

PARKER DRILLING CO /DE/
Form 8-K
July 13, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K
CURRENT REPORT PURSUANT
TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported): July 12, 2018

PARKER DRILLING COMPANY
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization) 73-0618660
(I.R.S. Employer Identification No.)

5 Greenway Plaza, Suite 100, Houston, Texas 77046
(Address of principal executive offices) (Zip code)
(281) 406-2000
(Registrant's telephone number, including area code)

Not Applicable

(Former Address if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14A-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 1.01. Entry into a Material Definitive Agreement.

Credit Facility Amendment

On July 12, 2018 the Company entered into the Sixth Amendment (“Sixth Amendment”) to the Second Amended and Restated Credit Agreement dated as of January 26, 2015 (as heretofore amended, supplemented or otherwise modified, the “Credit Agreement”), with Bank of America N.A., as administrative agent, the lenders party thereto and the subsidiary guarantors thereunder. The Sixth Amendment permits the Company to make Restricted Payments (as defined in the Credit Agreement) in the form of certain Equity Interests (as defined in the Credit Agreement).

The above description of the Sixth Amendment is not complete and is qualified in its entirety by reference to the full text of the Sixth Amendment, which is filed as Exhibit 10.1 to this Current Report on Form 8-K.

Rights Agreement

The information set forth under “Item 3.03. Material Modification to Rights of Security Holders” of this Current Report on Form 8-K with respect to the entry into a Rights Agreement (as described below) is incorporated into this Item 1.01 by reference.

Item 3.03. Material Modification to Rights of Security Holders.

Reverse Stock Split

On July 12, 2018 the Board of Directors (the “Board”) of Parker Drilling Company (the “Company”) approved a reverse stock split (the “Reverse Stock Split”) of the Company’s common stock, par value \$0.16 2/3 per share (the “Common Stock”), at a ratio of 1 for 15. The Reverse Stock Split will be effective when the markets open on July 27, 2018, at which time the Company’s common stock will begin trading on a split-adjusted basis under the existing trading symbol “PKD.” The Company’s shareholders previously approved the Reverse Stock Split at the Company’s Annual Meeting of Stockholders on May 10, 2018.

As a result of the Reverse Stock Split, every 15 pre-split shares of Common Stock outstanding will automatically combine into one new share of Common Stock without any action on the part of the holders, and the number of outstanding shares of Common Stock will be reduced from approximately 140 million shares to approximately 9 million shares. Proportionate adjustments will be made to the conversion price of the Company's outstanding 7.25% Series A Mandatory Convertible Preferred Stock and to the outstanding awards and number of shares issued and issuable under the Company's equity incentive compensation plans. The Reverse Stock Split will not affect the par value of the Common Stock. Shareholders who otherwise would be entitled to receive a fractional share will receive cash in lieu of a fractional share.

In connection with the Reverse Stock Split, the Board approved a Certificate of Amendment of the Restated Certificate of Incorporation of the Company (the “Certificate of Amendment”) to effect the Reverse Stock Split and reduce the authorized shares of Common Stock to 18,666,667 shares of Common Stock. The Certificate of Amendment is attached hereto as Exhibit 3.1 and is incorporated herein by reference. The description of the Certificate of Amendment herein does not purport to be complete and is qualified in its entirety by Exhibit 3.1.

Rights Agreement

On July 12, 2018, the Board declared a dividend of one right (“Right”) for each outstanding share of Common Stock to stockholders of record at the close of business on July 27, 2018. Each Right entitles the registered holder to purchase from the Company a unit consisting of one one-thousandth of a share (a “Fractional Share”) of Series A Junior

Participating Preferred Stock, par value \$1.00 per share (the “Preferred Stock”), at a purchase price of \$52.50 per Fractional Share, subject to adjustment (the “Purchase Price”). The description and terms of the Rights are set forth in a Rights Agreement dated as of July 12, 2018 as it may from time to time be supplemented or amended (the “Rights Agreement”) between the Company and Equiniti Trust Company, as Rights Agent.

Initially, the Rights will be attached to all outstanding shares of Common Stock, and no separate certificates for the Rights (“Rights Certificates”) will be distributed. The Rights will separate from the Common Stock and a “Distribution Date” will occur, with certain exceptions, upon the earlier of (i) ten days following a public announcement that a person or group of affiliated or associated persons (an “Acquiring Person”) has acquired, or obtained the right to acquire, beneficial ownership of 10% or more of the outstanding shares of Common Stock (the date of the announcement being the “Stock Acquisition Date”), or (ii) ten business days following the commencement of a tender offer or exchange offer that would result in a person’s becoming an Acquiring Person. In certain circumstances, the Distribution Date may be deferred by the Board. Certain inadvertent acquisitions will not

result in a person's becoming an Acquiring Person if the person promptly divests itself of sufficient Common Stock. If at the time of the adoption of the Rights Agreement, any person or group of affiliated or associated persons is the beneficial owner of 10% or more of the outstanding shares of Common Stock, such person shall not become an Acquiring Person unless and until certain increases in such person's beneficial ownership occur or are deemed to occur. In addition, persons are not deemed to be part of a group that would constitute an Acquiring Person as a result of an agreement or understanding relating to a solicitation in a reorganization, or based on participation in discussions, negotiations or transactions with another person for the purposes of restructuring the Company's debt. Until the Distribution Date, (a) the Rights will be evidenced by the Common Stock certificates (together with a copy of this Summary of Rights or bearing the notation referred to below) and will be transferred with and only with such Common Stock certificates, (b) new Common Stock certificates issued after July 27, 2018 will contain a notation incorporating the Rights Agreement by reference and (c) the surrender for transfer of any certificate for Common Stock (with or without a copy of this Summary of Rights) will also constitute the transfer of the Rights associated with the Common Stock represented by such certificate. If any Common Stock is held in book-entry accounts through a direct registration service of the Company's transfer agent, the associated Rights will be evidenced and transferred as set forth in the Rights Agreement.

The Rights are not exercisable until the Distribution Date and will expire at the close of business on July 12, 2019, unless earlier redeemed or exchanged by the Company as described below.

Certain synthetic interests in securities created by derivative positions-whether or not such interests are considered to be ownership of the underlying Common Stock or are reportable for purposes of Regulation 13D of the Securities Exchange Act of 1934-are treated as beneficial ownership of the number of shares of Common Stock equivalent to the economic exposure created by the derivative position, to the extent actual shares of Common Stock are directly or indirectly held by counterparties to the derivatives contracts. Swaps dealers unassociated with any control intent or intent to evade the purposes of the Rights Agreement are excepted from such imputed beneficial ownership.

As soon as practicable after the Distribution Date, Rights Certificates will be mailed to holders of record of Common Stock as of the close of business on the Distribution Date and, from and after the Distribution Date, the separate Rights Certificates alone will represent the Rights. All shares of Common Stock issued prior to the Distribution Date will be issued with Rights. Shares of Common Stock issued after the Distribution Date in connection with certain employee benefit plans or upon conversion of certain securities will be issued with Rights. Except as otherwise determined by the Board, no other shares of Common Stock issued after the Distribution Date will be issued with Rights. If the Company elects to distribute any Rights by crediting book-entry accounts, such Rights will be credits to the book-entry accounts, separate Rights Certificates will not be issued with respect to such Rights, and any legend may be placed on the relevant direct registration transaction advice instead of on a Rights Certificate.

In the event (a "Flip-In Event") that a person becomes an Acquiring Person (except pursuant to a tender or exchange offer for all outstanding shares of Common Stock at a price and on terms that a majority of the directors of the Company who are not, and are not representatives, nominees, Affiliates or Associates of, an Acquiring Person or the person making the offer determines to be fair to and otherwise in the best interests of the Company and its stockholders (a "Permitted Offer")), each holder of a Right will thereafter have the right to receive, upon exercise of such Right, a number of shares of Common Stock (or, in certain circumstances, cash, property or other securities of the Company) having a Current Market Price (as defined in the Rights Agreement) equal to two times the exercise price of the Right. Notwithstanding the foregoing, following the occurrence of any Triggering Event, all Rights that are, or (under certain circumstances specified in the Rights Agreement) were, beneficially owned by or transferred to an Acquiring Person (or by certain related parties) will be null and void in the circumstances set forth in the Rights Agreement. However, Rights are not exercisable following the occurrence of any Flip-In Event until such time as the Rights are no longer redeemable by the Company as set forth below.

The Rights Agreement also includes "qualifying offer" provisions, whereby the Rights will automatically expire concurrently with (but no earlier than 100 days after the commencement of such qualifying offer) the purchase of 50% (excluding shares held by the offeror) of the outstanding Common Stock of the Company on a fully diluted basis pursuant to a tender or exchange offer for all of the outstanding shares of Common Stock at the same price and for the same consideration, provided that the offeror irrevocably commits to purchase all remaining untendered shares at the

same price and the same consideration actually paid pursuant to the offer.

In the event (a “Flip-Over Event”) that, at any time from and after the time an Acquiring Person becomes such, (i) the Company is acquired in a merger or other business combination transaction (other than certain mergers that follow a Permitted Offer), or (ii) 50% or more of the Company’s assets, cash flow or earning power is sold or transferred, each holder of a Right (except Rights that are voided as set forth above) shall thereafter have the right to receive, upon exercise, a number of shares of common stock of the acquiring company having a Current Market Price equal to two times the exercise price of the Right. Flip-In Events and Flip-Over Events are collectively referred to as “Triggering Events.”

The number of outstanding Rights associated with a share of Common Stock, or the number of Fractional Shares of Preferred Stock issuable upon exercise of a Right and the Purchase Price, are subject to adjustment in the event of a stock dividend on, or a subdivision, combination or reclassification of, the Common Stock occurring prior to the Distribution Date. The Purchase Price

payable, and the number of Fractional Shares of Preferred Stock or other securities or property issuable, upon exercise of the Rights are subject to adjustment from time to time to prevent dilution in the event of certain transactions affecting the Preferred Stock.

With certain exceptions, no adjustment in the Purchase Price will be required until cumulative adjustments amount to at least 1% of the Purchase Price. No fractional shares of Preferred Stock that are not integral multiples of a Fractional Share are required to be issued upon exercise of Rights and, in lieu thereof, an adjustment in cash may be made based on the market price of the Preferred Stock on the last trading date prior to the date of exercise. Pursuant to the Rights Agreement, the Company reserves the right to require prior to the occurrence of a Triggering Event that, upon any exercise of Rights, a number of Rights be exercised so that only whole shares of Preferred Stock will be issued.

At any time until a person becomes an Acquiring Person, the Company may redeem the Rights in whole, but not in part, at a price of \$0.01 per Right, payable, at the option of the Company, in cash, shares of Common Stock or such other consideration as the Board may determine. After a person becomes an Acquiring Person, the right of redemption is subject to certain limitations in the Rights Agreement. Immediately upon the effectiveness of the action of the Board ordering redemption of the Rights, the Rights will terminate and the only right of the holders of Rights will be to receive the \$0.01 redemption price.

At any time after the occurrence of a Flip-In Event and prior to a person's becoming the beneficial owner of 50% or more of the shares of Common Stock then outstanding or the occurrence of a Flip-Over Event, the Company may exchange the Rights (other than Rights owned by an Acquiring Person or an affiliate or an associate of an Acquiring Person, which will have become void), in whole or in part, at an exchange ratio of two shares of Common Stock, and/or other equity securities deemed to have the same value as two shares of Common Stock, per Right, subject to adjustment.

Until a Right is exercised, the holder thereof, as such, will have no rights as a stockholder of the Company, including, without limitation, the right to vote or to receive dividends. While the distribution of the Rights should not be taxable to stockholders or to the Company, stockholders may, depending upon the circumstances, recognize taxable income in the event that the Rights become exercisable for Common Stock (or other consideration) of the Company or for the common stock of the acquiring company as set forth above or are exchanged as provided in the preceding paragraph. Other than the redemption price, any of the provisions of the Rights Agreement may be amended by the Board as long as the Rights are redeemable. Thereafter, the provisions of the Rights Agreement other than the redemption price may be amended by the Board in order to cure any ambiguity, defect or inconsistency, to make changes that do not materially adversely affect the interests of holders of Rights (excluding the interests of any Acquiring Person), or to shorten or lengthen any time period under the Rights Agreement; provided, however, that no amendment to lengthen the time period governing redemption shall be made at such time as the Rights are not redeemable.

The Rights Agreement is attached hereto as Exhibit 4.1 and is incorporated herein by reference. This summary description of the Rights does not purport to be complete and is qualified in its entirety by Exhibit 4.1.

The Rights will have certain anti-takeover effects. The Rights will cause substantial dilution to any person or group that attempts to acquire the Company without the approval of the Board. As a result, the overall effect of the Rights may be to render more difficult or discourage any attempt to acquire the Company even if such acquisition may be favorable to the interests of the Company's stockholders. Because the Board can redeem the Rights, amend the Rights Agreement or approve a Permitted Offer, the Rights should not interfere with a merger or other business combination approved by the Board.

Item 5.03. Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.

Certificate of Amendment

In connection with the Reverse Stock Split, the Board approved the Certificate of Amendment. See the description in Item 3.03 of this Current Report on Form 8-K for a more complete description of the Certificate of Amendment. The Certificate of Amendment is attached hereto as Exhibit 3.1 and is incorporated herein by reference. The description of the Certificate of Amendment herein does not purport to be complete and is qualified in its entirety by Exhibit 3.1.

Certificate of Designations

In connection with the adoption of the Rights Agreement, the Board approved a Certificate of Designations of Series A Participating Preferred Stock (the “Certificate of Designations”). See the description in Item 3.03 of this Current Report on Form 8-K for a more complete description of the rights and preferences of the Preferred Stock. The Certificate of Designations is attached hereto as Exhibit 3.2 and is incorporated herein by reference. The description of the Certificate of Designations herein does not purport to be complete and is qualified in its entirety by Exhibit 3.2.

Item 7.01. Regulation FD Disclosure.

On July 12, 2018, the Company issued a press release with respect to the Reverse Stock Split and the Rights Agreement. A copy of the press release is furnished as Exhibit 99.1 hereto and is incorporated by reference herein. The information contained in this Item 7.01 and the exhibit hereto shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and shall not be incorporated by reference into any filings made by the Company under the Securities Act of 1933, as amended, or the Exchange Act, except as may be expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit Number	Description
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<u>3.1 Certificate of Amendment of the Restated Certificate of Incorporation of Parker Drilling Company</u>	
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<u>3.2 Certificate of Designations of Series A Participating Preferred Stock of Parker Drilling Company</u>	
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<u>4.1 Rights Agreement, dated as of July 12, 2018, between Parker Drilling Company and Equiniti Trust Company, as Rights Agent</u>	
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<u>10.1 Sixth Amendment to the Second Amended and Restated Credit Agreement, dated July 12, 2018, among Parker Drilling Company, as Borrower, Bank of America, N.A., as Administrative Agent and L/C Issuer, Wells Fargo Bank, National Association, as Syndication Agent, Barclays Bank PLC, as Documentation Agent, and the other lenders and L/C issuers from time to time party thereto</u>	
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<u>99.1 Press release, dated July 12, 2018</u>	
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SIGNATURES

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

PARKER DRILLING COMPANY

Date: July 12, 2018 By: /s/ Jennifer F. Simons
Jennifer F. Simons
Vice President, General Counsel and Secretary