

Ensco plc
Form PX14A6G
August 21, 2017

U.S. Securities and Exchange Commission
Washington, DC 20549

NOTICE OF EXEMPT SOLICITATION

1. Name of the Registrant: Ensco plc
 2. Name of person relying on exemption: Arrowgrass Capital Partners (US) LP
 3. Address of person relying on exemption: 1330 Avenue of the Americas, 32nd Floor, New York, NY 10019
 4. Written materials. Attach written material required to be submitted pursuant to Rule 14a-6(g)(1)
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Ensco-Atwood Transaction August 2017 Ensco-Atwood Transaction August 21st, 2017

Summary

3 Wrong Price, Wrong Time, Excessive Risk – Preserve Optionality Instead We Urge All Ensco Shareholders To Vote Against The Atwood Transaction Arrowgrass owns 14.6 million shares of Ensco, making us one of Ensco’s largest shareholders On August 14th, 2017, Ensco issued a press release and presentation with “An Overview of Strategic Rationale and Value” of the proposed Atwood transaction Unfortunately, as the company continues to defend this misguided deal, Ensco share price continues to lag behind its peers and the cumulative underperformance since announcement is ~16-27% (down 36% in absolute terms) Shareholders are saying very loudly that they do not see either the rationale or the value in

this acquisition After reading Ensco’s new presentation, we are more confident than ever that this expensive, poorly timed and risky transaction is clearly the wrong path for Ensco The sudden change in Ensco’s definition of “best-in-class” assets and the new “alternative methodologies” used to try to defend this transaction are attempts to explain the unexplainable This deal is clearly value destructive regardless of whether one has a positive or negative view of the cycle The transaction manages to both limit upside (by issuing shares at the bottom) and add risk (by taking on more leverage) We urge fellow shareholders to make their views known and to vote against this misguided deal

The Ensco-Atwood Transaction

A new footnote in Ensco's August presentation redefines "Best-in-Class" and reduces Ensco's high end fleet to only 2 Atwood Is Not A "Unique" Opportunity Ensco's May and July 2017 investor presentations list 8 "Best-in-Class" drillships 5 Inconsistent "Best-in-Class" Definition Exposes Challenge To Justify The Transaction Source: Ensco's May 30th, 2017 presentation announcing the Atwood transaction. Ensco's July 2017 presentation had a similar slide Source: Ensco's August 14th, 2017 presentation entitled: "Ensco/Atwood: An Overview of Strategic Rationale and Value" Ensco had to redefine what constitutes a "Best-in-class Ultra-Deepwater Drillship" because it is so difficult to define Atwood's assets as "unique" There is nothing "unique" about Atwood's assets and it is widely known that there is a very long list of high quality assets in distress This failed technical argument is only a diversion from the more relevant question: How much are Atwood's assets worth? Whatever one may think about the "uniqueness" of Atwood's drillships, Ensco is massively overpaying

The proposed exchange ratio is the most disadvantageous in over 17 years despite ATW's overleveraged balance sheet This Is Clearly The Wrong Time To Give Away Almost 1/3rd Of The Company Ensco Shares are trading at levels not seen since the mid 1990s 6 Worst Time In Decades To Issue ESV Shares In Absolute And Relative Terms Source: Bloomberg Source: Arrowgrass and Bloomberg Increasing Ensco's share count by 45% at multi-decade lows while adding leverage is demonstrably value destructive in both bullish and bearish scenariosThe proposed transaction means issuing shares at the most disadvantageous exchange ratio relative to Atwood in over 17 years despite the fact that Ensco's own estimates would result in significant balance sheet stress for Atwood over the next 6-18 months A vote for the proposed deal is not only a vote to buy Atwood, but also a vote to give away ESV shares (and upside) to bail out ATW shareholders at the most disadvantageous time in decadesAt a minimum Ensco shareholders could and should get a better deal

“Lose-Lose” Transaction Destroys Value Even in Bullish Scenarios This deal is dilutive on a CF/share basis in both recovery scenarios presented by ESV in Form S-4 (Cases A and B) 7 Ensco’s Cash Flow Estimates Imply ~10-15% Dilution Even After 5 Years Of Recovery Source: Arrowgrass and Form S-4. Utilization and dayrate assumptions are presented as disclosed in Form S-4 under Cases A and B The dilution underscores the fact that by issuing shares at the bottom, Ensco is curtailing upside even if market conditions improve materially, while substantially increasing risk with this leveraging transactionThe deal would be even worse in a “lower for longer” environment as a more prolonged period of higher cash burn would compound the negative leveraging impact of this transaction ESV’s Case A ESV’s Case A ESV’s Case B ESV’s Case B Dilutive on a Cash Flow / Share basis even after 5 years of recovery ESV’s Cases A/B both assume market recovers significantly – but still no accretion

Source: Ensco's August 14th, 2017 presentation entitled: "Ensco/Atwood: An Overview of Strategic Rationale and Value" "Implied Per-Floater Valuation" Also Fails To Justify The Transaction Ensco's "Implied Per-Floater Valuation" has several problems 8 The methodology used by Ensco to calculate the price per rig understates the price being paid The subtraction of \$185 million for "Value of Capital Spares and Inventory" is both unusual and inappropriate since these are needed to run the business Ensco is lumping in together Atwood's 4 "best-in-class" 7G drillships with Atwood's 2 6G Semis. The more straightforward way to do it is to calculate the price for each of the 4 "Best-in-Class" drillships without the averaging down distortion of the 2 less capable rigs Showing the consideration per rig "At Offer" and "Current" is a sore reminder of the stock price collapse since deal announcement. Clearly Ensco shares going down does not make this proposed deal any more attractive for ESV shareholders We don't have a problem giving credit to Atwood's 3 contracts. However, we find it contradictory to give credit for the benefits of 3 contracts and not account for the liability and costs (cash burn, future reactivation costs) associated with Atwood's 6 other idle rigs But, much more importantly, Ensco is buying these assets for stock while also adding leverage. Therefore, the real question is how does the price paid compare to the valuation at which Ensco is issuing shares Ensco presented a "Current" column in the table below trying to suggest that, after massive stock price underperformance, the value per rig is now "cheaper". This is particularly insulting to shareholders who are suffering increasing losses since the deal announcement. Clearly a lower share price does not make this deal any more "attractive"

Consistent “Implied Per-Floater Valuation” Exposes Unjustified 50% Premium for Atwood’s Rigs Relative to Ensco’s Own Rigs Ensco is issuing shares at a substantial discount to Atwood’s implied valuation 9 Paying For A “Cheap” Asset With Even Cheaper Shares Is Not “Attractive” And Destroys Value Source: Arrowgrass and Form S-4. Utilization and dayrate assumptions are presented as disclosed in Form S-4 under Cases A and B In our opinion, a “per-floater” valuation is intrinsically flawed, misleading and the last resort when everything else fails to demonstrate the logic of a transaction (Multiples, CF accretion, DCF, etc.)But for illustrative purposes we calculated the “Implied Value per Best-in-Class” rig in a consistent way for both Atwood and EnscoThe conclusion is that Ensco is selling shares with an “Implied Value per Best-in-Class” rig of ~\$200 million to pay ~ \$300 million for each of Atwood’s “Best-in-Class” rigs Implied value per “Best-in-Class” rig on deal terms: ATW = ~\$300 million ESV = ~\$200 million

“Alternative Analysis” Only Underscores The Lack Of Reasonable Arguments 10 When Everything Else Fails... Page 9 of the company’s latest presentation had some particularly problematic “alternative analysis”ESV compared the future value of ATW (in a recovery) to the current value of ESV (at depressed conditions) and concluded that “recovery-ATW” would represent a high percentage of “depressed-ESV’s” current value (they quoted “more than 90%”)Somehow this novel approach would mean that the transaction has “substantial upside”Clearly, this apples and oranges comparison makes absolutely no sense as it compares the value of two companies in completely different market environmentsIronically, to calculate this “upside”, Ensco is even using the reference price of August 9th, 2017, i.e. after this misguided transaction destroyed 32% of the company’s market valueBy this logic, if Ensco shares decline another 50% the Atwood transaction would look even more “compelling”This deal is demonstrably misguided according to every traditional method of evaluating a transaction (Multiples, CF accretion, DCF, even “per rig valuation”)This “alternative” new analysis is obviously flawed and serves only to prove how difficult it is for the company to justify this transaction

11 ESV Is The Worst Performing Stock In The Sector Since The Deal Announcement Source: Arrowgrass and Bloomberg Market Has Spoken - Worst Performing Stock Since Deal Announcement In addition to dilution, deal has already cost ESV 16-27% relative to peers and 36% in absolute terms The material underperformance of Ensco shares since announcing this transaction suggests that its acute flaws are as transparent for most shareholders as they are for us

Conclusions

Still The Wrong Deal For Ensco 13 Wrong Price, Bad Timing And Reduced Optionality In A “Lower For Longer” Environment Wrong Price:Ensco is paying a material premium to the valuation made by Atwoods’s own financial advisor (using arguably aggressive estimates), while even Ensco’s own financial advisor arrives at only 5-10% accretion (using arguably even more aggressive assumptions)The ratio of 1.6 Ensco shares for each Atwood share is the highest relative ratio in the last 17 years of trading Bad Timing:The total of Atwood’s maturities between now and Feb 2020 is \$1.3 billion, while the cumulative leveraged FCF burn over this period is over \$300 millionSince the deal announcement, Atwood’s position is even more fragile as, at least so far, they have failed to renew the Atwood Advantage drillship (~\$20 million hit to annualized EBITDA per Arrowgrass estimates)With Atwood’s dire prospects, why did Ensco act now instead of waiting for an even stronger bargaining position?Reduces Optionality:Transaction adds 2.3 turns of leverage based on Ensco’s own 2018 estimates, while its “runway” is shortened by at least one yearPlaces Ensco in a weaker position to withstand a “lower for longer” environment and materially reduces Ensco’s ability to take advantage of future potential distressed opportunitiesAbsorbing Atwood’s overleveraged balance sheet undoes years of work that resulted in Ensco having one of the best balance sheets in the industryConclusion:This transaction is a shareholder-sponsored charity for Atwood shareholders and bondholders, while adding material risks and diluting Ensco shareholders. So far, the material underperformance of Ensco shares suggests the acute flaws in this imprudent transaction are as transparent to other shareholders as they are to us.

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