UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16
UNDER THE SECURITIES EXCHANGE ACT OF 1934

For the quarter ended June 30, 2019

Commission File Number 001-35345

PACIFIC DRILLING S.A.

8-10, Avenue de la Gare
L-1610 Luxembourg
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F ☒ Form 40-F ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes ☐ No ☒

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes ☐ No ☒

We hereby expressly incorporate by reference this report on Form 6-K into our Registration Statement on Form F-3 filed with the SEC on March 12, 2019, Registration No. 333-230231 , and our Registration Statement on Form S-8 filed with the SEC on November 28, 2018, Registration No. 333-228582 .

PACIFIC DRILLING S.A.

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As used in this report on Form 6-K (this "Form 6-K"), unless the context otherwise requires, references to "Pacific Drilling," the "Company," "we," "us," "our" and words of similar import refer to Pacific Drilling S.A. and its subsidiaries. Unless otherwise indicated, all references to "U.S. $" and "$" in this report are to, and amounts are represented in, United States dollars.

The information and our unaudited condensed consolidated financial statements in this Form 6-K should be read in conjunction with our Annual Report on Form 20-F for the year ended December 31, 2018 (our "2018 Annual Report") filed with the Securities and Exchange Commission ("SEC") on March 12, 2019. We prepare our unaudited condensed consolidated financial statements in accordance with generally accepted accounting principles in the United States of America ("GAAP").

PART I — FINANCIAL INFORMATION

Item 1 — Financial Statements (Unaudited)

Unaudited Condensed Consolidated Financial Statements

PACIFIC DRILLING S.A. AND SUBSIDIARIES

Condensed Consolidated Statements of Operations

(in thousands, except per share information) (unaudited)

	Successor Three Months Ended June 30, 2019	Predecessor Three Months Ended June 30, 2018	Successor Six Months Ended June 30, 2019	Predecessor Six Months Ended June 30, 2018
Revenues				
Contract drilling	$ 76,415	$ 66,564	$ 142,331	$ 148,633
Costs and expenses				
Operating expenses	(52,254)	(55,968)	(104,550)	(120,322)
General and administrative expenses	(10,010)	(12,881)	(21,256)	(30,085)
Depreciation and amortization expense	(59,330)	(70,070)	(118,229)	(139,990)
	(121,594)	(138,919)	(244,035)	(290,397)
Operating loss	(45,179)	(72,355)	(101,704)	(141,764)
Other income (expense)				
Interest expense	(24,406)	(17,211)	(48,445)	(32,140)
Reorganization items	(878)	(13,477)	(1,881)	(25,509)
Interest income	1,665	912	3,637	1,700
Equity earnings in unconsolidated subsidiaries	(263)	—	(1,315)	—
Expenses to unconsolidated subsidiaries, net	(437)	—	(709)	—
Other expense	(220)	(1,135)	(311)	(1,330)
Loss before income taxes	(69,718)	(103,266)	(150,728)	(199,043)
Income tax expense	(3,868)	(478)	(6,837)	(752)
Net loss	$ (73,586)	$ (103,744)	$ (157,565)	$ (199,795)
Loss per common share, basic	$ (0.98)	$ (4.86)	$ (2.10)	$ (9.36)
Weighted-average shares outstanding, basic	75,001	21,366	75,016	21,352
Loss per common share, diluted	$ (0.98)	$ (4.86)	$ (2.10)	$ (9.36)
Weighted-average shares outstanding, diluted	75,001	21,366	75,016	21,352

See accompanying notes to unaudited condensed consolidated financial statements.

PACIFIC DRILLING S.A. AND SUBSIDIARIES

Condensed Consolidated Statements of Comprehensive Income (Loss)

(in thousands) (unaudited)

	Successor Three Months Ended June 30, 2019	Predecessor Three Months Ended June 30, 2018	Successor Six Months Ended June 30, 2019	Predecessor Six Months Ended June 30, 2018
Net loss	$ (73,586)	$ (103,744)	$ (157,565)	$ (199,795)
Other comprehensive income:				
Reclassification adjustment for loss on derivative instruments realized in net income	—	193	—	386
Total other comprehensive income	—	193	—	386
Total comprehensive loss	$ (73,586)	$ (103,551)	$ (157,565)	$ (199,409)

See accompanying notes to unaudited condensed consolidated financial statements.

PACIFIC DRILLING S.A. AND SUBSIDIARIES

Condensed Consolidated Balance Sheets

(in thousands, except par value) (unaudited)

	June 30, 2019	December 31, 2018
Assets:		
Cash and cash equivalents	$ 305,488	$ 367,577
Restricted cash	8,500	21,498
Accounts receivable, net	65,403	40,549
Other receivable	28,000	28,000
Materials and supplies	42,441	40,429
Prepaid expenses and other current assets	14,916	9,149
Total current assets	464,748	507,202
Property and equipment, net	1,878,848	1,915,172
Receivable from unconsolidated subsidiaries	204,790	204,790
Intangible asset	20,640	85,053
Investment in unconsolidated subsidiaries	11,234	11,876
Other assets	30,014	24,120
Total assets	$ 2,610,274	$ 2,748,213
Liabilities and shareholders' equity:		
Accounts payable	$ 17,835	$ 14,941
Accrued expenses	18,327	25,744
Accrued interest	15,703	16,576
Deferred revenue, current	1,298	—
Total current liabilities	53,163	57,261
Long-term debt	1,056,037	1,039,335
Payable to unconsolidated subsidiaries	3,741	4,400
Other long-term liabilities	33,528	28,259
Total liabilities	1,146,469	1,129,255
Commitments and contingencies		
Shareholders' equity:		
Common shares, $0.01 par value per share, 82,500 shares authorized and issued and 74,987 and 75,031 shares outstanding as of June 30, 2019 and December 31, 2018, respectively	750	750
Additional paid-in capital	1,648,756	1,645,692
Treasury shares, at cost	(652)	—
Accumulated deficit	(185,049)	(27,484)
Total shareholders' equity	1,463,805	1,618,958
Total liabilities and shareholders' equity	$ 2,610,274	$ 2,748,213

See accompanying notes to unaudited condensed consolidated financial statements.

PACIFIC DRILLING S.A. AND SUBSIDIARIES

Condensed Consolidated Statements of Shareholders' Equity

(in thousands) (unaudited)

Successor	Common Shares		Additional Paid-In	Treasury Shares		Accumulated Other Comprehensive	Accumulated	Total Shareholders'
	Shares	Amount	Capital	Shares	Amount	Loss	Deficit	Equity
Balance at December 31, 2018	75,031	$ 750	$ 1,645,692	7,469	$ —	$ —	$ (27,484)	$ 1,618,958
Shares repurchased	(8)	—	—	8	(124)	—	—	(124)
Share-based compensation	—	—	865	—	—	—	—	865
Net loss	—	—	—	—	—	—	(83,979)	(83,979)
Balance at March 31, 2019	75,023	$ 750	$ 1,646,557	7,477	$ (124)	$ —	$ (111,463)	$ 1,535,720
Shares repurchased	(36)	—	—	36	(528)	—	—	(528)
Share-based compensation	—	—	2,199	—	—	—	—	2,199
Net loss	—	—	—	—	—	—	(73,586)	(73,586)
Balance at June 30, 2019	74,987	$ 750	$ 1,648,756	7,513	$ (652)	$ —	$ (185,049)	$ 1,463,805

Predecessor	Common Shares		Additional Paid-In	Treasury Shares		Accumulated Other Comprehensive	Accumulated	Total Shareholders'
	Shares	Amount	Capital	Shares	Amount	Loss	Deficit	Equity
Balance at December 31, 2017	21,339	$ 213	$ 2,366,464	1,212	$ —	$ (14,493)	$ (200,383)	$ 2,151,801
Share-based compensation	—	—	723	—	—	—	—	723
Other comprehensive income	—	—	—	—	—	193	—	193
Net loss	—	—	—	—	—	—	(96,051)	(96,051)
Balance at March 31, 2018	21,339	$ 213	$ 2,367,187	1,212	$ —	$ (14,300)	$ (296,434)	$ 2,056,666
Shares issued under share-based compensation plan	28	1	(5)	(28)	—	—	—	(4)
Share-based compensation	—	—	448	—	—	—	—	448
Other comprehensive income	—	—	—	—	—	193	—	193
Net loss	—	—	—	—	—	—	(103,744)	(103,744)
Balance at June 30, 2018	21,367	$ 214	$ 2,367,630	1,184	$ —	$ (14,107)	$ (400,178)	$ 1,953,559

See accompanying notes to unaudited condensed consolidated financial statements.

PACIFIC DRILLING S.A. AND SUBSIDIARIES

Condensed Consolidated Statements of Cash Flows

(in thousands) (unaudited)

	Successor Six Months Ended June 30, 2019	Predecessor Six Months Ended June 30, 2018
Cash flow from operating activities:		
Net loss	$ (157,565)	$ (199,795)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization expense	118,229	139,990
Amortization of deferred revenue	(1,146)	(12,003)
Amortization of deferred costs	586	9,261
Amortization of debt premium, net	(221)	—
Interest paid-in-kind	16,923	—
Deferred income taxes	4,760	(2,408)
Share-based compensation expense	3,064	1,171
Reorganization items	—	6,877
Changes in operating assets and liabilities:		
Accounts receivable	(24,854)	3,316
Materials and supplies	(2,012)	1,955
Prepaid expenses and other assets	(15,229)	3,871
Accounts payable and accrued expenses	3,155	(19,039)
Deferred revenue	2,444	(481)
Net cash used in operating activities	(51,866)	(67,285)
Cash flow from investing activities:		
Capital expenditures	(21,454)	(10,788)
Net cash used in investing activities	(21,454)	(10,788)
Cash flow from financing activities:		
Payments for shares issued under share-based compensation plan	—	(4)
Payments for financing costs	(1,115)	—
Purchases of treasury shares	(652)	—
Net cash used in financing activities	(1,767)	(4)
Net decrease in cash and cash equivalents	(75,087)	(78,077)
Cash, cash equivalents and restricted cash, beginning of period	389,075	317,448
Cash, cash equivalents and restricted cash, end of period	$ 313,988	$ 239,371

See accompanying notes to unaudited condensed consolidated financial statements.

PACIFIC DRILLING S.A. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Unaudited)

Note 1 — Nature of Business

Pacific Drilling S.A. and its subsidiaries ("Pacific Drilling," the "Company," "we," "us" or "our") is an international offshore drilling contractor committed to being the preferred provider of offshore drilling services to the oil and natural gas industry through the use of high-specification floating rigs. Our primary business is to contract our fleet to drill wells for our clients.

Note 2 — Emergence from Bankruptcy Proceedings

By order entered on November 2, 2018, the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court") confirmed the Company's Modified Fourth Amended Joint Plan of Reorganization, dated October 31, 2018 (the "Plan") that had been filed with the Bankruptcy Court in connection with the filing by the Company and certain of its subsidiaries (the "Initial Debtors") of petitions (the "Bankruptcy Petitions") on November 12, 2017 (the "Petition Date") with the Bankruptcy Court seeking relief under Chapter 11 of Title 11 of the United States Code (the "Bankruptcy Code"). On November 19, 2018 (the "Plan Effective Date"), the Company and the Initial Debtors other than the Zonda Debtors (described below) (the "Debtors") emerged from bankruptcy after successfully completing their reorganization pursuant to the Plan. The Company's two subsidiaries involved in the arbitration with Samsung Heavy Industries Co. Ltd. ("SHI") related to the *Pacific Zonda* , Pacific Drilling VIII Limited and Pacific Drilling Services, Inc. (together, the "Zonda Debtors"), filed a separate plan of reorganization that was confirmed by order of the Bankruptcy Court on January 30, 2019 and are not Debtors under the Plan.

During the bankruptcy proceedings, the Debtors operated as "debtors-in-possession" in accordance with applicable provisions of the Bankruptcy Code.

Upon emergence of the Company from bankruptcy on November 19, 2018 in accordance with the Plan:

- The Company's pre-petition 2013 Revolving Credit Facility and SSCF (both as defined in Note 8 to the consolidated financial statements included in our 2018 Annual Report), and post-petition debtor-in-possession financing were repaid in full;
- Holders of the Company's Term Loan B, 2017 Notes and 2020 Notes (each term as defined in Note 8 to the consolidated financial statements included in our 2018 Annual Report) received an aggregate of 24,416,442 common shares (or, approximately 32.6% of the outstanding shares) in exchange for their claims;
- The Company issued an aggregate of 44,174,136 common shares (or, approximately 58.9% of the outstanding shares) to holders of Term Loan B, 2017 Notes and 2020 Notes who subscribed in the Company's $460.0 million equity rights offering;
- The Company issued 3,841,229 common shares (or, approximately 5.1% of the outstanding shares) to Quantum Pacific Gibraltar Limited ("QP") in a $40.0 million private placement;
- The Company issued 2,566,056 common shares (or, approximately 3.4% of the outstanding shares) to members of an ad hoc group of holders of the Term Loan B, 2017 Notes and 2020 Notes (the "Ad Hoc Group") in payment of their fee for backstopping the equity rights offering;
- The Company issued approximately 7.5 million common shares to Pacific Drilling Administrator Limited, a wholly owned subsidiary of the Company that serves as administrator of the Company's 2018 Omnibus Stock Incentive Plan (the "2018 Stock Plan"), adopted by the board of directors, and which shares were reserved for issuance under the 2018 Stock Plan;
- Existing holders of the Company's common shares received no recovery and were diluted by the issuances of common shares under the Plan such that they held in the aggregate less than 0.003% of the Company's common shares outstanding upon emergence from bankruptcy; and

- The undisputed claims of other unsecured creditors such as clients, employees and vendors, were paid in full in the ordinary course of business.

Prior to the issuance of the shares described above, the Company effected a 1-for-10,000 reverse stock split (the "Reverse Stock Split").

As a result of the Reverse Stock Split and the issuances of common shares described above, the Company had issued and outstanding on the Plan Effective Date approximately 75.0 million common shares, and approximately 7.5 million shares were reserved for issuance pursuant to the 2018 Stock Plan.

In addition, pursuant to the Plan, on September 26, 2018 bankruptcy-remote subsidiaries of the Company issued, and on November 19, 2018 such subsidiaries merged with the Company and the Company assumed (the "Notes Assumption"):

- $750.0 million in aggregate principal amount of 8.375% First Lien Notes due 2023, secured by first-priority liens on substantially all assets of the Debtors (the "First Lien Notes"); and
- $273.6 million in aggregate principal amount of 11.0% / 12.0% Second Lien PIK Notes due 2024, secured by second-priority liens on substantially all assets of the Debtors (the "Second Lien PIK Notes"). Approximately $23.6 million aggregate principal amount was issued as a commitment fee to the Ad Hoc Group for their agreement to backstop the issuance of the Second Lien PIK Notes.

Concurrent with the Notes Assumption, all of the Company's subsidiaries other than the Zonda Debtors, certain immaterial subsidiaries and Pacific International Drilling West Africa Limited ("PIDWAL," a Nigerian limited liability company indirectly 49% owned by the Company) guaranteed on a senior secured basis the First Lien Notes and Second Lien PIK Notes. It is expected that the Zonda Debtors will guarantee the First Lien Notes and Second Lien PIK Notes upon their emergence from bankruptcy pursuant to their separate plan of reorganization after the successful resolution of the arbitration proceeding involving the *Pacific Zonda* . If the Company is unsuccessful in the arbitration, the Company expects to liquidate the Zonda Debtors and the Zonda Debtors would not guarantee the First Lien Notes and Second Lien PIK Notes. See Note 13 for further discussion.

We have classified all income, expenses, gains or losses that were incurred or realized as a result of the Chapter 11 proceedings as reorganization items in our consolidated statements of operations. The components of reorganization items are as follows:

(in thousands)	Successor Three Months Ended June 30, 2019	Predecessor Three Months Ended June 30, 2018	Successor Six Months Ended June 30, 2019	Predecessor Six Months Ended June 30, 2018
Professional fees	$ 878	$ 13,477	$ 1,881	$ 25,509
Total reorganization items	$ 878	$ 13,477	$ 1,881	$ 25,509

Note 3 — Significant Accounting Policies

Basis of Presentation — Our accompanying condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") for interim financial information and Article 10 of Regulation S-X of the SEC. Pursuant to such rules and regulations, these financial statements do not include all disclosures required by GAAP for complete financial statements. Our condensed consolidated financial statements reflect all adjustments that are, in the opinion of management, necessary for a fair

presentation of our financial position, results of operations and cash flows for the presented interim periods. Such adjustments are considered to be of a normal recurring nature unless otherwise identified. Operating results for the three and six months ended June 30, 2019 are not necessarily indicative of the results that may be expected for the year ending December 31, 2019 or for any future period. The accompanying condensed consolidated financial statements and notes should be read in conjunction with the audited consolidated financial statements and notes of the Company for the year ended December 31, 2018.

Fresh Start Accounting — Upon the Company's emergence from Chapter 11 bankruptcy, we adopted fresh start accounting ("Fresh Start Accounting") in accordance with the provisions of Accounting Standards Codification ("ASC") 852, *Reorganizations* , ("ASC 852") issued by the Financial Accounting Standards Board ("FASB"), which resulted in the Company becoming a new entity for financial reporting purposes. As a result of the adoption of Fresh Start Accounting and the effects of the implementation of the Plan, the Company's consolidated financial statements subsequent to November 19, 2018 are not comparable to its consolidated financial statements on and prior to November 19, 2018. References to "Successor" relate to the financial position and results of operations of the reorganized Company as of and subsequent to November 19, 2018. References to "Predecessor" relate to the financial position of the Company prior to, and results of operations through and including, November 19, 2018. The Company's consolidated financial statements and related footnotes are presented with a "black line" division, which delineates the lack of comparability between amounts presented after November 19, 2018 and amounts presented on or prior to November 19, 2018.

Principles of Consolidation — Our condensed consolidated financial statements include the accounts of Pacific Drilling S.A., consolidated subsidiaries that we control by ownership of a majority voting interest and entities that meet the criteria for variable interest entities for which we are deemed to be the primary beneficiary for accounting purposes. We eliminate all intercompany transactions and balances in consolidation.

We are party to a Nigerian joint venture, Pacific International Drilling West Africa Limited ("PIDWAL"), with Derotech Offshore Services Limited ("Derotech"), a privately-held Nigerian registered limited liability company. Derotech owns 51% of PIDWAL and we own 49% of PIDWAL. Pacific Bora Ltd. ("PBL") and Pacific Scirocco Ltd. ("PSL"), which own the *Pacific Bora* and the *Pacific Scirocco* , respectively, are owned 49.9% by our wholly-owned subsidiary, Pacific Drilling Limited ("PDL") and 50.1% by Pacific Drillship Nigeria Limited ("PDNL"). PDNL is owned 0.1% by PDL and 99.9% by PIDWAL. Derotech will not accrue the economic benefits of its interest in PIDWAL unless and until it satisfies certain outstanding obligations to us and a certain pledge is cancelled by us. Likewise, PIDWAL will not accrue the economic benefits of its interest in PDNL unless and until it satisfies certain outstanding obligations to us and a certain pledge is cancelled by us. PIDWAL and PDNL are variable interest entities for which we are the primary beneficiary. Accordingly, we consolidate all interests of PIDWAL and PDNL in our condensed consolidated financial statements and no portion of their operating results is allocated to the noncontrolling interest.

Our condensed consolidated financial statements for the Successor exclude the Zonda Debtors, our wholly-owned subsidiaries, that filed a separate plan of reorganization and are still in their Chapter 11 proceedings. We account for our investment in the Zonda Debtors using the equity method of accounting.

Related Party Transactions — We have determined that Abrams Capital Management, L.P., Avenue Capital Management II, LP., Strategic Value Partners, LLC and certain of their affiliates (the "Principal Shareholders") meet the definition of related parties under GAAP. As of June 30, 2019 and December 31, 2018, the Principal Shareholders held $31.9 million and $36.1 million of our Second Lien PIK Notes, respectively.

Recently Adopted Accounting Standards

Leases — Effective January 1, 2019, we adopted the accounting standards update for *Leases (Topic 842)* that requires lessees to recognize a right-of-use asset and lease liability for virtually all leases and updates previous accounting standards for lessors to align certain requirements with the updates to lessee accounting standards and revenue recognition accounting standards. We applied the transition method that required us to recognize right-of-use assets and lease liabilities as of the date of our adoption with no adjustment to prior periods. We applied the package of

practical expedients that permitted us to carry forward historical lease classifications. For leases under which we are the lessee, we have recognized a right-of-use asset of $6.9 million, recorded in other assets, and a corresponding lease liability, recorded in accrued expenses and other long-term liabilities upon adoption. We have accounted for lease and non-lease components of our operating leases as a single component. We have not recognized any right-of-use assets or lease liabilities for short-term leases. For our drilling contracts, which contain a lease component, we applied the practical expedient to recognize revenues based on the service component, which we determined to be predominant. Our adoption did not have and is not expected in the future to have a material effect on our condensed consolidated statements of financial position, operations or cash flows. See Note 11.

Recently Issued Accounting Standards

Measurement of Credit Losses on Financial Instruments — On June 16, 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326)* , which introduces a new model for recognizing credit losses based on an estimate of expected lifetime credit loss on financial assets ranging from short-term trade accounts receivable to long-term financings. In April 2019, the FASB issued codification improvements to Topic 326 to clarify all expected recoveries should be included in the estimate of the allowance for credit losses. This update is effective for annual and interim periods beginning after January 1, 2020. We are currently evaluating the effect the standard may have on our consolidated financial statements and related disclosures.

Changes to Fair Value Disclosure Requirements — On August 28, 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework — Changes to the Disclosure Requirements for Fair Value Measurement* , which eliminates, adds and modifies certain disclosure requirements for fair value measurements as part of its disclosure framework project. Entities will no longer be required to disclose the amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy, but public companies will be required to disclose the range and weighted average used to develop significant unobservable inputs for Level 3 fair value measurements. The guidance is effective for annual and interim periods beginning after January 1, 2020, with early adoption permitted. We are currently evaluating the effect the standard may have on our consolidated financial statement disclosures.

Note 4 — Property and Equipment

Property and equipment consists of the following:

	June 30, 2019	December 31, 2018
	(in thousands)	
Drillships and related equipment	$ 1,944,056	$ 1,926,773
Other property and equipment	864	682
Property and equipment, cost	1,944,920	1,927,455
Accumulated depreciation	(66,072)	(12,283)
Property and equipment, net	$ 1,878,848	$ 1,915,172

Note 5 — Intangible Asset

Intangible asset consists of the following:

	June 30, 2019	December 31, 2018
	(in thousands)	
Client-related intangible asset	$ 100,000	$ 100,000
Accumulated amortization	(79,360)	(14,947)
Intangible asset, net	$ 20,640	$ 85,053

PACIFIC DRILLING S.A. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued

During the three and six months ended June 30, 2019, amortization expense of intangible asset was $32.4 million and $64.4 million, respectively, based on an amortization period of 0.8 year. As of June 30, 2019, the remaining 2019 amortization expense is $20.6 million, recognized on a straight-line basis through the end of the initial term of the related drilling contract in August 2019.

Note 6 — Receivable related to Zonda Arbitration

On January 25, 2013, we entered into a contract with SHI for the construction of an eighth drillship, the *Pacific Zonda* , which provided for a purchase price of approximately $517.5 million and an original delivery date of March 31, 2015 (the "Construction Contract"). On October 29, 2015, we exercised our right to rescind the Construction Contract due to SHI's failure to timely deliver the drillship in accordance with the contractual specifications. The carrying value of the newbuild at the date of rescission was $315.7 million, consisting of (i) advance payments in the aggregate of $181.1 million paid by us to SHI, (ii) purchased equipment, (iii) internally capitalized construction costs and (iv) capitalized interest.

On November 25, 2015, SHI formally commenced an arbitration proceeding against us in accordance with the Construction Contract. On November 30, 2015, we made demand under the third party refund guarantee accompanying the Construction Contract for the amount of our advance payments made under the Construction Contract, plus interest. Any payment under the refund guarantee is suspended until an award under the arbitration is obtained. See Note 13.

On November 19, 2018, the Debtors emerged from bankruptcy after successfully completing their reorganization pursuant to the Plan. As of that date, we deconsolidated the Zonda Debtors, which filed a separate plan of reorganization and are not Debtors under the Plan. See Note 2.

As a result of adopting Fresh Start Accounting, we estimated the receivable related to the Zonda Arbitration at $204.7 million, included within receivable from unconsolidated subsidiaries on our condensed consolidated balance sheets as of June 30, 2019 and December 31, 2018. See Note 12.

Note 7 — Debt

Debt, net of debt premium (discount) consists of the following:

	June 30, 2019	December 31, 2018
	(in thousands)	
First Lien Notes	$ 747,678	$ 747,400
Second Lien PIK Notes	308,359	291,935
Total long-term debt	$ 1,056,037	$ 1,039,335

First Lien Notes and Second Lien PIK Notes

In connection with its emergence from the Chapter 11 proceedings, the Company assumed all obligations under the First Lien Notes and the Second Lien PIK Notes.

First Lien Notes

On September 26, 2018, Pacific Drilling First Lien Escrow Issuer Limited (the "First Lien Escrow Issuer"), a private company limited by shares incorporated in the British Virgin Islands and wholly owned subsidiary of the Company, entered into an indenture (the "First Lien Notes Indenture") with Wilmington Trust, National Association, as trustee (the "Trustee") and collateral agent, relating to the issuance by the First Lien Escrow Issuer of $750.0 million aggregate principal amount of 8.375% First Lien Notes due 2023 (the "First Lien Notes").

PACIFIC DRILLING S.A. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued

The First Lien Notes were sold in a private transaction exempt from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"), and were offered and sold under Rule 144A of the Securities Act, and to non-U.S. persons in transactions outside the United States under Regulation S of the Securities Act. The First Lien Notes have not been, and will not be, registered under the Securities Act and may not be offered or sold in the United States absent registration or an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and other applicable securities laws.

Upon the emergence of the Company from the Chapter 11 proceedings on November 19, 2018, the First Lien Escrow Issuer merged into the Company and the Company assumed all obligations of the First Lien Escrow Issuer under the First Lien Notes Indenture.

The First Lien Notes accrue interest at a rate of 8.375% per annum, payable semi-annually in arrears on April 1 and October 1 of each year beginning on April 1, 2019. The First Lien Notes will mature on October 1, 2023, unless earlier redeemed or repurchased.

The First Lien Notes are jointly and severally and fully and unconditionally guaranteed on a senior secured basis by all of the Company's subsidiaries other than the Zonda Debtors, certain immaterial subsidiaries and PIDWAL. It is expected that the Zonda Debtors will guarantee the First Lien Notes and Second Lien PIK Notes upon their emergence from bankruptcy pursuant to their separate plan of reorganization after the successful resolution of the arbitration proceeding involving the *Pacific Zonda.* If the Company is unsuccessful in the arbitration, the Company expects to liquidate the Zonda Debtors and the Zonda Debtors would not guarantee the First Lien Notes and Second Lien PIK Notes. See Note 13 for further discussion.

The First Lien Notes are secured by first-priority liens on substantially all assets of the Company and the guarantors (other than certain excluded property), including (i) vessels, (ii) books and records, (iii) certain deposit accounts and the amounts contained therein, (iv) assignments of proceeds of hull and machinery and loss of hire insurance, (v) assignments of earnings from drilling contracts, and (vi) equity interests owned by the Company and the guarantors, in each case, subject to certain exceptions, including that such first-priority liens will be subject to payment priority in favor of future holders, if any, of certain superpriority first lien debt of up to $50.0 million.

The First Lien Notes Indenture contains covenants limiting the ability of the Company, and any restricted subsidiary to, among other things, (i) incur or guarantee additional indebtedness and issue preferred stock, (ii) pay dividends on or redeem or repurchase capital stock, make certain investments, make certain payments on or with respect to subordinated and junior debt (including making cash interest or principal payments on the Second Lien PIK Notes (as defined below)), (iii) create or incur certain liens, (iv) impose restrictions on the ability of restricted subsidiaries to pay dividends, (v) merge or consolidate with other entities, (vi) enter into certain transactions with affiliates, (vii) impair the security interests in the collateral for the First Lien Notes, and (viii) engage in certain lines of business. These covenants are subject to a number of important exceptions and qualifications and certain of them will be suspended with respect to the First Lien Notes in the event that the First Lien Notes obtain an investment grade rating.

The Company may be required to offer to purchase the First Lien Notes at 101.0% percent of the principal amount thereof, plus accrued and unpaid interest, upon the occurrence of a Change of Control (as defined in the First Lien Notes Indenture), and at 100.0% of the principal amount, plus accrued and unpaid interest, under certain other circumstances. In addition, the Company will be required to offer to purchase First Lien Notes at 100.0% of the principal amount thereof, plus accrued and unpaid interest, with any cash proceeds from a settlement or award in connection with the arbitration relating to the *Pacific Zonda* with such offer to be for an aggregate principal amount of First Lien Notes equal to the lesser of (x) 50.0% of such cash proceeds and (y) $75.0 million.

At any time prior to October 1, 2020, (i) the Company may redeem the First Lien Notes, in whole or in part, at a redemption price equal to 100.0% of the principal amount thereof, plus a "make-whole" premium, (ii) the Company may redeem up to 35.0% of the original principal amount of the First Lien Notes with proceeds from certain equity offerings at a redemption price equal to 108.375% of the principal amount thereof, and (iii) not more than once in any twelve-

month period, the Company may redeem up to 10.0% of the original principal amount of the First Lien Notes at a redemption price equal to 103.0% of the principal amount thereof, in each case plus accrued and unpaid interest.

At any time on or after October 1, 2020, the Company may redeem the First Lien Notes, in whole or in part, at the following redemption prices (expressed as a percentage of the principal amount), plus accrued and unpaid interest, during the twelve-month period beginning on October 1 of the years indicated: 2020 – 104.188%; 2021 – 102.094%; 2022 and thereafter – 100.0%.

The First Lien Notes Indenture contains customary events of default, including, among other things, (i) failure to make required payments; (ii) failure to comply with certain agreements or covenants; (iii) failure to pay certain other indebtedness; (iv) certain events of bankruptcy and insolvency; and (v) failure to pay certain judgments. An event of default under the First Lien Notes Indenture will allow either the Trustee or the holders of at least 25% in aggregate principal amount of the then-outstanding First Lien Notes to accelerate, or in certain cases will automatically cause the acceleration of, the amounts due under the First Lien Notes.

Intercreditor Agreement

The relationship between holders of First Lien Notes (and any future first lien debt), on the one hand, and Second Lien PIK Notes (and any future junior lien debt), on the other hand, is governed by an intercreditor agreement. Pursuant to the intercreditor agreement, the liens securing first lien debt are effectively senior in priority to the liens securing junior lien debt. If the Company incurs any future first lien debt, the relationship between holders of such debt and First Lien Notes will be governed by a collateral agency agreement. Such agreements will allow for payment priority in favor of holders of up to $50.0 million of future superpriority first lien debt.

Second Lien PIK Notes

On September 26, 2018, Pacific Drilling Second Lien Escrow Issuer Limited (the "Second Lien Escrow Issuer"), a private company limited by shares incorporated in the British Virgin Islands and wholly owned subsidiary of the Company, entered into an indenture (the "Second Lien PIK Notes Indenture") with the Trustee, as trustee and junior lien collateral agent, relating to the issuance by the Second Lien Escrow Issuer of approximately $273.6 million aggregate principal amount of 11.0% / 12.0% Second Lien PIK Notes due 2024 (the "Second Lien PIK Notes"), of which (i) $250.0 million aggregate principal amount was issued pursuant to the Second Lien PIK Notes Offering (as defined below), and (ii) approximately $23.6 million aggregate principal amount was issued as a commitment fee to the Ad Hoc Group for their agreement to backstop the issuance of the Second Lien PIK Notes.

The Second Lien PIK Notes were sold in a private transaction exempt from the registration requirements of the Securities Act and were offered and sold under Rule 144A of the Securities Act, and to non-U.S. persons in transactions outside the United States under Regulation S of the Securities Act (the "Second Lien PIK Notes Offering"). The Second Lien PIK Notes have not been, and will not be, registered under the Securities Act and may not be offered or sold in the United States absent registration or an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and other applicable securities laws.

Upon the emergence of the Company from the Chapter 11 proceedings on November 19, 2018, the Second Lien Escrow Issuer merged into the Company and the Company assumed all obligations of the Second Lien Escrow Issuer under the Second Lien PIK Notes Indenture.

For each interest period, interest is payable, at the option of the Company, (i) entirely in cash ("Cash Interest"), (ii) entirely through the issuance of additional Second Lien PIK Notes having the same terms and conditions as the Second Lien PIK Notes issued in the Second Lien PIK Notes Offering in a principal amount equal to the amount of interest then due and payable or by increasing the then outstanding aggregate principal amount of Second Lien PIK Notes ("PIK Interest") or (iii) 50% as Cash Interest and 50% as PIK Interest. If the Company elects to pay interest for an interest period entirely in the form of Cash Interest, interest will accrue at a rate of 11.0% per annum for such interest period. If

PACIFIC DRILLING S.A. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued

the Company elects to pay interest for an interest period entirely in the form of PIK Interest, interest will accrue at a rate of 12.0% per annum for such interest period. If the Company elects to pay 50% in Cash Interest and 50% in PIK Interest for an interest period, (i) interest in respect of the Cash Interest portion will accrue at 11.0% and (ii) interest in respect of the PIK Interest portion will accrue at 12.0% for such interest period.

Interest on the Second Lien PIK Notes is payable semi-annually in arrears on April 1 and October 1 of each year beginning on April 1, 2019. The Second Lien PIK Notes will mature on April 1, 2024, unless earlier redeemed or repurchased. As of June 30, 2019, the Company has made the following payments in the form of PIK Interest:

Payment Date	PIK Interest
	(in thousands)
April 1, 2019	$ 16,873

The Second Lien PIK Notes are jointly and severally and fully and unconditionally guaranteed on a senior secured basis by all of the Company's subsidiaries that guarantee the Company's First Lien Notes and are secured by second-priority liens on all of the assets of the Company and the guarantors that also serve as collateral for the Company's First Lien Notes.

The Second Lien PIK Notes Indenture contains covenants limiting the ability of the Company, and any restricted subsidiary to, among other things, (i) incur or guarantee additional indebtedness and issue preferred stock, (ii) pay dividends on or redeem or repurchase capital stock, make certain investments, make certain payments on or with respect to subordinated and junior debt, (iii) create or incur certain liens, (iv) impose restrictions on the ability of restricted subsidiaries to pay dividends, (v) merge or consolidate with other entities, (vi) enter into certain transactions with affiliates, (vii) impair the security interests in the collateral for the Second Lien PIK Notes, and (viii) engage in certain lines of business. These covenants are subject to a number of important exceptions and qualifications and certain of them will be suspended with respect to the Second Lien PIK Notes in the event that the Second Lien PIK Notes obtain an investment grade rating.

The Company may be required to offer to purchase the Second Lien PIK Notes at 101.0% percent of the principal amount thereof, plus accrued and unpaid interest, upon the occurrence of a Change of Control (as defined in the Second Lien PIK Notes Indenture) (a "Change of Control Offer"), and at 100.0% of the principal amount, plus accrued and unpaid interest, under certain other circumstances. In addition, the Company will be required to offer to purchase Second Lien PIK Notes at 100.0% of the principal amount thereof, plus accrued and unpaid interest, with the cash proceeds, if any, from a settlement or award in connection with the arbitration with SHI related to the *Pacific Zonda* , with such offer to be for an aggregate principal amount of the Second Lien PIK Notes equal to the lesser of (x) 50.0% of such cash proceeds and (y) $75.0 million, provided, that if the Company is required to offer to purchase the First Lien Notes with such cash proceeds, the Company shall only be required to offer to purchase the Second Lien PIK Notes with the portion thereof that has been declined by the holders of First Lien Notes.

At any time prior to April 1, 2020, (i) the Company may redeem the Second Lien PIK Notes, in whole or in part, at a redemption price equal to 100.0% of the principal amount thereof, plus a "make-whole" premium, and (ii) the Company may redeem up to 35.0% of the original principal amount of the Second Lien PIK Notes with the proceeds from certain equity offerings at a redemption price equal to 112.0%, in each case plus accrued and unpaid interest.

PACIFIC DRILLING S.A. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued

At any time on or after April 1, 2020, the Company may redeem the Second Lien PIK Notes, in whole or in part, at the following redemption prices (expressed as a percentage of principal amount), plus any accrued and unpaid interest, during the six-month period beginning on the dates indicated below:

Date	Price
April 1, 2020	112.0%
October 1, 2020	109.0%
April 1, 2021	106.0%
October 1, 2021	103.0%
April 1, 2022 and thereafter	100.0%

At any time after a Change of Control occurs, the Company may redeem all, but not less than all, of the Second Lien PIK Notes at the following redemption prices (expressed as a percentage of principal amount), plus any accrued and unpaid interest, during the six-month period beginning on the dates indicated below:

Date	Price
April 1, 2020	106.0%
October 1, 2020	109.0%
April 1, 2021	106.0%
October 1, 2021	103.0%
April 1, 2022 and thereafter	100.0%

If the Company exercises this Change of Control redemption right, it may elect not to make the Change of Control Offer described above.

The Second Lien PIK Notes Indenture contains customary events of default, including, among other things, (i) failure to make required payments; (ii) failure to comply with certain agreements or covenants; (iii) failure to pay certain other indebtedness; (iv) certain events of bankruptcy and insolvency; and (v) failure to pay certain judgments. An event of default under the Second Lien PIK Notes Indenture will allow either the Trustee or the holders of at least 25.0% in aggregate principal amount of the then-outstanding Second Lien PIK Notes to accelerate, or in certain cases, will automatically cause the acceleration of, the amounts due under the Second Lien PIK Notes.

Pre-Petition Secured Debt

On November 12, 2017, the Debtors filed the Bankruptcy Petitions for relief under Chapter 11 of the Bankruptcy Code. Prior to the Petition Date, the Company had outstanding its 2017 Notes, Term Loan B, 2013 Revolving Credit Facility, SSCF and 2020 Notes (collectively, the "Pre-Petition Secured Debt"). For a description of the Pre-Petition Secured Debt, see our 2018 Annual Report.

The filing of the Bankruptcy Petitions constituted an event of default with respect to the Pre-Petition Secured Debt. As a result, the corresponding Pre-Petition Debt became immediately due and payable and any efforts to enforce such payment obligations were automatically stayed as a result of the Chapter 11 proceedings.

On November 19 , 2018, the Company emerged from the Chapter 11 proceedings, and repaid in full the 2013 Revolving Credit Facility and SSCF, and issued common shares in satisfaction of the claims under the 2017 Notes, Term Loan B and 2020 Notes. As a result, the Pre-Petition Secured Debt is no longer outstanding.

PACIFIC DRILLING S.A. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued

Note 8 — Earnings per Share

The following reflects the income and the share data used in the basic and diluted earnings per share ("EPS") computations:

(in thousands, except per share information)	Successor Three Months Ended June 30, 2019	Predecessor Three Months Ended June 30, 2018	Successor Six Months Ended June 30, 2019	Predecessor Six Months Ended June 30, 2018
Numerator:				
Net loss, basic and diluted	$ (73,586)	$(103,744)	$(157,565)	$(199,795)
Denominator:				
Weighted-average shares outstanding, basic	75,001	21,366	75,016	21,352
Weighted-average shares outstanding, diluted	75,001	21,366	75,016	21,352
Loss per share:				
Basic	$ (0.98)	$ (4.86)	$ (2.10)	$ (9.36)
Diluted	$ (0.98)	$ (4.86)	$ (2.10)	$ (9.36)

The following table presents the share effects of share-based compensation awards that were excluded from our computations of diluted EPS, as their effect would have been anti-dilutive for the periods presented:

(in thousands)	Successor Three Months Ended June 30, 2019	Predecessor Three Months Ended June 30, 2018	Successor Six Months Ended June 30, 2019	Predecessor Six Months Ended June 30, 2018
Share-based compensation awards	176	299	496	299

Note 9 — Income Taxes

We recognize tax benefits from an uncertain tax position only if it is more likely than not that the position will be sustained upon examination by taxing authorities based on the technical merits of the position. The amount recognized is the largest benefit that we believe has greater than a 50% likelihood of being realized upon settlement. As of June 30, 2019 and December 31, 2018, we had $43.4 million and $42.5 million, respectively, of unrecognized tax benefits which were included in other long-term liabilities on our condensed consolidated balance sheets. To the extent we have income tax receivable balances available to utilize against amounts payable for unrecognized tax benefits, we have presented such receivable balances as a reduction to other long-term liabilities on our condensed consolidated balance sheets. The entire balance of unrecognized tax benefits as of June 30, 2019 would favorably impact our effective tax rate if recognized. As of June 30, 2019 and December 31, 2018, we have no accrued interest or penalties related to uncertain tax positions, as such payments would not be required by law.

PACIFIC DRILLING S.A. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued

Note 10 — Revenue from Contracts with Clients

Contract Assets and Liabilities

The following table provides information about trade receivables, contract assets and contract liabilities:

	June 30, 2019	December 31, 2018
	(in thousands)	
Trade receivables, net	$ 64,930	$ 40,144
Current contract liabilities (deferred revenue)	1,298	—

Significant changes in contract assets and contract liabilities for the six months ended June 30, 2019 are as follows:

	Contract Assets	Contract Liabilities
	(in thousands)	
Balance at December 31, 2018	$ —	$ —
Decrease due to amortization of deferred revenue	—	1,146
Increase due to billings related to client capital upgrades	—	(2,444)
Balance at June 30, 2019	$ —	$ (1,298)

Future Amortization of Contract Liabilities

The following table reflects revenue expected to be recognized in the future related to unsatisfied performance obligations as of June 30, 2019:

	Remaining six months	For the years ending December 31,			
	2019	2020	2021	2022 and thereafter	Total
	(in thousands)				
Amortization of contract liabilities	$ 486	$ 812	$ —	$ —	$ 1,298

The expected timing for recognition of such revenue is based on the estimated start date and duration of each respective contract as of June 30, 2019. The actual timing of recognition of such amounts may vary due to factors outside of our control. We have applied the optional exemption in Topic 606 and have not disclosed the variable consideration related to our estimated future dayrate revenue.

PACIFIC DRILLING S.A. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued

Note 11 — Leases

Our leasing activities primarily consist of operating leases for corporate offices, regional shorebase offices and office equipment. The components and other information related to leases are as follows:

	Three Months Ended June 30, 2019	Six Months Ended June 30, 2019
	(in thousands)	
Lease Expense		
Operating lease cost	$ 765	$ 1,363
Supplemental Cash Flows Information		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	360	719
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	—	6,935

	June 30, 2019
Weighted Average Remaining Lease Term (in years)	
Operating leases	5.3
Weighted Average Discount Rate	
Operating leases	8.1%

Future minimum lease payments for our leases as of June 30, 2019 and a reconciliation to lease liabilities recorded on our condensed consolidated balance sheet are as follows:

	Operating Leases
Years Ending December 31,	(in thousands)
2019 (excluding six months ended June 30, 2019)	$ 726
2020	1,472
2021	1,499
2022	1,525
2023	1,552
Thereafter	1,179
Total future minimum lease payments	7,953
Less imputed interest	(1,469)
Total	$ 6,484
Reported as of June 30, 2019	
Accrued expenses	$ 979
Other long-term liabilities	5,505
Total lease liabilities	$ 6,484

Note 12 — Fair Value Measurements

We estimated fair value by using appropriate valuation methodologies and information available to management as of June 30, 2019 and December 31, 2018. Considerable judgment is required in developing these estimates, and accordingly, estimated values may differ from actual results.

PACIFIC DRILLING S.A. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued

The estimated fair value of cash and cash equivalents, restricted cash, accounts receivable, other receivable, accounts payable and accrued expenses approximated their carrying value due to their short-term nature. The following table presents the carrying value and estimated fair value of our cash and cash equivalents and other financial instruments:

	June 30, 2019		December 31, 2018	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
	(in thousands)			
Cash and cash equivalents	$ 305,488	$ 305,488	$ 367,577	$ 367,577
First Lien Notes	747,678	744,375	747,400	714,953
Second Lien PIK Notes	308,359	293,218	291,935	285,548
Receivable from unconsolidated subsidiaries	204,790	210,790	204,790	205,790

We estimate the fair value of our cash equivalents using significant other observable inputs, representative of a Level 2 fair value measurement, including the net asset values of the investments. As of June 30, 2019 and December 31, 2018, the aggregate carrying amount of our cash equivalents was $292.3 million and $331.3 million, respectively. We estimate the fair values of our debt using quoted market prices to the extent available and significant other observable inputs, which represent Level 2 fair value measurements.

We applied a probability weighted approach to estimate the value of assets associated with the Zonda Arbitration, which was presented within receivable from unconsolidated subsidiaries on our consolidated balance sheets. The analysis included estimating probabilities of success for the various outcomes and expected cash flows associated with each outcome. The probability weighted cash flows were discounted to the balance sheet date using market data. The analysis utilized certain unobservable inputs that require significant judgment for which there is little or no market data, which represent Level 3 fair value measurements. These included, but were not limited to, probability and timing of successfully recovering the advance payments and purchased equipment.

Note 13 — Commitments and Contingencies

Commitments — As of June 30, 2019, we had commitments for capital expenditures related to rig enhancements of $9.9 million.

Customs bonds — As of June 30, 2019, we were contingently liable under certain customs bonds totaling approximately $23.4 million issued as security in the normal course of our business.

Contingencies — It is to be expected that we will routinely be involved in litigation and disputes arising in the ordinary course of our business.

On the Petition Date, Pacific Drilling S.A. and certain of its subsidiaries filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code in the Bankruptcy Court. As a result of the Chapter 11 proceedings, attempts to prosecute, collect, secure or enforce remedies with respect to pre-petition claims against us were subject to the automatic stay provisions of Section 362(a) of the Bankruptcy Code, including litigation relating to us and our subsidiaries that were Debtors in the Chapter 11 proceedings. On November 19, 2018, the Debtors emerged from bankruptcy after successfully completing their reorganization pursuant to the Plan. See Note 2.

In January 2013, the Zonda Debtors entered into and/or guaranteed the Construction Contract with SHI for the construction of the *Pacific Zonda* , with a purchase price of approximately $517.5 million and original delivery date of March 31, 2015. On October 29, 2015, we exercised our right to rescind the Construction Contract due to SHI's failure to timely deliver the drillship in accordance with the contractual specifications. SHI rejected our rescission, and on November 25, 2015, formally commenced an arbitration proceeding against us in London under the Arbitration Act 1996

before a tribunal of three arbitrators (as specified in the Construction Contract) (the "Tribunal"). SHI claims that we wrongfully rejected their tendered delivery of the drillship and seeks the final installment of the purchase price under the Construction Contract. On November 30, 2015, we made demand under the third-party refund guarantee accompanying the Construction Contract for the amount of our advance payments made under the Construction Contract of approximately $181.1 million, plus interest. Any payment under the refund guarantee is suspended until an award under the arbitration is obtained. In addition to seeking repayment of our advance payments made under the Construction Contract, we have made a counterclaim for the return of our purchased equipment, or the value of such equipment, and damages for our wasted expenditures. We own $75.0 million in purchased equipment for the *Pacific Zonda* , a majority of which remains on board the *Pacific Zonda* . As part of our "first day" relief in the Chapter 11 proceedings, the Bankruptcy Court granted us a modification of the automatic stay provisions of the Bankruptcy Code to allow us to proceed with this arbitration.

An evidentiary hearing was held in London before the Tribunal from February 5 through March 2, 2018. Written closing submissions and short replies to such submissions were filed with the Tribunal in May 2018. Oral closing submissions were heard by the Tribunal in early August 2018. We are currently awaiting the Tribunal to render its award.

SHI has asserted claims against the Zonda Debtors, secured by the *Pacific Zonda* , for approximately $387.4 million, for the remaining unpaid purchase price, interest and costs. The Zonda Debtors filed a separate plan of reorganization which was confirmed by order of the Bankruptcy Court on January 30, 2019 and are not Debtors under the Plan. On the date the Zonda Debtors' plan was confirmed, the Zonda Debtors had $4.6 million in cash and no other material assets after accounting for post-petition administrative expenses (other than the value of their claims against SHI) for SHI to recover against on account of its claims. It is expected that the Zonda Debtors will emerge from bankruptcy pursuant to their separate plan of reorganization after the successful resolution of the arbitration proceeding. If the Zonda Debtors are unsuccessful in the arbitration, the Company expects to liquidate the Zonda Debtors.

Based on our assessment of the facts and circumstances of the rescission, we believe the recovery of the advance payments, accrued interest and the purchased equipment on board the *Pacific Zonda* is probable. Therefore, we have recognized the related assets on our condensed consolidated balance sheets at June 30, 2019 and December 31, 2018. See Note 6.

We do not believe that the ultimate outcome resulting from this arbitration will have a material adverse effect on our financial position, results of operations or cash flows.

Note 14 — Supplemental Cash Flow and Financial Information

During the six months ended June 30, 2019 and 2018, we paid $32.3 and $33.8 million of interest in cash, respectively. During the six months ended June 30, 2019 and 2018, we paid $3.2 million and $3.2 million of income taxes, respectively.

During the six months ended June 30, 2019 and 2018, we paid $4.5 million and $18.6 million in reorganization items, respectively.

Within our condensed consolidated statements of cash flows, capital expenditures represent expenditures for which cash payments were made during the period. These amounts exclude accrued capital expenditures, which are capital expenditures that were accrued but unpaid. During the six months ended June 30, 2019 and 2018, changes in accrued capital expenditures were $(3.9) million and $0.2 million, respectively.

PACIFIC DRILLING S.A. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued

Note 15 — Summarized Financial Information of Zonda Debtors

The following presents summarized financial information of the Zonda Debtors, which were deconsolidated as of November 19, 2018 and accounted for under the equity method.

Pacific Drilling VIII Limited and Pacific Drilling Services, Inc.

Summarized Financial Information

(in thousands)

	Three Months Ended June 30, 2019	Six Months Ended June 30, 2019
Intercompany revenues	$ 669	1,381
Costs and expenses	(906)	(2,058)
Operating loss	(237)	(677)
Net loss	(263)	(1,315)

	June 30, 2019
Current assets	$ 5,265
Noncurrent assets	211,940
Current liabilities	427
Noncurrent liabilities [(a)]	332,448

(a) Noncurrent liabilities primarily consist of pre-petition intercompany payable.

Item 2 — Operating and Financial Review and Prospects

Overview

We are an international offshore drilling contractor providing offshore drilling services to the oil and gas industry through the use of high-specification floating rigs. Our primary business is to contract our fleet of rigs to drill wells for our clients. We believe we own and operate the only deepwater fleet comprised solely of sixth and seventh generation high-specification drillships, and that our current fleet of seven drillships offers premium technical capabilities to our clients. The term "high-specification," as used in the floating rig drilling industry to denote a particular segment of the market, can vary and continues to evolve with technological improvements. We generally consider high-specification requirements to include non-harsh environment drillships delivered in or after 2005 and capable of drilling in water depths of 10,000 feet or more.

Our Fleet

The following table sets forth certain information regarding our fleet as of August 13 2019:

Rig Name	Delivered	Water Depth (in feet)	Hook Load (tons)	# of Blowout Preventers	Dual Load Path [a]
Pacific Bora	2010	10,000	1,000	2	No
Pacific Mistral	2011	12,000	1,000	1	No
Pacific Scirocco	2011	12,000	1,000	1	Yes
Pacific Santa Ana	2011	12,000	1,000	1	Yes
Pacific Khamsin	2013	12,000	1,250	2	Yes
Pacific Sharav	2014	12,000	1,250	2	Yes
Pacific Meltem	2014	12,000	1,250	2	Yes

(a) All of our drillships have a dual derrick drilling system and five of our seven drillships are dual load path capable. The dual load path capable drillships can lower pipe and equipment to the seafloor from both drilling stations under the derrick, reducing well construction time by allowing operations to be conducted concurrently, rather than consecutively in series as the process has, due to equipment limitations, traditionally required. The remaining two drillships contain a dual derrick drilling system, but only use the secondary derrick to prepare pipe and equipment for the primary drilling process.

Fleet Status

The status of our fleet as of August 13, 2019 and certain historical fleet information follows:

- The *Pacific Bora* operated under a contract with Erin Energy Corporation in Nigeria from November 2017 to February 2018. In November 2018, the *Pacific Bora* commenced operations with Eni to operate in Nigeria for two wells which it completed in July 2019. The *Pacific Bora* is currently idle offshore Ghana while actively seeking a contract.
- The *Pacific Mistral* is currently idle in Las Palmas while actively seeking a contract.
- The *Pacific Scirocco* is currently idle in Las Palmas while actively seeking a contract.
- The *Pacific Santa Ana* operated in Mauritania under a contract with Petronas to perform integrated services under Phase I of a two-phased plug and abandonment project from December 2017 to May 2018. Petronas exercised its option to contract the *Pacific Santa Ana* for Phase II of the plug and abandonment project in Mauritania, which is expected to commence in the fourth quarter of 2019 with an estimated 360 days of work. In April 2019, the *Pacific Santa Ana* commenced a contract operating for Total for one firm well in Senegal, which it completed in August 2019. The *Pacific Santa Ana* is currently operating in Mauritania for Total for one additional well.
- The *Pacific Khamsin* is currently in the U.S. Gulf of Mexico preparing for a contract with Equinor starting in November 2019 for one firm well with Equinor, one firm well under assignment by Equinor to Total, and two option wells.
- The *Pacific Sharav* is operating under a five-year contract with a subsidiary of Chevron through August 27, 2019. In February 2019, we entered into an amendment to extend the contract with Chevron to operate the *Pacific Sharav* in the U.S. Gulf of Mexico beyond its initial five-year term for one firm well and three additional option wells.
- The *Pacific Meltem* is currently idle in Las Palmas while actively seeking a contract.

From time to time, we are awarded letters of intent or receive letters of award for our drillships. Certain of those letters remain subject to negotiation and execution of definitive contracts and other customary conditions. No assurance can be given as to the terms of any such arrangement, such as the applicable duration or dayrate, until a definitive contract is entered into by the parties, if we are able to finalize a contract at all.

General Industry Trends and Outlook

Historically, operating results in the offshore contract drilling industry have been cyclical and directly related to the demand for and the available supply of capable drilling rigs, which are influenced by various factors. Brent crude prices declined from highs above $100 per barrel in mid-2014 to lows below $40 per barrel in early 2016. Prices generally fluctuated between $50 and $70 per barrel for the three years ended 2018, and closed at $56.23 per barrel on August 7, 2019. Although dayrates and utilization for high-specification drillships have in the past been less sensitive to short-term oil price movements than those of older or less capable drilling rigs, the sustained decline in oil prices from 2014 levels rendered many deepwater projects less attractive to our clients and significantly impacted the number of projects available for high-specification drillships. However, over the period from 2015 to today, our clients have managed to reduce their total well construction costs, thereby allowing them economic success at lower oil prices and making deepwater projects more attractive.

Drilling Rig Supply

Across the industry, there has been one order placed since April 2014 to build an additional high-specification drillship, and within the last year, there have been several delays in delivery dates for new drillships. We estimate that there are approximately 11 high-specification drillships in late stages of construction still to be delivered, with only one having a firm contract announced.

Additionally, as a result of significantly reduced contracting activity, a significant number of floating rigs have been removed from the actively marketed fleet through cold stacking or scrapping since early 2014. Furthermore, there were additional delays in delivery dates of existing orders for high-specification floating rigs. Despite these positive trends, the excess supply of high-specification floating rigs is expected to continue throughout 2019. Although we have visibility into the maximum number of high-specification floating rigs that could be available, we cannot accurately predict how many of those rigs will be actively marketed or how many of those rigs may be temporarily or permanently removed from the market.

Drilling Rig Demand

Demand for our drillships is a function of the worldwide levels of deepwater exploration and development spending by oil and gas companies, which has decreased or been delayed significantly as a result of the sustained weakness in oil prices. The type of projects that modern drillships undertake are generally located in deeper water, in more remote locations, and can be more capital intensive or require more time to first oil than competing alternatives. The drilling programs of oil and gas companies are also affected by the global economic and political climate, access to quality drilling prospects, exploration success, perceived future availability and lead time requirements for drilling equipment, advances in drilling technology, and emphasis on deepwater and high-specification exploration and production versus other areas.

Overall, the first half of 2019 saw an improving pace for high-specification floating rig contracting activity with about 17 rig years contracted, compared to 5 rig years in the first half of 2018. We expect contracting activity to continue to improve; however, no assurances can be given as to the scope, pace or duration of any recovery.

Supply and Demand Balance

Since the start of the market downturn in 2014, capital expenditure budgets have significantly declined for many exploration and production companies, although we have recently seen some increases. We estimate that through the end of 2019, a number of high-specification floating rigs will be available to commence operations. Additionally, several older, lower-specification drillships and mid-water semisubmersibles have recently completed contracts without follow-on contracts. The imbalance of supply and demand has resulted in significantly lower dayrates. While recent scrapping and cold stacking of floating assets have lowered the total rig supply, supply of deepwater drilling rigs continues to exceed demand. We believe that, if the recent improvement in oil prices is sustained, reduction in rig supply continues and breakeven costs for deepwater projects remain competitive, utilization of high-specification floating rigs could improve over the next few years.

For more information on this and other risks to our business and our industry, please read Item 3.D., “Risk Factors” in our 2018 Annual Report.

Contract Backlog

Our contract backlog includes firm commitments only, which are represented by signed drilling contracts. As of August 13, 2019 our contract backlog was approximately $212.8 million and was attributable to revenues we expect to generate on the *Pacific Sharav* , the *Pacific Santa Ana* and the *Pacific Khamsin* under existing drilling contracts. We calculate our contract backlog by multiplying the contractual dayrate by the number of days committed under the contracts (excluding options to extend), assuming full utilization, and also including mobilization fees, upgrade reimbursements and other revenue sources, such as the standby rate during upgrades, as stipulated in the applicable contracts. For a well-by-well contract, we calculate the contract backlog by estimating the expected number of remaining days to drill the firm wells committed.

The actual amounts of revenues earned and the actual periods during which revenues are earned may differ from our contract backlog and periods shown in the table below due to various factors, including unplanned downtime and maintenance projects and other factors. Our contracts generally provide for termination at the election of the client with an “early termination payment” to be paid to us if a contract is terminated prior to the expiration of the fixed term. However, under certain limited circumstances, such as destruction of a drilling rig or sustained unacceptable

performance by us, an early termination payment is not required to be paid. Accordingly, the actual amount of revenues earned may be substantially lower than the backlog reported.

The following table sets forth certain information regarding our fleet as of August 13, 2019:

Rig	Contracted Location	Client	Contract Commencement	Expected Contract Duration
Pacific Sharav	U.S. Gulf of Mexico	Chevron	August 2014	5 years
Pacific Sharav	U.S. Gulf of Mexico	Chevron	September 2019	Extension for one firm well and three additional option wells.
Pacific Santa Ana	Mauritania	Total	August 2019	One well
Pacific Santa Ana	Mauritania	Petronas	November 2019	Contract to perform integrated services for a plug and abandonment project estimated at 360 days.
Pacific Santa Ana	Senegal/Mauritania	Total	—	Two one-well options whose commencement would follow contract with Petronas.
Pacific Khamsin	U.S. Gulf of Mexico	Equinor/Total	November 2019	Contract to operate in U.S. Gulf of Mexico for two firm wells with two option wells. Assigned to Total for second firm well.

Results of Operations

Three Months Ended June 30, 2019 Compared to Three Months Ended June 30, 2018

The following table provides a comparison of our condensed consolidated results of operations for the three months ended June 30, 2019 and 2018:

(in thousands)	Successor Three Months Ended June 30, 2019	Predecessor Three Months Ended June 30, 2018
Revenues		
Contract drilling	$ 76,415	$ 66,564
Costs and expenses		
Operating expenses	(52,254)	(55,968)
General and administrative expenses	(10,010)	(12,881)
Depreciation and amortization expense	(59,330)	(70,070)
	(121,594)	(138,919)
Operating loss	(45,179)	(72,355)
Other income (expense)		
Interest expense	(24,406)	(17,211)
Reorganization items	(878)	(13,477)
Interest income	1,665	912
Equity earnings in unconsolidated subsidiaries	(263)	—
Expenses to unconsolidated subsidiaries, net	(437)	—
Other expense	(220)	(1,135)
Loss before income taxes	(69,718)	(103,266)
Income tax expense	(3,868)	(478)
Net loss	$ (73,586)	$ (103,744)

Revenues. The increase in revenues for the three months ended June 30, 2019, as compared to the three months ended June 30, 2018, resulted primarily from the *Pacific Bora* operating in Nigeria with Eni for the entire second quarter of 2019 compared to being idle in the prior period, partially offset by lower amortization of deferred revenue.

During the three months ended June 30, 2019, we achieved an average revenue efficiency of 97.4% compared to 97.2% for the three months ended June 30, 2018. Revenue efficiency is defined as the actual contractual dayrate revenue (excluding mobilization fees, upgrade reimbursements and other revenue sources) divided by the maximum amount of contractual dayrate revenue that could have been earned during such period.

Contract drilling revenue for the three months ended June 30, 2019 and 2018 also included amortization of deferred revenue of $0.6 million and $5.9 million and reimbursable revenues of $3.8 million and $2.5 million, respectively. The decrease in amortization of deferred revenue was primarily due to the elimination of deferred revenue upon the adoption of Fresh Start Accounting in November 2018.

Operating expenses. The following table summarizes operating expenses:

(in thousands)	Successor Three Months Ended June 30, 2019	Predecessor Three Months Ended June 30, 2018
Direct rig related operating expenses	$ 42,418	$ 38,791
Integrated services	—	4,959
Reimbursable costs	2,968	2,212
Shore-based and other support costs	6,715	5,754
Amortization of deferred costs	153	4,252
Total	$ 52,254	$ 55,968

The increase in direct rig related operating expenses for the three months ended June 30, 2019, as compared to the three months ended June 30, 2018, resulted primarily from the *Pacific Khamsin* incurring ramp-up costs for its contract with Equinor in the current period.

The decrease in integrated services for the three months ended June 30, 2019, as compared to the three months ended June 30, 2018, resulted from the *Pacific Santa Ana* completing Phase I of the plug and abandonment project with Petronas in May 2018.

The decrease in amortization of deferred costs for the three months ended June 30, 2019, as compared to the prior period, was primarily due to the elimination of deferred costs upon the adoption of Fresh Start Accounting in November 2018.

General and administrative expenses . The decrease in general and administrative expenses for the three months ended June 30, 2019, as compared to the three months ended June 30, 2018, was primarily due to the impact of cost control and process optimization implemented during the first quarter of 2019.

Depreciation and amortization expense . The decrease in depreciation and amortization expense for the three months ended June 30, 2019, as compared to the same period in 2018, resulted from the fair value adjustment of our property and equipment upon the adoption of Fresh Start Accounting in November 2018, partially offset by the amortization expense of our client-related intangible asset.

Interest expense . The increase in interest expense for the Successor for the three months ended June 30, 2019, as compared to the same period of 2018 for the Predecessor, was primarily due to interest in the prior period of $28.6 million on the 2017 Notes, the 2020 Notes and the Term Loan B that we did not accrue because this interest was not treated as an allowable claim in the Chapter 11 proceedings. The increase was partially offset by less interest expense incurred on lower outstanding debt balances in the Successor period.

Reorganization items . We classified all income, expenses, gains or losses that were incurred or realized subsequent to the Petition Date and as a result of the Chapter 11 proceedings as reorganization items, which primarily consisted of professional fees. See Note 2 to our unaudited condensed consolidated financial statements.

Income taxes . For operating results we can reliably forecast, we estimate the full-year effective tax rate from continuing operations and apply this rate to our year-to-date income from continuing operations. During the three months ended June 30, 2019, our annual effective tax rate was based on expected operations for drillships that were operating in the quarter ended June 30, 2019 and that are contracted to work for the remainder of 2019. In addition, we separately calculate the tax impact of unusual or infrequent items, if any. The tax impacts of such unusual or infrequent items are treated discretely in the period in which they occur.

During the three months ended June 30, 2019 and 2018, our effective tax rate was (5.5)% and (0.5)%, respectively. Excluding discrete items, our effective tax rate for the three months ended June 30, 2019 and 2018 was (5.1)% and (0.5)%, respectively.

The relationship between our provision for or benefit from income taxes and our pre-tax book income can vary significantly from period to period considering, among other factors, (a) the overall level of pre-tax book income, (b) changes in the blend of income that is taxed based on gross revenues or at high effective tax rates versus pre-tax book income or at low effective tax rates and (c) our rig operating structures. Consequently, our income tax expense does not necessarily change proportionally with our pre-tax book income. Significant decreases in our pre-tax book income typically result in higher effective tax rates, while significant increases in pre-tax book income can lead to lower effective tax rates, subject to the other factors impacting income tax expense noted above. Additionally, pre-tax book losses typically result in negative effective tax rates. The change in our effective tax rate for the three months ended June 30, 2019 as compared to the three months ended June 30, 2018 was primarily the result of the recognition of deferred tax expense in the three months ended June 30, 2019 related to the internal restructuring of drillship operations implemented in 2018.

Six Months Ended June 30, 2019 Compared to Six Months Ended June 30, 2018

The following table provides a comparison of our condensed consolidated results of operations for the six months ended June 30, 2019 and 2018:

(in thousands)	Successor Six Months Ended June 30, 2019	Predecessor Six Months Ended June 30, 2018
Revenues		
Contract drilling	$ 142,331	$ 148,633
Costs and expenses		
Operating expenses	(104,550)	(120,322)
General and administrative expenses	(21,256)	(30,085)
Depreciation and amortization expense	(118,229)	(139,990)
	(244,035)	(290,397)
Operating loss	(101,704)	(141,764)
Other income (expense)		
Interest expense	(48,445)	(32,140)
Reorganization items	(1,881)	(25,509)
Interest income	3,637	1,700
Equity earnings in unconsolidated subsidiaries	(1,315)	—
Expenses to unconsolidated subsidiaries, net	(709)	—
Other expense	(311)	(1,330)
Loss before income taxes	(150,728)	(199,043)
Income tax expense	(6,837)	(752)
Net loss	$ (157,565)	$ (199,795)

Revenues. The decrease in revenues for the six months ended June 30, 2019, as compared to the six months ended June 30, 2018, resulted primarily from lower operating revenue from the *Pacific Santa Ana* , with fewer operating days and a lower dayrate on the contract with Total in the current period as compared to the contract with Petronas in the prior period, and lower amortization of deferred revenue. The decrease was partially offset by higher operating revenue from the *Pacific Bora* , which was operating for Eni in the current period compared to being idle for most of the prior period, and higher reimburseable revenue.

During the six months ended June 30, 2019, we achieved an average revenue efficiency of 97.7% compared to 96.2% for the six months ended June 30, 2018.

Contract drilling revenue for the six months ended June 30, 2019 and 2018 also included amortization of deferred revenue of $1.1 million and $12.0 million and reimbursable revenues of $7.2 million and $4.3 million, respectively. The decrease in the amortization of deferred revenue was due to the elimination of deferred revenue upon the adoption of Fresh Start Accounting in November 2018.

Operating expenses. The following table summarizes operating expenses:

(in thousands)	Successor Six Months Ended June 30, 2019	Predecessor Six Months Ended June 30, 2018
Direct rig related operating expenses	$ 84,081	$ 79,930
Integrated services	—	15,645
Reimbursable costs	5,391	3,621
Shore-based and other support costs	14,492	11,867
Amortization of deferred costs	586	9,259
Total	$ 104,550	$ 120,322

The increase in direct rig related operating expenses for the six months ended June 30, 2019, as compared to the six months ended June 30, 2018, resulted primarily from the *Pacific Khamsin* incurring ramp-up costs for its contract with Equinor.

Integrated services represent costs incurred by the *Pacific Santa Ana* for subcontractors to perform integrated services for Phase I of the plug and abandonment project with Petronas that was completed in May 2018.

The decrease in amortization of deferred costs for the six months ended June 30, 2019, as compared to the prior period, was primarily due to the elimination of deferred costs upon the adoption of Fresh Start Accounting in November 2018.

General and administrative expenses . The decrease in general and administrative expenses for the six months ended June 30, 2019, as compared to the six months ended June 30, 2018, was primarily due to lower legal costs associated with the arbitration proceeding related to the *Pacific Zonda* and the impact of cost control and process optimization implemented during the first quarter of 2019.

Depreciation and amortization expense . The decrease in depreciation and amortization expense for the six months ended June 30, 2019, as compared to the same period in 2018, resulted from the fair value adjustment of our property and equipment upon the adoption of Fresh Start Accounting in November 2018, partially offset by the amortization expense of our client-related intangible asset.

Interest expense . The increase in interest expense for the six months ended June 30, 2019, as compared to the same period of 2018, was primarily due to interest in the prior period of $56.0 million on the 2017 Notes, the 2020 Notes and the Term Loan B that we did not accrue because this interest was not treated as an allowable claim in the Chapter 11 proceedings. The increase was partially offset by less interest expense incurred on lower outstanding debt balances in the Successor period.

Reorganization items . We classified all income, expenses, gains or losses that were incurred or realized subsequent to the Petition Date and as a result of the Chapter 11 proceedings as reorganization items, which primarily consisted of professional fees. See Note 2 to our unaudited condensed consolidated financial statements.

Income taxes. For operating results we can reliably forecast, we estimate the full-year effective tax rate from continuing operations and apply this rate to our year-to-date income from continuing operations. During the six months ended June 30, 2019, our annual effective tax rate was based on expected operations for drillships that were operating in the six months ended June 30, 2019 and that are contracted to work for the remainder of 2019. In addition, we separately

calculate the tax impact of unusual or infrequent items, if any. The tax impacts of such unusual or infrequent items are treated discretely in the period in which they occur.

During the six months ended June 30, 2019 and 2018, our effective tax rate was (4.5)% and (0.4)%, respectively. Excluding discrete items, the effective tax rate for the six months ended June 30, 2019 and 2018 was (4.3)% and (1.0)%, respectively.

The relationship between our provision for or benefit from income taxes and our pre-tax book income can vary significantly from period to period considering, among other factors, (a) the overall level of pre-tax book income, (b) changes in the blend of income that is taxed based on gross revenues versus pre-tax book income and (c) our rig operating structures. Consequently, our income tax expense does not necessarily change proportionally with our pre-tax book income. Significant decreases in our pre-tax book income typically result in higher effective tax rates, while significant increases in pre-tax book income can lead to lower effective tax rates, subject to the other factors impacting income tax expense noted above. Additionally, pre-tax book losses typically result in negative effective tax rates. Our effective tax rate excluding discrete items for the six months ended June 30, 2019 as compared to the six months ended June 30, 2018 was primarily the result of the recognition of deferred tax expense in the six months ended June 30, 2019 related to the internal restructuring of drillship operations implemented in 2018.

Liquidity and Capital Resources

Liquidity

Our liquidity fluctuates depending on a number of factors, including, among others, our contract backlog, our revenue efficiency and the timing of accounts receivable collection as well as payments for operating costs and other obligations. Market conditions in the offshore drilling industry in recent years have led to materially lower levels of spending for offshore exploration and development by our current and potential clients on a global basis, which in turn has negatively affected our revenue, profitability and cash flows.

Primary sources of funds for our short-term liquidity needs are expected to be our existing cash, cash equivalents and restricted cash balances. As of August 7, 2019, we had $310.6 million of cash and cash equivalents and $8.5 million of restricted cash.

Share Repurchase Program

On February 22, 2019, our shareholders approved a share repurchase program for a total expenditure of up to $15.0 million for a two-year period. We may purchase shares in one or several transactions on the open market or otherwise; however, we are not obligated to repurchase any specific number or dollar value of our common shares under the program, and the program may be suspended or discontinued at any time. We anticipate that future repurchases, if any, will be funded with cash on hand. Through June 30, 2019, we have repurchased a total of 44,710 of our common shares on the open market.

Capital Expenditures

We have no material commitments for capital expenditures related to the construction of a newbuild drillship. As of June 30, 2019, we had commitments for capital expenditures related to rig enhancements of $9.9 million. We also expect to incur capital expenditures for purchases in the ordinary course of business. Such capital expenditure commitments are included in purchase obligations presented in Item 2 “Contractual Obligations.”

Sources and Uses of Cash

The following table presents our net cash used in operating activities for the six months ended June 30, 2019 and 2018:

(in thousands)	Successor Six Months Ended June 30, 2019	Predecessor Six Months Ended June 30, 2018
Cash flow from operating activities:		
Net loss	$ (157,565)	$ (199,795)
Depreciation and amortization expense	118,229	139,990
Amortization of deferred revenue	(1,146)	(12,003)
Amortization of deferred costs	586	9,261
Amortization of debt premium, net	(221)	—
Interest paid-in-kind	16,923	—
Deferred income taxes	4,760	(2,408)
Share-based compensation expense	3,064	1,171
Reorganization items	—	6,877
Changes in operating assets and liabilities, net	(36,496)	(10,378)
Net cash used in operating activities	$ (51,866)	$ (67,285)

The increase in net cash from operating activities for the six months ended June 30, 2019 compared to the prior period resulted primarily from lower payments for reorganization items, cost savings from headcount and other spending reductions and lower legal and advisory costs related to our Chapter 11 proceedings and the arbitration proceedings related to the *Pacific Zonda* .

The following table presents our net cash used in investing activities for the six months ended June 30, 2019 and 2018:

(in thousands)	Successor Six Months Ended June 30, 2019	Predecessor Six Months Ended June 30, 2018
Cash flow from investing activities:		
Capital expenditures	$ (21,454)	$ (10,788)
Net cash used in investing activities	$ (21,454)	$ (10,788)

The increase in capital expenditures for the six months ended June 30, 2019 primarily resulted from purchases related to rig enhancement equipment, including a managed pressure drilling system.

The following table presents our net cash used in financing activities for the six months ended June 30, 2019 and 2018:

(in thousands)	Successor Six Months Ended June 30, 2019	Predecessor Six Months Ended June 30, 2018
Cash flow from financing activities:		
Payments for shares issued under share-based compensation plan	$ —	$ (4)
Payments for financing costs	(1,115)	—
Purchases of treasury shares	(652)	—
Net cash used in financing activities	$ (1,767)	$ (4)

During the six months ended June 30, 2019, we paid the remaining professional fees related to the issuance of the First Lien Notes and Second Lien Notes prior to our emergence from bankruptcy.

Description of Indebtedness

For information about our indebtedness, see Note 7 to our unaudited condensed consolidated financial statements included in this Form 6-K and Note 8 to our consolidated financial statements included in our 2018 Annual Report.

Customs bonds

As of June 30, 2019, we were contingently liable under certain customs bonds totaling approximately $23.4 million issued as security in the normal course of our business.

Derivative Instruments and Hedging Activities

We may enter into derivative instruments from time to time to manage our exposure to fluctuations in interest rates and foreign exchange rates. We do not enter into derivative transactions for speculative purposes; however, for accounting purposes, certain transactions may not meet the criteria for hedge accounting. We had no outstanding derivatives as of June 30, 2019.

Off-Balance Sheet Arrangements

As of June 30, 2019 and August 7, 2019, we did not have any off-balance sheet arrangements.

Contractual Obligations

The table below sets forth our contractual obligations as of June 30, 2019:

	Remaining six months 2019	For the years ending December 31, 2020-2021	2022-2023	Thereafter	Total
			(in thousands)		
Contractual Obligations					
Long-term debt [a]	$ —	$ —	$ 750,000	$ 273,614	$ 1,023,614
Interest on long-term debt [b]	31,406	125,625	125,625	246,604	529,260
Operating leases	801	3,187	3,106	1,179	8,273
Purchase obligations [c]	33,519	828	—	—	34,347
Total contractual obligations [d]	$ 65,726	$ 129,640	$ 878,731	$ 521,397	$ 1,595,494

(a) Amounts are based on the aggregate outstanding principal balances of the First Lien Notes and the Second Lien PIK Notes.

(b) Interest payments are based on our outstanding borrowings under the First Lien Notes and the Second Lien PIK Notes at their respective interest rates of 8.375% and 12.0%, which assumes the interest on the Second Lien PIK Notes will be paid in-kind. Accrued paid in-kind interest is assumed to be settled in cash at the date of maturity of the Second Lien PIK Notes.

(c) Purchase obligations are agreements to purchase goods and services that are enforceable and legally binding, that specify all significant terms, including the quantities to be purchased, price provisions and the approximate timing of the transactions, which includes our purchase orders for goods and services entered into in the normal course of business.

(d) Contractual obligations do not include approximately $43.4 million of liabilities from unrecognized tax benefits related to uncertain tax positions, inclusive of interest and penalties, included on our condensed consolidated balance sheets as of June 30, 2019. We are unable to specify with certainty the future periods in which we may be obligated to settle such amounts.

Some of the figures included in the table above are based on estimates and assumptions about these obligations, including their duration and other factors. The contractual obligations we will actually pay in future periods may vary from those reflected in the tables.

Critical Accounting Estimates and Policies

The preparation of unaudited condensed consolidated financial statements in conformity with GAAP requires management to make certain estimates and assumptions. These estimates and assumptions impact the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the balance sheet date and the amounts of revenues and expenses recognized during the reporting period. On an ongoing basis, we evaluate our estimates and assumptions, including those related to allowance for doubtful accounts, financial instruments, depreciation of property and equipment, impairment of long-lived assets, receivable from unconsolidated subsidiaries, income taxes, share-based compensation and contingencies. We base our estimates and assumptions on historical experience and on various other factors we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from such estimates.

For a discussion of the critical accounting policies and estimates that we use in the preparation of our unaudited condensed consolidated financial statements, see Item 5, "Operating and Financial Review and Prospects—Critical Accounting Estimates and Policies" in our 2018 Annual Report. During the six months ended June 30, 2019, there have been no material changes to the judgments, assumptions and estimates upon which our critical accounting estimates are based. Significant accounting policies and recently issued accounting standards are discussed in Note 3 to our unaudited condensed consolidated financial statements included in this Form 6-K and in Note 4 to our consolidated financial statements included in our 2018 Annual Report.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements and information contained in this Form 6-K constitute "forward-looking statements" within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, and are generally identifiable by their use of words such as "anticipate," "believe," "could," "estimate," "expect," "forecast," "intend," "our ability to," "may," "plan," "potential," "predict," "project," "projected," "should," "will," "would", or other similar words which are not generally historical in nature. The forward-looking statements speak only as of the date hereof, and we undertake no obligation to publicly update or revise any forward-looking statements after the date they are made, whether as a result of new information, future events or otherwise.

Our forward-looking statements express our current expectations or forecasts of possible future results or events, including future financial and operational performance and cash balances; revenue efficiency levels; market outlook; forecasts of trends; future client contract opportunities; future contract dayrates; our business strategies and plans or objectives of management; estimated duration of client contracts; backlog; expected capital expenditures; projected costs and savings; anticipated resolution of contingencies, including arbitration and litigation proceedings; and the potential impact of our completed Chapter 11 proceedings on our future operations and ability to finance our business.

Although we believe that the assumptions and expectations reflected in our forward-looking statements are reasonable and made in good faith, these statements are not guarantees, and actual future results may differ materially due to a variety of factors. These statements are subject to a number of risks and uncertainties and are based on a number of judgments and assumptions as of the date such statements are made about future events, many of which are beyond our control. Actual events and results may differ materially from those anticipated, estimated, projected or implied by us in such statements due to a variety of factors, including if one or more of these risks or uncertainties materialize, or if our underlying assumptions prove incorrect.

Important factors that could cause actual results to differ materially from our expectations include:

- changes in actual and forecasted worldwide oil and gas supply and demand and prices, and the related impact on demand for our services;
- the offshore drilling market, including changes in capital expenditures by our clients;
- rig availability and supply of, and demand for, high-specification drillships and other drilling rigs competing with our fleet;
- our ability to enter into and negotiate favorable terms for new drilling contracts or extensions of existing drilling contracts;
- our ability to successfully negotiate and consummate definitive contracts and satisfy other customary conditions with respect to letters of intent and letters of award that we receive for our drillships;
- possible cancellation, renegotiation, termination or suspension of drilling contracts as a result of mechanical difficulties, performance, market changes or other reasons;
- actual contract commencement dates;costs related to stacking of rigs and costs to mobilize a stacked rig;
- downtime and other risks associated with offshore rig operations, including unscheduled repairs or maintenance, relocations, severe weather or hurricanes;
- our small fleet and reliance on a limited number of clients;
- our ability to maintain relationships with suppliers, clients, other third parties and employees following our emergence from Chapter 11 bankruptcy proceedings; and the other risk factors described under the heading "Risk Factors" in Item 3.D. of our 2018 Annual Report.

All forward-looking statements in this report on Form 6-K are expressly qualified in their entirety by the cautionary statements in this section and the "Risk Factors" section in our 2018 Annual Report. Additional factors or risks that we currently deem immaterial, that are not presently known to us, that arise in the future or that are not specific to us could also cause our actual results to differ materially from our expected results. Given these uncertainties, you are cautioned not to unduly rely on our forward-looking statements, which speak only as of the date made. We undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or developments, changed circumstances or otherwise. Further, we may make changes to our business strategies and plans at any time and without notice, based on any changes in the above-listed factors, our assumptions or otherwise, any of which could materially affect our results.

Item 3 — Quantitative and Qualitative Disclosure about Market Risk

We are exposed to certain market risks arising from the use of financial instruments in the ordinary course of business. These risks arise primarily as a result of potential changes in the fair market value of financial instruments that would result from adverse fluctuations in interest rates and foreign currency exchange rates as discussed below. We have entered, and in the future may enter, into derivative financial instrument transactions to manage or reduce market risk, but we do not enter into derivative financial instrument transactions for speculative or trading purposes.

Interest Rate Risk . We have no variable interest debt as of June 30, 2019. The fair value of our fixed rate debt will fluctuate based on changes in market expectations for interest rates and perceptions of our credit risk.

Foreign Currency Exchange Rate Risk . We are exposed to foreign exchange risk associated with our international operations. For a discussion of our foreign exchange risk, see Item 11, “Quantitative and Qualitative Disclosures About Market Risk” in our 2018 Annual Report. There have been no material changes to these previously reported matters during the six months ended June 30, 2019.

PART II — OTHER INFORMATION

Item 1 — Legal Proceedings

See Note 13 to our unaudited condensed consolidated financial statements included in this Form 6-K.

Item 1A — Risk Factors

In addition to the other information set forth in this report, you should carefully consider the risk factors previously disclosed under Item 3.D., "Risk Factors" in our 2018 Annual Report, which could materially affect our business, financial condition or future results. There have been no significant changes in our risk factors as described in our 2018 Annual Report.

Item 2 — Unregistered Sales of Equity Securities and Use of Proceeds

Not applicable.

Item 3 — Defaults Upon Senior Securities

Not applicable.

Item 4 — Mine Safety Disclosures

Not applicable.

Item 5 — Other Information

Pursuant to the requirements of the U.S. federal securities laws, we performed our annual test to analyze the Company's status as a "foreign private issuer" as of the last business day of our second fiscal quarter 2019 on June 28, 2019. As a result of that test, we have determined that the Company no longer qualifies as a foreign private issuer and will become a domestic issuer effective as of January 1, 2020. The Company failed to qualify as a foreign private issuer as of the determination date on the basis of the residency requirements, in that (i) more than 50% of the Company's common shares are directly or indirectly held of record by residents of the United States, and (ii) a majority of the Company's executive officers or directors are United States citizens or residents. As a result, the Company will become subject to the reporting requirements for a U.S. domestic company beginning on January 1, 2020 and will be required to file an annual report on Form 10-K for its 2019 fiscal year, quarterly reports on Form 10-Q for its quarterly fiscal periods in 2020 and current reports on Form 8-K as required.

Commencing January 1, 2020, the Company will also become subject to the proxy rules under the U.S. Securities Exchange Act of 1934 (the "Exchange Act"). Rule 14a - 8 under the Exchange Act requires a company to include a shareholder's proposal in its proxy statement and identify the proposal in its form of proxy when the company holds an annual or special meeting of shareholders if certain procedural and substantive requirements are met. Under Rule 14a - 8, in order for eligible shareholder proposals to be considered for inclusion in the proxy statement and proxy card relating to our 2020 Annual General Meeting, such proposals must be received at our principal executive offices at 8-10, Avenue de la Gare, L-1610 Luxembourg by no later than 5:00 p.m. Luxembourg time on January 8, 2020. However, if the date of the 2020 Annual General Meeting changes by more than 30 days from the anniversary of the 2019 Annual General Meeting, the deadline is a reasonable time before we begin to print and mail our proxy materials. In that event, we will notify you of the revised deadline in a Quarterly Report on Form 10 - Q, in a Current Report on Form 8 - K or in another communication to you.

Item 6 — Exhibits

Exhibit Number	Description
1.1	Coordinated Articles of Association of Pacific Drilling S.A., dated June 4, 2019.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Pacific Drilling S.A.
(Registrant)

Dated: August 13, 2019

By /s/ Richard E. Tatum
Richard E. Tatum
Senior Vice President & Chief Accounting Officer

Pacific Drilling S.A.

Société Anonyme

Siège social: 8-10, avenue de la Gare, L-1610 Luxembourg

R.C.S. Luxembourg: B159658

COORDINATED ARTICLES OF ASSOCIATION
AS OF 4 JUNE 2019

I. NAME-REGISTERED OFFICE-OBJECT-DURATION

Art. 1. Name

The name of the company is " **Pacific Drilling S.A.** " (the " **Company"**). The Company is a public company limited by shares (*société anonyme*) governed by the laws of the Grand Duchy of Luxembourg, in particular the law of August 10, 1915, on commercial companies, as amended (the " **Law** "), and these articles of incorporation (the " **Articles** ").

Art. 2. Registered office

2.1. The Company's registered office is established in Luxembourg, Grand Duchy of Luxembourg. It may be transferred within that municipality by a resolution of the board of directors (the " **Board** "). It may be transferred to any other location in the Grand Duchy of Luxembourg by a resolution of the general meeting of shareholders (the " **General Meeting** "), acting in accordance with the conditions prescribed for the amendment of the Articles.

2.2. Branches, subsidiaries or other offices may be established in the Grand Duchy of Luxembourg or abroad by a resolution of the Board. If the Board determines that extraordinary political or military developments or events have occurred or are imminent, and that those developments or events may interfere with the normal activities of the Company at its registered office, or with ease of communication between that office and persons abroad, the registered office may be temporarily transferred abroad until the developments or events in question have completely ceased. Any such temporary measures do not affect the nationality of the Company, which, notwithstanding the temporary transfer of its registered office, will remain a Luxembourg incorporated company.

Art. 3. Corporate object

3.1. The Company's object is buying and selling, the chartering in and the chartering out, and the management of seagoing ships, as well as the financial and commercial operations that relate directly or indirectly to such activities.

3.2. In addition, the Company may charter, hold, lease, operate and provide vessels and equipment used in contract drilling services in oil and gas drilling operations; the Company may also acquire, hold, manage, sell or dispose of any such related equipment, enter into, assist or participate in financial, commercial and other transactions relating to contract drilling services.

3.3. In addition, the Company may acquire participations, in Luxembourg or abroad, in any company or enterprise in any form whatsoever, and the management of those participations. The Company may in particular acquire, by subscription, purchase and exchange or in any other manner, any stock, shares and other participation securities, bonds, debentures, certificates of deposit and other debt instruments and, more generally, any securities and financial instruments issued by any public or private entity. It may participate in the creation, development, management and control of any company or enterprise. Further, it may invest in the acquisition and management of a portfolio of patents or other intellectual property rights of any nature or origin.

3.4. The Company may borrow in any form. It may issue notes, bonds and any kind of debt and equity securities. It may lend funds, including, without limitation, the proceeds of any borrowings, to its subsidiaries, affiliated companies and any other companies. It may also give guarantees and pledge, transfer, encumber or otherwise create and grant security over some or all of its assets to guarantee its own obligations and those of any other company, and, generally, for its own benefit and that of any other company or person. For the avoidance of doubt, the Company may not carry out any regulated financial sector activities without having obtained the requisite authorisation.

3.5. The Company may use any techniques, legal means and instruments to manage its investments efficiently and protect itself against credit risks, currency exchange exposure, interest rate risks and other risks.

3.6. The Company may carry out any commercial, financial or industrial operation and any transaction with respect to real estate or movable property, which directly or indirectly, favours or relates to its corporate object.

Art. 4. Duration

4.1. The Company is formed for an unlimited period.

4.2. The Company is not to be dissolved by reason of the death, suspension of civil rights, incapacity, insolvency, bankruptcy or any similar event affecting one or more shareholders.

II. CAPITAL – SHARES

Art. 5. Capital

5.1. The share capital is set at eight hundred twenty-four thousand nine hundred ninety-eight United States Dollars and three cents (USD 824,998.03) represented by eighty two million four hundred ninety-nine thousand eight hundred three (82,499,803) shares in registered form, without nominal value.

5.2. The share capital may be increased or reduced once or more by a resolution of the General Meeting acting in accordance with the conditions prescribed for the amendment of the Articles.

5.3. The Board is authorized, for a period of five (5) years from the 19 November 2018, without prejudice to any renewals, to:

(i) increase the current share capital once or more up to eight hundred twenty-five thousand United States dollars (USD 825,000) (such amount including the current share capital of the Company) by the issue of new shares having the same rights as the existing shares, or without any such issue;

(ii) determine the conditions of any such capital increase including through contributions in cash or in kind, by the incorporation of reserves, issue/share premiums or retained earnings, with or without issue of new shares to current shareholders or third parties (non-shareholders) or following the issue of any instrument convertible into shares or any other instrument carrying an entitlement to, or the right to subscribe for, shares;

(iii) limit or withdraw the shareholders' preferential subscription rights to the new shares, if any, and determine the persons who are authorized to subscribe to the new shares; and

(iv) record each share capital increase by way of a notarial deed and amend the share register accordingly.

5.4. Within the limits of article 5.3 of the Articles, the Board is expressly authorized to increase the Company's share capital by incorporation of reserves, issue/share premiums or retained earnings and to issue the additional shares resulting from such capital increase to a beneficiary under any stock incentive plan as agreed by the Company (such beneficiary being a shareholder of the Company or not, or, to an entity appointed by the Company as an administrator in connection with such plan) or under any equity rights offering, private placements or backstop fees. The Company reserves the right to place transfer and other restrictions on such shares as determined by the Company pursuant to such stock incentive plan from time to time.

5.5. When the Board has implemented an increase in capital as authorised by article 5.3, article 5 of the present articles of association shall be amended to reflect that increase.

5.6. The Board is expressly authorised to delegate to any natural or legal person to organise the market in subscription rights, accept subscriptions, conversions or exchanges, receive payment for the price of shares or other financial instruments, to have registered increases of capital carried out as well as the corresponding amendments to article 5 of the present articles of association and to have recorded in said article 5 of the present articles of association the amount by which the authorisation to increase the capital has actually been used and, where appropriate, the amounts of any such increase that are reserved for financial instruments which may carry an entitlement to shares.

Art. 6. Shares

6.1. The shares are and will remain in registered form (actions nominatives).

6.2. A register of shares is kept at the registered office and may be examined by any shareholder on request.

6.3. The shares may be entered without serial numbers into fungible securities accounts with financial institutions or other professional depositaries operating a settlement system in relation to transactions on securities, dividends, interest, matured capital or other matured monies of securities or of other financial instruments being handled through the system of such depositary (such systems, professionals or other depositaries being referred to hereinafter as Depositaries and each a Depositary). The shares held in deposit or in an account with such financial institution or professional depositary shall be recorded in an account opened in the name of the depositor and may be transferred from one account to another, whether such account is held by the same or a different financial institution or depositary. The Board may however impose transfer restrictions for shares that are registered, listed, quoted, dealt in, or have been placed in certain jurisdictions in compliance with the requirements applicable therein. The transfer to the register kept at the Company's registered office may be requested by a shareholder.

6.4. The Company may consider the person in whose name the registered shares are registered in the register(s) of Shareholders as the full owner of such registered shares. The Company shall be completely free from any responsibility in dealing with such registered shares towards third parties and shall be justified in considering any right, interest or claims of such third parties in or upon such registered shares to be non-existent, subject, however, to any right which such third party might have to demand the registration or change in registration of registered shares.

6.5. Where the shares are held with Depositaries through fungible securities accounts within clearing and settlement systems, the exercise of the voting rights in respect of such shares may be subject to the internal rules and procedures of those clearing and settlement systems.

6.6. All communications and notices to be given to a registered shareholder shall be deemed validly made to the latest address communicated by the shareholder to the Company. In the event that a holder of registered shares does not provide an address to which all notices or announcements from the Company may be sent, the Company may permit a notice to this effect to be entered into the register(s) of Shareholders and such holder's address will be deemed to be at the registered office of the Company or such other address as may be so entered by the Company from time to time, until a different address shall be provided to the Company by such holder. The holder may, at any time, change his address as entered in the register(s) of Shareholders by means of written notification to the Company or the relevant registrar.

6.7. A share transfer of registered shares which are not held through fungible securities accounts is carried out by the entry in the register of shares of a declaration of transfer, duly signed and dated by both the transferor and the transferee or their authorized representatives, following a notification to or acceptance by the Company, in accordance with Article 1690 of the Civil Code. The Company may also accept other documents recording the agreement between the transferor and the transferee as evidence of a share transfer.

6.8. The rights and obligations attached to any share shall pass to any transferee thereof.

6.9. The shares are indivisible and the Company recognizes only one (1) owner per share.

6.10. The Company may redeem its own shares using a method approved by the Board which is in accordance with Luxembourg law and the rules of any stock exchange(s) on which the shares in the Company are listed from time to time.

6.11. The Company will not issue non-voting equity securities (which shall not be deemed to include any warrants or options to purchase shares of the Company).

III. MANAGEMENT–REPRESENTATION

Art. 7. Board of directors

7.1. Composition of the board of directors

(i) The Company is managed by the Board. Except as provided in Article 8, the total number of directors constituting the entire Board shall be seven (7) directors. Directors need not be shareholders. Except as provided in Article 8, from and after 19 November 2018 (the " **Effective Time** ") until the occurrence of the Nomination Termination Time (as defined in that certain Governance Agreement, dated on or about the Effective Time, by and among the Company and the other shareholders thereto (the " **Governance Agreement** ")), the Board shall be divided into two classes, hereby designated Class A (composed of four (4) directors) and Class B (composed of three (3) directors), with all Class A directors and Class B directors elected to terms of one (1) year in length; provided , that the initial term of office of the Class A directors following the Effective Time shall expire at the General Meeting of the shareholders of the Company at which the annual accounts for the 2018 financial year will be approved and the initial term of office of the Class B directors following the Effective Time shall expire at the General Meeting of the shareholders of the Company at which the annual accounts for the 2019 financial year will be approved. All directors, whether assigned to Class A or Class B, shall be elected by the shareholders at the General Meeting in accordance with the Law and shall have one (1) vote each at all meetings of the Board. From and after the Nomination Termination Time (as defined in the Governance Agreement), the Board shall cease to be classified and each director then in office previously designated as a Class A director or Class B director shall remain in office as a director until his or her term expires or until his or her earlier death, resignation or removal by the shareholders.

(ii) Directors may be removed at any time, with or without cause, by a resolution of the General Meeting.

(iii) If a legal entity is appointed as director, it must appoint a permanent representative to perform its duties. The permanent representative is subject to the same rules and incurs the same liabilities as if he had exercised its functions in its own name and on its own behalf, without prejudice to the joint and several liability of the legal entity which it represents.

(iv) Should the permanent representative be unable to perform its duties, the legal entity must immediately appoint another permanent representative.

(v) If the office of a director becomes vacant, the other directors, acting by a simple majority, may fill the vacancy on a provisional basis until a new director is appointed by the next General Meeting.

7.2. **Powers of the board of directors**

(i) All powers not expressly reserved to the shareholder(s) by the Law or the Articles fall within the competence of the Board, which has full power to carry out and approve all acts and operations consistent with the Company's corporate object.

(ii) The Board may delegate special and limited powers to one or more agents for specific matters and may also establish committees for certain specific purposes. Such committees may include, but are not limited to, an audit committee and a compensation committee.

(iii) The Board is authorised to delegate the day-to-day management and the power to represent the Company in this respect, to one or more directors, officers, managers or other agents, whether shareholders or not, acting either individually or jointly, provided that, prior to the Nomination Termination Time (as defined in the Governance Agreement) any appointment, delegation or power-of-attorney granted in respect of any Acquisition Proposal Matters (as defined in article 7.2(iv)(1) below), or any revocation of the foregoing, shall only be effective if a Class B Majority (as defined below) votes in favor of such appointment, delegation or power-of-attorney, or revocation of the foregoing, as the case may be. If the day-to-day management is delegated to one or more directors, the Board must report to the annual General Meeting any salary, fee and/or any other advantage granted to those director(s) during the relevant financial year.

For the avoidance of doubt, it is noted that the following non-exhaustive list of matters shall not under any circumstances be regarded as coming within the scope of day-to-day management:

- Approval of the accounts of the Company
- Approval of the annual budget of the Company
- Approval of Company policies
- Approval of recommendations made by any Board committee
- Approval of Acquisition Proposals

(iv) Acquisition Proposals Prior to Nomination Termination Time . The following provisions of this article 7.2(iv) shall apply until the Nomination Termination Time (as defined in the Governance Agreement), after which the provisions of this article 7.2(iv) (other than the meanings of any terms defined herein that are used elsewhere in these Articles) shall have no further force or effect.

*(1) Representative Authority of the Class B Directors Regarding Acquisition Proposals . Notwithstanding anything in these Articles to the contrary, any two (2) Class B directors acting in their capacities as such (a " **Class B Majority** ") shall have the authority to act on the Company's behalf (including to bind the Company with respect to clauses (e) through (g)) with respect to the following matters: (a) to review and evaluate the terms and conditions of any Acquisition Proposal, (b) to negotiate with any party the Class B Majority deems appropriate with respect to any Acquisition Proposal; (c) to solicit prospective Acquisition Proposals and/or explore the ability to obtain on behalf of the Company prospective Acquisition Proposals, (d) to determine whether any Acquisition Proposal is beneficial to the Company and its shareholders, (e) to make recommendations to the Board and shareholders as to what actions, if any, should be taken with respect to any Acquisition, Acquisition Contract or Acquisition Proposal, including to recommend that the Board or the shareholders, as applicable, approve any Acquisition, Acquisition Contract or Acquisition Proposal, (f) to retain, at the Company's expense, such consultants, legal counsel and other advisors as a Class B Majority may from time to time deem appropriate to assist the Class B directors in the performance of their duties with respect to Acquisition Proposals, (g) subject to article 7.2(iv)(2) below, to execute and deliver on behalf of the Company definitive documentation providing for the consummation of an Acquisition (an " **Acquisition Contract** ") and (h) to take, or to cause the Company to take, any and all actions ancillary or related to any actual or prospective Acquisition Proposal or the other matters referred to in the preceding clauses (a)-(g), including without limitation to authorize and enter into contracts of any nature (other than an Acquisition Contract except in accordance with article 7.2(iv)(2) below) (the foregoing clauses (a)-(h), " **Acquisition Proposal Matters** "). As used herein: (x) " **Acquisition Proposal** " means a proposal received by the Company, any of its subsidiaries, or any of its or their respective directors, officers or outside consultants, counsel or other advisors providing for an Acquisition; and (y) " **Acquisition** " means a transaction or series of related transactions resulting in the acquisition (whether by merger, consolidation, sale or transfer of the Company's shares, other equity interests or assets or otherwise) by any natural or legal person or group of such persons, directly or indirectly, (1) of a majority of (A) the outstanding shares of the Company or (B) the assets of the Company and its subsidiaries determined on a consolidated basis and (2) upon the consummation of which, the shareholders of the Company immediately prior to such acquisition collectively do not own (beneficially or of record) a majority of the voting power of such person or the ultimate parent entity of such person (or, in the case of a group of such persons, a majority of the voting power of the largest member of such group, determined by reference to the respective equity financing contributions of such members, or ultimate parent entity of such largest member).*

*(2) Approval of Acquisition Contracts . No Class B director, acting singularly or with any one or more other Class B directors, shall have the power to cause the Company to enter into any Acquisition Contract or otherwise consummate an Acquisition unless such Acquisition Contract (a) provides by its terms that consummation of the Acquisition that is the subject thereof is conditioned upon either (I) the shareholder vote, under the conditions of quorum and vote, required by the Law or other provision of these Articles for such Acquisition or (II) shareholder approval by the vote of a majority of the outstanding share capital, whichever voting standard in the foregoing clauses (I) or (II) is higher (such condition, as applicable, a " **Shareholder Approval Condition** ") and (b) does not impose any obligations or penalties on the Company if the Shareholder Approval Condition is not obtained by the conclusion of the General Meeting or Extraordinary General Meeting, as applicable, convened to vote on such Acquisition Contract or Acquisition other than reimbursement of the reasonable expenses*

incurred by the counterparty thereto (provided , that, for avoidance of doubt, this clause (b) shall not preclude the imposition of any obligation or penalty on the Company due to any cause or event other than the failure in and of itself to satisfy the Shareholder Approval Condition at such General Meeting or Extraordinary General Meeting). If a proposed Acquisition Contract satisfies clauses (a) and (b) of the immediately preceding sentence, then a Class B Majority shall be authorized to represent the Company by executing and delivering, or causing any person authorized by the Class B Majority to execute and deliver, on the Company's behalf, such Acquisition Contract, to convene a General Meeting or an Extraordinary General Meeting, as applicable, to seek shareholder approval of the Acquisition in accordance with the Shareholder Approval Condition, and, if such shareholder approval is obtained, to carry out all other powers vested under article 7.2(iv)(1) above with respect to such Acquisition Contract (including to cause the Company to consummate the Acquisition and the other transactions contemplated thereby or, subject to the terms of the Acquisition Contract, terminate such Acquisition Contract and abandon such Acquisition).

(3) Limitation on Representative Authority of the Class A Directors Regarding Acquisition Proposals . Notwithstanding anything in these Articles to the contrary (but subject to the last sentence of this article 7.2(iv)(3)), no Class A director, acting singularly or with any one or more other directors, in his or her capacity as such, shall have any representative authority to bind the Company or otherwise act on the Company's behalf, nor shall the Board take any action, in either case with respect to any Acquisition, Acquisition Contract or Acquisition Proposal Matters, except with the prior approval of a Class B Majority. Notwithstanding the immediately prior sentence, this article 7.2(iv)(3) shall not be interpreted to limit the rights of the Class A directors to attend meetings of the Class B directors, receive information received by the Class B directors or to provide ongoing input to the Class B directors, in each case, regarding Acquisitions, Acquisition Contracts, Acquisition Proposals or other Acquisition Proposal Matters, and the Class B directors shall so extend such rights to the Class A directors.

(4) Amendments to Article 7.2(iv) . Notwithstanding anything to the contrary in these Articles, the Board shall not propose to the shareholders or recommend that the shareholders approve any amendment to this article 7.2(iv) and/or any other provisions of these Articles directly or indirectly amending or limiting the application of this article 7.2(iv) without the favorable vote of a Class B Majority.

7.3. **Procedure**

(i) The Board must appoint a chairperson from among its members, and may choose a secretary who need not be a director and who will be responsible for keeping the minutes of the meetings of the Board and of General Meetings.

(ii) The Board meets at the request of the chairperson or the majority of the Board of directors, at the place indicated in the notice, which in principle is in Luxembourg.

(iii) Written notice of any Board meeting is given to all directors at least twenty-four (24) hours in advance, except in the case of an emergency whose nature and circumstances are set forth in the notice.

(iv) No notice is required if all members of the Board are present or represented and state that they know the agenda for the meeting. A director may also waive notice of a meeting, either before or after the meeting. Separate written notices are not required for meetings which are held at times and places indicated in a schedule previously adopted by the Board.

(v) A director may grant another director a power of attorney in order to be represented at any Board meeting.

(vi) Save as otherwise provided herein, the Board may only validly deliberate and act if a majority of its members are present or represented. Save as otherwise provided herein, Board Resolutions are validly adopted if the majority of the members of the Board vote in their favour. The chairman has a casting vote in the event of a tie vote. Board resolutions are recorded in minutes signed by the chairperson, by all directors present or represented at the meeting, or by the secretary (if any).

(vii) Any director may participate in any meeting of the Board by telephone or video conference, or by any other means of communication which allows all those taking part in the meeting to identify, hear and speak to each other. Participation by such means is deemed equivalent to participation in person at a duly convened and held meeting.

(viii) Circular resolutions signed by all the directors (the " **Directors' Circular Resolutions** ") are valid and binding as if passed at a duly convened and held Board meeting, and bear the date of the last signature.

(ix) A director who has an interest in a transaction carried out other than in the ordinary course of business which conflicts with the interests of the Company must advise the Board accordingly and have the statement recorded in the minutes of the meeting. The director concerned may not take part in the deliberations concerning that transaction. A special report on the relevant transaction is submitted to the shareholders at the next General Meeting, before any vote on the matter.

7.4. **Representation**

(i) The Company is bound towards third parties (a) prior to the Nomination Termination Time (as defined in the Governance Agreement), by the joint signature of any two Class B directors, with respect to Acquisition Proposal Matters or an Acquisition Contract; and (b) in all other matters, by the joint signature of the majority of the Board.

(ii) The Company is also bound towards third parties by the joint or single signature of any person to whom special signatory powers have been delegated by the Board or, prior to the Nomination Termination Time (as defined in the Governance Agreement) with respect to Acquisition Proposal Matters or an Acquisition Contract, by a Class B Majority.

Art. 8. Sole director

8.1. Where the number of shareholders is reduced to one (1), the Company may be managed by a single director until the ordinary General Meeting following the introduction of an additional shareholder. In this case, any reference in the Articles to the Board or the directors should be read as a reference to that sole director, as appropriate.

8.2. Transactions entered into by the Company which conflict with the interest of its sole director must be recorded in minutes. This does not apply to transactions carried out under normal circumstances in the ordinary course of business.

8.3. The Company is bound towards third parties by the signature of the sole director or by the joint or single signature of any person to whom the sole director has delegated special signatory powers.

Art. 9. Liability of the directors

9.1. The directors may not be held personally liable by reason of their mandate for any commitment they have validly made in the name of the Company's name, provided those commitments comply with the Articles and the Law.

Art. 10. Directors' Remuneration

10.1. The remuneration of the board of directors will be decided by the General Meeting.

10.2. The Company shall, to the fullest extent permitted by Luxembourg law, indemnify any director or officer, as well as any former director or officer, against any damages and/or compensation to be paid and any costs, charges and expenses, reasonably incurred by him in connection with the defense or settlement of any civil, criminal or administrative action, suit or proceeding to which he may be made a party by reason of his being or having been a director or officer of the Company, if (i) he acted honestly and in good faith, and (ii) in the case of criminal or administrative proceedings, he had reasonable grounds for believing that conduct was lawful. Notwithstanding the foregoing, the current or former director or officer will not be entitled to indemnification in case of an action, suit or proceeding brought against him by the Company or in case he shall be finally adjudged in an action, suit or proceeding to be liable for gross negligence, willful misconduct, fraud, dishonesty or any other criminal offence.

Furthermore, in case of settlement, the current or former director or officer will only be entitled to indemnification hereunder, provided that (i) the Board shall have determined in good faith that the defendant's actions did not constitute willful and deliberate violations of the law and shall have obtained the relevant legal advice to that effect; and (ii) notice of the intention of settlement of such action, suit or proceeding is given to the Company at least 10 business days prior to such settlement.

IV. SHAREHOLDER(S)

Art. 11. General meetings of shareholders

11.1. **Powers and voting rights**

(i) Resolutions of the shareholders are adopted at a general meeting of shareholders (the " **General Meeting** "). The General Meeting has full powers to adopt and ratify all acts and operations which are consistent with the company's corporate object.

(ii) Each share gives entitlement to one (1) vote.

11.2. **Notices, quorum, majority and voting proceedings**

(i) General Meetings are held at the time and place specified in the notices.

(ii) The notices for any ordinary General Meeting or extraordinary General Meeting shall contain the agenda, the hour and the place of the meeting and shall be sent to the registered shareholders at least eight (8) days before the General Meeting, without prejudice to other means of communication which need to be accepted on an individual basis by their addresses and to warrant notification.

(iii) If all the shareholders are present or represented and consider themselves duly convened and informed of the agenda, the General Meeting may be held without prior notice.

(iv) A shareholder may grant written power of attorney to another person, shareholder or otherwise, in order to be represented at any General Meeting.

(v) In connection with any General Meeting, the Board is authorized, but is not required, to make provision for shareholders to participate by means of remote communication. If the Board shall have made such provision, a shareholder's participation by means of remote communication shall be deemed equivalent to participation in person at the meeting.

(vi) Any shareholder may vote by using the forms provided to that effect by the Company. Voting forms contain the date, place and agenda of the meeting and the text of the proposed resolutions. For each resolution, the form must contain three boxes allowing for a vote for or against that resolution or an abstention. Shareholders must return the voting forms to the registered office. Only voting forms received prior to the General Meeting are taken into account for calculation of the quorum. Forms which indicate neither a voting intention nor an abstention are void.

(vii) Resolutions of the General Meeting are passed by a simple majority vote, regardless of the proportion of share capital represented.

(viii) An extraordinary General Meeting (" **Extraordinary General Meeting** ") may only amend the Articles if at least one-half of the share capital is represented and the agenda indicates the proposed amendments to the Articles, including the text of any proposed amendment to the Company's object or form. If this quorum is not reached, a second Extraordinary General Meeting may be convened by means of notices published twice in the Memorial and two Luxembourg newspapers, at an interval of at fifteen (15) days and fifteen (15) days before the meeting. These notices state the date and agenda of the Extraordinary General Meeting and the results of the previous Extraordinary General Meeting. The second Extraordinary General Meeting deliberates validly regardless of the proportion of capital represented. At both Extraordinary General Meetings, resolutions must be adopted by at least two-thirds of the votes cast.

(ix) Any change in the nationality of the Company and any increase in a shareholder's commitment in the Company require the unanimous consent of the shareholders and bondholders (if any).

Art. 12. Procedure

12.1. Every General Meeting will be presided over by the chairperson of the Board appointed pursuant to article 7.3(i) or, in the absence of the chairperson, (i) by any other director or officer of the Company designated by the Board or (ii) by any legal advisor, advisor, domiciliation agent or any other person in Luxembourg as the Board may deem appropriate, as designated by the Board. The secretary appointed pursuant to article 7.3(i) or, in the absence of such secretary, (i) any other director or officer of the Company designated by the Board, or (ii) any legal advisor, advisor, domiciliation agent or any other person in Luxembourg as the Board may deem appropriate, as designated by the Board, shall act as secretary at each General Meeting. In connection with each General Meeting, the Board or, in the absence of a determination by the Board, the person presiding over the General Meeting shall appoint a scrutineer who shall keep the attendance list.

12.2. In connection with each General Meeting, the Board is authorized to provide such rules of deliberations and such conditions for allowing shareholders to take part in the meeting as the Board deems appropriate. Except to the extent inconsistent with the rules and conditions as adopted by the Board, the person presiding over the meeting shall have the power and authority to prescribe such additional rules and conditions and to do all such acts as, in the judgment of such person, are appropriate for the proper conduct of the meeting. Such rules and conditions, whether adopted by the Board or prescribed by the person presiding over the meeting, may include, in each case to the extent permitted by applicable law, (a) determining the order of business for the meeting, (b) rules and procedures for maintaining order at the meeting and the safety of those present, (c) limitations on attendance at or participation in the meeting to shareholders of record, their duly authorized and constituted attorneys or such other persons as the person presiding over the meeting shall determine, (d) restrictions on entry to the meeting after the time fixed for the commencement thereof and (e) limitations on the time allotted to questions or comments by participants.

12.3. Without limiting the generality of article 12.2 and irrespective of the agenda, the Board or the person presiding over the meeting may adjourn any ordinary General Meeting or Extraordinary General Meeting in accordance with the formalities and time limits stipulated for by law.

12.4. Minutes of the General Meetings shall be signed by the members of the board of the meeting. Copies or excerpts of the minutes to be produced in court or elsewhere shall be signed by two (2) directors or by the secretary of the Board or by any assistant secretary.

12.5. Notwithstanding anything to the contrary in these Articles and in addition to any greater or lesser vote required by the Law, other provision of these Articles, the applicable Acquisition Contract or otherwise, the Company shall not have the power or authority to consummate a transaction satisfying clause (1)(B) of the definition of Acquisition without the prior approval of shareholders (such approval obtained by the vote of a majority of the outstanding share capital).

Art. 13. Sole shareholder

13.1. When the number of shareholders is reduced to one (1), the sole shareholder exercises all powers granted by the Law to the General Meeting.

13.2. Any reference to the General Meeting in the Articles is to be read as a reference to the sole shareholder, as appropriate.

13.3. The resolutions of the sole shareholder are recorded in minutes.

V. ANNUAL ACCOUNTS - ALLOCATION OF PROFITS – SUPERVISION

Art. 14. Financial year and approval of annual accounts

14.1. The financial year begins on 1 January and ends on 31 December of each year.

14.2. The Board prepares the balance sheet and profit and loss account annually, together with an inventory stating the value of the Company's assets and liabilities, with an annex summarising its commitments and the debts owed by its officers, directors and statutory auditors to the Company.

14.3. One month before the Annual General Meeting, the Board provides the statutory auditors with a report on and documentary evidence of the Company's operations. The statutory auditors then prepare a report stating their findings and proposals.

14.4. The Annual General Meeting is held at the registered office or in any other place within the municipality of the registered office, as specified in the notice, on the fourth Tuesday in May at 10.00 a.m. If that day is a public holiday or the day following a public holiday in the United States of America, the Annual General Meeting shall be held on the Tuesday of the following week.

14.5. The annual General Meeting may be held abroad if, in the Board's, absolute and final judgement, exceptional circumstances so require.

Art. 15. Auditors

15.1. The Company's operations are supervised by one or more statutory auditors (*commissaires*).

15.2. When so required by law, or when the Company so chooses, the Company's operations are supervised by one or more approved external auditors (*réviseurs d'entreprises agréés*) .

15.3. The General Meeting appoints the statutory auditors (*commissaires*)/ external auditors (*réviseurs d'entreprises agréés*), and determines their number and remuneration and the term of their mandate, which may not exceed six (6) years but may be renewed.

Art. 16. Allocation of profits

16.1. Five per cent (5%) of the Company's annual net profits are allocated to the reserve required by law. This requirement ceases when the legal reserve reaches an amount equal to ten per cent (10%) of the share capital.

16.2. The General Meeting determines the allocation of the balance of the annual net profits. They may decide on the payment of a dividend, to transfer the balance to a reserve account, or to carry it forward in accordance with the applicable legal provisions.

16.3. Interim dividends may be distributed at any time, under the following conditions:

(i) the Board draws up interim accounts;

(ii) the interim accounts show that sufficient profits and other reserves (including share premiums) are available for distribution; it being understood that the amount to be distributed may not exceed the profits made since the end of the last financial year for which the annual accounts have been approved, if any, increased by profits carried forward and distributable reserves, and reduced by losses carried forward and sums to be allocated to the legal or a statutory reserve;

(iii) the decision to distribute interim dividends is made by the Board within two (2) months from the date of the interim accounts.

In their report to the Board, the statutory auditors (*commissaires*) or the approved external auditors (*réviseurs d'entreprises agréés*), as applicable, must verify whether the above conditions have been satisfied.

The Company may make payment of dividends and any other payments in cash, shares or other securities to a Depositary. Said Depositary shall distribute these funds to his depositors according to the amount of securities or other financial instruments recorded in their name. Such payment by the Company to the Depositary will effect full discharge of the Company's obligations in this regard.

VI. DISSOLUTION – LIQUIDATION

17.1. The Company may be dissolved at any time by a resolution of the General Meeting, acting in accordance with the conditions prescribed for the amendment of the Articles. The General Meeting appoints one or more liquidators, who need not be shareholders, to carry out the liquidation, and determines their number, powers and remuneration. Unless otherwise decided by the General Meeting, the liquidators have full powers to realise the Company's assets and pay its liabilities.

17.2. The surplus after realisation of the assets and payment of the liabilities is distributed to the shareholders in proportion to the shares held by each of them.

VII. GENERAL PROVISION

18.1. Notices and communications may be made or waived and circular resolutions may be evidenced in writing, fax, email or any other means of electronic communication.

18.2. Powers of attorney are granted by any of the means described above. Powers of attorney in connection with Board meetings may also be granted by a director, in accordance with such conditions as may be accepted by the Board.

18.3. Signatures may be in handwritten or electronic form, provided they fulfil all legal requirements for being deemed equivalent to handwritten signatures. Signatures of circular resolutions or resolutions adopted by telephone or video conference are affixed to one original or several counterparts of the same document, all of which taken together constitute one and the same document.

18.4. All matters not expressly governed by these Articles shall be determined in accordance with the applicable law and, subject to any non-waivable provisions of the law, with any agreement entered into by the shareholders from time to time.

SUIT LA VERSION FRANCAISE DU TEXTE QUI PRECEDE

I. DENOMINATION – SIEGE SOCIAL – OBJET– DUREE

Art. 1 Dénomination

Le nom de la société est « **Pacific Drilling S.A.** » (la « **Société** »). La Société est une société anonyme régie par les lois du Grand-Duché de Luxembourg, et en particulier par la loi du 10 août 1915 sur les sociétés commerciales, telle que modifiée (la « **Loi** »), ainsi que par les présents statuts (les « **Statuts** »).

Art. 2. Siège social

2.1. Le siège social de la Société est établi à Luxembourg, Grand-Duché de Luxembourg. Il peut être transféré dans les limites de la commune par décision du conseil d'administration (le « **Conseil** »). Le siège social peut être transféré en tout autre endroit du Grand-Duché de Luxembourg par une résolution de l'assemblée générale des actionnaires (l'« **Assemblée Générale** »), selon les modalités requises pour la modification des Statuts.

2.2. Il peut être créé des succursales, filiales ou autres bureaux tant au Grand-Duché de Luxembourg qu'à l'étranger par décision du Conseil. Lorsque le Conseil estime que des développements ou événements extraordinaires d'ordre politique ou militaire se sont produits ou sont imminents, et que ces développements ou évènements sont de nature à compromettre les activités normales de la Société à son siège social, ou la communication aisée entre le siège social et l'étranger, le siège social peut être transféré provisoirement à l'étranger, jusqu'à cessation complète de ces circonstances extraordinaires. Ces mesures provisoires n'ont aucun effet sur la nationalité de la Société qui, nonobstant le transfert provisoire de son siège social, reste une société luxembourgeoise.

Art. 3. Objet social

3.1. L'objet de la Société est l'achat et la vente, l'affrètement, la gestion de navires de mer ainsi que la réalisation d'opérations financières et commerciales en relation directe ou indirecte à de telles activités.

3.2. En outre, la Société peut affréter, détenir, louer, opérer et fournir des navires et équipements utilisés dans le cadre de services de forage dans le cadre d'opérations de forage d'huile et de gaz ; la Société peut également acquérir, détenir, gérer, vendre ou disposer de tout autre équipement, s'engager, assister ou participer dans des transactions financières, commerciales et d'autres transactions liées aux services de forage.

3.3. L'objet de la Société est également la prise de participations, tant au Luxembourg qu'à l'étranger, dans toutes sociétés ou entreprises sous quelque forme que ce soit, et la gestion de ces participations. La Société peut notamment acquérir par souscription, achat et échange ou de toute autre manière tous les titres, actions et autres valeurs de participation, obligations, créances, certificats de dépôt et autres instruments de dette, et plus généralement, tous titres et instruments financiers émis par toute entité publique ou privée. Elle peut participer à la création, au développement, à la gestion et au contrôle de toute société ou entreprise. Elle peut en outre investir dans l'acquisition et la gestion d'un portefeuille de brevets ou autre droit de propriété intellectuelle de tout type ou origine.

3.4. La Société peut emprunter sous quelque forme que ce soit. Elle peut procéder à l'émission d'obligations, de billets à ordre, et de titres et instruments de toute autre nature. La Société peut prêter des fonds, y compris notamment, les revenus de tout emprunt, à ses filiales, sociétés affiliées ainsi qu'à toutes autres sociétés. La Société peut également consentir des garanties et nantir, céder, grever de charges ou bien créer et accorder des sûretés sur tout ou partie de ses actifs afin de garantir ses propres obligations et celles de toute autre société, et de manière générale, en sa faveur et en faveur de toute autre société ou personne. En tout état de cause, la Société ne peut effectuer aucune activité réglementée du secteur financier sans avoir obtenu l'autorisation requise conformément à la loi du 5 avril 1993 sur le secteur financier telle que modifiée.

3.5. La Société peut employer toutes les techniques et instruments nécessaires à une gestion efficace de ses investissements et à sa protection contre les risques de crédit, les fluctuations monétaires, les fluctuations de taux d'intérêt et autres risques.

3.6. La Société peut effectuer toutes les opérations commerciales, financières ou industrielles et toutes les transactions concernant des biens immobiliers ou mobiliers qui, directement ou indirectement, favorises ou se rapportent à son objet social.

Art. 4 Durée

4.1. La Société est constituée pour une durée indéterminée.

4.2. La Société ne sera pas dissoute par la mort, la suspension des droits civils, l'incapacité, l'insolvabilité, la faillite ou tout autre évènement similaire affectant un ou plusieurs actionnaires.

II. CAPITAL – ACTIONS

Art. 5. Capital

5.1 Le capital social est fixé à huit cent vingt-quatre mille neuf cent quatre-vingt-dix-huit Dollars Américains et trois centimes (824.998,03 USD) représenté par quatre-vingt-deux millions quatre cent quatre-vingt-dix-neuf mille huit cent trois (82.499.803) actions nominatives, sans valeur nominale.

5.2 Le capital social peut être augmenté ou réduit à une ou plusieurs reprises par une résolution de l'Assemblée Générale agissant comme pour une modification des Statuts.

5.3. Le Conseil est autorisé, pour une période de cinq (5) ans à compter du 19 novembre 2018, sans préjudice de nouvelles modifications, à :

(i) Augmenter le capital social actuel en une fois ou plus jusqu'à huit cent vingt-cinq mille Dollars Américains (825.000 USD) (ce montant incluant le capital social actuel de la Société) par l'émission de nouvelles actions ayant les mêmes droits que les actions existantes, ou sans une telle émission

(ii) Déterminer les conditions de ces augmentations de capital y compris par apport en numéraire ou en nature, par l'incorporation des réserves, des primes d'émission ou des bénéfices non-distribués, avec ou sans émission de nouvelles actions aux actionnaires actuels ou tiers (non-actionnaires) ou suivant l'émission de tout instrument convertible en actions ou tout autre instrument conférant le droit à, ou de souscrire à, des actions ;

(iii) Limiter ou retirer les droits de souscription préférentiels des actionnaires aux nouvelles actions, et le cas échéant, déterminer les personnes autorisées à souscrire aux nouvelles actions ; et

(iv) Enregistrer chaque augmentation de capital par voie d'acte notarié et modifier le registre d'actionnaires en conséquence.

5.4 Dans les limites de l'article 5.3 des Statuts, le Conseil d'Administration est expressément autorisé à augmenter le capital social de la Société par incorporation de réserves, à émettre des primes d'émission ou bénéfices non distribués, et à émettre des actions supplémentaires résultant de cette augmentation de capital à un bénéficiaire au titre de tout plan d'intéressement tel que convenu par la Société (un tel bénéficiaire étant un actionnaire ou non de la Société ou une entité désignée par la Société comme administratrice en lien avec ledit plan) ou de tout placement de titres de participation, de placements privés ou de commissions d'appui. La Société se réserve le droit de placer le transfert ou d'autres restrictions sur de telles actions telles que déterminées par la Société conformément à un tel plan d'intéressement de temps à autre.

5.5 Chaque fois que le Conseil aura procédé à une augmentation de capital telle qu'autorisée à l'article 5.3, l'article 5 des présents statuts sera modifié pour refléter cette augmentation.

5.6. Le Conseil est expressément autorisé à déléguer toute personne physique ou morale pour organiser le marché des droits de souscription, accepter les souscriptions, conversions ou échanges, recevoir paiement du prix des actions ou autre instrument financier, faire constater les augmentations de capital réalisées et les modifications correspondantes de l'article 5 des présents statuts et faire inscrire dans ledit article 5 des présents statuts le montant à concurrence duquel l'autorisation d'augmenter le capital a été utilisée et, le cas échéant, les montants de toute augmentation réservés pour les instruments financiers pouvant donné droit à des actions.

Art. 6. Actions

6.1 Les actions sont et resteront sous forme nominative.

6.2 Un registre des actions est tenu au siège social et peut être consulté à la demande de chaque actionnaire.

6.3 Les actions peuvent être inscrites sans numéro de série dans les comptes de titres fongibles avec des institutions financières ou d'autres dépositaires professionnels exploitant un système de règlement en relation avec des transactions sur titres, dividendes, intérêts, capitaux échus ou d'autres sommes d'argent de titres arrivées à maturité ou d'autres instruments financiers traités par le système d'un tel dépositaire (ces systèmes, professionnels ou autre dépositaires étant ci-après dénommés **Dépositaires** et chacune un **Dépositaire**). Les actions détenues en dépôt ou sur le compte d'une telle institution financière ou dépositaire professionnel doivent être enregistrées dans un compte ouvert au nom du déposant et peuvent être transférées d'un compte à un autre, que ce compte soit détenu ou non par la même institution financière ou dépositaire. Le Conseil peut toutefois imposer des restrictions de transfert pour des actions qui sont enregistrées, inscrites, cotées, négociées, ou qui ont été placées dans certaines juridictions en conformité avec les exigences qui y sont applicables. Le transfert au registre tenu au siège social de la Société peut être demandé par un actionnaire.

6.4 La Société peut considérer la personne au nom de laquelle les actions nominatives sont enregistrées dans le ou les registre(s) des Actionnaires comme le propriétaire à part entière de ces actions nominatives. La Société doit être entièrement exonérée de toute responsabilité à l'égard des tiers concernant ces actions nominatives et pourra considérer tout droit, intérêt ou réclamation de ces tiers dans ou sur ces actions nominatives comme étant inexistant, sous réserve, cependant, de tout droit que ce tiers pourrait avoir à demander l'enregistrement ou le changement d'enregistrement des actions nominatives.

6.5 Lorsque les actions sont détenues par des Dépositaires par le biais de comptes de titres fongibles au sein des systèmes de compensation et de règlement, l'exercice des droits de vote à l'égard de ces actions peut être soumis à des règles internes et procédure de ces systèmes de compensation et de règlement.

6.6 Toutes les communications et notifications devant être envoyées à un actionnaire sont considérées comme étant valables lorsqu'elles sont envoyées à la dernière adresse communiquée par l'actionnaire à la Société. Dans le cas où un détenteur d'actions nominatives ne fournit pas une adresse à laquelle toutes les notifications ou annonces provenant de la Société peuvent être envoyées, la Société peut autoriser l'inscription d'une note à cet effet dans le ou les registre(s) des Actionnaires et l'adresse de ce détenteur sera considérée être le siège social de la Société ou tout autre adresse inscrite par la Société dans le ou les registre(s) des Actionnaires de temps à autre, jusqu'à ce qu'une autre adresse soit fournie par ce détenteur à la Société. Le détenteur peut, à tout moment, changer son adresse telle qu'inscrite dans le ou les registre(s) des Actionnaires par une notification écrite envoyée à la Société au registre approprié.

6.7 Un transfert d'actions nominatives qui ne sont pas détenues par le biais de comptes de titres fongibles est effectué par l'entrée dans le registre des actions d'une déclaration de transfert, dûment datée et signée par le cédant et le cessionnaire ou leurs représentants autorisés, suite à une notification à ou une acceptation de la Société, conformément à l'Article 1690 du Code Civil. La Société peut également accepter d'autres documents constatant l'accord entre le cédant et le cessionnaire comme preuve d'un transfert d'actions.

6.8 Les droits et obligations attachés à toute action doit être transféré à tout cessionnaire de celle-ci.

6.9 Les actions sont indivisibles et la Société ne reconnaît qu'un (1) seul propriétaire par action.

6.10 La Société peut racheter ses propres actions en utilisant une méthode approuvée par le Conseil en conformité avec la loi luxembourgeoise et les règles de toute(s) bourse(s) sur laquelle ou lesquelles les actions de la Société sont listées de temps à autre.

6.11 La Société n'émettra pas des actions sans droit de vote (qui ne pourront inclure ni cautions ni options pour l'achat d'actions de la Société.

III. GESTION – REPRESENTATION

Art. 7. Conseil d'administration

7.1. **Composition du conseil d'administration**

*(i) La Société est gérée par le Conseil. Excepté dans le cas prévu à l'article 8, le nombre total d'administrateurs constituant la totalité du Conseil est de sept (7) administrateurs. Les administrateurs ne doivent pas être des actionnaires. Excepté dans le cas prévu à l'article 8, du et après le 19 novembre 2018 (la « **Date d'Effet** ») jusqu'à l'occurrence du Moment de la Résiliation de la Nomination (tel que défini à la Convention de Gouvernance datée à la Date d'Effet, entre la Société et les autres actionnaires (la « **Convention de Gouvernance** »)), le Conseil doit être divisé en deux classes, à savoir une Catégorie A (composée de quatre (4) administrateurs) et une Catégorie B (composée de trois (3) administrateurs), les administrateurs de la Catégorie A et de la Catégorie B étant tous élus pour un mandat d'une (1) année ; à condition que la durée initiale du mandat des administrateurs de Catégorie A suivant la Date d'Effet doit s'étendre de la Date d'Effet jusqu'à une année après l'Assemblée Générale des actionnaires de la Société approuvant les comptes annuels pour l'année fiscale se terminant en 2018 (l'« **AGA 2019** ») et que la durée initiale du mandat des administrateurs de Catégorie B suivant la Date d'Effet doit s'étendre de la Date d'Effet jusqu'à deux années suivant l'AGA 2019. Tous les administrateurs, qu'ils soient de Catégorie A ou de Catégorie B, doivent être élus par les actionnaires lors d'une Assemblée Générale conformément à la Loi et doivent avoir une (1) voix chacun à toutes les réunions du Conseil. A partir de et après le Moment de la Résiliation de la Nomination (tel que défini à la Convention de Gouvernance), le Conseil cessera d'être divisé en catégories et chaque administrateur qui avait été désigné comme administrateur de Catégorie A ou administrateur de Catégorie B restera en fonction comme administrateur jusqu'à l'expiration de son mandat ou jusqu'à son décès, démission ou révocation par les actionnaires.*

(ii) Les administrateurs sont révocables à tout moment, avec ou sans raison, par une décision de l'Assemblée Générale.

(iii) Lorsqu'une personne morale est nommée administrateur, celle-ci est tenue de désigner un représentant permanent qui représentera ladite personne morale dans ses fonctions d'administrateur. Ce représentant permanent est soumis aux mêmes règles et encourt les mêmes responsabilités que s'il avait exercé ses fonctions en son nom et pour son propre compte, sans préjudice de la responsabilité solidaire de la personne morale qu'il représente.

(iv) Si le représentant permanent se trouve dans l'incapacité d'exercer ses fonctions, la personne morale doit nommer immédiatement un autre représentant permanent.

(v) En cas de poste vacant du poste d'administrateur, la majorité simple des administrateurs restants peut y pourvoir provisoirement jusqu'à la nomination définitive, par la prochaine Assemblée Générale.

7.2. **Pouvoirs du conseil d'administration**

(i) Tous les pouvoirs non expressément réservés par la Loi ou les Statuts à ou aux actionnaire(s) sont de la compétence du Conseil, qui a tous les pouvoirs pour effectuer et approuver tous les actes et opérations conformes à l'objet social.

(ii) Des pouvoirs spéciaux et limités peuvent être délégués par le Conseil à un ou plusieurs agents pour des tâches spécifiques et peut également former des comités pour certaines missions spécifiques. Ces comités peuvent inclure, mais ne sont pas limités à, un comité d'audit et un comité de dédommagement.

(iii) Le Conseil est autorisé à déléguer la gestion journalière et le pouvoir de représenter la Société à cette fin à un ou plusieurs administrateurs, agents ou représentants, qu'ils soient actionnaires ou non, agissant soit individuellement ou conjointement, à condition qu'avant le Moment de la Résiliation de la Nomination (tel que défini à la Convention de Gouvernance), toute nomination, délégation ou procuration accordée en relation avec toute Acquisition des Points Proposés (telle que définie à l'article 7.2 (iv) (1) ci-dessous) ou toute révocation de ce qui précède, pourra seulement être effective si une Majorité de Catégorie B (telle que définie ci-dessous) vote en faveur d'une telle nomination, délégation ou procuration ou révocation de ce qui précède, le cas échéant. Si la gestion journalière est déléguée à un ou plusieurs administrateurs, le Conseil devra rapporter à l'Assemblée Générale annuelle tout salaire, frais et/ou tout autre avantage octroyé à cet/ces administrateur(s) durant la période financière de référence.

Pour écarter tout doute, il est noté que la liste non-exhaustive suivante ne doit être considérée, sous aucune circonstance, comme relevant du champ d'application de la délégation journalière :

- *Approbation des comptes de la Société*
- *Approbation du budget annuel de la Société*
- *Approbation des règles de la Société*
- *Approbation des recommandations faites par tout comité du Conseil*
- *Approbation des Propositions d'Acquisition*

(iv) Propositions d'Acquisition avant le Moment de la Résiliation de la Nomination. Les provisions suivantes de cet article 7.2 (iv) doivent s'appliquer jusqu'au Moment de la Résiliation de la Nomination (tel que défini à la Convention de Gouvernance), après lequel les provisions de cet article 7.2 (iv) (autre que la signification des termes définis aux présentes qui sont utilités ailleurs dans ces Statuts) ne pourront plus revêtir force obligatoire ou prendre effet.

*(1) Autorité Représentative des Administrateurs de Catégorie B concernant les Propositions d'Acquisition. Nonobstant toute clause contraire de ces Statuts, deux (2) administrateurs de Catégorie B agissant en cette telle capacité (la « **Majorité de Catégorie B** ») auront l'autorité d'agir au nom de la Société (incluant d'engager la Société eu égard aux clauses (e) à (g)) quant aux sujets suivants : (a) revoir et évaluer les termes et conditions de toute Proposition d'Acquisition, (b) négocier avec toute partie la Majorité de Catégorie B appropriée en relation avec la Proposition d'Acquisition, (c) solliciter les Propositions d'Acquisition potentielles et/ou explorer la capacité à obtenir au nom de la Société les Propositions d'Acquisitions potentielles, (d) déterminer si les Propositions d'Acquisition bénéficient à la Société et ses actionnaires, (e) faire des recommandations au Conseil et aux actionnaires sur les actions, le cas échéant, qui devront être prises eu égard à toute Acquisition,*

*Contrat d'Acquisition ou Proposition d'Acquisition, ce qui inclue recommander que le Conseil ou les actionnaires, si applicable, approuve(nt) toute Acquisition, Contrat d'Acquisition ou Proposition d'Acquisition, (f) conserver, aux frais de la Société, les consultants, conseillers juridiques et autres conseillers que la Majorité de Catégorie B pourrait faire appel pour assister les administrateurs de Catégorie B dans l'exécution de leurs obligations en relation avec les Propositions d'Acquisition, (g) sous réserve de l'article 7.2 (iv) (2) ci-dessous, exécuter et délivrer pour le compte de la Société une documentation définitive relative à l'achèvement d'une Acquisition (un « **Contrat d'Acquisition** ») et (h) prendre ou demander à la Société de prendre, toute autre action connexe ou liée à toute Proposition d'Acquisition actuelle ou potentielle ou les autres sujets qui sont visés aux clauses (a)-(g), incluant sans limitation d'autoriser et de conclure des contrats de toute nature (autre que le Contrat d'Acquisition sauf dans le cas de l'article 7.2 (iv) (2) ci-dessous) (les clauses (a)-(h) ci-dessus sont appelées « **Cas des Acquisitions Proposées** »). Tel qu'utilisé aux présentes : (x) « **Proposition d'Acquisition** » signifie une proposition reçue par la Société, par n'importe laquelle de ses filiales ou chacun de ses administrateurs, agents ou consultants, avocats ou autres conseillers extérieurs respectifs offrant une Acquisition ; et (y) « **Acquisition** » signifie une transaction ou une série de transactions liées résultant d'une acquisition (soit par fusion, consolidation, vente ou transfert des actions de la Société, d'autres participations ou autre) par toute personne physique ou morale ou d'un groupe de personnes, directement ou indirectement (1) d'une majorité de (A) actions existantes de la Société ou (B) des actifs de la Société et de ses filiales déterminées sur une base consolidée et (2) après la réalisation de laquelle les actionnaires de la Société ne détiennent pas collectivement (véritable ou inscrit) une majorité des droits de votes d'une telle personne ou de l'entité mère ultime d'une telle personne, immédiatement avant une telle acquisition (ou, dans le cas d'une groupe de personnes, une majorité des droits de votes du membre le plus important du groupe, déterminé par référence aux contributions respectives de tels membres ou l'entité mère ultime d'un tel membre le plus important du groupe).*

*(2) Approbation des Contrats d'Acquisition. Aucun administrateur de Catégorie B, agissant seul ou avec un ou plusieurs autres administrateurs de Catégorie B, ne peut avoir le pouvoir d'entrainer la Société à conclure tout Contrat d'Acquisition ou achever une Acquisition sauf si un tel Contrat d'Acquisition (a) prévoit par ses termes que l'achèvement de l'Acquisition est conditionné soit (I) au vote de l'actionnaire dans les conditions de quorum et de majorité conformément à la Loi ou à d'autres provisions de ces Statuts pour une telle Acquisition ou (II) à l'approbation de l'actionnaire par le vote d'une majorité des actions pour laquelle le scrutin est plus élevé concernant les clauses (I) ou (II) susmentionnées (une telle condition, si applicable, une « **Condition de l'Approbation de l'Actionnariat** ») et (b) n'impose pas d'obligations ou de sanctions à la Société si la Condition de l'Approbation de l'Actionnariat n'est pas obtenue par voie d'une Assemblée Générale ou d'une Assemblée Générale Extraordinaire, le cas échéant, convoquée pour voter en faveur d'un tel Contrat d'Acquisition ou une telle Acquisition autre que le remboursement des dépenses raisonnables engagées par la contrepartie. Si un Contrat d'Acquisition proposé satisfait les clauses (a) et (b) de la phrase précédente, une Majorité de Catégorie B doit à être autorisée à représenter la Société en exécutant et délivrant ou en entraînant toute personne autorisée par la Majorité de Catégorie B à exécuter et délivrer, pour le compte de la Société, un tel Contrat d'Acquisition pour convoquer une Assemblée Générale ou une Assemblée Générale Extraordinaire, si applicable, pour rechercher l'approbation de l'actionnariat sur l'Acquisition en conformité avec la Condition de l'Approbation de l'Actionnariat et, si une telle approbation de l'actionnariat est obtenue, exercer tous les autres pouvoirs investis par l'article 7.2 (iv) (1) ci-dessus relatifs au Contrat d'Acquisition (ce qui inclue entrainer la*

Société à réaliser l'Acquisition et les autres transactions envisagées par les présentes ou, sous réserve des termes du Contrat d'Acquisition, mettre fin à un tel Contrat d'Acquisition et abandonner une telle Acquisition).

(3) Limitation de l'Autorité de Représentation des Administrateurs de Catégorie A relative aux Propositions d'Acquisition. Nonobstant toute clause contraire de ces Statuts (mais restant soumis à la dernière phrase de l'article 7.2 (iv) (3)), aucun administrateur de Catégorie A, agissant seul ou avec plusieurs autres administrateurs, en sa capacité d'administrateur, ne peut ni avoir l'autorité d'engager la Société ou d'agir pour le compte de la Société, ni prendre toute action dans tous les cas liés à toute Acquisition, Contrat d'Acquisition ou Cas des Acquisitions Proposées, sauf en cas d'approbation préalable d'une Majorité de Catégorie B. Nonobstant la phrase précédente, cet article 7.2 (iv) (3) ne peut être interprété comme limitant le droit des administrateurs de Catégorie A à assister aux réunions des administrateurs de Catégorie B, de recevoir les informations reçues par les administrateurs de Catégorie B ou de fournir une collaboration aux administrateurs de Catégorie B, dans chaque cas, en ce qui concerne les Acquisitions, Contrats d'Acquisition, Propositions d'Acquisitions et autres Cas des Acquisitions Proposées, et les administrateurs de Catégorie B doivent étendre de tels droits aux administrateurs de Catégorie A.

(4) Modification de l'article 7.2 (iv). Nonobstant toute clause contraire de ces Statuts, le Conseil ne doit pas proposer aux actionnaires ou recommander que les actionnaires n'approuvent toute modification à cet article 7.2 (iv) et/ou toutes autres dispositions de ces Statuts en modifiant ou limitant directement ou indirectement cet article 7.2 (iv) sans le vote favorable d'une Majorité de Catégorie B.

7.3. **Procédure**

(i) Le Conseil doit nommer un président parmi ses membres et peut choisir un secrétaire, administrateur ou non, et qui sera responsable de la tenue des procès-verbaux des réunions du Conseil et des Assemblées Générales.

(ii) Le Conseil se réunit sur convocation du président ou de la majorité du Conseil d'administrateurs, au lieu indiqué dans l'avis de convocation, qui en principe, est au Luxembourg.

(iii) Il est donné à tous les administrateurs une convocation écrite de toute réunion du Conseil au moins vingt-quatre (24) heures à l'avance, sauf en cas d'urgence, auquel cas la nature et les circonstances de cette urgence sont mentionnées dans la convocation à la réunion.

(iv) Aucune convocation n'est requise si tous les membres du Conseil sont présents ou représentés et s'ils déclarent avoir parfaitement connaissance de l'ordre du jour de la réunion. Un administrateur peut également renoncer à la convocation à une réunion, que ce soit avant ou après ladite réunion. Des convocations écrites séparées ne sont pas exigées pour des réunions se tenant à des heures et dans des lieux fixés dans un calendrier préalablement adopté par le Conseil.

(v) Un administrateur peut donner une procuration à tout autre administrateur afin de le représenter à toute réunion du Conseil.

(vi) Sauf disposition contraire, le Conseil peut seulement valablement délibérer et agir si une majorité de ses membres sont présents ou représentés. Sauf disposition contraire, les Résolutions du Conseil sont valablement adoptés si une majorité des membres du Conseil votent en leur faveur. Le président a une voix prédominante en cas d'égalité des voix. Les résolutions du Conseil sont consignées dans des procès-verbaux signés par le président, tous les administrateurs présents ou représentés à l'assemblée ou par le secrétaire (le cas échéant).

(vii) Tout administrateur peut participer à toute réunion du Conseil par téléphone ou visioconférence ou par tout autre moyen de communication permettant à l'ensemble des personnes participant à la réunion de s'identifier, de s'entendre et de se parler. La participation par un de ces moyens équivaut à une participation en personne à une réunion dûment convoquée et tenue.

(viii) Des résolutions circulaires signées par tous les administrateurs (les « **Résolutions circulaires des Administrateurs** ») sont valables et engagent la Société comme si elles avaient été adoptées lors d'une réunion du Conseil dûment convoquée et tenue et portent la date de la dernière signature.

(ix) Tout administrateur qui a un intérêt opposé à celui de la Société dans une transaction qui ne concerne pas des opérations courantes conclues dans des conditions normales, est tenu d'en prévenir le Conseil et de faire mentionner cette déclaration au procès-verbal de la réunion. L'administrateur en question ne peut pas prendre part à ces délibérations. Un rapport spécial relatif à ou aux transactions concernées est soumis aux actionnaires avant tout vote, lors de la prochaine Assemblée Générale.

7.4. **Représentation**

(i) La Société est engagée envers les tiers (a) avant le Moment de la Résiliation de la Nomination (tel que défini à la Convention de Gouvernance), par la signature conjointe de deux administrateurs de Catégorie B s'agissant des Cas des Acquisitions Proposées ou d'un Contrat d'Acquisition ; et (b) dans tous les autres cas, par la signature conjointe d'une majorité du Conseil.

(ii) La Société est également engagée envers les tiers par la signature conjointe ou individuelle de toute personne à qui un pouvoir de signature spécial a été délégué par le Conseil ou, avant le Moment de la Résiliation de la Nomination (tel que défini à la Convention de Gouvernance) eu égard aux Cas des Acquisitions Proposées ou au Contrat d'Acquisition, par une Majorité de Catégorie B.

Art. 8. Administrateur unique

8.1. Au cas où le nombre des actionnaires est réduit à un (1), la Société peut être gérée par un administrateur unique jusqu'à l'Assemblée Générale ordinaire suivant l'introduction d'un actionnaire supplémentaire. Dans ce cas, toute référence dans les Statuts au Conseil ou aux administrateurs doit être considérée, le cas échéant, comme une référence à cet administrateur unique.

8.2. Les transactions conclues par la Société qui sont en opposition avec les intérêts de l'administrateur unique doivent être consignées dans des procès-verbaux. Cela ne s'applique pas aux transactions qui concernent des opérations courantes conclues dans des conditions normales.

8.3. La Société est engagée vis-à-vis des tiers par la signature de l'administrateur unique ou par la signature conjointe ou individuelle de toutes les personnes à qui des pouvoirs de signature spéciaux ont été délégués.

Art.9. Responsabilité des administrateurs

9.1. Les administrateurs ne peuvent pas, en raison de leur fonction, être déclarés personnellement responsables pour les engagements régulièrement pris par eux au nom de la Société, dans la mesure où ces engagements sont conformes aux Statuts et à la Loi.

Art. 10. Rémunération des Administrateurs

10.1 La rémunération du conseil d'administration sera décidée par l'Assemblée Générale.

10.2 La Société, dans les limites admises par la loi luxembourgeoise, devra indemniser tout administrateur ou dirigeant ancien ou actuel, contre tout dommage et/ou indemnité à payer, et de tous coûts, charges et dépenses raisonnablement supportés par lui et liés à la défense ou à une transaction relative à toute action, poursuite ou procédure de nature civile, pénale ou administrative, à laquelle il peut être partie en raison du fait qu'il soit ou ait été un administrateur ou un dirigeant de la Société, si (i) il a agit honnêtement et de bonne foi et, (ii) dans les cas de procédures pénales ou administratives, s'il a des motifs valables de croire que son attitude était conforme à la loi. Sans préjudice de ce qui précède, l'actuel ou l'ancien administrateur ou dirigeant ne sera pas indemniser en cas d'action, poursuite ou procédure intentée en son encontre par la Société ou dans le cas où il serait finalement jugé responsable de négligence grave, manquement volontaire, fraude, malhonnêteté ou tout autre infraction pénale, suite à toute action, poursuite ou procédure.

De plus, en cas de règlement, l'actuel ou l'ancien administrateur ou dirigeant aura seulement droit au remboursement en vertu du présent paragraphe que (i) si le Conseil ait déterminer de bonne foi que les actions du défendeur ne constitue pas une violation préméditée et délibérée de la loi et qu'il ait obtenu des conseils juridiques pertinents à cet effet, et (ii) si une notification de l'intention de transiger dans le cadre de cette action, poursuite ou procédure est faite à la Société au moins dix jours ouvrables avant un tel règlement.

IV. ACTIONNAIRE(S)

Art. 11. Assemblées générales des actionnaires

11.1. **Pouvoirs et droits de vote**

(i) Les résolutions des actionnaires sont adoptées lors d'assemblées générales des actionnaires (l'« **Assemblée Générale** »). L'Assemblée Générale a les pouvoirs les plus étendus pour adopter, autoriser et ratifier tous les actes et opérations conformes à l'objet social.

(ii) Chaque action donne droit à un (1) vote.

11.2. **Convocations, quorum, majorité et procédures de vote**

(i) Les Assemblées Générales sont tenues au lieu et heure précisés dans les convocations.

(ii) La convocation à toute Assemblée Générale Ordinaire ou Assemblée Générale extraordinaire doit contenir l'ordre du jour, l'heure et le lieu de la réunion et doit être faite par deux (2) publications de huit (8) jours d'intervalle au Mémorial C, Recueil des Sociétés et Associations (Gazette Officielle de Luxembourg) et dans un journal à large diffusion au Luxembourg, la seconde convocation étant publiée huit (8) jours avant la réunion. Dans le cas où les actions de la Société sont cotées sur un marché réglementé à l'étranger, les avis doivent, en outre (sous réserve de la réglementation applicable), soit (i) être publié une fois un journal à large diffusion du pays de cette cotation au même moment que la première publication au Luxembourg ou (ii) suivre les pratiques de marché de ce pays en matière de publicité de la convocation à une assemblée générale des actionnaires.

(iii) Si tous les actionnaires sont présents ou représentés et se considèrent comme ayant été dûment convoqués et informés de l'ordre du jour de l'assemblée, l'Assemblée Générale peut se tenir sans convocation préalable.

(iv) Un actionnaire peut donner une procuration écrite à toute autre personne, actionnaire ou non, afin de le représenter à toute Assemblée Générale.

(v) En relation avec toute Assemblée Générale, le Conseil est autorisé mais n'est pas requis de prendre des dispositions pour que les actionnaires participent par des dispositifs de communication à distance. Si le Conseil a pris cette disposition, une participation de l'actionnaire par des dispositifs de communication à distance sera considérée comme équivalente à une participation en personne à cette assemblée.

(vi) Tout actionnaire peut voter au moyen de formulaires de vote fournis par la Société. Les formulaires de vote indiquent la date, le lieu et l'ordre du jour de la réunion, le texte des résolutions proposées ainsi que, pour chaque résolution, trois cases permettant de voter en faveur, de voter contre ou de s'abstenir. Les formulaires de vote doivent être renvoyés par les actionnaires au siège social. Sont pris en compte pour le calcul du quorum, seuls les formulaires de vote reçus avant la réunion de l'Assemblée Générale. Les formulaires de vote qui n'indiquent ni intention de vote ni abstention, sont nuls.

(vii) Les décisions de l'Assemblée Générale sont adoptées à la majorité simple des voix exprimées, sans tenir compte de la proportion du capital social représenté.

(viii) Une assemblée générale extraordinaire (« **Assemblée Générale Extraordinaire** ») ne peut modifier les Statuts que si au moins la moitié du capital social est représenté et que l'ordre du jour indique les modifications au Statuts proposées, y compris le texte de tout modification proposée à l'objet social ou à la forme de la Société. Si ce quorum n'est pas atteint, une seconde Assemblée Générale Extraordinaire peut être convoquée au moyen d'avis publiés deux fois dans le Mémorial et deux journaux luxembourgeois, à un intervalle d'au moins quinze (15) jours et ce, quinze jours (15) avant la réunion. Ces avis précisent la date et l'ordre du jour

de l'Assemblée Générale Extraordinaire. La seconde Assemblée Générale Extraordinaire délibère valablement quel que soit le pourcentage de capital représenté. Lors des deux Assemblée Générales Extraordinaires, les résolutions doivent être adoptées par au moins deux tiers des suffrages exprimés.

(ix) Tout changement de nationalité de la Société ainsi que toute augmentation de l'engagement d'un actionnaire dans la Société exige le consentement unanime des actionnaires et des obligataires (le cas échéant).

Art. 12. Procédure

12.1. Toute Assemblée Générale sera présidée par le président du Conseil nommé conformément à l'article 7.3 (i) ou, en l'absence de président, (i) par tout autre administrateur ou agent de la Société désigné par le Conseil ou (ii) par tout conseiller juridique, conseiller, agent domiciliataire ou toute autre personne à Luxembourg que le Conseil considère approprié, tel que désigné par le Conseil. Le secrétaire nommé conformément à l'article 7.3 (i) ou, en l'absence d'un tel secrétaire, (i) tout autre administrateur ou agent de la Société désigné par le Conseil ou (ii) tout conseiller juridique, conseiller, agent domiciliataire ou toute autre personne à Luxembourg que le Conseil considère approprié, tel que désigné par le Conseil, agira comme secrétaire à toute Assemblée Générale. En relation avec toute Assemblée Générale, le Conseil ou, en l'absence d'une détermination par le Conseil, la personne présidant l'Assemblée Générale nommera un scrutateur qui devra établir la liste de présence.

12.2. En relation avec toute Assemblée Générale, le Conseil est autorisé à fournir ces règles de délibération et ces conditions autorisant les actionnaires à prendre part à l'assemblée comme le Conseil le juge approprié. Sauf si cela rentre en conflit avec les règles et conditions adoptées par le Conseil, la personne présidant l'assemblée aura le pouvoir et l'autorité de prescrire de telles règles et conditions additionnelles et de faire tous ces actes qui, dans le jugement d'une telle personne, seront appropriés pour la bonne tenue de la réunion. De telles règles et conditions, qu'elles soient adoptées par le Conseil ou prescrites par une personne présidant l'assemblée, peuvent inclure, dans chaque cas dans la limite de ce qui est prescrit par la loi applicable, (a) de déterminer l'ordre du jour de l'assemblée, (b) les règles et procédures pour maintenir l'ordre de l'assemblée et la sûreté de ceux présents, (c) des limites sur la présence ou la participation à l'assemblée des actionnaires, leurs mandataires dûment autorisés et constitués, ou toute autre personne que le président de l'assemblée déterminera, (d) des restrictions imposées à l'entrée de l'assemblée après le temps fixé pour le démarrage de l'assemblée, et (e) des limitations sur le temps alloué pour les questions ou commentaires des participants.

12.3. Sans limiter la généralité de l'article 12.2 et indépendamment de l'ordre du jour, le Conseil ou la personne présidant l'assemblée peuvent ajourner toute Assemblée Générale ordinaire ou Assemblée Générale Extraordinaire conformément aux formalités et limites de temps stipulées par la loi.

12.4. Les minutes des Assemblées Générales doivent être signées par les membres du bureau de l'assemblée. Les copies ou extrait des procès-verbaux qui devront être produites devant le tribunal ou autre part devront être signées par deux (2) administrateurs ou par le secrétaire du Conseil ou par tout secrétaire adjoint.

12.5. Nonobstant toute disposition contraire des Statuts et en plus de tout vote plus ou moins important requis par la Loi, par d'autres provisions de ces Statuts, par le Contrat d'Acquisition applicable ou autre, la Société n'aura ni le pouvoir ni l'autorité de finaliser une transaction satisfaisant la clause (1) (B) de la définition de l'Acquisition sans l'approbation préalable des actionnaires (une telle approbation obtenue par un vote à la majorité des actions).

Art. 13. Actionnaire unique

13.1 Lorsque le nombre des actionnaires est réduit à un (1), l'actionnaire unique exerce tous les pouvoirs conférés par la Loi à l'Assemblée Générale.

13.2 Toute référence dans les Statuts à l'Assemblée Générale est interprétée le cas échéant, comme une référence à cet actionnaire unique.

13.3 Les résolutions de l'actionnaire unique sont consignées dans des procès-verbaux.

V. COMPTES ANNUELS – AFFECTATION DES BENEFICES – CONTRÔLE

Art. 14. Exercice social et approbation des comptes annuels

14.1. L'exercice social commence le premier (1) janvier et se termine le trente-et-un (31) décembre de chaque année.

14.2. Chaque année, le Conseil dresse le bilan et le compte de résultats ainsi qu'un inventaire indiquant la valeur des actifs et passifs de la Société, avec une annexe résumant les engagements de la Société ainsi que les dettes des agents, administrateurs et commissaires aux comptes envers la Société.

14.3. Un mois avant l'Assemblée Générale Annuelle, le Conseil fournit les pièces justificatives, et un rapport sur les opérations de la Société aux commissaires, qui doivent ensuite faire un rapport exposant leurs conclusions et leurs propositions.

14.4. L'Assemblée Générale Annuelle est tenue au siège social ou à tout autre endroit au sein de la ville où est situé le siège social, tel que spécifié dans la convocation, le quatrième mardi du mois de mai à 10 heures du matin. Si ce jour est un jour férié ou le jour suivant un jour férié aux Etats-Unis, l'Assemblée Générale sera tenue le mardi de la semaine suivante.

14.5. L'Assemblée Générale annuelle peut être tenue à l'étranger si, selon le jugement décisif et absolu du Conseil, des circonstances exceptionnelles l'exigent.

Art. 15. Commissaires aux comptes/Réviseurs d'entreprises

15.1. Les opérations de la Société sont contrôlées par un ou plusieurs commissaires .

15.2. Les opérations de la Société sont contrôlées par un ou plusieurs réviseurs d'entreprises, dans les cas requis par la loi ou lorsque la Société le décide.

15.3. L'Assemblée Générale nomme les commissaires/réviseurs d'entreprises et détermine leur nombre, leur rémunération et la durée de leur mandat, lequel ne peut dépasser six (6) ans. Les commissaires/réviseurs d'entreprises peuvent être réélus.

Art. 16. Affectation des bénéfices

16.1. Cinq pour cent (5 %) des bénéfices nets annuels de la Société sont affectés à la réserve légale. Cette affectation cesse d'être exigée lorsque la réserve légale atteint dix pour cent (10 %) du capital social.

16.2. L' Assemblée Générale décide de l'affectation du solde des bénéfices nets annuels. Elle peut affecter ce bénéfice au paiement d'un dividende, l'affecter à un compte de réserve ou le reporter conformément aux dispositions légales applicables.

16.3. Des dividendes intérimaires peuvent être distribués à tout moment, aux conditions suivantes :

(i) des comptes intérimaires sont établis par le Conseil;

(ii) ces comptes intérimaires montrent que des bénéfices et autres réserves (en ce compris la prime d'émission) suffisants sont disponibles pour une distribution; étant entendu que le montant à distribuer ne peut excéder le montant des bénéfices réalisés depuis la fin du dernier exercice social dont les comptes annuels ont été approuvés, le cas échéant, augmenté des bénéfices reportés et des réserves distribuables, et réduit par les pertes reportées et les sommes à affecter à la réserve légale ou statutaire ;

(iii) la décision de distribuer des dividendes intérimaires est adoptée par le Conseil dans les deux (2) mois suivant la date des comptes intérimaires; et

Dans leur rapport au Conseil, selon le cas, les commissaires ou les réviseurs d'entreprises doivent vérifier si les conditions indiquées ci-dessus ont été remplies.

16.4 La Société peut effectuer le paiement de dividendes ainsi que tous autres paiements en espèces, actions ou autres titres à un Dépositaire. Ledit Dépositaire distribuera ces fonds à ses déposants en fonction de la quantité de titres ou autres instruments financiers comptabilisés à leur nom. Un tel paiement par la Société au Dépositaire libérera pleinement la Société de ses obligations à cet égard.

VI. DISSOLUTION – LIQUIDATION

17.1. La Société peut être dissoute à tout moment, par une résolution de l'Assemblée Générale, adoptée selon les modalités requises pour la modification des Statuts. L'Assemblée Générale nomme un ou plusieurs liquidateurs, actionnaires ou non, pour réaliser la liquidation et détermine leur nombre, pouvoirs et rémunération. Sauf décision contraire de l' Assemblée Générale , les liquidateurs sont investis des pouvoirs les plus étendus pour réaliser les actifs et payer les dettes de la Société.

17.2. Le boni de liquidation résultant de la réalisation des actifs et du paiement des dettes est distribué aux actionnaires proportionnellement aux actions détenues par chacun d'entre eux.

VII. DISPOSITIONS GENERALES

18.1. Les convocations et communications, respectivement les renonciations à celles-ci, sont faites, et les résolutions circulaires sont établies par écrit, télégramme, téléfax, e-mail ou tout autre moyen de communication électronique.

18.2. Les procurations sont données par tout moyen mentionné ci-dessus. Les procurations relatives aux réunions du Conseil peuvent également être données par un administrateur conformément aux conditions acceptées par le Conseil.

18.3. Les signatures peuvent être sous forme manuscrite ou électronique, à condition que les signatures électroniques remplissent l'ensemble des conditions légales requises pour pouvoir être assimilées à des signatures manuscrites. Les signatures des résolutions circulaires peuvent être apposées sur un original ou sur plusieurs copies du même document, qui ensemble, constituent un seul et unique document.

18.4. Pour tous les points non expressément prévus par les Statuts, il est fait référence à la loi et, sous réserve des dispositions légale d'ordre public, à tout accord conclu de temps à autre entre les actionnaires.

Pour Statuts coordonnés
Esch-sur-Alzette, le 4 juin 2019