staff or us.

A copy of "Administration: A Guide for Creditors on Insolvency Practitioner Fees" from SIP 9 produced by the Association of Business Recovery Professionals is available via the Portal.

If you are unable to access this guide and would like a copy, please contact Greg Clifford at INS_VALARP@alvarezandmarsal.com.

Policy for the recovery of disbursements

Where funds permit, the office holders will seek to recover disbursements falling into both category 1 and category 2 expenses from the estate. For the avoidance of doubt, disbursements are defined within SIP 9 as payments which are first met by the office holder, and then reimbursed to the office holder from the estate. These are divided in SIP 9 as follows:

- *Disbursements within category 1 expenses:* These are payments which do not have any element of shared costs and are made to persons who are not an associate of the office holder. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the office holder or his or her staff.

- *Disbursements within category 2 expenses:* These are payments to associates or which have an element of shared costs. These may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage.

  Disbursements within category 2 expenses charged by A&M include mileage at a rate of 45p per mile. When carrying an A&M passenger, no additional cost per passenger will be charged.

We have the authority to pay disbursements falling within category 1 expenses without the need for any prior approval from the creditors of the Company.

Disbursements falling within category 2 expenses are to be approved in the same manner as our remuneration.

Our time cost summary in accordance with SIP 9

As we are issuing these proposals immediately upon appointment, we have not incurred any time costs. Accordingly no detailed breakdown of our time costs has been included in this document.

Appendix 4 – Estimated financial position

As we are issuing these proposals immediately upon appointment, the directors have not yet provided a Statement of Affairs.

Once received the Statement of Affairs will be filed with the Registrar of Companies. Please note that disclosure of the Statement of Affairs may be restricted with the Court's permission if it is considered that disclosure would be adverse to the interests of the creditors.

As a Statement of Affairs has not yet been provided, details of the estimated financial position of the Company as at 30 April 2021 (the latest practicable date), are provided below.

VALARIS PLC IN ADMINISTRATION
ESTIMATED BALANCE SHEET AS AT 30 APRIL 2021 ($)

	Notes	
CURRENT ASSETS		
Prepaid expenses and other	1	485,492
OTHER ASSETS		
Right of use asset long term	1	2,449
Investment in Subsidiaries / Dividends Paid to Subsidiaries	1	21,081,522,164
Intercompany receivables	1	5,843,765,016
Total Assets		**26,925,775,120**
CURRENT LIABILITIES		
Trade creditors	2	(123,975)
Intercompany payables	2	(4,468,442,114)
Accrued retained professional costs (pre-confirmation)	2	(48,518,037)
Accrued retained professional costs (post-confirmation)	2	(4,026,011)
Accrued non-retained professional costs	2	(4,288,286)
Financial creditors (RCF and Note Holders)	2, 3	(7,325,975,426)
NONCURRENT LIABILITIES		
n/a		-
Total Liabilities		**(11,851,373,848)**
EQUITY		
Class A Ordinary Shares		(82,474,277)
Class B Ordinary Shares		(79,471)
Additional Paid in Capital		(7,607,154,741)
Retained Earnings		(7,459,641,359)
Treasury Stock		74,948,576
Total Stockholders Equity		**(15,074,401,271)**
Total Liabilities and Equity		**(26,925,775,120)**

Notes: *[1] Substantially all assets and liabilities of the Company were transferred, or released, as part of the UK Transaction in return for approximately $7.3 billion of debt forgiveness. Accordingly, no further realisations are anticipated in respect of these assets.*

The value of 'investment in subsidiaries/dividends paid to subsidiaries' represents the accounting value for the Former Group subsidiaries and should not be considered a market valuation.

[2] Further detail of the creditor balances as at the date of our appointment, and the treatment of each category of claim are included in the below tables. Following the UK Transaction and releases provided by certain unsecured creditors, the only unsecured creditor balances of the Company are owed to Ensco Jersey Finance Limited and Ensco Incorporated (former subsidiaries of the Company).

[3] The balance shown in respect of the financial creditors includes amounts owed under the guarantees provided by the Company in respect of the Pride Bond Claims, Ensco International Bond Claims and the Jersey Bond Claims. Certain of the guaranteed claims may not have been reported in the Company's historic balance sheet.

To ensure consistency with the Company's historic financial reporting. The above balance sheet has been presented in the format of the Generally Accepted Accounting Principles of the United States ("U.S. GAAP").

This balance sheet contains information about Valaris plc as an individual legal entity and does not contain consolidated financial information for the Former Group. We have not carried out anything in the way of an audit on the information provided. The f igures represent a view that is in draft, unaudited form for the Company.

A schedule of the known creditors' names, addresses, debts and details of any security held are also detailed on the following pages.

Creditors should be aware that as the Company may not have completed updating its ledgers as at the date of appointment, the balances stated may be revised.

A schedule of the known creditors' names, addresses, debts and details of any security held is provided below.

VALARIS PLC (IN ADMINISTRATION)
SUMMARY OF KNOWN CREDITORS AS AT 30 APRIL 2021

SECURED CREDITOR

Name of creditor	Address	Amount of debt ($)	Details of security held	Date Security Given	Value of security
Wilmington Savings Fund Society FSB	500 Delaware Avenue, Wilmington, DE, 19801, United States	Nil	Fixed and floating charge over substantially all of the Company's assets as collateral agent under the DIP Facility.	*Charge created:* 25 September 2020 *Charge registered:* 13 October 2020	Released shortly following the administration appointment as part of the transaction.

No amounts were drawn down on the DIP Facility prior to our appointment, and no balance was outstanding as at the date of the administration. The DIP Facility was cancelled and Wilmington fully released these charges immediately following our appointment and prior to the UK Transaction.

TRADE CREDITORS

Name of creditor	Address	Amount of debt ($)
ERNST AND YOUNG LLP	BP 780, L-2017, LUXEMBOURG	965
ERNST AND YOUNG LLP	1 MORE LONDON PLACE, LONDON, SE1 2AF	21,494
ADDISON LEE PLC	35-37 WILLIAM ROAD, LONDON, NW1 3ER	253
BNP PARIBAS	NORTHERN CROSS, BASINGSTOKE, RG21 4HL	8,837
DELOITTE GMBH	DELOITTE GMBH, FRANKLINSTRABE 50., WIRTSCHAFTSPRUFUNGSGESELL, 60486, GERMANY	7,012
DHL WORLDWIDE	178/188 GREAT SOUTH WEST ROAD, HOUNSLOW, MIDDLESEX, TE4 6JS	140
EDES UK LTD	169 GARTH ROAD, MORDEN, SM4 4LF	11,482
XEROX	PO BOX 4018, WORTHING, BN13 1QX	2,912
DHL WORLDWIDE	1 DUKES GREEN AVENUE, FELTHAM, TW14 0LR	145
DHL WORLDWIDE	178/188 GREAT SOUTHWEST ROAD, HOUNSLOW, MIDDLESEX, TE4 6JS	684
CHEESWRIGHT	BANKSIDE HOUSE 107, LEADENHALL STREET, LONDON, EC3A 4AF	2,918
PATMORE COMMERCIAL LTD	54 CONDUIT STREET, LONDON, W1S 2YY	57,884
CHUBB EUROPEAN GROUP	200 BROOMIELAW, GLASGOW, G1 4RU	73
CHUBB FIRE AND SECURITY LTD	NUMBER 1 AT THE BEEHIVE, LIONS DRIVE, LANCASHIRE, BLACKBURN, BB1 2QS	226
O2	CASH MANAGEMENT, ARLINGTON BUSINESS CENTRE, MILLSHAW PARK LANE, LEEDS, LS11 0NE	5,031
BNP PARIBAS	787 7TH AVE, NEW YORK, NY, 10019	289
TENON FM UK LTD	77 FULHAM PALACE ROAD, LONDON, W6 8AH	3,629
TOTAL		**123,975**

Unsecured trade creditors (defined as 'Holders of General Unsecured Claims' in the Fourth Plan) have all transferred to and will be satisfied by the go-forward Valaris Group in accordance with the terms of the Fourth Plan. We therefore do not anticipate any unsecured trade creditor claims arising in the administration.

INTERCOMPANY CREDITORS

Name of creditor	Address	Amount of debt ($)
Rowan No. 2 Limited	Cannon Place, 78 Cannon Street, London, EC4N 6AF	1,441,441,106
Rowan Companies plc	Cannon Place, 78 Cannon Street, London, EC4N 6AF	990,694,176
Ensco Jersey Finance Limited	6 Chesterfield Gardens, 3rd Floor, London W1J 5BQ	849,500,000
Ensco Capital Limited	6 Chesterfield Gardens, 3rd Floor, London W1J 5BQ	760,768,201
Rowan Companies, Inc.	1675 South State St, Suite B, Dover, DE 19901, United States	220,000,000
Ensco Incorporated	1999 Bryan Street, Suite 900, Dallas, TX 75201, United States	192,021,880
Ensco Jersey Finance Limited	6 Chesterfield Gardens, 3rd Floor, London W1J 5BQ	14,016,750
TOTAL		**4,468,442,114**

Following the UK Transaction, all intercompany payables were either assumed by an entity within the go-forward Valaris Group or released, with the exception of an amount of approximately $850 million due to Ensco Jersey Finance Limited and approximately $192 million due to Ensco Incorporated. We anticipate that the amount due to Ensco Incorporated may be released in the coming weeks.

RETAINED PROFESSIONALS (PRE-CONFIRMATION)

Name of creditor	Address	Amount of debt ($)
Alvarez & Marsal North America, LLC	2100 Ross Avenue, 21st Floor, Dallas, TX 75201, United States	998,189
Deloitte Tax LLP	PO Box 844736, Dallas, TX 75284-4736, United States	3,455,421
Ernst & Young US LLP	P.O. Box 933514, Atlanta, GA 31193-3514, United States	170,235
FTI Consulting, Inc.	3 Times Square, 9th Floor, New York, NY 10036, United States	268,036
Jackson Walker LLP	1401 McKinney Street, Suite 1900, Houston, Texas 77010, United States	215,543
Jefferies LLC	520 Madison Avenue, New York, NY 10022, United States	5,551,017
Kirkland & Ellis LLP	609 Main Street, Houston, TX 77002, United States	4,488,997
KPMG LLP	Lockbox 0754, 1501 N. Plano Rd, Richardson, TX 75081, United States	1,447,618
Lazard Frères & Co. LLC	30 Rockefeller Plaza, New York, NY 10112, United States	27,376,726
McKinsey & Company, Inc	P.O. Box 7247-7255, Philadelphia, PA 19170-7255, United States	1,588,333
Morrison & Foerster LLP	PO Box 742335, Los Angeles, CA 90074-2335, United States	1,103,710
Norton Rose Fulbright US LP	Fulbright Tower, 1301 McKinney, Suite 5100, Houston, Texas 77010-3095, United States	97,065
Slaughter and May	One Bunhill Row, London, EC1Y 8YY, United Kingdom	1,757,147
TOTAL		**48,518,037**

Creditor balances relate to retained advisors' professional fees for the pre-confirmation period (i.e. up to 3 March 2021). Such claims will be paid from funding that has been provided by the Former Group and set aside in an escrow account to meet these costs as part of the Chapter 11 Proceedings. Accordingly, these creditors will have no unsecured claim in the Company administration.

RETAINED PROFESSIONALS (POST-CONFIRMATION)

Name of creditor	Address	Amount of debt ($)
Kirkland & Ellis LLP	609 Main Street, Houston, TX 77002, United States	4,015,924
Carey Olsen (BVI)	Rodus Building PO Box 3093, Road Town, Tortola VG1110, British Virgin Islands	1,438
Carey Olsen (Cayman)	BO Box 1008 Willow House, Cricket Square, Grand Cayman KY1-1001, Cayman Islands	4,475
Carey Olsen (Jersey)	47 Esplanade, St Helier, Jersey JE1, 0BD, Channel Islands	4,175
TOTAL		**4,026,011**

Creditor balances relate to retained advisors' professional fees for the post-confirmation period (i.e. from 4 March 2021). Such claims will be paid from funding that has been provided by the Former Group to meet these costs as part of the Chapter 11 Proceedings. Accordingly, these creditors will have no unsecured claim in the Company administration.

EMERGENCE DAY CREDITORS

Name of creditor	Address	Amount of debt ($)
Kramer Levin Naftalis & Frankel LLP	1177 Avenue of the Americas, New York, NY 10036-2714, United States	1,961,950
U.S. Bank, National Association	Corporate Trust Services, 60 Livingston Ave., First Floor, St. Paul, MN 55107, United States	539,726
UMB Bank N.A.	1010 Grand Blvd Kansas City, MO, 64106, United States	329,149
Katten Muchin Rosenman LLP	2029 Century Park East, Suite 2600, Los Angeles, CA 90067-3012, United States	614,369
Wilmington Trust	Rodney Square North, 1100 North Market St, Wilmington, DE 19890-0001, United States	55,103
Emmet Marvin & Martin LLP	120 BROADWAY, NEW YORK, NY 10271, UNITED STATES	140,360
Deutsche Bank Trust Company Americas	60 Wall Street, 25th Floor, New York, NY, 10005, United States	100,405
Hogan Lovells US LLP	390 Madison Avenue, New York, NY 10017, United States	524,142
Husch Blackwell	P.O. BOX 790379, SAINT LOUIS, MISSOURI 63179, UNITED STATES	23,082
TOTAL		**4,288,286**

Creditor balances relate to non-retained advisors' professional fees for the period up to our appointment (i.e. 30 April 2021). Such claims will be paid from funding that has been provided by the Former Group to meet these costs as part of the Chapter 11 Proceedings. Accordingly, these creditors will have no unsecured claim in the Company administration.

ADMINISTRATIVE AGENT

Name of creditor	Address	Amount of debt ($)
CITIBANK, N.A. (as administrative agent)	811 MAIN STREET, SUITE 4000, HOUSTON TX 77002, UNITED STATES 1615 BRETT ROAD, BUILDING 3, NEW CASTLE, DE 19720, UNITED STATES C/O SHEARMAN AND STERLING LLP, 599 LEXINGTON AVENUE, NEW YORK, NY 10022, UNITED STATES C/O SHEARMAN AND STERLING LLP, 2828 HARWOOD STREET, 18TH FLOOR DALLAS, TX 75201, UNITED STATES	As detailed below.

Citibank act as administrative agent in respect of the Revolving Credit Facility. Details of the underlying RCF Lenders are provided below.

UNDERLYING RCF LENDERS

Name of creditor	Address	Amount of debt ($)
DEUTSCHE BANK AG	60 WALL STREET, NEW YORK, US-10005, UNITED STATES	80,901,571
BANK OF AMERICA NA	150 N COLLEGE STREET, NC1 028 17 06, CHARLOTTE US-28255, UNITED STATES	66,591,814
BARCLAYS BANK PLC	1 CHURCHILL PLACE, 11TH FLOOR, NEW YORK, GB-10265, UNITED STATES	33,830,352
BNP PARIBAS	787 SEVENTH AVENUE, 32ND FL, NEW YORK, NY 10019, UNITED STATES	57,239,031
BANK OF CHINA LIMITED	410 MADISON AVENUE, CN-10017, UNITED STATES	15,899,731
HSBC BANK USA, NATIONAL ASSOCIATION	452 FIFTH AVENUE, 28TH FLOOR-TAX DEPT, NEW YORK, US-10018, UNITED STATES	82,304,489
MORGAN STANLEY SENIOR FUNDING INC	1585 BROADWAY, C/O TAX DEPARTMENT, 1633 BROADWAY,25 TH FLOOR, NEW YORK, US-10019, UNITED STATES	30,209,489
SKANDINAVISKA ENSKILDA BANKEN AB	KUNGSTRADGARDSGATAN 8, 106 40 STOCKHOLM, SWEDEN	18,705,566
CITIBANK, N.A.	320 PARK AVENUE, 30TH FLOOR, NEW YORK, NY 10043, UNITED STATES	71,548,789
CITICORP NORTH AMERICA INC	320 PARK AVENUE, 30TH FLOOR, NEW YORK, NY 10043, UNITED STATES US-10043	16,367,370
GOLDMAN SACHS BANK USA	200 WEST STREET TAX DEPARTMENT, NEW YORK, NY US-10282, UNITED STATES	28,058,348
NIBC BANK N.V.	CARNEGIEPLEIN 4, 2517 KJ, P.O. BOX 380, THE HAGUE, THE NETHERLANDS	14,964,453
DNB CAPITAL LLC	DRONNING EUFEMIAS GATE 30, 0191, OSLO, NORWAY	90,254,354
TOTAL		**606,875,355**

The Company's principal financial creditors (including the RCF Lenders) have forgiven approximately $7.3 billion of debt in return for equity in a new vehicle which owns the business and assets previously held by the Company. These financial creditors will have no unsecured claim in the administration.

NOTE HOLDERS: INDENTURE TRUSTEES

Claim type	Debt issuance	Indenture Trustee	Address	Amount of debt ($)	Totals ($)
Pride Bond Claims	6.875% Senior Notes due 2020	The Bank of New York Mellon Trust Company, NA	CORPORATE TRUST OFFICE, 101 BARCLAY STREET, 4W, NEW YORK, NY 10286, UNITED STATES 240 GREENWICH STREET, 7TH FLOOR, NEW YORK, NY 10286, UNITED STATES	127,211,445	439,296,781
	7.875% Senior Notes due 2040			312,085,336	
Ensco International Bond Claims	7.2% Debentures due 2027	BOKF, NA	KELLEY DRYE & WARREN LLP, 101 PARK AVENUE, NEW YORK, NY 10187, UNITED STATES 1600 BROADWAY, 3RD FLOOR, DENVER, CO 80202, UNITED STATES	114,229,894	114,229,894
Jersey Bond Claims	3.0% Exchangeable Senior Notes due 2024	WILMINGTON TRUST, N.A.	EMMET, MARVIN & MARTIN LLP, 120 BROADWAY, 32ND FLOOR, NEW YORK, NY 10271, UNITED STATES 50 SOUTH SIXTH STREET, SUITE 1400, MINNEAPOLIS, MN 55402, UNITED STATES	863,607,717	863,607,717
Valaris Bond Claims	4.7% Senior Notes due 2021	DEUTSCHE BANK TRUST COMPANY	60 WALL STREET, 24TH FLOOR, NEW YORK, NY 10005, UNITED STATES	102,697,087	3,123,087,570
	8.0% Senior Notes due 2024			305,305,809	
	4.5% Senior Notes due 2024			308,590,926	
	5.2% Senior Notes due 2025			341,165,905	
	7.75% Senior Notes due 2026			1,042,775,156	
	5.75% Senior Notes due 2044			1,022,552,688	
Legacy Rowan Bond Claims	4.875% Senior Notes due 2022	US BANK, NATIONAL ASSOCIATION	5555 SAN FELIPE, SUITE 1150, HOUSTON, TX 77056, UNITED STATES 60 LIVINGSTON AVE, ST. PAUL, MN 55017, UNITED STATES	642,673,876	2,178,878,109
	4.75% Senior Notes due 2024			327,600,148	
	7.375% Senior Notes due 2025			379,023,082	
	5.4% Senior Notes due 2042			415,606,360	
	5.85% Senior Notes due 2044			413,974,643	
TOTAL				**6,719,100,071**	**6,719,100,071**

Note Holder creditors are represented by the Indenture Trustees in respect of the relevant bond issuance, as detailed in the table above. Details of the beneficial holders of the Loan Notes are held by the Depository Trust Company and are not included within this schedule. The Company's principal financial creditors (including the Note Holders) have forgiven approximately $7.3 billion of debt in return for equity in a new vehicle which owns the business and assets previously held by the Company. These financial creditors will have no unsecured claim in the administration.

Appendix 5 – SIP 16 statement

ALVAREZ & MARSAL

VALARIS PLC – IN ADMINISTRATION ("THE COMPANY")

SIP 16 Statement of sale of business

30 April 2021

1 Introduction

We have made this statement, as Joint Administrators, in order to comply with our responsibilities under Statement of Insolvency Practice 16 ("SIP 16").

The Statements of Insolvency Practice are a series of guidance notes issued to licenced insolvency practitioners with a view to maintaining standards by setting out required practice and harmonising practitioners' approach to particular aspects of insolvency.

SIP 16 covers arrangements where the sale of all or part of a company's business and assets is negotiated with a purchaser prior to the appointment of an administrator, who then effects the sale immediately, or shortly after, their appointment.

The SIP 16 guidance note is available on the Portal and can also be accessed via this link to the R3 website:

https://www.r3.org.uk/technical-library/england-wales/sips/more/29131/page/1/sip-16-pre-packaged-sales-in-administrations/

Creditors should be aware of the differing roles of insolvency practitioners associated with an administration which involves a pre-packaged sale of a company's business and assets.

Prior to the formal appointment, the insolvency practitioners' firm may have been instructed by the company and/or a secured creditor to provide advice. It is important to note that during this stage they act independently of the company's management, who remain responsible for the affairs of the company.

Such advice may include consideration of the potential options available to the company, including insolvency options, and may also involve advice in relation to management's fiduciary duties and obligations when a pre-packaged sale is contemplated. Please note that it does not include providing advice to a potential purchaser. Specific details of the pre-appointment role for this case are provided in Section 4 below.

The directors have obtained legal advice from the Company's advisers, Slaughter and May and Kirkland & Ellis LLP. Certain groups of the purchasers have been advised by Akin Gump Strauss Hauer & Feld LLP and Kramer Levin Naftalis & Frankel LLP (advising the Ad Hoc Group of Senior Note Holders (each as defined below)) and Shearman & Sterling LLP (advising the agent under the RCF (as defined below)).

Following the appointment of the insolvency practitioners as Joint Administrators of the company, they are officers of the court and act as agents of the company in order to manage the company's affairs, business, and property for the benefit of the creditors as a whole. Currency values included within this statement are reported in United States Dollar ("$").

2 Pre-packaged sale of the business and assets of the Company

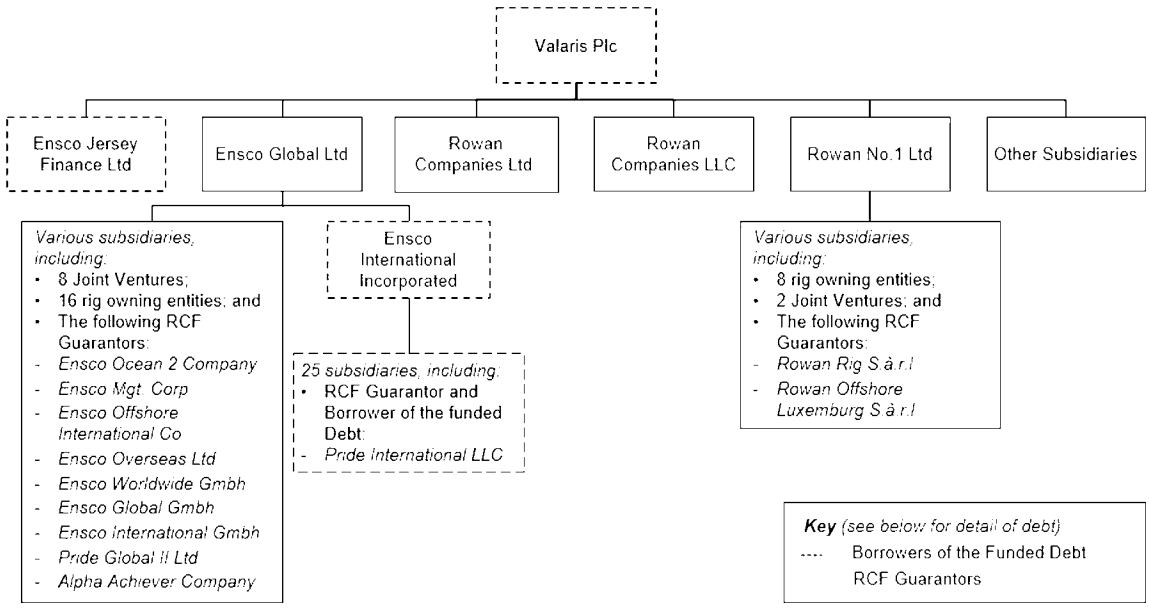
2.1 Background

The Company, together with its subsidiaries and affiliates, (together "the Former Group") was a leading provider of offshore contract drilling services within the oil and gas industry, owning and operating the largest global rig fleet in the world. The Company was the ultimate parent company of the Former Group, however, it itself had no trading activities.

The Company was incorporated in England & Wales on 18 September 2009 under the name Ensco UK (No. 1) Limited and has since changed its name several times.[4] Its current name was registered on 30 July 2019, following a merger between the Company (then called Ensco Plc) and another oil and gas drilling company, Rowan Companies Plc. The Company is a public limited company which was, until 14 September 2020, listed on the New York Stock Exchange.

As a result of the corporate history of the Former Group, which has involved numerous mergers and acquisitions, its organisational structure was complex, comprising approximately 250 subsidiaries and branches, including several joint ventures. An abridged group structure chart is shown below.

Abridged Group Structure



Note: The above abridged Former Group structure is included for illustrative purposes only and excludes certain subsidiaries.

[4] The Company changed its name to Ensco International Limited on 25 September 2009, to Ensco Inte rnational Plc on 18 December 2009 and then to Ensco Plc on 31 March 2010. Following its merger with another oil and gas drilling company, Rowan Companies Plc, the Company changed its name to Ensco Rowan Plc on 11 April 2019 and to its current name (Valaris Plc) on 30 July 2019. The Company's registration number is 07023598.

2.2 Debt position

The Former Group was financed by a range of unsecured debt obligations, referenced on the abridged Former Group structure chart above.[5] As at the date of our appointment, approximately $7.3 billion (including accrued interest) was immediately due and payable (the "Funded Debt"), comprising amounts owed in respect of the:

i. Revolving Credit Facility (the "RCF" and the relevant lenders being the "RCF Lenders")

A $1.6 billion RCF in respect of which the Company was one of the borrowers. Approximately $581 million in principal amount was outstanding at the date of appointment (excluding accrued interest and any amounts in respect of outstanding letters of credit).

The RCF was unsecured, but benefited from guarantees from a number of entities within the Former Group (including those shown on the abridged structure chart above).

ii. Senior Notes (the relevant note holders of which being the "Senior Note Holders")

Approximately $5.3 billion was outstanding as at the date of our appointment in respect of various series of senior unsecured notes issued by the Company, comprised of:

- Valaris Notes ($3.1 billion including accrued interest): six series of senior unsecured notes issued by the Company; and
- Former Rowan Notes ($2.2 billion including accrued interest): f ive series of senior unsecured notes originally issued by Rowan Companies Inc. (now Rowan Companies, LLC) but in respect of which the Company became issuer on 3 February 2020.

In addition, approximately $1.4 billion was outstanding as at the date of our appointment in relation to senior unsecured notes which were guaranteed by the Company, comprised of:

- Pride Notes ($439 million including accrued interest): two series of senior unsecured notes issued by Pride International LLC;
- Jersey Notes ($864 million including accrued interest): one series of senior notes issued by Ensco Jersey Finance Limited; and
- Ensco International Notes ($114 million including accrued interest): one series of unsecured debentures issued by Ensco International Inc.

There were no guarantees from other Former Group entities in respect of the Senior Notes.

[5] For the duration of the Chapter 11 proceedings, the Former Group also had access to the DIP Facility which is defined and described below. As at the date of our appointment, no amounts had been drawn under the DIP Facility which was cancelled with effect from the date of our appointment.

2.3 Events leading up to Chapter 11 proceedings

The 2019 merger with Rowan Companies Plc was intended to position the Former Group to be better capable of resisting market cycles and meeting evolving customer demand as part of an anticipated recovery in the offshore drilling sector.

However, in early 2020 the Former Group was impacted by a range of market conditions, including:

- the spread of COVID-19 and the impact of efforts to stem its transmission;
- an oil 'price war' between Saudi Arabia and Russia which led to significant oversupply in the market and further reduced commodity prices; and
- the impact of the above factors on exploration and production companies (the Former Group's principal customers). The challenging market conditions led to many customers reducing their capital spending budgets and cancelling or deferring existing programmes. The declines in capital spending levels, together with the oversupply of rigs from newbuild deliveries, have resulted in significantly reduced day rates and utilisation and led to one of the most severe downturns in the industry's history. The negative effect of such downturns on offshore drilling companies is particularly acute as, when activity reduces, it is not possible to commensurately reduce costs, given their heavy marine fixed asset base, which requires a level of routine maintenance and crew irrespective of whether income is being earned to defray those costs.

The Company's financial position, operating results, and cash flows were significantly adversely affected by this broader industry-wide reduction in demand, which required the Former Group to idle or scrap rigs and modify existing contracts to avoid further cancellations.

Despite efforts to address the impact of these conditions on the Former Group's business (including through cost savings initiatives, the reduction of operational costs and management of the Former Group's capital structure), the resultant downturn in the Former Group's financial performance in the first and second quarters of 2020 left the Former Group with a significantly higher amount of debt than it was able to refinance or service through its operational activities.

Therefore, during the first half of 2020 the Former Group was forced to develop a comprehensive restructuring proposal through discussions with its key financial creditors (the RCF Lenders and certain Senior Note Holders representing, at the time, approximately 50% of the Senior Notes ("the Ad Hoc Group")). In the absence of such a restructuring, it was considered that the Former Group would have been left with an unsustainable debt burden.

Following a sustained period of discussions and negotiations, on 18 August 2020 the Former Group agreed terms with the Ad Hoc Group for a proposed financial restructuring that would result in a full conversion of the Funded Debt into equity. At this stage, the terms of the proposed financial restructuring were not supported by the RCF Lenders.

In order to implement the terms of the restructuring agreed with the Ad Hoc Group, and faced with the imminent maturity of $122.9 million of the Senior Notes, on 19 August 2020, the Company and 89 of its subsidiary entities ("the Debtors") filed voluntary petitions for relief under Chapter 11 of the US Bankruptcy Code in the US Bankruptcy Court for the Southern District of Texas (the "US Bankruptcy Court") (the "Chapter 11 Proceedings")[6].

[6] Since this time, the Debtors' cases have been jointly administered under Case No. 20 -34114 before Judge Marvin Isgur in the US Bankruptcy Court.

2.4 Chapter 11 Proceedings

The petitions for Chapter 11 Proceedings resulted in the non-trading debts of the Former Group (including the RCF and the Senior Notes) falling immediately due on demand, albeit with enforcement of those debts being restricted due to a global stay on enforcement imposed under US federal law due to the Chapter 11 Proceedings.

With the Funded Debt no longer available to meet the ongoing working capital requirements of the Former Group, a further agreement with the Ad Hoc Group provided for a $500 million Debtor-in-Possession facility (the "DIP Facility") to provide liquidity during the Chapter 11 Proceedings (for the period up to 17 August 2021). The DIP Facility benefited from first priority super senior security over the Former Group's material assets, with a charge over the Company's assets registered at Companies House in the UK in favour of the DIP collateral agent.

Under US federal law, as part of the Chapter 11 Proceedings, the Company (in conjunction with the additional Debtors) was required to produce a "plan of reorganisation" (a "Plan"), being a legally binding document setting out and partially implementing the terms of a proposed restructuring. The initial proposed Plan filed in the US Bankruptcy Court in October 2020 reflected the terms of the financial restructuring negotiated with the Ad Hoc Group.

Between October 2020 and February 2021, the Debtors filed three main further versions of the proposed Plan with the US Bankruptcy Court, with new versions being filed as negotiations progressed with various creditor parties.

Creditor solicitation and voting in relation to the third proposed Plan commenced on 30 December 2020, with an initial voting deadline of 3 February 2021. At this stage, the RCF Lenders were not supportive of the proposed Plan.

However, following extensive negotiations, the Debtors reached a settlement with the RCF Lenders and the Senior Note Holders in early February 2021. Accordingly, the Debtors' Fourth Amended Joint Chapter 11 Plan of Reorganisation (the "Fourth Plan") was filed with the US Bankruptcy Court on 6 February 2021.

The Fourth Plan provided for the de-leveraging of the Former Group's balance sheet via an equitisation of the Funded Debt, as well as for a rights issue of $550 million of new senior secured notes to provide funding for the go-forward business.

As a result of the Fourth Plan being filed, the deadline for creditors and shareholders to vote on the Fourth Plan was extended to 1 March 2021. On 2 March 2021, the outcome of the voting process was filed in the US Bankruptcy Court and is shown below:

Summary of voting outcome					
	ACCEPT		REJECT		
Claim/Equity interest	Percentage of number voting	Percentage of claims/shares voting (by value)	Percentage of number voting	Percentage of claims/shares voting	RESULT
RCF Lenders	100%	100%	0.0%	0.0%	Accept
Pride Bondholders	90.8%	99.8%	9.2%	0.2%	Accept
Ensco International Bondholders	88.2%	99.7%	11.8%	0.3%	Accept
Jersey Bondholders	100%	100%	0.0%	0.0%	Accept
Valaris Bondholders	95.8%	99.7%	4.2%	0.3%	Accept
Legacy Rowan Bondholders	93.2%	99.9%	6.8%	0.1%	Accept
General Unsecured creditors	95.2%	98.8%	4.8%	1.2%	Accept
Newbuild claims	100%	100%	0.0%	0.0%	Accept
Existing shareholders	80.1%	81.1%	19.9%	18.9%	Accept

On 3 March 2021, and with the required voting consensus (over two thirds in dollar amount and half in number) of all eligible voting classes, the US Bankruptcy Court confirmed and approved the Fourth Plan by way of an order of the US Bankruptcy Court [Docket Entry No. 1139].

2.5 Summary of the Fourth Plan

A summary of the key terms of the Fourth Plan is set out below:

- elimination of the Funded Debt (approximately $7.3 billion) including the Funded Debt owed by the Company as principal or guarantor in return for the transfer of shares in a new Bermudan holding company (Valaris Limited ("Holdco")) (representing approximately 66.8% of Holdco's post-implementation shares) to the RCF Lenders and Senior Note Holders. The proportion of equity provided to each individual party was negotiated as part of the Fourth Plan;
- the transfer of an aggregate of approximately $130 million in cash to the RCF Lenders and certain Senior Note Holders in accordance with the Fourth Plan;
- the issuance of $550 million of new secured notes and additional Holdco shares (representing 30% of Holdco's immediate post-implementation shares) as part of a rights offering to Senior Note Holders and certain RCF Lenders. This new debt will provide funding to settle amounts due to unsecured creditors under the Fourth Plan, as well as providing liquidity to support the Former Group's continuing operations following emergence from the Chapter 11 Proceedings;
- the issuance of additional Holdco shares (representing 2.7% of Holdco's immediate post-implementation shares) as well as additional new secured notes to certain Senior Note Holders and RCF Lenders who committed to "backstop" (or underwrite) the rights offering;
- the reinstatement or payment in full of all general unsecured creditors; and
- the issuance of warrants equivalent to 7% of the fully diluted share capital of Holdco to the Company's existing shareholders at emergence.

2.6 Overview of the pre-packaged transaction

The Fourth Plan could not be fully implemented solely through the Chapter 11 Proceedings, as the Company is incorporated in England & Wales.

During the Chapter 11 Proceedings, the Company carefully evaluated how to implement the Fourth Plan in England & Wales (including, in particular, via a shareholder scheme of arrangement). The Company ultimately determined that the Fourth Plan should be implemented via a UK administration, in light of the following:

- there was a material level of uncertainty at the time of such determination as to whether shareholder consent for the restructuring would have been provided in accordance with the applicable requirements of the Companies Act 2006;
- the costs and time associated with seeking such shareholder consent would have been wasted if consent was not provided; and
- certain of the Company's key financial creditors (whose consent was required in respect of the implementation mechanism to be used) determined that they would only support implementation via a UK administration.

As discussed above, the US Bankruptcy Court approved the Fourth Plan on 3 March 2021. Accordingly, following a period of preparation for the required transactions during which additional conditions to implementation of the Fourth Plan (including antitrust clearances) were satisfied, the Company entered administration on 30 April 2021 and Jonathan Charles Marston and Mark Granville Firmin were appointed to act as Joint Administrators (the "Administrators" or "Joint Administrators").

On the day of the administration appointment, the Joint Administrators completed a series of three interrelated transactions forming one composite transaction (together "the UK Transaction") which resulted in:

i) the transfer of substantially all of the Company's assets and liabilities to a wholly owned subsidiary;

ii) the transfer of shares in that subsidiary to a newly incorporated Bermudan company (Valaris Holdco 2 Limited ("Newco")) in exchange for shares in Holdco (a newly incorporated Bermudan company that is the ultimate parent company of Newco); and

iii) the subsequent transfer of the beneficial ownership in the Holdco equity to the RCF Lenders and Senior Note Holders as set out in the Fourth Plan, in consideration for the forgiveness of the Funded Debt owed by the Company as principal or guarantor ($7.3 billion).

The ultimate result of the UK Transaction is that the RCF Lenders and the Senior Note Holders have irrevocably forgiven approximately $7.3 billion of liabilities due from the Company, in exchange for equity in Holdco. In addition, as part of the UK Transaction, the Company has transferred its residual operating liabilities, which have been assumed by an entity within the Former Group. Accordingly, the UK Transaction has given effect to the Fourth Plan negotiated and approved by creditors, shareholders and the US Bankruptcy Court under the Chapter 11 Proceedings.

The Fourth Plan took considerable time to negotiate and involved extensive negotiation with the Former Group's key stakeholders. The rationale for the UK Transaction was agreed with the Company's creditors under the supervision of the US Bankruptcy Court, ultimately resulting in the overwhelming majority of the equity in Holdco being transferred to the Company's unsecured financial creditors (namely, the RCF Lenders and the Senior Note Holders, as detailed in the Fourth Plan).

2.7 Rationale for the UK Transaction

In considering whether the UK Transaction was appropriate, we had regard to a number of factors including those set out below and in the subsequent sections of this statement:

- the UK Transaction was an integral step in implementing the Fourth Plan, which reduced the Company's liabilities by approximately $7.3 billion;
- absent the UK Transaction, it would not have been possible to implement the restructuring as provided under the Fourth Plan and there was a material risk that the Company and the Former Group would have been unable to restructure their balance sheets. In such circumstances, there was a material risk that the Company would not ultimately have been able to continue trading as a going concern given defaults under its f inancing arrangements;
- the UK Transaction enabled the Former Group to avoid insolvency and to continue to trade for the benefit of the Former Group's employees, customers, suppliers and creditors;
- the Fourth Plan had been negotiated over the courseof several months with the Company's creditors. The Chapter 11 Proceedings were conducted through the US Bankruptcy Court as a public process through which the Company's stakeholders (including its creditors) had ample opportunity to engage;
- the Fourth Plan was approved by the US Bankruptcy Court with the support of significant majorities (well in excess of the requisite majorities) of creditors and voting shareholders, demonstrating clear support f rom the Former Group's and the Company's stakeholders; and

- the UK Transaction enabled a quick and smooth transition of the business to Holdco and, therefore, significantly reduced any disruption to the Former Group's business and preserved the Former Group's ability to continue to honour its ongoing commitments in respect of its customers, suppliers, employees and other stakeholders.

Furthermore, the Administrators are satisfied that the UK Transaction was appropriate in light of the Company's financial position. The Company was, at the time of implementing the steps forming the UK Transaction, heavily insolvent. The overall consideration received by the Company for the UK Transaction comprised the release of approximately $7.3 billion of debt in accordance with the Fourth Plan as well as the release of the Company from certain other operational and other liabilities.

As described in section 7 below, the valuation analysis conducted by Lazard Frères & Co LLC ("Lazard"), as part of the Chapter 11 Proceedings (on the assumption that the Fourth Plan is implemented) demonstrated that the selected midpoint enterprise value of the Former Group (being approximately $2.6 billion even without applying a discount for the impact of an accelerated sales process) was well below the Company's liabilities by a margin of approximately $4.7 billion. It is therefore clear that the Company has received adequate consideration for the UK Transaction.

The comparative liquidation analysis prepared by Alvarez & Marsal North America, LLC ("A&M US") (as detailed in section 7 below) estimated that proceeds of between approximately $300 million and $852 million would have been available for distribution to the Former Group's creditors in a group-wide liquidation scenario. On a standalone Company basis, this range reduced to between approximately $63 million and $208 million that would be available for distribution to the Company's creditors, representing a materially worse outcome for the Company's creditors in a liquidation when compared to both the Lazard valuation analysis and the Fourth Plan outcome.

In accordance with SIP 16, a detailed explanation of the UK Transaction is set out below.

Further detail in respect of the Chapter 11 Proceedings involving the Debtors (including information shared with creditors and shareholders throughout the Chapter 11 Proceedings) can be accessed at: http://cases.stretto.com/Valaris

3 Initial Introduction

3.1 Engagements prior to the Chapter 11 Proceedings

3.1.1 A&M US engagement

In late 2019 and early 2020, the Former Group engaged advisers, including Kirkland & Ellis LLP (as US counsel), Slaughter and May (as UK Counsel) and Lazard, to consider out of court o ptions to de-leverage the Former Group's balance sheet.

A&M US was introduced to the Company by Kirkland & Ellis LLP, with a letter of engagement between A&M US and the Company signed on 17 April 2020. The scope of this engagement letter included the provision of consulting services to the Former Group in connection with its strategic and operational financial options, and assistance with contingency planning efforts.

3.1.2 A&M UK engagement

The Former Group and its advisers recognised that a comprehensive restructuring process would require a UK implementation process due to the Company being incorporated in England & Wales. Therefore, Alvarez & Marsal Europe LLP ("A&M UK") was introduced to the Company by A&M US on 2 July 2020.

A&M UK was retained under the A&M US engagement letter, to work with the Company's legal and f inancial advisers in the UK and US to understand the Company's balance sheet position, and develop a contingency plan for the potential appointment of administrators in respect of the Company, should this be required.

3.2 Engagements during the Chapter 11 Proceedings

3.2.1 A&M US engagement

The Debtors entered Chapter 11 Proceedings on 19 August 2020 and A&M US (together with employees of its affiliates) were subsequently retained by the Debtors as restructuring advisers, to provide advice with respect to:

- the management of the Former Group's overall restructuring process;
- the development of ongoing business and financial plans; and
- the overall exit strategy from the Chapter 11 Proceedings.

3.2.2 A&M UK engagement

Following the commencement of the Chapter 11 Proceedings, A&M UK continued to provide advice to the Company under the A&M US engagement letter, developing a contingency plan for a potential administration appointment. At this point, the UK implementation route had not been finalised.

As described and for the reasons noted above, in November 2020, the Company indicated that their preference was for implementation to take place via a UK administration.

As A&M US had been engaged by the Former Group prior to and during the Chapter 11 Proceedings, partners f rom A&M UK were considered to be well placed to take on a role as prospective joint administrators and, if required, to accept the role as joint administrators.

Accordingly, on 6 January 2021 an application was submitted to the US Bankruptcy Court, requesting authorisation to expand the scope of A&M US's retention and employment to include continued and expanded utilisation of A&M UK personnel, including the identification of A&M UK professionals to potentially serve as the administrators. In submitting this application, both A&M US and A&M UK were

required to satisfy disinterestedness obligations to demonstrate to the US Bankruptcy Court that there was no conflict of interest arising.

There were no objections from any parties involved in the Chapter 11 Proceedings and on 9 February 2021, the US Bankruptcy Court entered a supplemental order expanding the scope of A&M US's retention in line with the application. Accordingly, since that date, A&M UK worked to prepare for the administration and the UK Transaction.

4 Pre-appointment considerations

4.1 Transaction review

Prior to our appointment as Joint Administrators, we undertook various steps to determine whether the outcome under the Fourth Plan was in the best interests of the creditors of the Company.

In this regard, we have:

- held discussions with the Former Group's English and US legal advisers to better understand the Fourth Plan (and predecessor plans) and the UK Transaction including to understand the process which was undertaken to negotiate the Fourth Plan with stakeholders;
- gained a detailed understanding of the Company's balance sheet (including its assets and liabilities) and contractual arrangements;
- held discussions with representatives of the Company and the Former Group;
- gained an understanding of the various finance arrangements entered into by the Company and the Former Group;
- reviewed the detailed transaction steps required prior to and as part of implementation of the UK Transaction and the Fourth Plan and how such steps factor into the Former Group's emergence from the Chapter 11 Proceedings;
- participated in and/or reviewed notes of conference calls and meetings between advisers to the Company, the Former Group and certain of their creditors to discuss the Fourth Plan and the proposed UK Transaction;
- reviewed certain court documentation f iled in the Chapter 11 Proceedings, including in particular the valuation evidence and liquidation analysis submitted by Lazard and A&M US, respectively;
- participated in conference calls with A&M US regarding the liquidation analysis prepared for the Company in connection with the Chapter 11 Proceedings (discussed further below); and
- reviewed the detailed valuation report prepared by Lazard and sought further clarification where required.

4.2 Review of alternative options

4.2.1 Alternative options explored by management prior to Chapter 11 Proceedings

The Company spent a significant period of time exploring a range of potential restructuring options with its creditor groups both before and during the Chapter 11 Proceedings.

Prior to the Chapter 11 Proceedings, the Company and its advisers evaluated a range of potential restructuring options. These included out-of-court options such as a balance sheet or liability management transaction (such as repurchasing notes at a discount, refinancing existing notes or extending note maturities) alongside more comprehensive options, such as the debt-for-equity swap as ultimately proposed in the Fourth Plan.

Although the Company engaged in constructive discussions with creditor constituencies to explore possible out-of-court transactions, they presented certain challenges, including:

- the requisite level of support to effect any such transaction (which was considered unlikely to be achievable); and
- the ongoing risks associated with the deteriorating commodity price market.

The Company states that feedback from key creditor groups, namely the RCF Lenders and the Senior Note Holders, was to the effect that they did not consider that such out-of-court options were feasible or in the best interests of the Company's stakeholders.

For completeness, we note that in the course of negotiations with the RCF Lenders and the Senior Note Holders, the following options were also considered by the Company:

- Refinancing: Given the significant level of debt in the Former Group, the volatile oil and gas market and the Former Group's broader f inancial performance in light of the COVID-19 pandemic, a full refinancing of the Former Group's debt was not considered feasible.
- Sale of the Group's business and assets: As described in section 6 below, it was considered that efforts to market the Former Group would not have resulted in higher realisations than the UK Transaction given the distressed conditions of the offshore drilling market.

4.2.2 Alternative implementation options for the Fourth Plan

During the Chapter 11 Proceedings, the Company carefully evaluated whether the steps required to be taken in the UK to implement the Fourth Plan could be effected by alternative means (including, in particular, via a shareholder scheme of arrangement or a UK restructuring plan).

However, as described above, the Company ultimately determined that the Fourth Plan should be implemented via a UK administration, in light of the following:

- there was a material level of uncertainty at the time as to whether shareholder consent for the restructuring would have been provided in accordancewith the applicable requirements of the Companies Act 2006;
- the costs and time associated with seeking such shareholder consent would have been wasted if consent was not provided; and
- certain of the Company's key financial creditors (whose consent was required in respect of the implementation mechanism to be used) determined that they would only support implementation via a UK administration.

4.2.3 Trading administration

As detailed above, the Company was the ultimate parent company of the Former Group; however, it had no trading activities itself.

The rationale for the administration appointment was to implement the Fourth Plan, as negotiated with creditors via the Chapter 11 Proceedings, and approved by creditors, shareholders and the US Bankruptcy Court. The Fourth Plan took considerable time to negotiate and involved extensive negotiation with the Former Group's key stakeholders.

The UK Transaction ultimately resulted in the equity in Holdco being transferred to the Company's unsecured financial creditors (namely the RCF Lenders and Senior Note Holders, as detailed in the Fourth Plan).

Given the specific rationale for the administration appointment, and noting that the Company was a holding company and had no trading activities itself, the Joint Administrators do not believe that it would have been appropriate for the Company to trade. This would have undermined the restructuring efforts of the Former Group and would not have been in line with the agreement reached with creditors under the Fourth Plan. This would also have likely resulted in significant costs, delay and destabilisation to the Former Group.

We have given further consideration as to whether a marketing process would be appropriate, and have assessed an illustrative comparative liquidation scenario in sections 6 and 7 below.

4.3 Engagement with key stakeholders

The Fourth Plan was developed through extensive consultation and negotiation with key creditor parties (principally the Senior Note Holders and the RCF Lenders).

In addition, throughout the Chapter 11 Proceedings and in advance of its most recent restructuring negotiations, both the Company and its advisers sought to engage with the Company's shareholders. In particular, the Company engaged closely with one of its largest shareholders (which owned approximately 18.5% of the Company's issued share capital until August 2020).

The Chapter 11 Proceedings were an open forum in which key documents relating to negotiations (including intended restructuring proposals and implementation paths) were made publicly available to all stakeholders. It was therefore open to the Company's stakeholders to make restructuring proposals to the Company and its advisers for a considerable period of time. Despite this considerable publicity, transparency and engagement, the Company did not receive any alternative restructuring proposals (including any offer for the purchase of all or substantially all of the Former Group's business or assets) during the course of the restructuring, other than as part of settlement negotiations with the RCF Lenders.

The development of the Fourth Plan (including the UK Transaction) and the process regarding the implementation of the Restructuring have been subject to considerable scrutiny and oversight from the US Bankruptcy Court. This has included:

- the establishment of an independent unsecured creditors' committee (which acts on behalf of all unsecured creditors of the Company and ultimately supported our appointment as Administrators and the UK Transaction) in order to oversee the process f rom the perspective of the Company's unsecured creditors;
- a range of public hearings throughout the Chapter 11 Proceedings relating to various matters;
- solicitation of votes from creditors and shareholders regarding the proposed Fourth Plan; and
- a hearing in relation to confirmation of the Fourth Plan in which the outcome of the creditor and shareholder votes and the impact on the Company's stakeholders (including its creditors and shareholders) was considered by reference to the statutory requirements under the US Bankruptcy Code.

Accordingly, all creditors and shareholders had an opportunity to participate in the Chapter 11 Proceedings. This process resulted in specific sanction f rom creditors, shareholders and the US Bankruptcy Court for the Fourth Plan, including implementation via the UK Transaction.

4.4 Working capital funding

Given the Former Group's financial position and the downturn in the oil and gas market, it is highly unlikely that the introduction of additional working capital funding in the period prior to August 2020 would have enabled the Former Group to avoid the need for a more comprehensive restructuring process via Chapter 11 Proceedings.

Working capital funding for the Chapter 11 Proceedings was provided via the DIP Facility. This was made available for the period up to 17 August 2021 and benefited from first priority super senior security over the Former Group's material assets.

Whilst approaches were made to third parties as to whether they would provide funding to the Former Group during the Chapter 11 Proceedings, such discussions did not entail the provision of long-term funding for the Former Group.

Given the circumstances of the Fourth Plan, including the level of support from the Former Group's creditors to reach a consensual restructuring, the Company did not consider it appropriate to make any further approaches to potential funders to provide additional working capital funding once the Fourth Plan had been confirmed.

5 Registered Charge

Date of creation of charge	Date of registration of charge	Details of charge	Name of charge holder	Date charge registered as satisfied
25 September 2020	13 October 2020	Fixed and Floating charge	Wilmington Savings Fund Society, FSB	30 April 2021

As at the date of our appointment, a f ixed and floating charge over substantially all of the Company's assets was registered in favour of Wilmington Savings Fund Society, FSB as collateral agent under the DIP Facility.

This charge was fully released shortly following our appointment prior to the UK Transaction.

6 Marketing of the business and assets

We have given careful consideration as to whether to pursue a marketing process in respect of the Company's business and assets. For the reasons detailed below, we have concluded that a formal marketing process would not be necessary or indeed appropriate in the circumstances:

- In light of the valuation provided by Lazard (which indicates an enterprise value of between $1.9 billion and $3.2 billion for the Former Group prior to any discount for an accelerated marketing process) it was considered highly unlikely that any marketing process would have achieved a value equivalent to that achieved under the Fourth Plan (i.e. $7.3 billion);

- As described above, the Chapter 11 Proceedings were an open forum and it was open to the Company's stakeholders to make restructuring proposals to the Company and its advisers for a considerable period of time, including offers for the purchase of all or substantially all of the Former Group's business or assets. The Company did not receive any viable such offers during the Restructuring;

- Furthermore, in the period prior to confirmation of the Fourth Plan, the Company's key financial stakeholders were in the process of negotiating a viable restructuring dealthrough the Chapter 11 Proceedings, and any publicity surrounding a potential sale process (particularly if interpreted as a distressed sale) could have increased negative market sentiment towards the Former Group, destabilising the Company's liquidity position and the Chapter 11 Proceedings; and

- Once the Fourth Plan was confirmed, it would not have been in the interests of creditors to commence a formal marketing process, given the fact that a consensual restructuring deal had been agreed via extensive negotiations. The rationale for the UK Transaction was agreed with the Company's key financial creditors (who were the principal parties compromised under the Fourth Plan) under the supervision of the US Bankruptcy Court, ultimately resulting in the equity in Holdco being transferred to the Company's unsecured financial creditors (namely the RCF Lenders and Senior Note Holders, as detailed in the Fourth Plan).

For these reasons, we did not consider that a marketing of assets either prior to or within a UK administration process was either desirable or necessary.

Our rationale in this regard was presented to the UK Court (within our witness statement) in support of the application for the administration order by the Company's directors.

7 Valuation of business and assets

7.1 Enterprise valuation

Lazard is a leading investment bank and financial adviser with expertise in valuations, and was engaged by the Former Group to provide investment banking services in the Chapter 11 Proceedings, including assisting in the determination of a going concern valuation of the reorganised Valaris group, post emergence from Chapter 11. The Administrators are satisfied that Lazard had the relevant expertise to provide this valuation, based on their extensive credentials in valuing businesses in the energy sector in restructuring scenarios, and that it had the appropriate indemnities in place with regard to its work.

As part of Lazard's engagement in the Chapter 11 Proceedings, Lazard was required to confirm that it was a "disinterested person" within the meaning of the US Bankruptcy Code, in that it held no interest materially adverse to the Debtors or their estates in connection with the matters for which it was retained. The Administrators are therefore satisfied that Lazard demonstrated the necessary independence in respect of its role.

In accordance with the requirements of the Chapter 11 Proceedings, Lazard provided a range for the total enterprise value of the Former Group, assuming that the Fourth Plan is implemented. This valuation provided a range of between $1.95 billion and $3.24 billion (with a selected mid-point of $2.56 billion) for the enterprise value of the Former Group on a consolidated going concern basis, assuming implementation on 31 March 2021.

The valuation was based on customary valuation methodologies (including discounted cash flow analysis and an analysis of valuation levels of publicly traded companies with similar operating and financial characteristics to the Former Group), and was subject to a number of typical assumptions and qualifications.

The Lazard valuation did not take into account any potential discount to the going concern value which may have arisen in an accelerated marketing process under restricted marketing conditions which would typically have been undertaken in the absence of the Fourth Plan.

The Lazard valuation indicated that the value of the business was materially lower than the value of the Former Group's debt.

Accordingly, the Joint Administrators believe that the consideration received, of approximately $7.3 billion, represented the best value achievable for creditors.

7.2 Liquidation outcome

A&M US produced analysis of a potential liquidation outcome which used asset realisation assumptions and independent rig valuations from Fearnley Offshore AS ("Fearnley") to estimate recoveries for the Company's key stakeholders based on a hypothetical liquidation of the Group on 31 March 2021. We understand that Fearnley has extensive valuation experience within the oil and gas sector, including acting as expert witness in the US Bankruptcy Court and in the High Court of London on valuation matters. The Administrators are therefore satisfied that Fearnley had the relevant expertise, and that Fearnley demonstrated the necessary independence and professional indemnity insurance in respect of its role.

This liquidation analysis (as summarised below) estimated that proceeds of between approximately $300 million and $852 million would be available for distribution to the Former Group's creditors in a group-wide liquidation scenario. On a standalone Company basis, this range reduced to between approximately $63 million and $208 million that would be available for distribution to the Company's creditors, representing a materially worse outcome for the Company's creditors in a liquidation when compared to the outcome under the Fourth Plan. Accordingly, the Joint Administrators fulfilled the purpose of the administration (i.e. a better return for creditors as a whole than would be likely on a winding up) through the implementation of the UK Transaction.

Comparative outcome for creditors			
Claim/Equity interest	**Projected claim ($M)**	**Projected recovery as a result of the Fourth Plan**	**Projected recovery in a Liquidation scenario**
RCF Lenders	582.1 to 623.3	100%	10.0%
Pride Bondholders	439.2	25.7%	0.7%
Ensco International Bondholders	114.2	17.2%	0.9%
Jersey Bondholders	863.5	29.6%	1.0%
Valaris Bondholders	3,100	14.9%	0.7%
Legacy Rowan Bondholders	2,200	20.0%	0.7%
General Unsecured creditors (excluding pension claims)	0.1	100%	0.1%
Existing shareholders	n/a	$11 million	0.0%

8 Comparison of Offers Received

For the reasons detailed above, no marketing has been undertaken and therefore no alternate offers have been received, against which to compare the UK Transaction outlined by the Fourth Plan.

9 The Transaction

9.1 Overview

A series of three interrelated transactions forming part of one composite transaction were undertaken by the Joint Administrators on 30 April 2021, which comprised:

i) the transfer of substantially all of the Company's assets and liabilities to a wholly owned subsidiary;

ii) the transfer of shares in that subsidiary to a newly incorporated Bermudan company (Newco) in exchange for shares in Holdco (a newly incorporated Bermudan company that is the ultimate parent company of Newco); and

iii) the subsequent transfer of the beneficial ownership in the Holdco equity to the RCF Lenders and Senior Note Holders as set out in the Fourth Plan, in consideration for the forgiveness of the Funded Debt owed by the Company as principal or guarantor ($7.3 billion).

The result of this series of transactions is that the RCF Lenders and the Senior Note Holders indirectly own (through their shares in Holdco) nearly 100% of the business and assets formerly held by the Company (with the residual shares owned by a material creditor of one of the Company's former subsidiaries). The consideration provided by the RCF Lenders and Senior Note Holders is the irrevocable forgiveness of approximately $7.3 billion of liabilities in respect of the Senior Notes and the RCF. A summary illustration of selected transaction steps is included at the appendices to this statement.

The allocation of beneficial ownership in the Holdco equity (between the RCF Lenders and Senior Note Holders) was determined and made in accordance with and pursuant to the Fourth Plan, rather than the Joint Administrators.

9.2 Transaction Detail

Prior to the administration, three new Bermudan holding companies were incorporated (independent of the Former Group) in order to act as holding companies for the go-forward Valaris group following implementation of the pre-pack sale, as follows:

a. Holdco (Valaris Limited);
b. Intermediateco (Valaris Holdco 1 Limited); and
c. Newco (Valaris Holdco 2 Limited).

On 30 April 2021, following their appointment, a series of three interrelated transactions, all of which formed part of one composite transaction, were undertaken by the Joint Administrators, as set out below.

9.2.1 Hive Down Transaction

Certain assets and liabilities of the Company were transferred to one of its immediate subsidiaries, ENSCO Global Limited ("EGL"), in exchange for one additional share issued at a premium by EGL (the "Hive Down Transaction") such that the Company continued to own the transferred assets through its holding in EGL.

The assets transferred in accordance with the Hive Down Transaction include the benefit of any potential claims or actions which the Administrators may have against the directors or former directors of the Company under the Insolvency Act 1986, up to $1 billion. The Administrators retain the conduct (but not the benefit) of any claims that may be brought under the Insolvency Act 1986 up to this limit.

The majority of assets held by the Company, (including the shares held in the Company's direct subsidiaries (other than EGL)) were transferred to EGL as part of this transaction, with the only assets remaining in the Company after the transaction being:

a. The Company's shares in EGL;
b. Assets belonging to Third Parties;
c. Potential claims or actions which the Administrators may have against the directors or former directors of the Company under the Insolvency Act 1986, in excess of $1 billion; and
d. Administrators' Records.

A number of liabilities (including intercompany payables and trade creditor balances) were also transferred to EGL as part of this transaction, with the only liabilities remaining after the transaction being:

a. The Valaris Notes ($3.1 billion);
b. The Former Rowan Notes ($2.2 billion);
c. The RCF ($0.6 billion);
d. The guarantees provided in respect of the Ensco International Notes ($114 million), the Jersey Notes ($864 million) and the Pride Notes ($439 million);
e. The DIP Facility ($nil); and
f. Certain intercompany balances owed to entities within the Former Group which, as a result of releases granted by a number of such entities following the UK Transaction, have ultimately left only an intercompany balance of approximately $850 million owed by the Company to Ensco Jersey Finance Limited and approximately $192 million to Ensco Incorporated.

Immediately prior to the Hive Down Transaction, Holdco issued shares to IntermediateCo, and IntermediateCo transferred these shares to Newco. Accordingly, prior to any elements of the UK Transaction (including the second transaction), Newco was in possession of shares in Holdco.

9.2.2 Sale of EGL

The second part of the composite transaction involved the Joint Administrators transferring the shares of EGL to Newco in exchange for shares in Holdco.

The effect of this transaction was to transfer the three newly incorporated Bermudan companies into the Former Group structure, with the Company holding shares in Holdco, and Newco holding shares in EGL. As a result, the Company continued to hold the benefit of the transferred assets through such intermediate holding companies.

9.2.3 Transfer of Holdco shares in exchange for debt forgiveness

The final transaction involved the Joint Administrators transferring the shares in Holdco to be held on behalf of the Senior Note Holders and RCF Lenders. The beneficial ownership in the shares in Holdco was allocated and transferred in accordance with and pursuant to the Fourth Plan.

In consideration for the receipt of beneficial ownership in these Holdco shares, the Senior Note Holders and RCF Lenders have irrevocably released the Company from its liabilities under:

- The Valaris Notes ($3.1 billion);
- The Legacy Rowan Notes ($2.2 billion);
- The RCF Facility ($0.6 billion); and
- The guarantees provided in respect of the Ensco International Notes ($114 million), the Jersey Notes ($864 million) and the Pride Notes ($439 million).

Accordingly, the Company has received consideration of approximately $7.3 billion in respect of the transfer of its business and assets pursuant to the UK Transaction.

9.3 Sales consideration

As described above, the overall financial benefit for the Company from entering into the UK Transaction was the release of unsecured actual and contingent liabilities exceeding $7.3 billion.

The consideration should be viewed in its totality since the only relevant transaction was the sale of all of the Company's assets for the totality of the consideration. The total consideration was appropriate for the total value of the assets being sold and, given that the offer was conditional on acquiring all of the assets, none of the assets was capable of being realised on an individual basis.

As the consideration paid for the UK Transaction was predominantly structured by way of a release of certain principal and guarantee claims against the Company (as described above), no cash proceeds have been received by the estate of the Company. In addition, the DIP Facility was cancelled (and the relevant security released) prior to completion of the UK Transaction. Therefore it is not relevant to set out in this report an apportionment of sale proceeds to fixed charge realisations and floating charge realisations as there was no secured debt in place at such time. This structure represents the fact that the Company's assets were burdened with indebtedness for an amount significantly greater than their value.

There are no options, buy-back agreements or deferred consideration otherwise attached to the transaction consideration.

9.4 Purchaser and related parties

The UK Transaction forms part of a series of steps through which the Former Group's former unsecured financial creditors now own almost 100% of the Former Group. The former creditors are a large disparate group of financial institutions and investors.

We (alongside Slaughter and May and legal counsel) have considered whether the UK Transaction would be a connected party transaction and have concluded that the UK Transaction is not a connected party transaction given that the UK Transaction ultimately results in the transfer of the Former Group to a large disparate group of financial institutions and investors.

For completeness, we also note that at the date of the UK Transaction, none of the directors of the Company were involved in the management of any of the new Bermudan holding companies. However, shortly after implementation of the UK Transaction, we understand that one of the statutory directors of the Company (Dr. Thomas Peter Horlick Burke) was appointed as one of seven directors at Holdco (but not in respect of Newco). In these circumstances, Dr Burke was not considered to be able to exert significant control over Newco at the time of the UK Transaction.

We are not aware of any guarantees that have been provided by the Company Directors in respect of Former Group financing.

10 Conclusion

The purpose of an administration is to achieve one of three statutory objectives (in the following order of priority):

a) to rescue the company as a going concern;

b) to achieve a better result for the company's creditors as a whole than would be likely if the company were wound up (without first being in administration); or

c) to realise property in order to make a distribution to one or more secured or preferential creditors.

As the purpose of the administration is to implement the UK Transaction (as agreed in the Fourth Plan and confirmed in the US Bankruptcy Court), it is not possible to rescue the Company as a going concern in accordance with Paragraph (a).

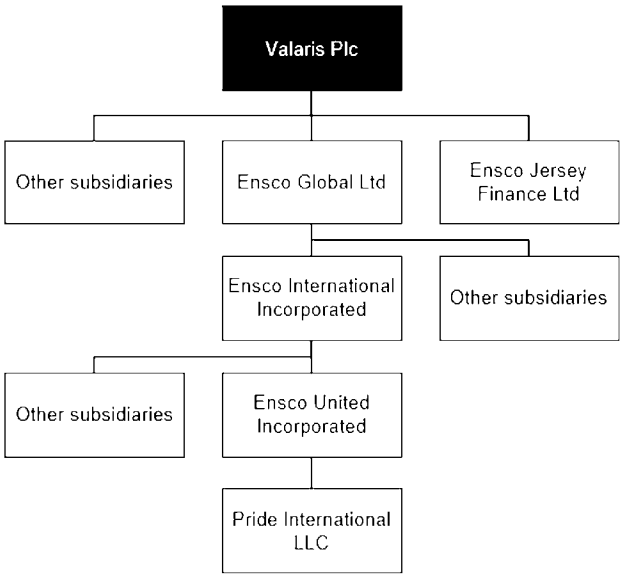
Therefore, our primary objective and role as Joint Administrators is to achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up, in accordance with Paragraph (b).

We are satisfied that the UK Transaction enabled us to achieve this purpose because the terms of the UK Transaction represented the best price reasonably obtainable for the assets of the Company (which were subject to substantial indebtedness of approximately $7.3 billion) and achieved a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without f irst being in administration), as demonstrated by the comparison to the estimated Liquidation outcome.

We have acted in the best interests of the creditors as a whole when negotiating this pre-packaged sale and are satisfied that the outcome achieved is the best available outcome for creditors as a whole in the circumstances.

Appendix A – Illustrative transaction steps

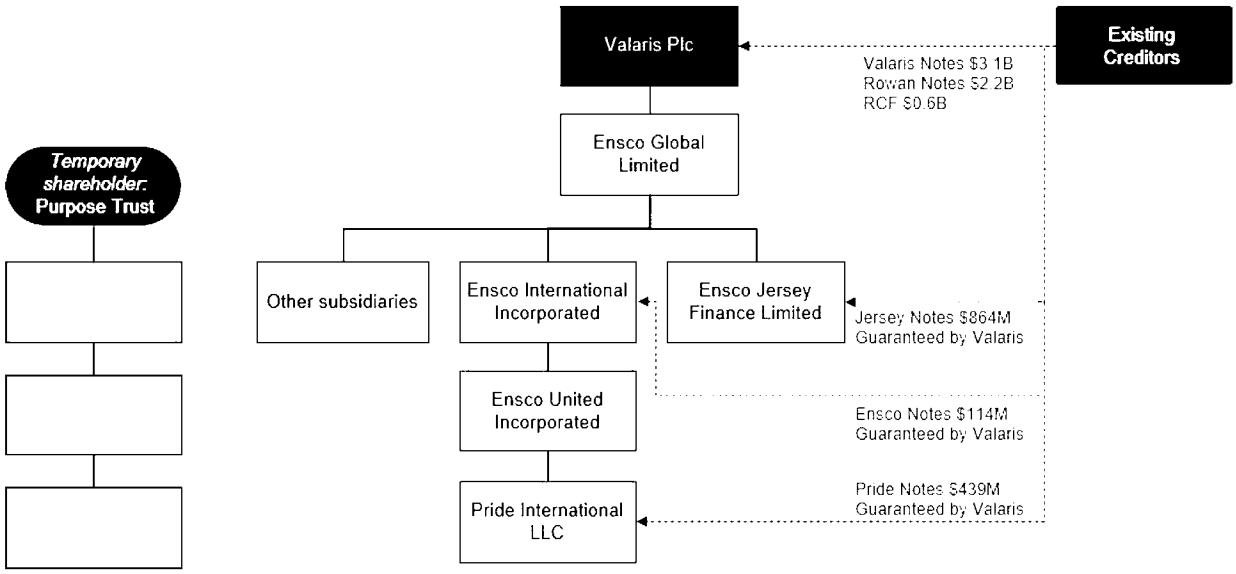
Pre transaction structure



Note: The above extract from the Former Group structure is included for illustrative purposes only and excludes certain subsidiaries.

Step 1 - Hive Down Transaction

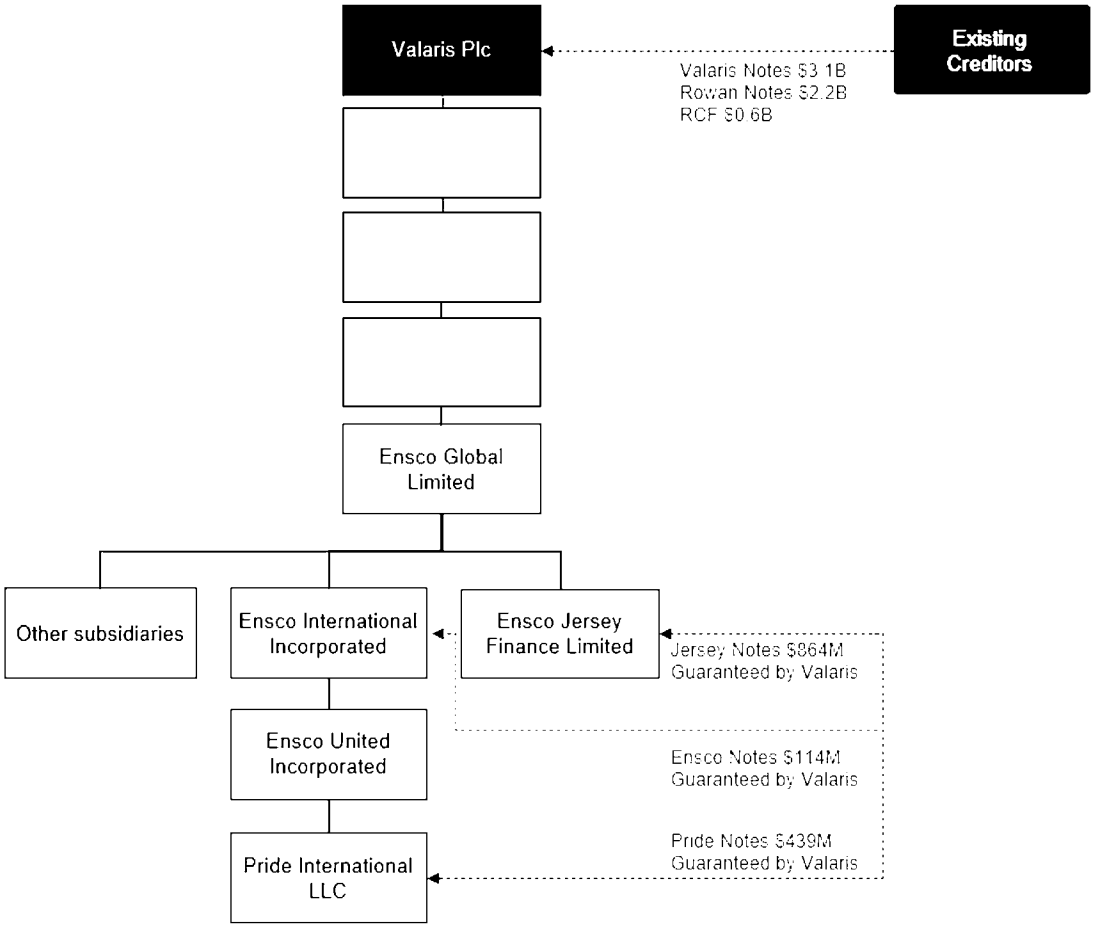
Transfer of substantially all of the Company's assets and liabilities to a wholly owned subsidiary in exchange for one share.



Note: The above extract from the Former Group structure is included for illustrative purposes only and excludes certain subsidiaries.

Step 2 - Sale of EGL

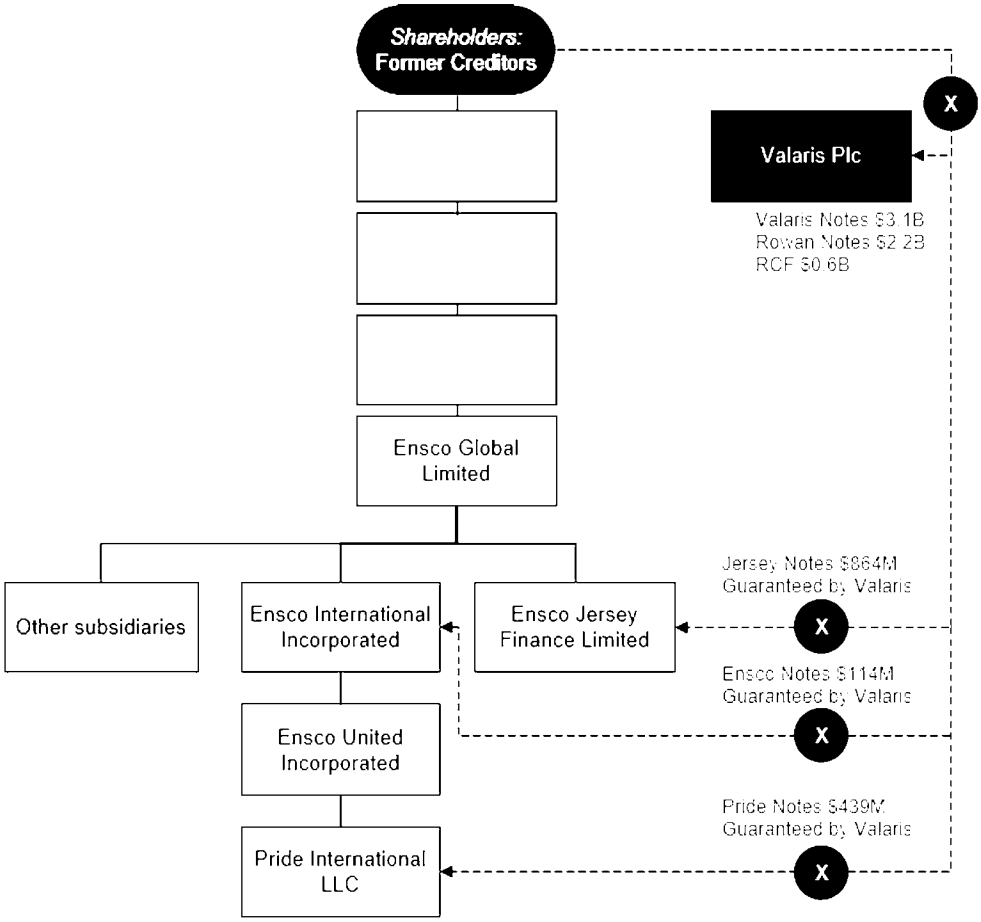
Transfer of shares in that subsidiary to a newly incorporated Bermudan company (Newco) in exchange for shares in Holdco (a newly incorporated Bermudan company that is the ultimate parent company of Newco).



Note: The above extract from the Former Group structure is included for illustrative purposes only and excludes certain subsidiaries.

Step 3 - Transfer of Holdco shares in exchange for debt forgiveness

Transfer of beneficial ownership of the Holdco equity to the RCF Lenders and Senior Note Holders as set out in and pursuant to the Fourth Plan, in return for the forgiveness of the Funded Debt owed by the Company (as principal or guarantor).



Note: The above extract from the Former Group structure is included for illustrative purposes only and excludes certain subsidiaries.

Appendix 6 – Glossary

Any references in these proposals to sections, paragraphs and rules are to Sections, Paragraphs and Rules in the Insolvency Act 1986, Schedule B1 of the Insolvency Act 1986 and the Insolvency Rules (England and Wales) 2016 respectively.

Defined Terms	Definition
A&M UK	Alvarez & Marsal Europe LLP
A&M US	Alvarez & Marsal North America, LLC
Ad Hoc Group	A group of Senior Note Holders
Chapter 11 Proceedings	The voluntary cases commenced by the Debtors on 19 August 2020 under Chapter 11 of the US Bankruptcy Code
Company	Valaris plc in administration
Crown / HMRC	Her Majesty's Revenue and Customs (the UK tax authority)
CVA	Company Voluntary Arrangement
CVL	Creditors Voluntary Liquidation
Debtors	The Company and 89 subsidiaries and affiliates, which entered into the Chapter 11 Proceedings on 19 August 2020.
DIP / DIP Facility	Debtor-in-Possession Facility
EGL	ENSCO Global Limited
Fearnley	Fearnley Offshore AS
Former Group	The Company together with its subsidiaries and affiliates prior to the UK Transaction
Fourth Plan / Plan	The Debtor's Fourth Amended Joint Chapter 11 Plan of Reorganisation f iled in the US Bankruptcy Court on 6 February 2021 and confirmed by the US Bankruptcy Court on 3 March 2021 [Docket Entry No. 1139].
Funded Debt	The Company's RCF and Senior Notes debt, totalling approximately $7.3 billion at the date of our appointment
Holdco	Valaris Limited
Intermediateco	Valaris Holdco 1 Limited
Joint Administrators/ Administrators/we/our/us	Jonathan Charles Marston and Mark Granville Firmin
Lazard	Lazard Frères & Co LLC
Newco	Valaris Holdco 2 Limited

Plan	Plan of reorganisation
RCF	The $1.6 billion revolving credit facility provided for under the amended and restated credit agreement dated 7 May 2013 between, among others, the Company and Citibank, N.A. as administrative agent and in respect of which the Company was one of the borrowers
RCF Lenders	The lenders under the RCF
Secured creditor / Wilmington	Wilmington Savings Fund Society, FSB
Senior Notes	The Former Group's 15 series of senior unsecured notes, as more particularly described in the Fourth Plan
Senior Note Holders	Holders of the Senior Notes
SIP	Statements of insolvency practice
SIP 9	Statement of Insolvency Practice 9 England and Wales: Payments to insolvency office holders and their associates
SIP 16	Statement of Insolvency Practice 16 England and Wales: Pre-packaged sales in administrations
SPA	Sale and purchase agreement dated 30 April 2021 between the Company, the Joint Administrators, EGL and Newco
UK Transaction	A transaction, comprising a series of three interrelated steps completed on 30 April 2021, the result of which is that the business and assets of the Company (which now sit beneath Newco) are now ultimately owned by the RCF Lenders and the Senior Note Holders through shares in Holdco
US Bankruptcy Code	Title 11 of the United States Code, 11 U.S.C. §§ 101–1532
US Bankruptcy Court	US Bankruptcy Court for the Southern District of Texas

Appendix 7 – Notice: About this statement of proposals

This statement of proposals ("proposals") has been prepared by Jonathan Marston and Mark Firmin, the Joint Administrators of Valaris Plc in Administration (the "Company"), solely to comply with their statutory duty under Paragraph 49, Schedule B1 of the Insolvency Act 1986 to lay before creditors a statement of their proposals for achieving the purpose of the administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purposes, or in any other context.

These proposals have not been prepared in contemplation of them being used, and are not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in the Company or any other company in the same group.

Any estimated outcomes for creditors included in these proposals are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.

Any person that chooses to rely on these proposals for any purpose or in any context other than under Paragraph 49, Schedule B1 of the Insolvency Act 1986 does so at their own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of these proposals.

Jonathan Charles Marston and Mark Granville Firmin are authorised to act as insolvency practitioners by The Institute of Chartered Accountants in England and Wales.

We are bound by the Insolvency Code of Ethics.

The Joint Administrators act as agent for the Company without personal liability. The appointments of the Joint Administrators are personal to them and, to the fullest extent permitted by law, Alvarez & Marsal Europe LLP does not assume any responsibility and will not accept any liability to any person in respect of these proposals or the conduct of the administration.