



**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 attached.

Multiple horizontal lines for providing details for question 17.

18 Can any resulting loss be recognized? ▶ See attached.

Multiple horizontal lines for providing details for question 18.

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

Multiple horizontal lines for providing details for question 19.

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 ▶  Date ▶ 11/12/21  
Print your name ▶ C. Andrew Smith Title ▶ Executive Vice President and CFO

<b>Paid Preparer Use Only</b>	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.			

## **Attachment to Form 8937, Part II**

The information contained herein is being provided pursuant to the requirements of Section 6045B of the Internal Revenue Code of 1986, as amended (the "Code"), and includes a general summary regarding the application of certain US federal income tax laws and regulations related to the effects of the Transaction (as defined below) on the tax basis of shares of common stock of Patterson-UTI Energy, Inc. ("Patterson") received in exchange for convertible notes of Pioneer Energy Services Corp. ("Pioneer"). The information contained herein does not constitute tax advice and does not purport to be complete or describe the tax consequences that may apply to particular categories of shareholders.

Neither Patterson nor Pioneer provides tax advice to its shareholders or noteholders. Shareholders and noteholders are encouraged to consult their own tax advisors regarding the particular consequences of the Transaction to them (including the applicability and effect of all US federal, state and local tax laws and non-US tax laws) and should carefully read the joint proxy statement/prospectus, which is part of a Registration Statement on Form S-4 that Patterson filed on August 3, 2021, with the Securities and Exchange Commission, noting especially the discussion under the heading "Material U.S. Federal Income Tax Consequences." The information provided herein is subject to such discussion in all respects. The Registration Statement may be accessed at [www.sec.gov](http://www.sec.gov).

As described in more detail below, the Transaction resulted in the accelerated mandatory conversion (the "Debt Conversion") of all outstanding principal amount of Pioneer's 5.00% Convertible Senior Unsecured PIK Notes Due 2025 (the "Pioneer Convertible Notes").

The Debt Conversion is part of a larger transaction pursuant to which, on October 1, 2021, as more fully described below, each issued and outstanding share of Pioneer common stock ("Pioneer Shares") was exchanged for 1.8692 shares of Patterson common stock ("Patterson Shares"). Pursuant to the Merger Agreement (defined below), all of the fractional shares were cancelled based on a value of \$9.44 per share, which is the closing sales price of one share of Patterson common stock as reported on The NASDAQ Global Select Market on October 1, 2021.

Any holders of Pioneer Shares or Pioneer senior notes that received Patterson Shares in the Transaction are encouraged to consult the separate IRS Form 8937s posted by Patterson with respect to the Transaction for information regarding the effect on basis of such shares or senior notes.

### **Line 14**

On October 1, 2021, Patterson completed the acquisition of Pioneer pursuant to the Agreement and Plan of Merger among Patterson, Crescent Merger Sub Inc., a Delaware corporation and a wholly-owned subsidiary of Patterson ("Merger Sub Inc."), Crescent Ranch Second Merger Sub LLC, a Delaware limited liability company and a wholly-owned subsidiary of Patterson treated as a disregarded entity from its owner for federal income tax purposes ("Merger Sub LLC") and Pioneer dated July 5, 2021 (the "Merger Agreement"), through a double merger in which Merger Sub Inc. first merged with and into Pioneer (the first merger) with Pioneer as the survivor of the first merger, followed immediately by the merger (the second merger) of Pioneer with and into Merger Sub LLC with Merger Sub LLC as the survivor of the second merger. The first merger, second merger (collectively, the "Mergers") and Debt Conversion were intended to be integrated steps in a single transaction (the "Transaction").

In the Mergers, each issued and outstanding Pioneer Share was exchanged for 1.8692 Patterson Shares. Pursuant to the Merger Agreement, fractional shares were cancelled based on a value of \$9.44 per share, which is the closing sales price of one share of Patterson common stock as reported on The NASDAQ Global Select Market on October 1, 2021.

The Mergers on October 1, 2021 constituted a Share Exchange Event under the terms of the indenture governing the Pioneer Convertible Notes, dated May 29, 2020 (as amended, the "Convertible Notes Indenture"). At and after the effective time of such Share Exchange Event, the right to convert each \$1,000 principal amount of Pioneer Convertible Notes was changed into a right to convert such principal amount of Pioneer Convertible Notes into the amount of shares of Patterson Shares that a holder of 75.0000 shares of Pioneer common stock (the Conversion Rate for \$1,000 principal amount of Pioneer Convertible Notes immediately prior to such Share Exchange Event) would have owned or been entitled to receive upon such Share Exchange Event. In the Share Exchange Event, each Pioneer Share was converted into the right to receive 1.8692 Patterson Shares. The Accelerated Mandatory Conversion Date was October 8, 2021, and interest on the Pioneer Convertible Notes ceased to accrue as of such date.

Pursuant to the Convertible Notes Indenture, Pioneer and each holder of the Pioneer Convertible Notes agreed to treat the Pioneer Convertible Notes as equity of Pioneer that was not "preferred stock" within the meaning of section 305 of the Code. Accordingly, Patterson intends to treat (i) the Pioneer Convertible Notes as stock for US federal income tax purposes and (ii) the Debt Conversion as an exchange of securities in pursuance of the plan of reorganization (within the meaning of the Code and applicable Treasury Regulations) of which the Mergers are also a part, and the following descriptions assume the Debt Conversion so qualifies.

#### **Line 15**

The Mergers and Debt Conversion are intended to qualify as an integrated reorganization transaction under section 368(a) of the Code. Accordingly, a holder of Pioneer Convertible Notes who exchanged such notes for Patterson Shares in the Transaction generally will not recognize any gain or loss for US federal income tax purposes, except with respect to cash, if any, received in lieu of fractional Patterson Shares (which is discussed below).

A holder's initial aggregate tax basis in the Patterson Shares received by such holder (including any fractional Patterson Shares for which cash was received) will be equal to the aggregate adjusted tax basis of the Pioneer Convertible Notes surrendered therefor.

Each holder that received cash in lieu of fractional Patterson Shares will be treated as having received the fractional Patterson Shares pursuant to the Debt Conversion and then as having exchanged the fractional Patterson Shares for cash. Accordingly, each such holder generally will recognize gain or loss equal to the difference between (i) the amount of cash received and (ii) the portion of the basis of such holder's Pioneer Convertible Notes allocable to such fractional Patterson Shares.

**Line 16**

The aggregate tax basis of the Patterson Shares received by a holder (including any fractional Patterson Shares for which cash was received) will be equal to the adjusted tax basis of the Pioneer Convertible Notes surrendered therefor.

**Line 17**

Sections 354, 356, 358, 368, 1001 and 1012 of the Code

**Line 18**

Holders of Pioneer Convertible Notes generally may not recognize any loss for US federal income tax purposes as a result of the Debt Conversion except with respect to cash, if any, received in lieu of fractional Patterson Shares.

**Line 19**

The Accelerated Mandatory Conversion Date was October 8, 2021. For a holder of the Pioneer Convertible Notes whose taxable year is the calendar year, the reportable tax year is 2021.