

Chapter 11 Frequently Asked Questions

As of November 10, 2020



1. What is Chapter 11?

Chapter 11 is the section of the U.S. Bankruptcy Code that allows companies to implement balance sheet restructuring transactions.

A Chapter 11 filing is a legal process enabling companies such as ours to reduce debt, while continuing to operate in the ordinary course.

Many companies have utilized Chapter 11 to restructure their debt and have gone on to grow and prosper. Many of our competitors, including Noble, Diamond Offshore and Valaris, have utilized or are currently utilizing Chapter 11.

2. What is a Restructuring Support Agreement?

A Restructuring Support Agreement (RSA) is effectively a contract entered into by the debtor Company and certain significant creditors in which the Company and such creditors agree to support a proposed Chapter 11 plan, subject to specific terms or conditions. In the case of Pacific Drilling, our RSA allows us to pursue a “prearranged” Chapter 11 plan of reorganization, and the creditors party to the RSA – holders of nearly 3/4ths of the Company’s bonds – have agreed to support it in accordance with the RSA terms.

3. What does the balance sheet restructuring mean for customers?

Pacific Drilling will continue to provide customers with safe, reliable, and efficient offshore drilling operations.

Pacific Drilling will have adequate liquidity during this process to ensure that we are able to purchase supplies, maintain our assets, and pay our employees.

4. What does this mean for employees?

Our employees are one of our greatest assets. They are critical to our continuing ability to deliver safe, reliable, and efficient operations. We do not expect changes in our workforce as a result of our bankruptcy filing.

This announcement and the upcoming Court-supervised process should have very little impact on the day-to-day responsibilities and activities of most employees.

Furthermore, we do not expect this announcement to have any impact on employee salary or benefits, including health insurance, 401(k) or international savings plans, vacation time, employer-provided life insurance, retention awards, or long-term incentive awards.

5. What does restructuring mean for vendors?

We are required to pay all post-petition obligations and have significant cash balance available to pay

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our vendors for all goods and services provided after the date of the filing.

6. What will this mean for shareholders?

Under the terms of the Restructuring Support Agreement, existing equity will be cancelled and will retain no value, which is common in a Chapter 11 proceeding.

7. Can I still buy or sell shares?

While the Company moves through the Court-supervised process, Pacific Drilling shares may continue to be traded over the counter in the Pink Sheets or on the OTCBB, but we cannot assure you this will be the case.

8. Should I sell my stock?

We cannot offer investment advice. Please contact your personal financial advisor and/or tax advisor.

9. Will Pacific Drilling stock be publicly traded upon emergence from Chapter 11?

No. All shares of the new Pacific Drilling equity issued upon emergence from Chapter 11 will be issued without registration under the Securities Act or Exchange Act, nor will the equity be listed on any national securities exchange.

10. Will Pacific Drilling continue to file public reports, like earnings releases, SEC filings, etc.?

We filed a third-quarter 2020 financial report with the Securities and Exchange Commission on Nov. 6.

In addition, Pacific Drilling will file monthly operating reports and other required documents as required by the Chapter 11 process.

Since our equity will not be listed on a national securities exchange upon emergence from Chapter 11, we will no longer provide public financial reports following our 2020 annual report on Form 10-K.

11. What is next?

As we continue through the restructuring process, you can find the most up to date information on the website at <http://www.pacificdrilling.com/restructuring>.

12. How long will the Chapter 11 process take?

We received conditional approval of the disclosure statement on Nov. 10 and will commence solicitation of votes on Nov. 11. The voting deadline is Dec. 14. The final hearing on the disclosure statement and confirmation of the plan of reorganization is scheduled for Dec. 21. We therefore currently anticipate that Pacific Drilling will emerge from Chapter 11 by the end of the year.

13. Who do I talk to for more information?

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It is our intent to keep you informed throughout this process. We have a section of our website dedicated to restructuring news and contact details at <http://www.pacificdrilling.com/restructuring>.