

KEY ENERGY SERVICES, INC.
RELATED PARTY TRANSACTION POLICY

The Board of Directors (the “Board”) of Key Energy Services, Inc. (the “Company”), acting upon the recommendation of its Audit Committee (the “Committee”), has adopted the following policy with regard to Related Party Transactions, as defined below.

Policy. All Related Party Transactions are prohibited, unless approved or ratified by the Committee in accordance with this Policy. A Related Party Transaction entered into without pre-approval of the Committee shall not be deemed to violate this Policy, or be invalid or unenforceable, so long as the transaction is brought to the Committee as promptly as reasonably practical after it is entered into.

Background. Our Code of Business Conduct and Ethics, which applies to all employees, officers and directors of the Company, provides that all conflicts of interest should be avoided and requires the reporting of any conflict of interest to the applicable Code of Ethics Contact Person (as defined in the Code of Business Conduct and Ethics). In addition, our Bylaws provide that for a period of time, a supermajority vote of the Board is required to approve certain related party transactions. Pursuant to Item 404 of the Securities and Exchange Commission’s (the “SEC”) Regulation S-K, certain transactions involving the Company and certain related persons need to be disclosed in our filings with the SEC. In addition, under Section 144 of the Delaware General Corporation Law, certain transactions between the Company and our directors and officers may need to be approved by our Board or a duly authorized committee of the Board. Finally, SEC rules and New York Stock Exchange standards require our Board to assess whether relationships or transactions exist that may impair the independence of our outside directors. This Policy is intended to provide guidance and direction on Related Party Transactions.

Definition. A “Related Party Transaction” includes the following:

- Any transaction or relationship directly or indirectly involving any Related Party that would need to be disclosed under Item 404(a) of Regulation S-K. “Related Party” means any of the following: a director (which term when used herein includes any director nominee), an executive officer (as defined in Rule 3b-7 under the Securities Exchange Act of 1934), a person known by the Company to be the beneficial owner of more than 5% of the Company’s voting securities or a person known by the Company to be an immediate family member (as defined in Item 404(a) of Regulation S-K) of any of the foregoing.
- Any material amendment or modification to an existing Related Party Transaction.

Notwithstanding the foregoing, the following shall not be Related Party Transactions:

- Indemnification payments made pursuant to the Company’s Certificate of Incorporation or Bylaws or pursuant to any agreement or instrument;
- Ordinary course business expenses and reimbursements;

- Any transaction that involves the providing of compensation to a director or executive officer for their services in that capacity; or
- Any Pre-Approved Transaction (as defined below).

Identification of Potential Related Party Transactions. Related Party Transactions will be brought to management's and the Board's attention in a number of ways. As a general matter, pursuant to our Code of Business Conduct and Ethics, any employee, officer or director who is aware of a conflict of interest is instructed to discuss the matter promptly with the applicable Code of Ethics Contact Person. In addition, each of our directors and executive officers completes a questionnaire on an annual basis designed to elicit information about any potential Related Party Transactions, and is also instructed and periodically reminded of their obligation to inform the applicable Code of Ethics Contact Person of any potential Related Party Transactions.

Any potential Related Party Transactions that are brought to our attention are analyzed by our General Counsel, in consultation with management and with outside counsel, as appropriate, to determine whether the transaction or relationship does, in fact, constitute a Related Party Transaction requiring compliance with this Policy, and whether the transaction or relationship would require the approval of a Supermajority of the Board (as defined in Section 4.1(a) of the Bylaws) regardless of whether such transaction or relationship constitutes a Related Party Transaction under this Policy.

The review, approval or ratification of a transaction pursuant to this Policy does not necessarily imply that such transaction is required to be disclosed under Item 404(a) of Regulation S-K.

Review and Approval of Related Party Transactions. At each of its meetings, the Committee will be provided with the details of each new, existing or proposed Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, and the benefits to the Company and to the relevant Related Party. In determining whether to approve a Related Party Transaction, the Committee will consider, among other factors, the following factors to the extent relevant to the Related Party Transaction:

- whether the terms of the Related Party Transaction are fair to the Company and on the same basis or on a basis more favorable to the Company as would apply if the transaction did not involve a Related Party;
- whether there are business reasons for the Company to enter into the Related Party Transaction;
- whether the Related Party Transaction would impair the independence of an outside director under applicable standards of the New York Stock Exchange;
- the materiality of the Related Party Transaction, taking into account the importance of the interest to the Related Party, the dollar amount involved and the significance of the transaction to the Company and its investors in light of all the circumstances;

- any disclosure or reputational issues; and
- whether the Related Party Transaction would present an improper conflict of interests for any director or executive officer of the Company, taking into account the size of the transaction, the overall financial position of the director, executive officer or Related Party, the direct or indirect nature of the director's, executive officer's or Related Party's interest in the transaction and the ongoing nature of any proposed relationship, and any other factors the Committee deems relevant.

Any member of the Committee who has an interest in the transaction under discussion will abstain from voting on the approval of the Related Party Transaction, but may, if so requested by the Chairperson of the Committee, participate in some or all of the Committee's discussions of the Related Party Transaction.

Ongoing Transactions. If a Related Party Transaction will be ongoing, the Committee may establish guidelines for the Company's management to follow in its ongoing dealings with the Related Party. Thereafter, the Committee, on at least an annual basis, shall review and assess ongoing relationships with the Related Party to ensure that they are in compliance with the Committee's guidelines.

Pre-Approved Transactions. Notwithstanding the foregoing, transactions and relationships that fall within the following categories shall be consider pre-approved under this Policy ("Pre-Approved Transactions") and shall not require approval hereunder:

- Certain Agreements: The Corporate Advisory Services Agreement dated December 15, 2016, between the Company and Platinum Equity Advisors, LLC ("Platinum"), and the Letter Agreement dated December 15, 2016, between the Company and Platinum, and any services performed or actions taken in accordance with the foregoing agreements; and
- Certain Transactions with Platinum: Arm's length commercial transactions in the ordinary course of business between any portfolio company of Platinum or any of its controlled affiliates (as defined in the Bylaws), managed funds and/or accounts, on the one hand, and the Company, on the other hand, if the aggregate transaction value does not exceed \$1 million per calendar year.