

March 29, 2019

To Whom It May Concern:

Japan Drilling Company Ltd., Reorganization Company
Japan Drilling (Netherlands) B.V., Reorganization Company
Yasuro Yasui, Trustee
Eiji Katayama, Attorney-at-law, Trustee

Notice of Sponsor Selection

We hereby announce that a Sponsor Agreement under which a capital contribution will be made to Japan Drilling Company Ltd., Reorganization Company and Japan Drilling (Netherlands) B.V., Reorganization Company (collectively, the “Reorganization Companies”) (the “Sponsor Agreement”) was made and entered into on March 29, 2019 between the Reorganization Companies and an entity (the “Sponsor”) owned and controlled by Farallon Capital Management L.L.C. and its affiliates (collectively, “Farallon Capital”), which was established to invest in the Reorganization Companies.

1. Background to the execution of the Sponsor Agreement

As announced earlier in “Notice of Extension of the Procedural Deadlines and Time Periods of the Corporate Reorganization Proceedings” dated December 25, 2018, the Reorganization Companies have been engaged in the process of selecting a sponsor since the commencement order of corporate reorganization proceedings with the goal of reorganizing their business with a stronger financial base and maximizing payments to creditors, resulting in proposals being received from multiple sponsor candidates. After carefully comparing and examining these proposals, the Reorganization Companies have reached a decision that capital contribution and other support from the Sponsor would work best to help reorganize the business of the Reorganization Companies and maximize payments to creditors. Therefore, the Reorganization Companies entered into the Sponsor Agreement with the Sponsor.

Please note that it is expected a fund managed by Mercuria Investment Co., Ltd. (“Mercuria”) will acquire an interest in shares of the Sponsor. For details of Farallon Capital and Mercuria, please see the end of this notice.

2. Result of the execution of the Sponsor Agreement

As a result of the execution of the Sponsor Agreement, it is expected that pursuant to the Reorganization Companies' reorganization plan to be submitted to the Tokyo District Court, Japan Drilling Company Ltd., Reorganization Company will, after acquiring without compensation and cancelling all of its issued and outstanding shares, issue new shares to increase capital and the Sponsor will subscribe for these new shares, and the Sponsor will acquire all of the issued and outstanding shares of Japan Drilling (Netherlands) B.V.,

Reorganization Company, and that the Sponsor will become the new shareholder of the Reorganization Companies which will continue their business.

3. Future prospects

The Reorganization Companies will promptly submit their reorganization plan, and make efforts to pay claims and reorganize their business by using the capital contribution and other support from the Sponsor. In order to rejuvenate the Reorganization Companies' offshore drilling business, we remain fully committed to our business and the reorganization proceedings. Your continued understanding and support will be very much appreciated.

Farallon Capital

Farallon Capital is one of the world's leading global investment firms with assets under management of approximately USD25 billion. It pursues multiple investment strategies on an opportunistic basis, which include public equity, direct investments and real estate investments. It has extensive experience in investing in the reorganization of companies in and outside Japan, and has experience in natural resource related investments.

Mercuria

Mercuria is a Tokyo Stock Exchange (First Section) listed private equity investment firm which was established in 2005 by the Development Bank of Japan Inc. as its major shareholder. It has extensive experience in business investments, covering not only normal buyout investments and growth investments but also investments in many reorganization projects.