

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ SEE ATTACHMENT

18 Can any resulting loss be recognized? ▶ SEE ATTACHMENT

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ _____

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature ▶ *Jennifer F. Simons* Date ▶ 10 May 2019
Print your name ▶ Jennifer F. Simons Title ▶ VP, General Counsel & Sec.

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
Firm's name ▶			Firm's EIN ▶	
Firm's address ▶			Phone no.	

Parker Drilling Company
FEIN: 73-0618660
Attachment to Form 8937
Report of Organizational Actions Affecting Basis of Securities

Disclaimer: The information contained in Form 8937 and this attachment does not constitute tax advice and does not purport to take into account any shareholder's or note holder's specific circumstances. Shareholders and note holders are urged to consult their own tax advisors regarding the U.S. tax consequences of the transaction described herein and the impact to tax basis resulting from the transaction.

Parker Drilling Company
FEIN: 73-0618660
Attachment to Form 8937
Report of Organizational Actions Affecting Basis of Securities

Form 8937, Part I, Line 10

Debt Obligations Exchanged	CUSIP Number
7.50% Senior Notes due August 2020 (“2020 Notes”)	701081AY7
6.75% Senior Notes due July 2022 (“2022 Notes”)	701081AX9

Form 8937, Part I, Lines 10 and 12

Equity Exchanged	Ticker Symbol	CUSIP Number
7.25% Series A Mandatory Convertible Preferred Stock (the “Existing Preferred Stock”)	PKRD	701081309
Common shares (the “Existing Common Stock”)	PKD	701081408

Form 8937, Part II, Line 14

On December 12, 2018, (the “Petition Date”), Parker Drilling Company (“Parker”) and certain of its U.S. subsidiaries (together, the “Debtors”) filed voluntary petitions for relief (the “Bankruptcy Filing”) under Chapter 11 of Title 11 of the United States Code in the United States Bankruptcy Court for the Southern District of Texas, Houston Division (the “Bankruptcy Court”). On the same date, Parker entered into a Restructuring Support Agreement with significant holders of the 2020 Notes, the 2022 Notes, the Existing Preferred Stock and the Existing Common Stock.

The Restructuring Support Agreement provided for the restructuring of Parker’s balance sheet through a pre-packaged Chapter 11 filing and contemplated raising \$95 million of new capital through providing existing stakeholders with subscription rights (the “Subscription Rights”) to purchase shares of common stock in the reorganized company (the “New Common Stock”). The total shares to be issued in the rights offering represented 41.9241 percent of the New Common Stock in the reorganized company (subject to dilution). The Subscription Rights were allocated among the holders of the 2020 Notes and 2022 Notes (the “Noteholder Subscriptions Rights”), the holders of the Existing Preferred Stock (the “Existing Preferred Stockholder Subscription Rights”) and the holders of the Existing Common Stock (the “Existing Common Stockholder Subscription Rights”). The Noteholder Subscription Rights provided rights to purchase an aggregate amount of 26.4784 percent of the New Common Stock (subject to dilution). The Existing Preferred Stockholder Subscription Rights provided rights to purchase an aggregate amount of 6.1783 percent of the New Common Stock (subject to dilution), and the Existing Common Stockholder Subscription Rights provided rights to purchase an aggregate amount of 9.2674 percent of the New Common Stock (subject to dilution). The notice deadline for exercising the Subscription Rights was

February 26, 2019, with payment for the subscription price due and payable on February 27, 2019. The rights offering was “back stopped” by certain significant stakeholders that executed a Backstop Commitment Agreement, dated December 12, 2018, as amended and restated as of January 28, 2019, under which they agreed to purchase shares of the New Common Stock to the extent that any Subscription Rights were not exercised.

On March 7, 2019 the Bankruptcy Court entered an order (the “Confirmation Order”) confirming the Amended Joint Chapter 11 Plan of Reorganization of Parker and its Debtor Affiliates (the “Plan”). On March 26, 2019 (the “Effective Date”), Parker satisfied the conditions precedent to the Effective Date and the Plan became effective and the Restructuring Transactions contemplated under the Plan were consummated. Unless otherwise noted, capitalized terms herein have the same meaning as used in the Plan or in the *Disclosure Statement for the Amended Joint Chapter 11 Plan of Reorganization of Parker Drilling Company and its Debtor Affiliates* (the “Disclosure Statement”) filed January 23, 2019. The steps provided under the Plan, the Restructuring Support Agreement, and related agreements are referred to as the “Restructuring Transactions.”

Among other things, on the Effective Date, Parker entered into a second lien term loan agreement (the “Second Lien Term Loan Facility”). The Second Lien Term Loan Facility provided for an aggregate principal amount of \$210,000,000 of a new second lien term loan (the “New Second Lien Term Loan”) with a stated maturity date of March 26, 2024. The New Second Lien Term Loan bears interest at a rate of 13 percent per annum, payable quarterly, with 11 percent payable in cash and 2 percent payable in kind by capitalizing the accrued interest to principal.

On the Effective Date, Parker also entered into a warrant agreement (the “Warrant Agreement”), which provided for the issuance of up to an aggregate of 2,580,182 warrants (the “New Warrants”) to purchase New Common Stock. Each New Warrant is exercisable for one share of New Common Stock at an exercise price of \$48.85 per share. The New Warrants expire five and a half years from the Effective Date.

The discussion below describes the exchange of consideration between Parker and the following holders of Allowed Claims in the Restructuring Transactions:

- Class 4 – holders of the 2020 Notes (the “2020 Notes Claims”)
- Class 5 – holders of the 2022 Notes (the “2022 Notes Claims”)
- Class 9 – holders of the Existing Preferred Stock (the “Existing Preferred Interests Claims”)¹
- Class 10 – holders of the Existing Common Stock (the “Existing Common Interests Claims”)¹

Treatment of Holders of the 2020 Notes Claims

Pursuant to the Plan, each holder of a 2020 Notes Claim received the holder’s pro rata share of the following:

¹ Class 9 and Class 10 include holders of “Interests” in the Existing Preferred Stock and Existing Common Stock. The term Interest is defined to include any equity security as defined in section 101(16) of Title 11 of the U.S. Code (the Bankruptcy Code).

- (i) 34.3431% of the New Common Stock (subject to dilution by New Common Stock issued in connection with Parker’s management equity incentive plan, the rights offering, the Backstop Commitment Agreement, and the exercise of the New Warrants);
- (ii) \$92,571.429 of the New Second Lien Term Loan; and
- (iii) 38.4615% of the Noteholder Subscription Rights.

Treatment of Holders of the 2022 Notes Claims

Pursuant to the Plan, each holder of a 2022 Notes Claim received the holder’s pro rata share of the following:

- (i) 62.9069% of the New Common Stock (subject to dilution);
- (ii) \$117,428,571 of the New Second Lien Term Loan; and
- (iii) 61.5385% of the Noteholder Subscription Rights.

Treatment of Holders of the Existing Preferred Interests Claims

Pursuant to the Plan, each holder of an Existing Preferred Interests Claim received the holder’s pro rata share of the following:

- (i) 1.1% of the New Common Stock (subject to dilution);
- (ii) the Existing Preferred Stockholder Subscription Rights; and
- (iii) 40.0% of the New Warrants.

Treatment of Holders of the Existing Common Interests Claims

Pursuant to the Plan, each holder of an Existing Common Interests Claim received the holder’s pro rata share of the following:

- (i) 1.65% of the New Common Stock (subject to dilution);
- (ii) the Existing Common Stockholder Subscription Rights; and
- (iii) 60.0% of the New Warrants.

The New Second Lien Term Loan, the New Warrants, and the New Common Stock (including shares issued pursuant to the Subscription Rights and the Backstop Commitment Agreement) were issued on the Effective Date of the Plan. The New Common Stock was listed for trading on the New York Stock Exchange (NYSE) under the trading symbol “PKD.”

Form 8937, Part II, Line 15

Effect on Basis to U.S. Holders

As a result of the Restructuring Transactions, each holder of a 2020 Notes Claim, 2022 Notes Claim, Existing Preferred Interests Claim, and Existing Common Interests Claim exchanged its Claim for the right to receive consideration discussed on Line 14 of this Form 8937.

For purposes of this discussion, a “U.S. Holder” is a Holder of a Claim or Interest (including a beneficial owner of Claims) that, for U.S. federal income tax purposes, is: (1) an individual citizen or resident of the United States for U.S. federal income tax purposes; (2) a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized under the laws of the United States, any state thereof or the District of Columbia; (3) an estate the income of which is subject to U.S. federal income taxation regardless of the source of such income; or (4) a trust (a) if a court within the United States is able to exercise primary jurisdiction over the trust’s administration and one or more United States persons (within the meaning of section 7701(a)(30) of the Tax Code) have authority to control all substantial decisions of the trust or (b) that has a valid election in effect under applicable Treasury Regulations to be treated as a United States person. For purposes of this discussion, a “Non-U.S. Holder” is any Holder of a Claim that is neither a U.S. Holder nor a partnership (or other entity treated as a partnership or other pass-through entity for U.S. federal income tax purposes).

The following summary of certain U.S. federal income tax consequences is limited to U.S. Holders, as defined above, is for informational purposes only and is not a substitute for careful tax planning and advice based upon your individual circumstances. For a complete discussion of the U.S. tax consequences of the Plan, see the *Disclosure Statement for the Amended Joint Chapter 11 Plan of Reorganization* (i.e., the Disclosure Statement), filed January 23, 2019. All holders of Claims are urged to consult their tax advisor for the U.S. federal, state, local and other tax consequences applicable under the Plan.

The following summary does not address the tax treatment of the Backstop Commitment Agreement. See section 3.2 of the Backstop Commitment Agreement for the tax treatment of any consideration received under the Backstop Commitment Agreement. Additionally, the following summary does not address the tax treatment of the exercise of the Subscription Rights. See the Disclosure Statement with regard to the characterization of the Subscription Rights and the tax treatment of their exercise.

Effect on Basis to U.S. Holders of Claims that Constitute Securities

The exchange (or deemed exchange) of a Claim that constitutes a “security” for U.S. federal income tax purposes, for consideration received in the Restructuring Transactions should be treated as part of a “reorganization” within the meaning of Section 368(a) of the Internal Revenue Code if the consideration issued in the Restructuring Transactions also constitutes a “security” for U.S. federal income tax purposes. A U.S. Holder of a Claim that received consideration in exchange for a Claim as part of a reorganization generally would not recognize gain or loss unless the holder also received cash or other property in the Restructuring Transactions, in which case the holder generally would recognize gain (but not loss) on the exchange, but only up to the amount of any cash and generally the fair market value of the other property received. A U.S. Holder that has a gain would recognize such gain to the extent that the fair market value of the consideration received as part of the Restructuring Transactions (or in the case of a debt instrument, its issue price) exceeds the U.S. Holder’s basis in a Claim prior to the Restructuring Transactions.

A U.S. Holder’s tax basis in stock or securities received in the Restructuring Transactions in exchange for a Claim (apart from any portion thereof allocable to interest) in the case where the exchange is a Section 368(a) reorganization generally will equal such holder’s adjusted tax basis in the securities surrendered, less the amount of cash and the fair market value of any other property received, plus the amount of gain

recognized by the holder, and a holder's holding period in such stock or securities received (apart from any portion thereof allocable to interest) generally will include the holder's holding period in the securities surrendered except to the extent of any consideration received in respect of accrued, unpaid interest. To the extent that the consideration received is property other than stock or securities, a U.S. holder would have a tax basis in the consideration received equal to its fair market value. A U.S. Holder's tax basis in other property received generally will be such property's fair market value as of the Effective Date, and the holder's holding period for such other property generally will begin on the date after the day of receipt.

To the extent any portion of a U.S. Holder's share of the consideration is allocable to interest on its Claim that accrued while such holder held the Claim, such portion would be generally treated as interest income to the U.S. Holder. A U.S. Holder's tax basis in stock or securities received on account of accrued but unpaid interest generally is expected to be equal to the fair market value of such stock or securities, and the holder's holding period for such stock or securities generally will begin on the day after the day of receipt. The Plan provided that distributions in respect of Claims shall be allocated first to the principal amount, as determined for U.S. federal income tax purposes, and then to accrued, unpaid interest.

Effect on Basis to U.S. Holders of Claims that Constitute Stock

The exchange (or deemed exchange) of a Claim that constitutes stock for U.S. federal income tax purposes, should be treated as part of a "reorganization" within the meaning of Section 368(a) of the Internal Revenue Code if some or all of the consideration received also constitutes stock for U.S. federal income tax purposes. In such a case, a U.S. holder would not recognize gain or loss unless the holder also received cash or other property in the Restructuring Transactions, in which case the holder generally would recognize gain (but not loss) on the exchange, but only up to the amount of any cash, the fair market value of the principal amount of any securities received, and the fair market value of any other consideration received. A U.S. Holder that has a gain would recognize such gain to the extent that the fair market value of the consideration received as part of the Restructuring Transactions exceeds the U.S. Holder's basis in a Claim prior to the Restructuring Transactions.

A U.S. Holder's tax basis in stock received in the Restructuring Transactions in exchange for a Claim in the case where the exchange is a Section 368(a) reorganization generally will equal such holder's adjusted tax basis in the stock surrendered, less the amount of cash and the fair market value of any other property received, plus the amount of gain recognized by the holder, and a holder's holding period in such stock or securities received generally will include the holder's holding period in the stock surrendered. To the extent that the consideration received is property other than stock or securities, a U.S. holder would have a tax basis in the consideration received equal to its fair market value. A U.S. Holder's tax basis in other property received generally will be such property's fair market value as of the Effective Date, and the holder's holding period for such other property generally will begin on the date after the day of receipt.

Effect on Basis to U.S. Holders of Claims that Constitute Neither Stock Nor Securities

In the event that a U.S. Holder's Claim does not constitute stock or a security for U.S. federal income, the transaction is a fully taxable transaction. The U.S. Holder will generally recognize gain or loss in an amount equal to the difference, if any, between (i) the U.S. Holder's amount realized and (ii) the U.S. Holder's adjusted tax basis in its Claim. A U.S. Holder's amount realized generally is equal to the amount of cash

plus the fair market value of the property received (or in the case of a debt instrument, its issue price) by the U.S. Holder with respect to its Claim.

A U.S. Holder's tax basis in the property received in a taxable exchange generally equals the fair market value of such property on the date of receipt (or in the case of a debt instrument, its issue price). A U.S. Holder's holding period in the property would begin on the day following the day of receipt.

To the extent any portion of the U.S. Holder's recovery is allocable to accrued but unpaid interest on a Claim that accrued while such holder held the Claim, such portion would be treated as interest income to the U.S. Holder. The Plan provided that distributions in respect of Claims shall be allocated first to the principal amount, as determined for U.S. federal income tax purposes, and then to accrued, unpaid interest.

Form 8937, Part II, Line 16

Holders of Securities

To the extent that a Claim constituted a security for U.S. federal income tax purposes and the exchange for consideration in the Restructuring Transactions constituted a reorganization pursuant to Section 368(a), a U.S. Holder's aggregate tax basis in the consideration received in respect of its Claims will generally equal such U.S. Holder's aggregate tax basis in its respective Claim surrendered in the Restructuring Transactions, increased by any gain recognized and decreased by any boot received (*e.g.*, cash and the fair market value of other property or in the case of a debt instrument, its issue price).

The aggregate tax basis allocated to the consideration received will then be divided by the number of shares of each respective security to determine the tax basis of each share of the respective consideration. If a U.S. Holder received more than one type of security in consideration for its Claim, then the aggregate tax basis in its Claim allocated to the security received should be allocated pro rata based on the relative fair market values of the respective consideration.

The tax basis of the boot received by U.S. Holders (*e.g.*, cash and other property received that does constitute a security) would equal the fair market value of the boot received (or in the case of a debt instrument, its issue price).

Holders of Stock

To the extent that a Claim constituted stock for U.S. federal income tax purposes and the exchange for consideration in the Restructuring Transactions constituted a reorganization pursuant to Section 368(a), a U.S. Holder's aggregate tax basis in the consideration received in respect of its Claims will generally equal such U.S. Holder's aggregate tax basis in its respective Claim surrendered in the Restructuring Transactions, increased by any gain recognized and decreased by any boot received (*e.g.*, cash, the fair market value of the principal amount of any securities received, and the fair market value of other property). Any non-stock consideration generally would take a fair market value basis, and the Holder's aggregate tax basis would be reduced by such amount.

Holders of Claims that Constitute Neither Stock Nor Securities

To the extent a Claim did not constitute either stock or a security, the tax basis of any consideration received by a U.S. Holder of such Claim under the Plan would equal its fair market value (or in the case of a debt instrument, its issue price).

Form 8937, Part II, Line 17

Internal Revenue Code Sections 354, 356, 358, 1001, 1012, and 1223.

Form 8937, Part II, Line 18

Claim Holders

The Restructuring Transactions generally should not result in a recognizable loss to a U.S. Holder of a Claim to the extent the exchange qualifies as a reorganization pursuant to Section 368(a). A Holder of a Claim should consult their individual tax advisors to determine the tax consequences of the Restructuring Transactions to them. To the extent a Claim did not constitute stock or a security, the Restructuring Transactions would result in a recognizable loss (subject to any applicable limitations) to a holder to the extent the tax basis in their Claim exceeded the fair market value of the consideration received in exchange therefor (or in the case of a debt instrument, its issue price).