

PROSPECTOR

OFFSHORE DRILLING

Prospector Offshore Drilling S.A.

Société anonyme

65, Boulevard Grande-Duchesse Charlotte, L-1331 Luxembourg

Grand-Duchy of Luxembourg

R.C.S. Luxembourg B 153772

(the "Company")

CONVENING NOTICE TO A MEETING OF EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS OF THE COMPANY

Luxembourg, 18 January 2011

Dear Shareholder,

Following a decision of the Company's Board of Directors dated 11 January 2011, an Extraordinary General Meeting of Shareholders (the "Meeting") of the Company will be held on 28 January 2011 at 15.00 a.m. (local time) at the offices of the Company, 65, Boulevard Grande-Duchesse Charlotte, L-1331 Luxembourg in the presence of Me Francis Kessler, notary public established in Esch-sur-Alzette, Grand-Duchy of Luxembourg, with the following agenda:

Agenda:

- 1) Amendments of the Company's articles of associations as follows:
 - Amendment of article 5.9;
 - Amendment of article 6.3;
 - Amendment of article 7;
 - Amendment of article 11;
- 2) Confirmation of the power granted to the board of directors to proceed with the removal of article 8 when the Company is listed on the Oslo stock-exchange and renumbering of the Company's articles of association as a consequence of the above resolution;
- 3) Approval and confirmation of the Company's equity incentive plan adopted on 26 November 2010 by the board of directors of the Company to be effective as of 26 November 2010 (the "Incentive Plan"). The incentive plan submitted for approval and confirmation by the investors is the one presented to them during the private placement completed in December 2010. Such approval is sought so as to formalize by a general approval, the acceptance in December 2010 by each investor;
- 4) Confirmation of the appointment and of the duration of the appointment of PricewaterhouseCoopers S.à r.l. as statutory auditor of the Company as of 28 May 2010; and
- 5) Miscellaneous.

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The Meeting shall be conducted in conformity with the voting requirements of the Luxembourg law on commercial companies dated 10 August 1915 as amended and the Company's articles of association.

The board of directors of the Company has determined that Shareholders of record at the close of business on 18 January 2011 will be entitled to vote at the aforesaid Meeting and any adjournments thereof.

Voting Recommendation:

The Board of Directors of the Company unanimously recommends that shareholders vote in favour of the resolutions which will be proposed and considered at the Meeting.

Action Required by the Shareholder:

You will find attached to this notice the following documents:

- (i) draft of the shareholders resolutions to be taken during the Meeting;
- (ii) the Incentive Plan;
- (iii) proxy to vote during the Meeting;
- (iv) Vote instruction from holders of interests in the shares registered in the VPS.

If you wish your shares to be voted at the Meeting, but do not intend to attend in person, please promptly fill in, sign, date and return the proxy according to the instructions specified in the form of proxy hereto attached as Schedule (iv) to ensure that it will be received in time.

The deadline for submission of votes via proxy is 27 January 2011 at noon (12.00 Central European Time).

An attendance list will be established at the Meeting recording the shareholder(s) of the Company. To be recorded in such a list, a natural or a legal person will have to prove his/her/its quality of shareholder of the Company. In case of a natural person he/she will have to prove his/her identity. In case of a legal person, its representative will have to prove that he/she is a duly authorized representative empowered to bind the legal person.

Further Information:

If you require further information or clarification on the above, please contact Mr. Steve Manz, our investors relationship manager at Contact@podrilling.com.

Yours sincerely,



Cédric Carnoye, director for and on behalf of the Board of Directors of the Company

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Schedule (i)

**Draft resolutions to be taken by the shareholders of Prospector Offshore Drilling S.A. at
the Extraordinary General Meeting to be held on 28 January 2011**

PROSPECTOR OFFSHORE DRILLING S.A.
Société anonyme
Registered office: 65, boulevard Grande-Duchesse Charlotte, L-1331
Luxembourg, Grand Duchy of Luxembourg
R.C.S. Luxembourg B 153.772
(the “Company”)

**DRAFT OF THE RESOLUTIONS TO BE ADOPTED AT THE
EXTRAORDINARY GENERAL MEETING OF THE SHAREHOLDERS TO
BE HELD ON 28 JANUARY 2010**

FIRST RESOLUTION: the meeting resolved to approve the amendment of article 5.9. which shall henceforth read as follows:

“5.9. The General Meeting, the Board or the Sole Director as the case may be, shall be entitled to refuse the subscription of new shares by individuals or legal persons, whether these persons have a preferential right of subscription or not, if as a result of such subscription:

- 50% (fifty percent) or more of the shares or votes would become held, controlled or owned directly or indirectly by individuals or legal persons resident for tax purposes in Norway or, alternatively such shares or votes being effectively connected to a Norwegian business activity.

- shares to which are attached more than 50% (fifty percent) of the votes attached to all issued shares of the Company for the appointment of directors would become held or owned directly or indirectly by persons resident in the United States of America.

For the purpose of determining hereunder the number of shares held by persons resident in Norway or the United States of America, the Board in its absolute discretion may deem the word “shares” to include all then-issued shares and all shares issuable upon the exercise, conversion or exchange of, or otherwise in respect of, all then-issued options, warrants or other securities, or other rights, without regard to any vesting or other requirements or conditions for share issuance under any such option, warrant or other security, or other right. The word “shares” shall also include any depository receipts or other interests in shares, which rights and obligations mirror the rights and obligations attached to the shares, registered under the laws of the country of listing if applicable. In order to determine whether or not the above mentioned thresholds would be exceeded, the provisions of article 7.5. will apply.”

For: [●]

Against: [●]

Abstention: [●]

The resolution was thus adopted.

SECOND RESOLUTION: the meeting resolved to approve the amendment of article 6.3. which shall henceforth read as follows:

“6.3. In addition the company may appoint registrars or agents in different jurisdictions who/which each maintain a register of the interests in the shares entered therein and the interests holders may elect to be entered in one of the registers and to be transferred from time to time from one register to another register. The transfer to the register of shares kept at the registered office of the Company in Luxembourg may always be requested by any interests’ holder subject to applicable legal provisions.”

For: [●]

Against: [●]

Abstention: [●]

The resolution was thus adopted.

THIRD RESOLUTION: the meeting resolved to approve the amendment of article 7. which shall henceforth read as follows:

“7.1. The shares are freely transferable. However, if a transfer of shares would result in 50% (fifty percent) or more of the shares or votes being held, controlled or owned directly or indirectly by individuals or legal persons resident for tax purposes in Norway or alternatively such shares or votes being effectively connected to a Norwegian business activity, then the Board in its absolute discretion in order to avoid the Company being deemed a Controlled Foreign Company pursuant to Norwegian tax rules (the “NOKUS Rules”) may deny the acceptance and recognition of the transfer and notify the transferee of such shares that it must, and upon the transferee’s receipt of such notice the transferee shall, immediately take all actions required to transfer by way of a sale or any other legally available method the portion of shares in excess of such threshold to an individual or legal person not residing in Norway for tax purposes. Furthermore if a transfer of shares would result in the shares of the Company to which are attached more than 50% (fifty percent) of the votes attached to all issued shares of the Company for the appointment of directors being held or owned directly or indirectly by persons resident in the United States of America (the “U.S.”), then the Board in its absolute discretion in order to avoid the Company not being deemed a Foreign Private Issuer under U.S. securities laws may deny the acceptance and recognition of the transfer and notify the transferee of such shares that it must, and upon the transferee’s receipt of such notice the transferee, shall immediately take all actions required to transfer by way of a sale or any other legally available method the portion of shares in excess of such threshold to an individual or legal person not considered to be resident in the U.S. under relevant U.S. securities laws. For the purpose of determining hereunder the number of shares held by persons resident in Norway or the U.S., the Board in its absolute discretion may deem the word “shares” to include all then-issued shares and all shares issuable upon the exercise, conversion or exchange of, or otherwise in respect of, all then-issued options, warrants or other securities, or other rights, without regard to any vesting or other requirements or conditions for share issuance under any such option, warrant or other security, or other right. The word “shares” shall also include any depository receipts, which rights and obligations mirror the rights and obligations attached to the shares, registered under the laws of the country of listing if applicable.

7.2. *Subject to the restrictions stated in the above paragraph, the transfer of shares may be effected by a written declaration of transfer entered in the register of the shareholder(s) of the Company, such declaration of transfer to be executed by the transferor and the transferee or by persons holding suitable powers of attorney or in accordance with the provisions applying to the transfer of claims provided for in article 1690 of the Luxembourg civil code.*

7.3. *Transfer of interests in the shares may be effected upon delivery to the relevant appointed registrar or agent of the Company of a confirmation of the entry or other evidence of ownership together with a declaration of transfer, dated and signed by the transferor and transferee, or by persons holding suitable powers of attorney to act therefore, in each case in such form and with such evidence of authority as shall be satisfactory to the Company.*

7.4. *The Company may also accept as evidence of transfer other instruments of transfer evidencing the consent of the transferor and the transferee satisfactory to the Company.*

7.5. *Subject to the provisions of other applicable law, for the purposes of determining whether or not the aforementioned thresholds of this article 7 would be exceeded, any person holding shares in its name solely as depositary or nominee in the ordinary course of its business and without any beneficial interest therein shall not be deemed to be a holder of such shares, provided such depositary or nominee shall disclose the name and particulars of the beneficial owner of such shares immediately upon request by the Company.”*

For: [●]

Against: [●]

Abstention: [●]

The resolution was thus adopted.

FOURTH RESOLUTION: the meeting resolved to approve the amendment of article 11. which shall henceforth read as follows:

“11.1. The notice periods and quorum provided for by law shall govern the notice for, and the conduct of, the General Meetings, unless otherwise provided herein.

11.2. The Board or, as the case may be, the Sole Director, as well as the statutory auditor may convene a general meeting. They shall be obliged to convene it so that it is held within a period of one month, if shareholders representing one-tenth of the capital require it in writing, with an indication of the agenda. One or more shareholders representing at least one tenth of the subscribed capital may require the entry of one or more items on the agenda of any General Meeting. This request must be addressed to the Company at least 5 (five) days before the relevant General Meeting.

11.3. Notices for general meetings shall be given in accordance with provisions laid-down by law, and by advertisement in such media as selected by the Board and:

a) by e-mail to shareholders who have indicated in the share register an e-mail address, sent not later than twenty one (21) days before the date set for the meeting. Notices hereunder shall be deemed given when the e-mail was sent; or

b) by mail, postage prepaid, to all shareholders, sent to the address recorded in the share register, and posted not later than twenty one (21) days before the date set for the meeting. Notices hereunder shall be deemed to be given when deposited in the mail as aforesaid.

Notices for a second meeting for lack of quorum at a first meeting and the related record date will be as determined by law.

If all the shares are in registered form, the convening notices may be made by registered letters only and be sent at least eight days before the meeting.

11.4. Each share is entitled to one vote. Written proxies for any general meeting of shareholders shall be deposited with the Company at its registered office or with any director or to any agent appointed to gather the proxies at least two (2) days before the date set for the meeting, unless the Company determines a shorter period. Proxies so deposited will remain valid and will be used at any postponed meeting for lack of quorum or pursuant to a resolution of the Board unless specifically revoked in writing before the date of such postponed meeting.

11.5. Except as otherwise required by law or by these Articles, resolutions at a duly convened General Meeting will be passed by a simple majority of those present or represented and voting.

11.6. If all the shareholders of the Company are present or represented at a General Meeting, and consider themselves as being duly convened and informed of the agenda of the meeting, the meeting may be held without prior notice.

11.7. General meetings shall be chaired by the chairman of the Board (or, in his absence, by a director or other person appointed by the Board) who shall designate the other members composing the bureau. The minutes of the General Meeting will be signed by the members of the bureau of the General Meeting.

11.8. However, in case decisions of the General Meeting have to be certified, copies or extracts for use in court or elsewhere must be signed by the chairman of the Board.”

For: [●]

Against: [●]

Abstention: [●]

The resolution was thus adopted.

FIFTH RESOLUTION: the meeting resolved to confirm the power granted to the board of directors at the extraordinary general meeting of the shareholders held on 10 December 2010 so that each member of the board of directors of the Company may delete the provisions of article 8 of the articles of association of the Company in the

case and when the Company becomes subject to mandatory take-over provisions as a consequence of a listing on a stock exchange/regulated market in accordance with current provisions of article 8.19.2. of the articles of association of the Company. Each director of the Company is therefore empowered to appear before a Luxembourg notary public in order to proceed with the deletion of the provisions of the current article 8 (or the article having these provisions in case it is renumbered) at any time when the conditions stated above is fulfilled and cause the issuance of renumbered coordinated articles of association of the Company, under his sole signature.

For: [●]

Against: [●]

Abstention: [●]

The resolution was thus adopted.

SIXTH RESOLUTION: the meeting resolved to approve and confirm the Company's equity incentive plan adopted on 26 November 2010 by the board of directors of the Company, with effective date as at 26 November 2010.

For: [●]

Against: [●]

Abstention: [●]

The resolution was thus adopted.

SEVENTH RESOLUTION: the meeting resolved to confirm the appointment and the duration of the appointment of PricewaterhouseCoopers S.à r.l. as statutory auditor (*commissaire aux comptes*), as of 28 May 2010 and for a duration of 5 years, i.e. until the annual general meeting to be held in 2015.

For: [●]

Against: [●]

Abstention: [●]

The resolution was thus adopted.

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Schedule (ii)

Prospector Offshore Drilling's equity incentive plan

PROSPECTOR OFFSHORE DRILLING S.A.
2010 EQUITY INCENTIVE PLAN

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ARTICLE I

ESTABLISHMENT, PURPOSE AND DURATION

1.1 **Establishment.** The Company hereby establishes an incentive compensation plan, to be known as the "*Prospector Offshore Drilling S.A. 2010 Equity Incentive Plan*", as set forth in this document. The Plan permits the grant of Options. Subject to approval by the Company's shareholders, the Plan will become effective as of November 26, 2010 (the "*Effective Date*").

1.2 **Purpose of the Plan.** The Plan is intended to advance the best interests of the Company, its Affiliates and its shareholders by providing those Persons who have substantial responsibility for the management and growth of the Company and its Affiliates with additional performance incentives and an opportunity to obtain or increase their proprietary interest in the Company, thereby encouraging them to continue in their employment or service relationship with the Company or its Affiliates.

1.3 **Duration of Plan and Options.** Unless sooner terminated as provided herein, the Plan shall terminate five (5) years from the Effective Date. After the Plan is terminated, no Options may be granted but Options granted prior to the Plan's termination shall remain outstanding in accordance with their applicable terms and conditions and the Plan's terms and conditions.

ARTICLE II

DEFINITIONS

The words and phrases defined in this Article shall have the meaning set out below throughout the Plan, unless the context in which any such word or phrase appears reasonably requires a broader, narrower or different meaning.

2.1 "*AAA*" shall have the meaning set forth in Section 9.17.

2.2 "*AAA Rules*" shall have the meaning set forth in Section 9.17.

2.3 "*Achievement of Take-Out Financing*" means the date on which the Company executes a binding commitment received from and executed by one or more financial institutions for the provision of financing in such an amount that when combined with the Company's cash as set forth in the Company's balance sheet as of the last day of the calendar month immediately preceding such date (as adjusted to reflect the Company's estimated future cash receipts and expenditures as set forth in the Company's regularly-scheduled cash projections as of the last day of the calendar month immediately preceding such date for the period from and after such last day of such calendar month through the then-estimated Dates of Delivery (as defined in each Construction Contract)) would be sufficient for the payment in full of both Final Installments (as defined in each Construction Contract).

2.4 "*Affiliate*" means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "*control*" when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "*controlling*" and "*controlled*" have meanings correlative to the foregoing.

2.5 "*Aggregate Limit*" shall have the meaning set forth in Section 4.2(a).

2.6 "**Board**" means the board of directors of the Company.

2.7 "**Cause**" means, except as otherwise provided in the Holder's employment agreement, if any, a determination in good faith by the Board of Directors of the Employer that the Holder:

(a) has engaged in gross negligence, gross incompetence or willful misconduct in the performance of his duties with respect to the Employer or any of its Affiliates that is materially injurious to the Employer or any of its Affiliates;

(b) has refused without proper legal reason to perform his duties and responsibilities to the Employer or any of its Affiliates after a written demand for substantial performance is delivered to the Executive by the Board of Directors of the Employer which specifically identifies the manner in which the Board believes the Executive has not substantially performed his duties and responsibilities;

(c) prior to a Change of Control has refused (i) to relocate to any worldwide location required to conduct the Employer's or Affiliates business or (ii) to accommodate any change in the Holder's position, duties, title, office and reporting requirements;

(d) has materially breached any provision of the Holder's employment agreement, if any, including but not limited to any confidentiality, non-solicitation or non-competition provisions, or any written agreement or corporate policy or code of conduct applicable to executives generally that is established by the Employer or any of its Affiliates (and as amended from time to time);

(e) has engaged in conduct that is materially injurious to the Employer or any of its Affiliates;

(f) has committed an act of theft, fraud, embezzlement, misappropriation or a willful breach of a fiduciary duty to the Employer or any of its Affiliates; or

(g) has been convicted of (or pleaded no contest to or guilty of) a crime involving fraud, dishonesty or moral turpitude or any felony (or a crime of similar import in a foreign jurisdiction);

(h) *provided, however*, that the unwillingness of the Executive to accept an act that would constitute Good Reason or any other action by or at request of the Employer that is contrary to his employment agreement, if any, may not be considered by the Board of Directors of the Employer to be a failure to perform or misconduct by the Holder.

2.8 "**Change of Control**" means:

(a) the acquisition by or disposition to one Person or group of Persons acting together of at least 50% of the outstanding Stock or other voting securities of the Company; or

(b) the transfer of assets of the Company constituting 50% or more of the total gross fair market value of all of the assets of the Company to one Person or group of Persons acting together (other than in connection with any sale-leaseback or other similar equipment financing transaction approved by the Board).

2.9 "**Change of Control of the Company Value**" means the amount determined in the following clauses (i), (ii) or (iii), whichever is applicable, as follows: (i) the per share price of the Stock offered to shareholders of the Company in any merger, consolidation, reorganization, sale of assets, or dissolution

transaction, (ii) the per share price of the Stock offered to shareholders of the Company in any tender offer or exchange offer whereby a Change of Control takes place or (iii) if such Change of Control occurs other than pursuant to a tender or exchange offer, the Fair Market Value per share of the shares in which the Options being surrendered in accordance with Section 6.1(c) are exercisable, as determined by the Board as of the date determined by the Board to be the date of cancellation and surrender of such Options. In the event that the consideration offered to shareholders of the Company in any transaction consists of anything other than cash, the Board shall determine the fair cash equivalent of the portion of the consideration offered which is other than cash.

2.10 "**Code**" means the U.S. Internal Revenue Code of 1986, as amended from time to time.

2.11 "**Company**" means Prospector Offshore Drilling S.A., a Luxembourg public limited liability company incorporated under the laws of Luxembourg, having its registered office at 6, rue Philippe II, L-2340 Luxembourg, Grand-Duchy of Luxembourg and registered with the Luxembourg Register of Commerce under number B 153.772, or any successor (by reincorporation, merger or otherwise).

2.12 "**Construction Contracts**" shall mean those two certain Construction Contracts each dated June 19, 2010, between Prospector Offshore Drilling (Cayman) Ltd., a Cayman Islands company and an indirectly wholly-owned subsidiary of the Company (the "**Owner**" as defined in each Construction Contract) and Dalian Shipbuilding Industry Offshore Co. Ltd., each as amended pursuant to that certain Amendment Agreement to Construction Contract dated August 24, 2010, and that certain Amendment No. Two to Construction Contract dated November 17, 2010, and as each such Construction Contract subsequently may be amended from time to time thereafter in accordance with the respective terms thereof, each regarding the construction by the Builder (as defined in each Construction Contract) for the Owner of a jack-up drilling rig and the delivery of such rig to the Owner.

2.13 "**Corporate Change**" shall have the meaning set forth in Section 4.4(c).

2.14 "**Delivery of Both Rigs**" means the date on which the Delivery (as defined in each Construction Contract) of each jack-up drilling rig described in the Construction Contracts has occurred; provided, however, that such date occurs on or before May 31, 2013; and provided further, however, that such May 31, 2013, date shall be extended for a period of time that is equal to (i) any delay in the Delivery of Both Rigs that is attributable to any delays not subject to the control or influence of the Owner (as defined in each Construction Contract) and (ii) the period of time pursuant to which the Contract Delivery Date (as defined in each Construction Contract) is extended by the Owner pursuant to Section 9.6 of each Construction Contract.

2.15 "**Disability**" shall mean a physical or mental incapacity or disability which renders the Holder unable to render the services required under his employment status or employment agreement, if any, (a) for one hundred twenty (120) days in any twelve (12)-month period or (b) for a period of ninety (90) consecutive days.

2.16 "**Dispute**" shall have the meaning set forth in Section 9.17.

2.17 "**Effective Date**" shall have the meaning set forth in Section 1.1.

2.18 "**Employer**" means the Company or, if the Company is not the employer of the Holder, the Affiliate of the Company that is the employer of the Holder, or, in any such case, any successor (by reincorporation, merger or otherwise).

2.19 "**EUR**" means the European Union composite monetary unit.

2.20 "**Fair Market Value**" of the Stock as of any particular date means: (1) if the Stock is traded on a securities exchange, the closing sale price of the Stock on the trading date immediately preceding that date as reported on the principal securities exchange on which the Stock is traded; (2) if the Stock is traded in an over-the-counter market, the average between the high bid and low asked price on the trading date immediately preceding that date as reported in such over-the-counter market; or (3) if shares of the Stock are issued in a Private Placement and the date of grant of an Option is the date on which the Private Placement is closed, the price at which a share of Stock is issued in the Private Placement; provided that (a) if the Stock is not traded as set forth in clauses (1) or (2) above, (b) if the Stock is traded as set forth in clauses (1) or (2) above, however, no closing price or bid and asked prices for the Stock were so reported on the immediately-preceding date, or (c) if, in the discretion of the Board, another means of determining the fair market value of a share of Stock at such date shall be necessary or advisable, the Board may provide for another method or means for determining such fair market value, which method or means shall comply with the requirements of a reasonable valuation method as described under Section 409A.

2.21 "**Fiscal Year**" means the calendar year.

2.22 "**Founding Shareholders**" means Michael F. D. Cadigan, Steven A. Manz, Anirudha Pangarkar, Michael F. Pope and Robert W. Rose.

2.23 "**Good Reason**" means, except as otherwise provided in the Holder's employment agreement, if any, or in connection with the Holder's Separation from Service as a result of his death or Permanent Disability or by the Employer with Cause:

(a) following a Change of Control, any material negative change in the Holder's position, duties, responsibilities, titles or offices, reporting requirements with or within the Employer or its Affiliates as contemplated by his employment agreement, if any, other than changes to which the Holder consents;

(b) any material reduction of the Holder's base salary by the Employer without the Holder's consent;

(c) any failure by the Employer to continue to provide the Holder any benefit plan, bonus, compensation, rights to options, or alternative plans, incentives, benefits and compensation which are in the aggregate materially comparable to those which the Holder was entitled to participate in immediately prior to the failure (except in the event such reduction applies uniformly to all senior executives of the Employer); or

(d) a material breach by the Employer of the Holder's employment agreement, if any.

2.24 "**Holder**" means a Founding Shareholder who has been granted an Option and is entitled to receive shares of Stock under an Option.

2.25 "**Minimum Statutory Tax Withholding Obligation**" means, with respect to an Option, the amount the Company or an Affiliate is required to withhold for federal, state, local and foreign taxes based upon the applicable minimum statutory withholding rates required by the relevant tax authorities

2.26 "**Option**" means, individually or collectively, a grant under the Plan of nonqualified stock options which are not intended to meet the requirements of an incentive stock option as described in section 422 of the Code, subject to the terms and provisions of the Plan.

2.27 "*Option Agreement*" means an agreement that sets forth the terms and conditions applicable to an Option granted under the Plan.

2.28 "*Option Price*" shall have the meaning set forth in Section 5.2.

2.29 "*Person*" means any individual, partnership, limited liability company, limited liability partnership, corporation, association, joint stock company, trust, joint venture, unincorporated organization or governmental entity (or any department, agency or political subdivision thereof).

2.30 "*Plan*" means the Prospector Offshore Drilling S.A. 2010 Equity Incentive Plan, as set forth in this document as it may be amended from time to time.

2.31 "*Private Placement*" means an equity financing transaction of the Company in which shares of Stock are sold to selected private investors in a transaction not registered under the U.S. Securities Act of 1933.

2.32 "*Section 409A*" means section 409A of the Code and U.S. Department of Treasury rules and regulations issued thereunder.

2.33 "*Separation from Service*" means the termination of the Holder's employment or service relationship with the Employer as determined under Section 409A.

2.34 "*Share Price Appreciation*" means (1) if the Stock then is traded on a securities exchange or in an over-the-counter market, the appreciation in value of a share of Stock calculated on a rolling basis as equal to the VWAP relative to the Option Price of the Option, that is, for example, if the Option Price related to such Option grant is equivalent to \$2.00 per share, fifty percent (50%) Share Price Appreciation would mean a VWAP equivalent to \$3.00 and one hundred percent (100%) Share Price Appreciation would mean a VWAP equivalent to \$4.00, or (2) if the Stock then is not traded on a securities exchange or in an over-the-counter market, such appreciation in value as shall be determined by the Board.

2.35 "*Share Price Appreciation Excess*" shall have the meaning set forth in Section 4.8.

2.36 "*Stock*" means the ordinary shares of share capital of the Company, nominal value EUR 0.01 per share (or such other nominal value as may be designated by act of the Company's shareholders).

2.37 "*U.S.*" means the United States of America.

2.38 "*USD*" or "*\$*" means the United States dollar.

2.39 "*VWAP*" means volume-weighted average price per share (as converted at the then applicable exchange rate into the currency in which the applicable Option Price is established), which is the ratio of the Fair Market Value of a share of Stock on the principal securities exchange on which the Stock is traded to the total volume of the shares of Stock traded on such exchange over the ten (10) trading days immediately preceding, but not including, the determination date.

ARTICLE III

ELIGIBILITY

The Persons who are eligible to receive Options under the Plan are the Founding Shareholders.

ARTICLE IV

GENERAL PROVISIONS

4.1 **Authority to Grant Options.** Subject to the terms and provisions of the Plan, the Board may grant Options to the Founding Shareholders as the Board shall from time to time determine.

4.2 **Dedicated Shares.**

(a) *Number of Shares of Stock Dedicated under the Plan for Options.* The aggregate maximum number of shares of Stock with respect to which Options may be granted under the Plan is 7,000,000 (the "*Aggregate Limit*").

(b) *Share Usage.* The Aggregate Limit shall be subject to adjustment in accordance with the provisions of Section 4.4. If shares of Stock are withheld from payment of an Option to satisfy tax obligations with respect to the Option, such shares of Stock will count against the Aggregate Limit. If shares of Stock are tendered in payment of an Option Price of an Option, such shares of Stock will not be added to the Aggregate Limit. To the extent that any outstanding Option is forfeited or cancelled for any reason or is settled in cash in lieu of shares of Stock, the shares of Stock allocable to such portion of the Option may again be subject to an Option granted under the Plan.

4.3 **Requirements of Law and Articles of Association.**

(a) *Law.* The Company shall not be required to sell or issue any shares of Stock under any Option if issuing those shares of Stock would constitute or result in a violation by the Holder or the Company of any provision of any law, statute, or regulation of any governmental authority. Regarding any applicable statute or regulation relating to the registration of securities or exemptions therefrom, upon exercise of any Option, the Company shall not be required to issue any shares of Stock unless the Board has received evidence satisfactory to it that the Holder will not transfer the shares of Stock except in accordance with applicable law, including receipt of an opinion of counsel satisfactory to the Company to the effect that any proposed transfer complies with applicable law. The determination by the Board on this matter shall be final, binding and conclusive. The Company may, but shall in no event be obligated to, register any shares of Stock covered by the Plan pursuant to applicable securities laws of any country or any political subdivision. In the event the shares of Stock issuable on exercise of an Option are not registered, the Company may imprint on any certificate evidencing the shares of Stock any legend that counsel for the Company considers necessary or advisable to comply with applicable law, or, should the shares of Stock be represented by book or electronic entry rather than a certificate, the Company may take such steps to restrict transfer of the shares of Stock as counsel for the Company considers necessary or advisable to comply with applicable law. The Company shall not be obligated to take any other affirmative action in order to cause or enable the exercise of an Option, or the issuance of shares of Stock pursuant thereto, to comply with any law or regulation of any governmental authority.

(b) *Articles of Association-Foreign Private Issuer.* No share of Stock will be issuable upon exercise of an Option, no share of Stock or other equity securities will be issuable under Section 4.7 and no share of Stock or other equity securities of the Company will be issuable otherwise under this Plan or any Option where such issuance would, in the opinion of the Board, be likely to result in shares of the Company to which are attached 50 per cent or more of the votes attached to all issued shares of the Company for the election of directors being held or owned directly or indirectly by persons resident in the U.S., or, alternatively, the Company otherwise not being deemed a Foreign Private Issuer as such term is defined pursuant to U.S. securities legislation. For this purpose, issued shares shall be deemed to include

all then-issued shares and all shares issuable upon the exercise, conversion or exchange of, or otherwise in respect of, all then-issued or then-existing options, warrants or other securities, or other rights, without regard to any vesting or other requirements or conditions for share issuance under any such option, warrant or other security, or other right.

(c) *Articles of Association-NOKUS.* No share of Stock will be issuable upon exercise of an Option, no share of Stock or other equity securities will be issuable under Section 4.7 and no share of Stock or other equity securities of the Company will be issuable otherwise under this Plan or any Option where such issuance would, in the opinion of the Board, be likely to result in 50 per cent or more of the share capital of the Company being held, controlled or owned, directly or indirectly, by Persons resident for tax purposes in the Kingdom of Norway or, alternatively, connected to a Norwegian business activity.

4.4 Changes in the Company's Capital Structure.

(a) *Corporate Actions not Impaired.* The existence of outstanding Options shall not affect in any way the right or power of the Company or its shareholders to make or authorize any or all adjustments, recapitalizations, reorganizations or other changes in the Company's capital structure or its business, any merger or consolidation of the Company, any issue of bonds, debentures, preferred or prior preference shares ahead of or affecting the Stock or Stock rights, the dissolution or liquidation of the Company, any sale or transfer of all or any part of the Company's assets or business or any other corporate act or proceeding, whether of a similar character or otherwise.

(b) *Certain Capital Stock Changes.* If the Company shall effect a subdivision or consolidation of Stock or other capital readjustment, the payment of a Stock dividend, or other increase or reduction of the number of shares of Stock outstanding, without receiving compensation therefor in money, services or property, then (1) the number, class or series and per share price of Stock subject to outstanding Options under the Plan shall be appropriately adjusted in such a manner as to entitle a Holder to receive upon exercise of an Option, for the same aggregate cash consideration, the equivalent total number and class or series of Stock the Holder would have received had the Holder exercised his or her Option in full immediately prior to the event requiring the adjustment, and (2) the number and class or series of shares of capital Stock of the Company then reserved to be issued under the Plan shall be adjusted by substituting for the total number and class or series of shares of capital Stock of the Company then reserved, that number and class or series of shares of capital stock of the Company that would have been received by the owner of an equal number of outstanding shares of Stock as the result of the event requiring the adjustment.

(c) *Corporate Change.* Except as otherwise set forth herein, if while unexercised Options remain outstanding under the Plan (1) the Company shall not be the surviving entity in any merger, consolidation or other reorganization (or survives only as a subsidiary of an entity other than an entity that was wholly-owned by the Company immediately prior to such merger, consolidation or other reorganization), (2) the Company sells, leases or exchanges or agrees to sell, lease or exchange all or substantially all of its assets to any other Person (other than an entity wholly-owned by the Company), other than in connection with any sale-leaseback or other similar equipment financing transaction approved by the Board, (3) the Company is to be dissolved or (4) the Company is a party to any other corporate transaction (as defined under section 424(a) of the Code and applicable U.S. Department of Treasury regulations) that is not described in clauses (1), (2) or (3) of this sentence (each such event is referred to herein as a "Corporate Change"), then all of the Options then outstanding shall be immediately vested so that such Options may be exercised in full for a limited period of time on or before a specified date (before or after such Corporate Change) fixed by the Board, after which specified date all such Options that remain unexercised and all rights of Holders thereunder shall terminate or the Holder of

an Option then outstanding (irrespective of whether such Options are then exercisable under the provisions of the Plan) may, as of a date, before or after such Corporate Change, specified by the Board, surrender all or part of such Option in which event the Board shall thereupon cancel such Option and the Company shall pay to each such Holder an amount of cash per share equal to the excess, if any, of the per share price offered to shareholders of the Company in connection with such Corporate Change over the Option Price under such Option for such shares.

(d) *Board Determinations.* Except as otherwise set forth herein, in the event of changes in the outstanding Stock by reason of recapitalizations, reorganizations, mergers, consolidations, combinations, exchanges or other relevant changes in capitalization occurring after the date of the grant of any Option and not otherwise provided for by this Section 4.4, any outstanding Option and any Option Agreement evidencing such Option shall be subject to adjustment by the Board in its sole and absolute discretion as to the number and price of shares of Stock or other consideration subject to such Option. In the event of any such change in the outstanding Stock, the aggregate number of shares of Stock available under the Plan may be appropriately adjusted by the Board, whose determination shall be conclusive.

(e) *Future Equity Securities Issuances.* The issuance by the Company of shares of stock of any class or series, or securities convertible into, or exchangeable for, shares of stock of any class or series, for cash or property, or for labor or services either upon direct sale or upon the exercise of rights or warrants to subscribe for them, or upon conversion or exchange of shares of stock or obligations of the Company convertible into, or exchangeable for, shares of stock or other securities, shall not affect, and no adjustment by reason of such issuance shall be made with respect to, the number, class or series, or price of shares of Stock then subject to outstanding Options.

(f) *Nature of Adjustments.* Any adjustment effected by the Board under Section 4.4 shall be designed to provide the Holder with the intrinsic value of his or her Option, as determined prior to the Corporate Change or other event, or, if applicable, to equalize the Fair Market Value of the Option before and after the Corporate Change or other event.

4.5 **Forfeiture for Cause.** If a Holder's employment with the Employer is terminated for Cause, then as of the date of such termination any Options awarded to the Holder that have not been exercised by the Holder (regardless of whether vested or unvested) will be forfeited to the Company.

4.6 **Rights as Stockholder.** A Holder shall not have any rights as a stockholder with respect to Stock covered by an Option until the date, if any, such Stock is issued by the Company and, except as otherwise provided in Section 4.4, no adjustment for dividends, or otherwise, shall be made if the record date therefor is prior to the date of issuance of such Stock.

4.7 **Preferential Stock Issuances Equivalent Rights.** Notwithstanding any other provision herein, if during the period during which a Holder holds any Option the Company provides shareholders then holding Stock the right to acquire additional shares of Stock or other equity securities of the Company on a preferential basis, the Company shall provide the Holder a right equivalent to such preferential right (for this purpose, treating the Holder as if the Holder then held the number of shares of Stock then subject to the Holder's Option, regardless of whether vested or unvested).

4.8 **Equivalent Dividends or other Distributions.** Notwithstanding any other provision herein, if during the period during which a Holder holds any Option the Company pays a cash dividend or distributes any other assets to shareholders then holding Stock, to the extent such dividends or distributions in total (and accumulated from and after the date the Option is granted in the event of successive dividends or distributions) exceed the aggregate amount paid by the then-current shareholders of the Company for the purchase of their

shares of the share capital of the Company (the "*Share Price Appreciation Excess*"), the Company shall pay or distribute, as the case may be, to the Holder a cash amount or an amount of assets per share equivalent to such Holder's pro rata portion of such Share Price Appreciation Excess (for this purpose, treating the Holder as if the Holder then held the number of shares of Stock then subject to the Holder's Option, regardless of vested, unvested or unexercised). For the sake of clarity, payments or distributions of any Share Price Appreciation Excess amounts shall not affect the vesting or any other term of the Holder's Options.

4.9 Issuance of Shares of Stock. Shares of Stock, when and if issued, may be represented by a certificate or by book or electronic entry.

4.10 Date of Grant. The date on which an Option is granted shall be the date the Company completes the corporate action constituting an offer of stock for sale to a Holder under the terms and conditions of the Option; provided that such corporate action shall not be considered complete until the date on which the maximum number of shares that can be purchased under the Option and the minimum Option Price are fixed or determinable. If the corporate action contemplates an immediate offer of Stock for sale to a class of individuals, then the date of the granting of an Option is the time or date of that corporate action, if the offer is to be made immediately. If the corporate action contemplates a particular date on which the offer is to be made, then the date of grant is the contemplated date of the offer.

4.11 Amendments of Option Agreements. The terms of any outstanding Option under the Plan may be amended from time to time by the Board in its discretion in any manner that it deems appropriate and that is consistent with the terms of the Plan. However, no such amendment shall adversely affect in a material manner any right of a Holder without his or her written consent. Except as specified in Section 4.4(b), the Board may not directly or indirectly lower the Option Price of a previously granted Option.

ARTICLE V

SPECIFIC PROVISIONS

5.1 Option Agreement. Each Option grant under the Plan shall be evidenced by a written Option Agreement that shall specify, subject to the terms and conditions of the Plan, (a) the Option Price, (b) the duration of the Option, (c) the number of shares of Stock to which the Option pertains and (d) the exercise restrictions, if any, applicable to the Option. The Option Agreement may contain any other provisions that the Board in its discretion shall deem advisable which are not inconsistent with the terms and provisions of the Plan. The Option Agreement shall be signed by the Board and by the Holder.

5.2 Option Price. The price at which shares of Stock may be purchased under an Option (the "*Option Price*") shall not be less than one hundred percent (100%) of the Fair Market Value of the shares of Stock on the date the Option is granted. Subject to the limitations set forth in this Section 5.2, the Board shall determine the Option Price for each grant of an Option under the Plan.

5.3 Duration of Option. An Option shall not be exercisable after the earlier of (i) the third (3rd) anniversary of the Delivery of Both Rigs, (ii) the period of time specified in Section 5.4(c) that follows the Holder's Separation from Service or (iii) the seventh (7th) anniversary of the date the Option is granted.

5.4 Amount Exercisable. Each Option shall vest and be exercisable as set forth in the following table and as otherwise set forth in this Section 5.4:

Tranche		Condition A Milestone	Condition B Milestone
1	1/8 th	Achievement of Take-Out Financing	50% Share Price Appreciation
2	1/8 th	Achievement of Take-Out Financing	100% Share Price Appreciation
3	3/8 th	Delivery of Both Rigs	50% Share Price Appreciation
4	3/8 th	Delivery of Both Rigs	100% Share Price Appreciation

(a) *Vesting and Exercisability:*

(i) One-eighth (1/8) of the shares of Stock granted under an Option (subject to rounding to such number of whole shares as nearly equivalent as possible to such amount as shall be determined by the Board and set forth in the Option Agreement) shall be exercisable upon the satisfaction of both the Condition A Milestone of the Achievement of Take-Out Financing and the Condition B Milestone of the attainment at any time of a fifty percent (50%) Share Price Appreciation;

(ii) one-eighth (1/8) of the shares of Stock granted under an Option (subject to rounding to such number of whole shares as nearly equivalent as possible to such amount as shall be determined by the Board and set forth in the Option Agreement) shall be exercisable upon the satisfaction of both the Condition A Milestone of the Achievement of Take-Out Financing and the Condition B Milestone of the attainment at any time of a one hundred percent (100%) Share Price Appreciation;

(iii) three-eighths (3/8) of the shares of Stock granted under an Option (subject to rounding to such number of whole shares as nearly equivalent as possible to such amount as shall be determined by the Board and set forth in the Option Agreement) shall be exercisable upon the satisfaction of both the Condition A Milestone of the Delivery of Both Rigs and the Condition B Milestone of the attainment at any time of a fifty percent (50%) Share Price Appreciation; and

(iv) three-eighths (3/8) of the shares of Stock granted under an Option (subject to rounding to such number of whole shares as nearly equivalent as possible to such amount as shall be determined by the Board and set forth in the Option Agreement) shall be exercisable upon the satisfaction of both the Condition A Milestone of the Delivery of Both Rigs and the Condition B Milestone of the attainment at any time of a one hundred percent (100%) Share Price Appreciation.

(b) *Conditions.* Except with respect to a Change of Control, no portion of an Option granted under the Plan shall be vested or exercisable unless both the Condition A Milestone and the Condition B Milestone set forth in Section 5.4(a) related to such portion have been satisfied. With respect to any portion of an Option for which the Condition A Milestone and the Condition B Milestone set forth in Section 5.4(a) have not been satisfied, such portion shall be cancelled, forfeited and terminated.

(c) *Separation From Service.*

(i) Effective as of a Holder's Separation from Service for any reason other than death, Disability or the Holder's Separation from Service for Cause, the Holder shall cease vesting in his Option and shall have the right, at any time prior to the earlier of the expiration date of the Option or ninety (90) days following the date of the Holder's Separation from Service, to exercise the Option to the extent it was vested at the date of the Holder's Separation from Service. If the Holder should die within such exercise period, the Holder's executor, administrator, or the Person to whom the Option shall be transferred by the Holder's will or the laws of descent and distribution shall have the right, at any time prior to the earlier of the expiration date or 90 days following the date of the Holder's Separation from Service, to exercise the Option to the extent it was vested at the date of the Holder's Separation from Service.

(ii) Upon the death of the Holder while in the employ of the Employer, the Holder shall cease vesting in his Option and his or her executors, administrators or any Person or Persons to whom his Option may be transferred by will or by the laws of descent and distribution, shall have the right, at any time prior to the earlier of the expiration date or one (1) year following the date of the Holder's death, to exercise the Option to the extent it was vested at the date of death.

(iii) Upon the Holder's Separation from Service due to a Disability, the Holder shall cease vesting in his Option and he shall have the right, at any time prior to the earlier of the expiration date of the Option or one (1) year following the date of Separation from Service of the Holder due to a Disability, to exercise the Option to the extent it was vested at the date of the Holder's Separation from Service for Disability. If the Holder should die within such exercise period, the Holder's executor, administrator, or the Person to whom the Option shall be transferred by the Holder's will or the laws of descent and distribution shall have the right, at any time prior to the earlier of the expiration date of the Option or one (1) year following the date of the Holder's Separation from Service, to exercise the Option to the extent it was vested at the date of the Holder's Separation from Service.

5.5 *Exercise of Option.*

(a) *General Method of Exercise.* Subject to the terms and provisions of the Plan and the applicable Option Agreement, Options may be exercised for whole shares in whole or in part from time to time by the delivery of written notice in the manner designated by the Board stating (1) that the Holder wishes to exercise such Option on the date such notice is so delivered, (2) the number of shares of Stock with respect to which the Option is to be exercised, and (3) the address to which a stock certificate, if any, representing such shares of Stock should be mailed. Except in the case of exercise by a third-party broker as provided below, in order for the notice to be effective, the notice must be accompanied by payment of the Option Price by any combination of the following: (a) cash, certified check, bank draft, or postal or express money order for an amount equal to the Option Price under the Option, (b) an election to make a cashless exercise through a registered broker-dealer (if approved in advance by the Board), or (c) any other form of payment which is acceptable to the Board.

(b) *Exercise Through Third-Party Broker.* The Board may permit a Holder to elect to pay the Option Price and any applicable tax withholding resulting from such exercise by authorizing a third-party broker to sell all or a portion of the shares of Stock acquired upon exercise of the Option and remit to the Company a sufficient portion of the sale proceeds to pay the Option Price and any applicable tax withholding resulting from such exercise.

(c) *Cashless Exercise.* Upon exercise, the Holder may request, and the Board may in its sole discretion permit, that the Options be exercised on a cashless or net settlement basis under which the Holder shall receive all or a portion of the shares of Stock issuable under the Options in cash without the requirement of the actual payment of the Option Price.

5.6 *Non-Transferability.* Except as specified in the applicable Option Agreement or in domestic relations court orders, an Option shall not be transferable by the Holder other than by will or under the laws of descent and distribution, and shall be exercisable, during the Holder's lifetime, only by him or her. Any attempted assignment of an Option in violation of this Section 5.6 shall be null and void. In the discretion of the Board, any attempt to transfer an Option other than under the terms of the Plan and under the applicable Option Agreement may terminate the Option.

ARTICLE VI

CHANGE OF CONTROL OF THE COMPANY

6.1 Change of Control of the Company.

(a) *Acceleration.* Upon the occurrence of a Change of Control, unless otherwise specifically prohibited under applicable laws or by the rules and regulations of any governing governmental agencies or securities exchanges, and subject to Section 6.1(b), any and all Options granted hereunder shall become immediately vested so that such Options may be exercised in full for a limited period of time on or before a specified date (before or after such Change of Control) fixed by the Board, after which specified date all such Options that remain unexercised and all rights of Holders thereunder shall terminate, provided, however, that in respect of any such exercise, to the extent legally permissible, the Board shall permit the Holder to exercise the Holder's Options in accordance with Sections 5.5(b) and (c).

(b) *Asset Transfers.* In case of a Change of Control under Section 2.8(b), a Holder's Options shall become immediately vested on a pro rata basis based on the total gross fair market value of the assets of the Company transferred compared to the total gross fair market value of the assets of the Company immediately prior to the transfer, that is, for example, if 60% of the total gross fair market value of the assets of the Company are transferred, 60% of the shares subject to an Option shall become exercisable and 40% of the shares subject to an Option shall remain unvested).

(c) *Surrender.* Subject to the acceleration of vesting of outstanding Options, in the event of a Change of Control, the Holder may request, and the Board may in its sole discretion permit, each Holder of a then-outstanding Option to surrender to the Company some or all of the outstanding Options held by such Holder as of a date, before or after such Change in Control of the Company, specified by the Board, in which event the Board shall thereupon cancel such Options and the Company shall pay to each such Holder an amount of cash per share of Stock equal to the excess, if any of the Change of Control of the Company Value of the shares of Stock subject to such Option over the Option Price under such Options for such shares of Stock.

ARTICLE VII

ADMINISTRATION

7.1 *The Board and its Authority.* The Plan shall be administered by the Board. The Board shall have full and exclusive power and authority to administer the Plan and to take all actions that the Plan expressly

contemplates or are necessary or appropriate in connection with the administration of the Plan with respect to Options granted under the Plan.

The Board shall have full and exclusive power to interpret and apply the terms and provisions of the Plan and Options made under the Plan, and to adopt such rules, regulations, and guidelines for implementing the Plan as the Board may deem necessary or proper, all of which powers shall be exercised in the best interests of the Company and in keeping with the objectives of the Plan.

In carrying out its authority under the Plan, the Board shall have full and final authority and discretion, including but not limited to the following rights, powers, and authorities to: (a) determine the Persons to whom and the time or times at which Options will be made; (b) determine the number and Option Price of shares of Stock covered in each Option subject to the terms and provisions of the Plan; (c) determine the terms, provisions, and conditions of each Option, which need not be identical and need not match the default terms set forth in the Plan; (d) accelerate the time at which any outstanding Option will vest; (e) prescribe, amend, and rescind rules and regulations relating to administration of the Plan; and (f) make all other determinations and take all other actions deemed necessary, appropriate, or advisable for the proper administration of the Plan.

The Board may correct any defect or supply any omission or reconcile any inconsistency in the Plan or in any Option in the manner and to the extent the Board deems necessary or desirable to further the Plan's objectives. Further, the Board shall make all other determinations that may be necessary or advisable for the administration of the Plan. As permitted by law and the terms and provisions of the Plan, the Board may delegate to one or more of its members or to one or more officers of the Company, and/or its Affiliates or to one or more agents or advisors such administrative duties or powers as it may deem advisable, and the Board or any Person to whom it has delegated duties or powers as aforesaid may employ one or more Persons to render advice with respect to any responsibility the Board or such Person may have under the Plan. The Board may employ attorneys, consultants, accountants, agents, and other Persons, any of whom may be an employee of the Company or an Affiliate, and the Board, the Company, and its officers, and the Board shall be entitled to rely upon the advice, opinions, or valuations of any such Persons.

7.2 Decisions Binding. All determinations and decisions made by the Board pursuant to the provisions of the Plan and all related orders and resolutions of the Board shall be final, conclusive, and binding on all Persons, including the Company, its Affiliates, its shareholders, Holders, and the estates and beneficiaries of Holders.

7.3 No Liability. Under no circumstances shall the Company, its Affiliates or the Board incur liability for any indirect, incidental, consequential, or special damages (including lost profits) of any form incurred by any Person, whether or not foreseeable and regardless of the form of the act in which such a claim may be brought, with respect to the Plan or the Company's, its Affiliates' or the Board's roles in connection with the Plan.

ARTICLE VIII

AMENDMENT OR TERMINATION OF PLAN

8.1 Amendment, Modification, Suspension, and Termination. Subject to Section 8.2, the Board may, at any time and from time to time, alter, amend, modify, suspend, or terminate the Plan and any Option Agreement in whole or in part; provided that, without the prior approval of the Company's shareholders and except as provided in Section 4.4, the Board shall not directly or indirectly lower the Option Price of a previously

granted Option, and no amendment of the Plan shall be made without shareholder approval if shareholder approval is required by applicable law or securities exchange or securities trading market rules.

8.2 Options Previously Granted. Notwithstanding any other provision of the Plan to the contrary, no termination, amendment, suspension, or modification of the Plan or an Option Agreement shall adversely affect in any material way any Option previously granted under the Plan, without the written consent of the Holder holding such Option.

ARTICLE IX

MISCELLANEOUS

9.1 Unfunded Plan/No Establishment of a Trust Fund. Holders shall have no right, title, or interest whatsoever in or to any investments that the Company or any of its Affiliates may make to aid in meeting obligations under the Plan. Nothing contained in the Plan, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind, or a fiduciary relationship between the Company and any Holder, beneficiary, legal representative, or any other Person. To the extent that any Person acquires a right to receive payments from the Company under the Plan, such right shall be no greater than the right of an unsecured general creditor of the Company. All payments to be made hereunder shall be paid from the general funds of the Company, and no special or separate fund shall be established and no segregation of assets shall be made to assure payment of such amounts, except as expressly set forth in the Plan. No property shall be set aside nor shall a trust fund of any kind be established to secure the rights of any Holder under the Plan. The Plan is not intended to be subject to the U.S. Employee Retirement Income Security Act of 1974, as amended.

9.2 No Service Obligation. The granting of any Option shall not constitute an employment or service contract, express or implied, nor impose upon the Company or any Affiliate any obligation to employ or continue to employ, or utilize the services of, any Holder. The right of the Company or any Affiliate to terminate the employment or service relationship of any Person shall not be diminished or affected by reason of the fact that an Option has been granted to him or her, and nothing in the Plan or in an Option Agreement shall interfere with or limit in any way the right of the Company or its Affiliates to terminate any Holder's employment or service relationship at any time or for any reason not prohibited by law.

9.3 Tax Withholding. The Company or any Affiliate shall be entitled to deduct from other compensation payable to each Holder any sums required by federal, state, local, or foreign tax law to be withheld with respect to the vesting or exercise of an Option. In the alternative, the Company may require the Holder (or other Person validly exercising the Option) to pay such sums for taxes directly to the Company or any Affiliate in cash or by check within one day after the date of vesting, exercise, or lapse of restrictions. In the discretion of the Board, and with the consent of the Holder, the Company may reduce the number of shares of Stock issued to the Holder upon such Holder's exercise of an Option to satisfy the tax withholding obligations of the Company or an Affiliate; provided that the Fair Market Value of the shares of Stock held back shall not exceed the Company's or the Affiliate's Minimum Statutory Tax Withholding Obligation and the Holder must satisfy the remaining minimum withholding obligation in some other manner permitted under this Section 9.3. The withheld shares of Stock not made available for delivery by the Company shall be retained as treasury shares or will be cancelled, and the Holder's right, title and interest in such shares of Stock shall terminate. The Company shall have no obligation upon vesting or exercise of any Option until the Company or an Affiliate has received payment sufficient to cover the Minimum Statutory Tax Withholding Obligation with respect to that vesting, exercise, or lapse of restrictions. Neither the Company nor any Affiliate shall be obligated to advise a Holder of the existence of the tax or the amount which it will be required to withhold.

9.4 Gender and Number. If the context requires, words of one gender when used in the Plan shall include the other and words used in the singular or plural shall include the other.

9.5 Compliance with Section 409A. Each Option granted under the Plan shall be designed and administered in such a manner that it is either exempt from the application of, or complies with, the requirements of Section 409A. The Plan is intended to meet the requirements of Section 409A and shall be construed and interpreted in accordance with such intent. Each Option granted under the Plan is intended to be a nonstatutory stock option not providing for the deferral of compensation within the meaning of Treasury Regulation § 1.409A-1(b)(5)(i)(A) that is exempt from the requirements of Section 409A and shall be construed and interpreted in accordance with such intent. To the extent that an Option or payment, or the settlement or deferral thereof is determined to be subject to Section 409A, the Option shall be granted, paid, settled, or deferred in a manner that will meet the requirements of Section 409A such that the grant, payment, settlement, or deferral shall not be subject to the additional tax or interest applicable under Section 409A. If any payment or benefit cannot be provided or made at the time specified herein without incurring additional taxation under Section 409A of the Code, then such benefit or payment shall be provided in full at the earliest time thereafter when such sanctions will not be imposed.

Notwithstanding anything herein to the contrary, if a payment hereunder is determined to be subject to Section 409A the following rules shall apply: (1) if a Holder of an Option providing such payment constitutes a "specified employee" within the meaning of Section 409A, then any payments that such Holder would otherwise be entitled to during the first six (6) months following the Holder's Separation from Service shall be accumulated and paid on the date that is six (6) months after the Holder's Separation from Service (or if such payment date does not fall on a business day of the Company, the next following business day of the Company); or such earlier date upon which such amount can be paid under Section 409A without being subject to such additional taxes and interest; and (2) any such payment that is otherwise accelerated under Section 6.1 in connection with a Change of Control that does not comply with the definition of a "change of control" for purposes of a distribution under Section 409A shall be delayed until the earliest time that such payment would be permissible under Section 409A.

9.6 Severability. In the event any provision of the Plan shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included.

9.7 Headings. Headings of Articles and Sections are included for convenience of reference only and do not constitute part of the Plan and shall not be used in construing the terms and provisions of the Plan.

9.8 Other Compensation Plans. The adoption of the Plan shall not affect any other option, incentive or other compensation or benefit plans in effect for the Company or any Affiliate, nor shall the Plan preclude the Company from establishing any other forms of incentive compensation arrangements for employees, directors, or third-party service providers.

9.9 Retirement and Welfare Plans. Neither Options made under the Plan nor shares of Stock or cash paid pursuant to such Options, may be included as "compensation" for purposes of computing the benefits payable to any Holder under the Company's or any Affiliate's retirement plans (both qualified and non-qualified) or welfare benefit plans unless such other plan expressly provides that such compensation shall be taken into account in computing a participant's benefit.

9.10 Other Options. The grant of an Option shall not confer upon the Holder the right to receive any future or other Options under the Plan, whether or not Options may be granted to similarly situated Holders, or the right to receive future Options upon the same terms or conditions as previously granted.

9.11 Successors. All obligations of the Company under the Plan with respect to Options granted hereunder shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

9.12 Law Limitations/Governmental Approvals. The granting of Options and the issuance of shares of Stock under the Plan shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

9.13 Delivery of Title. The Company shall have no obligation to issue or deliver evidence of title for shares of Stock issued under the Plan prior to (a) obtaining any approvals from governmental agencies that the Company determines are necessary or advisable; and (b) completion of any registration or other qualification of the Stock under any applicable national or foreign law or ruling of any governmental body that the Company determines to be necessary or advisable.

9.14 Inability to Obtain Authority. The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any shares of Stock hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such shares of Stock as to which such requisite authority shall not have been obtained.

9.15 Investment Representations. The Board may require any Person receiving Stock pursuant to an Option under the Plan to represent and warrant in writing that the Person is acquiring the shares of Stock for investment and without any present intention to sell or distribute such Stock.

9.16 Foreign Jurisdictions. Notwithstanding any provision of the Plan to the contrary, in order to comply with the laws in other countries in which the Company or any of its Affiliates operates or has employees or service providers, the Board, in its sole discretion, shall have the power and authority to amend or vary the terms and provisions of the Plan and the terms and conditions of any Option granted to the extent such actions may be necessary or advisable to comply with such laws and to take any action, before or after an Option is granted, that it deems advisable to obtain or comply with any necessary local government regulatory exemptions or approvals. Notwithstanding the above, the Board may not take any actions hereunder, and no Options shall be granted, that would violate any applicable U.S. securities laws, the Code or any other applicable law.

9.17 Arbitration of Disputes. Any dispute, claim or controversy arising out of or relating to the Plan or an Option Agreement (the "*Dispute*") shall be resolved by final and binding arbitration administered by the American Arbitration Association (the "*AAA*") conducted pursuant to the AAA's then current Commercial Arbitration Rules (the "*AAA Rules*"). The seat of the arbitration shall be Houston, Texas.

Class resolution of any Dispute would not be appropriate, and, accordingly, an Option recipient waives any right to assert a class claim relating in any way to the Plan or any Option Agreement.

Unless the parties to the arbitration agree otherwise, the arbitration shall be conducted before a single arbitrator selected by the parties. In the event that the parties fail to agree on the selection of the arbitrator within 30 days after the filing of the demand for arbitration, the arbitrator will be appointed by the AAA according to the AAA Rules.

The sole arbitrator is not, or the arbitrators are not, as the case may be, authorized or empowered to review, hear or decide matters relating to Article VII, and the parties to any arbitration hereunder waive any right to raise such matters in any arbitration other than, as contemplated in Section 7.1, in respect of any Dispute regarding whether any act or omission of a member of the Board resulted from that member's gross negligence or

willful misconduct. Without limiting the foregoing, the determinations and decisions of the Board, as provided for in Section 7.2, are final, conclusive and binding.

The arbitration award shall be in writing and shall state the reasons therefor. The sole arbitrator or the arbitrators, as the case may be, shall not be authorized to award indirect, special, punitive, exemplary or consequential damages. Judgment on any award rendered by the arbitrator, the arbitrators, as the case may be, may be entered in any court having jurisdiction thereof.

The parties to any arbitration hereunder undertake to keep confidential all awards in their arbitration, together with all materials in the proceedings created for the purpose of the arbitration and all other documents produced by another party in the proceedings not otherwise in the public domain, save and to the extent that disclosure may be required of a party by legal duty, to protect or pursue a legal right or to enforce or challenge an award in legal proceedings before a court or other judicial authority.

The provisions of this agreement to arbitrate are independent of the remaining provisions of the Plan, and the parties to any arbitration hereunder intend that they shall continue in effect even though one or more provisions of the Plan shall be determined to be null or void. This agreement to arbitrate shall survive the termination or expiration of this Plan.

9.18 Governing Law. The provisions of the Plan and the rights of all Persons claiming thereunder shall be construed, administered and governed under the laws of the U.S. State of Texas, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of the Plan to the substantive law of another jurisdiction.

PROSPECTOR
OFFSHORE DRILLING

Schedule (iii)

Proxy

DnB NOR

To VPS holders of Prospector Offshore Drilling S.A.

Our ref.
Registrars Department

Date
19 January, 2011

Prospector Offshore Drilling S.A.

(the "Company")

VOTING EXTRAORDINARY GENERAL MEETING 28 January 2011

Your holding of VPS shares of the Company (*depotbevis*) (the "VPS Shares") is registered in The Norwegian Central Securities Depository (Verdipapirsentralen - the "VPS"). If you wish to vote on your VPS Shares for this Extraordinary General Meeting to be held on 28 January 2011 at 15:00 at the registered office of the Company 65, Boulevard Grande Duchesse Charlotte, L-1331 Luxembourg (the "Meeting"), you may execute the enclosed Proxy and return it to us.

You are encouraged to specify your choice by marking the appropriate box on the enclosed Proxy. When properly executed, the Proxy will be voted in the manner directed therein or, if no direction is indicated, it will not be voted "for" the proposal and recorded as abstention.

In order for your VPS Shares to be voted based on your executed Proxy, the Proxy has to be received by DnB NOR Bank ASA, Registrars Department, Oslo, not later than 27 January 2011, noon (12:00 hours Central European Time).

In the event that you have sold your VPS Shares, please disregard this notice, you are not longer allowed to participate or vote at the Meeting.

Yours sincerely,

For DnB NOR Bank ASA
Registrars Department



Elfrid M. Davidson

PROXY

Proxy solicited on behalf of the board of directors of the Company for an extraordinary general meeting which will be held on 28 January 2011

Prospector Offshore Drilling S.A.

Société anonyme
65, Boulevard Grande-Duchesse Charlotte, L-1331 Luxembourg
Grand-Duchy of Luxembourg
R.C.S. Luxembourg B 153.772
(the "**Company**")

The undersigned hereby authorize DnB NOR Bank ASA, Registrar Department to constitute and appoint Mr. Geir Sandvik, Mr. Tomas Norrby, Mr. Robert W. Rose, Mr. Cédric Carnoye and Mr. Hugo Froment, or the chairman of the extraordinary general meeting (if not one of the aforementioned) and each of them, as his/her/its true and lawful agent and proxy, with full power of substitution each, to represent and vote on behalf of the undersigned at the extraordinary general meeting of the shareholders of the Company to be held at the registered offices of the Company, at 65, Boulevard de la Grande-Duchesse Charlotte, L-1331 Luxembourg, Grand-Duchy of Luxembourg, on 28 January 2011 at 15:00 a.m. (local time) (the "**Meeting**") and at any adjournments thereof, on all matter coming before the Meeting and any adjourned meeting.

The board of directors of the Company recommends that you instruct DnB NOR Bank ASA to vote in favour of the proposals to be considered at the Meeting.

No provision of Luxembourg law compulsorily requires the deposit and blocking of shares by shareholders in order to attend and vote at a shareholders meeting or designate a proxy to do so. Proxy received by fax (+47 22 94 90 20) or email (elfrid.davidson@dnbnor.no) before 27 January 2011 at noon (12:00 Central European Time) will be taken into account for the vote at the Meeting. A VPS Shares holder's instruction list will be established and will summarize all instructions received from the holders of VPS shares of the Company (*depotbevis*) (the "VPS Shares") based on the Proxy received within the requested delay.

Schedule:

- Draft resolutions to be taken by the shareholders of Prospector Offshore Drilling S.A. at the Extraordinary General Meeting to be held on 28 January 2011;
- Prospector Offshore Drilling's equity incentive plan adopted by the board of directors on 26 November 2010. The incentive plan submitted for approval and confirmation by the investors is the one presented to them during the private placement completed in December 2010. Such approval is sought so as to formalize by a general approval, the acceptance in December 2010 by each investor;

(Continued and to be signed on the reverse side)

Please sign, date and fax or email your proxy as soon as possible

Please fax to +47 22 94 90 20 or email to elfrid.davidson@dnbnor.no

**PLEASE SIGN, DATE AND RETURN PROMPTLY BY FAX OR EMAIL
PLEASE MARK YOUR VOTE IN BLUE OR BLACK INCK AS SHOWN HERE ☒**

1. Approval of the amendments of article 5.9. of the articles of association of the Company	FOR <input type="checkbox"/>	AGAINST <input type="checkbox"/>	ABSTAIN <input type="checkbox"/>
2. Approval of the amendments of article 6.3. of the articles of association of the Company	FOR <input type="checkbox"/>	AGAINST <input type="checkbox"/>	ABSTAIN <input type="checkbox"/>
3. Approval of the amendments of article 7 of the articles of association of the Company	FOR <input type="checkbox"/>	AGAINST <input type="checkbox"/>	ABSTAIN <input type="checkbox"/>
4. Approval of the power of attorney to any member of the board of directors to remove article 8 from the articles of association of the Company and to renumber the articles as a consequence	FOR <input type="checkbox"/>	AGAINST <input type="checkbox"/>	ABSTAIN <input type="checkbox"/>
5. Approval of the amendments of article 11 of the articles of association of the Company	FOR <input type="checkbox"/>	AGAINST <input type="checkbox"/>	ABSTAIN <input type="checkbox"/>
6. Approval and confirmation of the equity incentive plan adopted by the board of directors on 26 November 2010 and to be effective as of 26 November 2010	FOR <input type="checkbox"/>	AGAINST <input type="checkbox"/>	ABSTAIN <input type="checkbox"/>
7. Confirmation of the appointment and of the duration of the appointment of PricewaterhouseCoopers S.à r.l. as statutory auditor of the Company as of 28 May 2010	FOR <input type="checkbox"/>	AGAINST <input type="checkbox"/>	ABSTAIN <input type="checkbox"/>

Voting recommendation:

The board of directors of Prospector Offshore Drilling S.A. has reviewed the terms of the resolutions proposed and consequently unanimously recommends that the VPS Shares holders instruct DnB NOR Bank ASA to vote in favour of all the resolutions which will be considered at the Meeting.
We encourage you to read the attached documentation before voting.

Your vote is very important. The board of directors of the Company recommends you to vote in favour of all the resolutions.

Signature of VPS Shares holder:

date

Name in block letters:

Please state your name as stated in the VPS register on this proxy. When signing as an executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign stating the full corporate name by a duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person.