

# **PATTERSON-UTI ENERGY, INC.**

## **CHARTER OF THE COMPENSATION COMMITTEE**

The purpose of the Compensation Committee of the Board is to assist the Board in discharging its responsibilities relating to compensation of the Company's executives and directors, and to produce an annual report on executive compensation for inclusion in the Company's proxy statement. This Charter sets out the structure and responsibilities of the Compensation Committee.

### **I. Structure and Qualifications**

The Compensation Committee shall consist of at least three directors all of whom shall be independent. The members of the Committee shall be appointed by the Board and may be removed by the Board at any time. One member shall be appointed as Chair of the Committee by the Board.

To be considered independent the director must meet the requirements of the definition of "Independent Director" under Rule 5605(a)(2) of the Nasdaq Stock Market Rules and the requirements of Rule 5605(d)(2)(A) of the Nasdaq Stock Market Rules and Rule 10A-3(b)(1) and Rule 10C-1(b)(1) of the rules and regulations under the Securities Exchange Act of 1934, as amended.

The Compensation Committee may delegate any of its powers and responsibilities to a subcommittee of the Committee.

### **II. Meetings**

The Compensation Committee shall meet as often as may be deemed necessary or appropriate, in its judgment.

### **III. Responsibilities**

1. Review, approve and report to the Board regarding the Company's overall compensation policy, including compensation philosophy and strategy, short-term and long-term incentive plans and programs, stock ownership plans, and employee benefit plans.
2. Monitor and consider potential risks associated with the design of the Company's compensation programs.
3. Assess the results of the Company's most recent advisory vote on executive compensation.
4. Review and approve corporate goals and objectives relevant to CEO compensation, evaluate the CEO's performance in light of those goals and objectives, and determine and approve the CEO's compensation level based on this evaluation. The CEO may not be

present during voting or deliberations with respect to the CEO's compensation.

5. Review the performance of other executive officers of the Company, and review and approve the compensation to be paid to other executive officers of the Company.
6. Serve as the committee to administer the incentive compensation plans, including stock option plans, unless the Board specifically provides otherwise.
7. Make recommendations to the Board with respect to incentive-compensation plans and equity based plans.
8. Periodically review the form and amount of director compensation and recommend changes, as appropriate, to the Board for approval.
9. Possess the sole authority to select, retain and terminate a compensation consultant, legal counsel or other adviser to advise the Committee, at the expense of the Company, and to approve the terms of any such engagement and the fees of any such consultant, legal counsel or adviser. In selecting or receiving advice from a compensation consultant, legal counsel or other adviser, the Committee will take into account factors it considers appropriate or as may be required by applicable law or listing standards.
10. Review and discuss with management the Company's Compensation Discussion and Analysis ("CD&A") and related disclosures that Securities and Exchange Commission rules require be included in the Company's proxy statement or annual report on Form 10-K, recommend to the Board based on the review and discussions whether the CD&A should be included in the proxy statement or annual report on Form 10-K, and oversee preparation of the report on executive compensation as required by the rules and regulations of the Securities and Exchange Commission to be included in the Company's annual proxy statement or annual report on Form 10-K.
11. Report to the Board at Board meetings immediately following each meeting of the Committee.