

PATTERSON UTI ENERGY INC
Form PRE 14A
April 13, 2018

V

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under Rule 14a-12

PATTERSON-UTI ENERGY, INC.

(Name of registrant as specified in its charter)

(Name of person(s) filing proxy statement, if other than the registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

10713 West Sam Houston Parkway North, Suite 800

Houston, Texas 77064

(281) 765-7100

April [], 2018

Dear Stockholder:

We cordially invite you to attend Patterson-UTI Energy, Inc.'s annual stockholders' meeting. The annual meeting will be held Thursday, June 14, 2018, at 10:00 a.m., Central Time, at our corporate headquarters, located at 10713 W. Sam Houston Parkway North, Suite 125, Houston, Texas, 77064.

We are pleased to take advantage of Securities and Exchange Commission rules that allow us to furnish proxy materials to our stockholders on the Internet. We believe that posting these materials on the Internet enables us to provide stockholders with the information that they need quickly, while lowering our costs of printing and delivery and supporting sustainability. We are mailing to most of our stockholders a Notice of Internet Availability of Proxy Materials, rather than a paper copy of our proxy materials. The notice contains instructions on how to access the proxy materials, vote and obtain, if you so desire, a paper copy of the proxy materials.

Your vote is important to us. Whether or not you plan to attend the Annual Meeting in person, we urge you to promptly vote your shares by using the Internet or telephone, or if the accompanying proxy statement was mailed to you, by completing, signing, dating and returning your proxy card as soon as possible in the enclosed postage prepaid envelope.

Thank you for your support.

Sincerely,

Mark S. Siegel

William Andrew Hendricks, Jr.

Chairman of the Board President, Chief Executive Officer and Director

PATTERSON-UTI ENERGY, INC.

10713 West Sam Houston Parkway North, Suite 800

Houston, Texas 77064

NOTICE OF 2018 ANNUAL MEETING OF STOCKHOLDERS

To Be Held June 14, 2018

The 2018 annual meeting of the stockholders of Patterson-UTI Energy, Inc., a Delaware corporation (“Patterson-UTI”), will be held Thursday, June 14, 2018, at 10:00 a.m., Central Time, at our corporate headquarters, located at 10713 W. Sam Houston Parkway North, Suite 125, Houston, Texas, 77064 (the “Meeting”), for the following purposes:

- to elect eight directors named in this proxy statement to the Board of Directors of Patterson-UTI to serve until the next annual meeting of the stockholders or until their respective successors are elected and qualified;
- to approve an amendment of Patterson-UTI’s Restated Certificate of Incorporation to increase the number of authorized shares of Patterson-UTI’s common stock;
 - to ratify the selection of PricewaterhouseCoopers LLP as the independent registered public accounting firm of Patterson-UTI for the fiscal year ending December 31, 2018;
- to approve, on an advisory basis, Patterson-UTI’s compensation of its named executive officers; and
- to transact such other business as may properly come before the Meeting or any adjournment or postponement thereof.

Stockholders of record at the close of business on April 16, 2018 are entitled to notice of and to vote at the Meeting and any adjournment or postponement thereof.

Your vote is important to us. Whether or not you plan to attend the Meeting in person, we urge you to promptly vote your shares by using the Internet or telephone, or if the accompanying proxy statement was mailed to you, by completing, signing, dating and returning your proxy card as soon as possible in the enclosed postage prepaid envelope.

By order of the Board of Directors

SETH D. WEXLER

Senior Vice President, General Counsel and Secretary

April [], 2018

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting

to Be Held on June 14, 2018

The proxy statement and annual report to stockholders are available at www.proxyvote.com.

PATTERSON-UTI ENERGY, INC.

10713 West Sam Houston Parkway North, Suite 800

Houston, Texas 77064

PROXY STATEMENT

ANNUAL MEETING OF STOCKHOLDERS

To Be Held June 14, 2018

General Information About the Annual Meeting and Voting

The Board of Directors (the “Board” or “Board of Directors”) of Patterson-UTI Energy, Inc., a Delaware corporation (“Patterson-UTI” or the “Company”), has made this proxy statement and its 2017 annual report available to you on the Internet or, upon your request has delivered printed versions of these materials to you by mail beginning on or about April [], 2018. Patterson-UTI is furnishing this proxy statement in connection with the solicitation by the Board of Directors of proxies to be voted at the 2018 annual meeting of stockholders of Patterson-UTI (the “Meeting”). The Meeting will be held Thursday, June 14, 2018, at 10:00 a.m., Central Time, at our corporate headquarters, located at 10713 W. Sam Houston Parkway North, Suite 125, Houston, Texas, 77064, or at any adjournment or postponement thereof.

The Notice of Internet Availability of Proxy Materials (the “Notice”) was mailed to each of Patterson-UTI’s stockholders (other than those who previously requested electronic delivery) entitled to vote at the Meeting on or about April [], 2018.

Pursuant to the “notice and access” rules adopted by the Securities and Exchange Commission (the “SEC”), Patterson-UTI has elected to provide stockholders access to its proxy materials on the Internet. Accordingly, Patterson-UTI sent a Notice to all of its stockholders as of the record date. The Notice includes instructions on how to access Patterson-UTI’s proxy materials on the Internet and how to request a printed copy of these materials. In addition, by following the instructions in the Notice, stockholders may request to receive proxy materials in printed form by mail or electronically by email on an ongoing basis.

Choosing to receive your future proxy materials by email will save us the cost of printing and mailing documents to you and will support sustainability. If you choose to receive future proxy materials by email, you will receive an email next year with instructions containing a link to those materials and a link to the proxy voting site. Your election to receive proxy materials by email will remain in effect until you terminate such election.

If your shares are registered directly in your name with our transfer agent, Continental Stock Transfer & Trust Company, you are considered the “stockholder of record” with respect to those shares, and the Notice was sent directly to you.

If your shares are held in an account at a brokerage firm, bank, broker-dealer, or other similar organization, then you are the beneficial owner of shares held in “street name,” and the Notice was forwarded to you by that organization. As a

beneficial owner, you have the right to direct that organization on how to vote the shares held in your account.

Whether you are a “stockholder of record” or hold your shares in “street name,” you may direct your vote without attending the Meeting in person.

If you are a stockholder of record, you may vote by using the Internet or telephone by following the instructions in the Notice. If you request printed copies of the proxy materials by mail, you may also vote by completing, dating, signing and returning your proxy card by mail. You should sign your name exactly as it appears on the proxy card. If you are signing in a representative capacity (for example, as guardian, executor, trustee, custodian, attorney or officer of a corporation), you should indicate your name and title or capacity.

If you are the beneficial owner of shares held in street name, you may be eligible to vote your shares electronically using the Internet or telephone by following the instructions in the Notice. If you request printed copies of the proxy materials by mail, you may also vote by signing the voter instruction card provided by your brokerage firm, bank, broker-dealer, or other similar organization and returning it by mail. If you provide specific voting instructions by mail, telephone or the Internet, your shares will be voted by your brokerage firm, bank, broker-dealer, or similar organization as you have directed.

Properly submitted proxies received either by mail, Internet, telephone or in person in time to be counted for the Meeting will be voted as you have directed in your proxy, unless you revoke your proxy in the manner provided below. As to any matter for which you give no direction in your proxy, your shares will be voted as follows:

- “FOR” the election of all of the nominees to the Board of Directors named in this proxy statement;
- “FOR” the approval of the amendment of Patterson-UTI’s Restated Certificate of Incorporation to increase the number of authorized shares of Patterson-UTI’s common stock, \$.01 par value per share (the “Common Stock”);
- “FOR” the ratification of PricewaterhouseCoopers LLP as the independent registered public accounting firm of Patterson-UTI for the fiscal year ending December 31, 2018;
- “FOR” the approval, on an advisory basis, of Patterson-UTI’s compensation of its named executive officers; and
- “FOR” or “AGAINST” any other proposals that may be properly submitted at the Meeting at the discretion of the persons named in the proxy.

If you are a stockholder of record, you may revoke your proxy before the proxy is voted by either:

- submitting a new proxy with a later date, including a proxy submitted using the Internet or telephone, in time to be counted for the Meeting;
- notifying the Secretary of Patterson-UTI in writing before the Meeting that you have revoked your proxy; or
- attending the Meeting and voting in person.

If your shares are held in street name, you must obtain a proxy executed in your favor from the stockholder of record (that is, your brokerage firm, bank, broker-dealer or similar organization) to be able to vote at the Meeting.

The Board of Directors is making this solicitation. We have retained Georgeson LLC, 480 Washington Blvd., 26th Floor, Jersey City, New Jersey 07310, for a fee of approximately \$8,500 and the reimbursement of out of pocket costs and expenses, to assist in the solicitation of proxies on behalf of the Board. Patterson-UTI’s officers and other employees, without compensation other than regular compensation, may also solicit proxies on behalf of the Board by mail, email, the Internet, telephone, electronic means and personal interview. Patterson-UTI will pay all costs associated with this solicitation.

Shares Outstanding and Voting Rights

Only stockholders of record of Patterson-UTI’s Common Stock at the close of business on April 16, 2018 are entitled to notice of and to vote at the Meeting or any adjournment or postponement thereof. At the close of business on April 16, 2018, there were [] shares of Common Stock issued and outstanding. Holders of record of Common Stock on April 16, 2018 will be entitled to one vote per share on all matters to properly come before the Meeting. A list of stockholders entitled to notice of and to vote at the Meeting will be made available at the Meeting and during regular business hours at the offices of Patterson-UTI Energy, Inc., 10713 West Sam Houston Parkway North, Suite 800, Houston, Texas 77064 for the ten day period prior to the Meeting for examination by any stockholder for any purpose germane to the Meeting.

A quorum is necessary to transact business at the Meeting. A majority of the shares of Common Stock outstanding on April 16, 2018 will constitute a quorum. The shares held by each stockholder who attends the Meeting in person, signs and timely returns the form of proxy or properly votes using the Internet or telephone will be counted for purposes of determining the presence of a quorum at the Meeting.

“Broker non-votes” will be considered present at the Meeting but will not be counted to determine the total number of votes cast. Broker non-votes occur when nominees, such as brokerage firms, banks, broker-dealers, or other similar organizations holding shares on behalf of the beneficial owners, are prohibited from exercising discretionary voting authority for beneficial owners who have not provided voting instructions. If you do not give instructions to your bank, brokerage firm or other agent, the bank, brokerage firm or other agent will nevertheless be entitled to vote your

shares of Common Stock in its discretion on “routine matters” and may give or authorize the giving of a proxy to vote the shares of Common Stock in its discretion on such matters. The ratification of an independent registered public accounting firm and the approval of the amendment of Patterson-UTI’s Restated Certificate of Incorporation are generally considered routine matters, whereas the election of directors and the advisory approval of executive compensation are not considered routine matters. For these reasons, please promptly vote in accordance with the instructions provided by your brokerage firm, bank, broker-dealer, or other similar organization.

PROPOSAL NO. 1

ELECTION OF DIRECTORS

Directors are elected to serve until the next annual meeting of stockholders and until their successors are elected and qualified. Under Delaware law and Patterson-UTI's bylaws, the affirmative vote of a plurality of shares present in person or represented by proxy at the meeting at which a quorum is present is required for the election of directors.

The enclosed form of proxy provides a means for you to either:

- vote "FOR" the election of the nominees to the Board of Directors listed below,
- withhold authority to vote for one or more of the nominees, or
- withhold authority to vote for all of the nominees.

The Board of Directors recommends that you vote "FOR" all of the nominees. Unless you give contrary instructions in your proxy, your proxy will be voted "FOR" the election of all of the nominees to the Board of Directors. If any nominee should become unable or unwilling to accept the nomination or election, the person acting under the proxy will vote for the election of such other person as the Board of Directors may recommend. The Board has no reason, however, to believe that any of the nominees will be unable or unwilling to serve if elected.

Because directors are elected by a plurality vote, shares as to which a stockholder withholds authority to vote and broker non-votes will not affect the outcome of the election. A broker non-vote will be counted for purposes of establishing a quorum, but will not be treated as a vote cast with respect to the election of directors. This will have the effect of reducing the absolute number of votes cast for the election of directors.

Our corporate governance guidelines require that if a director receives in an uncontested election a greater number of "withhold" votes than votes cast "for" his or her election, the Nominating and Corporate Governance Committee of the Board of Directors will undertake a prompt evaluation of the appropriateness of the director's continued service on the Board of Directors. In performing this evaluation, the Nominating and Corporate Governance Committee will review all factors it deems relevant, including the stated reasons why votes were withheld, the director's length of service, his or her past contributions to Patterson-UTI and the availability of other qualified candidates. The Nominating and Corporate Governance Committee will then make its recommendation to the Board. The Board of Directors will review the Nominating and Corporate Governance Committee's recommendation and consider such further factors and information as it deems relevant. The Board of Directors will act on the Nominating and Corporate Governance Committee's recommendation no later than 90 days following the date of the stockholders' meeting. If the Board of Directors determines remedial action is appropriate, the director shall promptly take whatever action is requested by the Board. If the director does not promptly take the recommended remedial action or if the Board of Directors determines that immediate resignation is in the best interests of Patterson-UTI and its stockholders, the Board of Directors may accept the director's resignation that will have been tendered as follows. Each director will, as a condition to his or her appointment or election as a director or nomination as a director, agree in writing to comply with the terms of Patterson-UTI's majority voting policy and provide to the Board of Directors an irrevocable resignation that will be effective upon (i) the failure to receive the required vote at the next annual meeting at which such director faces re-election and (ii) the Board of Directors' acceptance of such resignation.

Set forth below is the name, age, position and a brief description of the business experience during at least the past five years of each of the members of Patterson-UTI's Board of Directors, as well as specific qualifications, attributes and skills of such member that were identified by the Nominating and Corporate Governance Committee when such member was nominated to serve on the Board of Directors. Each current member of Patterson-UTI's Board of Directors is a nominee for election to the Board of Directors. There are no arrangements or understandings between any person and any of the directors pursuant to which such director was selected as a nominee for election at the

Meeting. There are no family relationships among any of the directors or executive officers of Patterson-UTI.

Name	Age	Position	Director Since
Mark S. Siegel	67	Chairman of the Board and Director	2001
William A. Hendricks, Jr.	53	President and Chief Executive Officer	2017
Charles O. Buckner	73	Director	2007
Tiffany (TJ) Thom Cepak	45	Director	2014
Michael W. Conlon	71	Director	2012
Curtis W. Huff	60	Director	2001
Terry H. Hunt	69	Director	2003
Janeen S. Judah	58	Director	2018

The following charts show a snapshot of the average tenure, average age and gender diversity of the members of our Board of Directors.

When considering whether directors and nominees have the experience, qualifications, attributes and skills, taken as a whole, to enable the Board of Directors to satisfy its oversight responsibilities effectively in light of Patterson-UTI's business and structure, the Nominating and Corporate Governance Committee and the Board of Directors focused primarily on the information discussed in each of the directors' individual biographies set forth below.

Mark S. Siegel — Mr. Siegel has served as Chairman of the Board and as a director of Patterson-UTI since May 2001. Mr. Siegel served as Chairman of the Board and as a director of UTI from 1995 to May 2001, when UTI merged with and into Patterson-UTI. Mr. Siegel has been President of REMY Investors & Consultants, Incorporated (“REMY Investors”) since 1993. Mr. Siegel is the past chairman and a current member of the Board of Directors of the Cedars-Sinai Medical Center, and previously served on the Board of Trustees of the J. Paul Getty Trust from 2005 to 2017 (including as Chair from 2010 to 2015). From 1992 to 1993, Mr. Siegel was President, Music Division, Blockbuster Entertainment Corp. From 1988 through 1992, Mr. Siegel was an Executive Vice President of Shamrock Holdings, Inc., a private investment company, and Managing Director of Shamrock Capital Advisors, Incorporated. Mr. Siegel holds a Bachelor of Arts degree from Colgate University (Magna Cum Laude and Phi Beta Kappa) and a J.D. from the University of California, Berkeley (Boalt Hall) School of Law (Order of the Coif).

The Board of Directors considered Mr. Siegel's broad business and legal experience, as well as his expertise with respect to Patterson-UTI's business. In addition, the Board considered Mr. Siegel's demonstrated leadership for more than 20 years in the aggregate of Patterson-UTI and one of its predecessor companies, UTI Energy Corp. (“UTI”). In addition, the Board considered Mr. Siegel's prior leadership experience in other public companies and in the oil services industry, and in numerous other businesses and industries. Mr. Siegel also brings substantial experience and expertise in mergers and acquisitions, capital structure transactions, strategic planning, and board and business management. Mr. Siegel's broad and deep experience and expertise allows him to provide Patterson-UTI with valuable leadership in all areas of its business endeavors.

William Andrew Hendricks, Jr. — Mr. Hendricks has served as President and Chief Executive Officer of Patterson-UTI since October 2012 and as a director of Patterson-UTI since June 2017. From April 2012 through September 2012, he served as Chief Operating Officer of Patterson-UTI. From May 2010 through March 2012, Mr. Hendricks served as President of Schlumberger Drilling & Measurements, a division of Schlumberger. Prior to that date, Mr. Hendricks worked for Schlumberger in various worldwide locations and capacities since 1988, including serving in numerous executive positions since 2003. Mr. Hendricks holds a Bachelor of Science in Petroleum Engineering from Texas A&M University.

The Board of Directors considered Mr. Hendricks' more than 30 years of combined operational and managerial experience in the oil and gas industry. In addition, the Board noted his nearly six years of service as Patterson-UTI's President and Chief Executive Officer and nearly ten years of service in numerous executive positions with Schlumberger Limited, a global provider of oilfield services, including nearly two years as President of Schlumberger Drilling & Measurements. The Board further considered Mr. Hendricks' significant experience with evaluating the drivers for macro trends in the oil and gas industry, as well as managing the cyclical nature of the oil and gas service business, which allows Mr. Hendricks to provide valuable input into the development and implementation of Patterson-UTI's corporate strategy. In addition, the Board noted that Mr. Hendricks' operational experience brings

valuable knowledge to the oversight of achieving safe and efficient operations. The Board also considered Mr. Hendricks' significant experience working in numerous worldwide locations, which allows him to provide valuable counsel regarding possible expansion into markets outside of North America.

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Charles O. Buckner — Mr. Buckner has served as a director of Patterson-UTI since February 2007. Mr. Buckner, a private investor, retired from the public accounting firm of Ernst & Young LLP in 2002 after 35 years of service in a variety of client service and administrative roles, including chairmanship of Ernst & Young’s U.S. energy practice. Mr. Buckner served as a director for KLR Energy Acquisition Corp., a blank check company formed to source, acquire and, after its initial business combination, build an oil and gas exploration and production business (“KLR Energy”), from March 2016 to April 2017. Mr. Buckner served as a director of Energy Partners, Ltd., a publicly held company with oil and natural gas exploration and production on the continental shelf in the Gulf of Mexico from 2009 to 2014, Global Industries, Ltd., a marine construction services company with global operations from 2010 to 2011, Gateway Energy Corporation, a publicly held oil and gas pipeline company from 2008 to 2010, Horizon Offshore, Incorporated, a marine construction services company for the offshore oil and gas industry from 2003 to 2007, and Whittier Energy Corporation, a publicly held company with domestic onshore oil and natural gas exploration and production from 2003 to 2007. Mr. Buckner is a Certified Public Accountant and holds a Bachelor of Business Administration from the University of Texas and a Masters of Business Administration from the University of Houston.

The Board of Directors considered Mr. Buckner’s service as a director of oil and gas companies, as well as his experience, expertise and background with regard to accounting matters, which includes his role as the former chairman of Ernst & Young LLP’s U.S. energy practice.

Tiffany (TJ) Thom Cepak — Ms. Cepak has served as a director of Patterson-UTI since August 2014. Ms. Cepak has served as the Chief Financial Officer of Energy XXI Gulf Coast, Inc. since August 2017. Ms. Cepak served as the Chief Financial Officer of KLR Energy (and, subsequent to its business combination, Rosehill Resources Inc.) from January 2015 to June 2017. Ms. Cepak served as a director of Yates Petroleum Corporation, a privately owned, independent oil and gas exploration and production company, from October 2015 to October 2016. Ms. Cepak served four years as the Chief Financial Officer of EPL Oil & Gas, Inc., and was further appointed Executive Vice President in January 2014, and she served in those roles until June 2014, when EPL was sold. Ms. Cepak began her career with EPL as a Senior Asset Management Engineer, a position she held until she was appointed Director of Corporate Reserves in September 2001. Ms. Cepak was named EPL’s Director of Investor Relations in April 2006 and Vice President, Treasurer and Investor Relations in July 2008. In July 2009, Ms. Cepak was designated as EPL’s Principal Financial Officer and, in September 2009, she was appointed Senior Vice President. Ms. Cepak has more than 20 years of energy industry experience and prior to joining EPL, she was a Senior Reservoir Engineer with Exxon Production Company and ExxonMobil Company with operational roles including reservoir engineering and subsurface completion engineering for numerous offshore Gulf of Mexico properties. Ms. Cepak holds a B.S. in Engineering from the University of Illinois and a Masters of Business Administration in Management with a concentration in Finance from Tulane University.

The Board of Directors considered Ms. Cepak’s more than 20 years of operational and financial experience in the energy industry. The Board noted her service in various operational roles, including as a reservoir engineer for a major oil and gas exploration and production company. The Board also noted Ms. Cepak’s executive management experience, including most recently as chief financial officer of a publicly traded independent oil and gas exploration and production company, which allows her to provide Patterson-UTI with valuable insight on financial and strategic matters. The Board also considered Ms. Cepak’s diversity of perspective, which is exemplified by her recognition in 2018 as one of Oil and Gas Investor’s 25 Influential Women in Energy.

Michael W. Conlon — Mr. Conlon has served as a director of Patterson-UTI since September 2012. Mr. Conlon retired as a partner of the law firm, Norton Rose Fulbright US LLP, in January 2012 after 40 years with the firm. Mr. Conlon specialized in corporate, securities and merger and acquisition matters. Mr. Conlon was partner-in-charge of the firm's Houston office from 2007 to 2011, was co-partner-in-charge from 2001 to 2007 and partner-in-charge of its Washington, D.C. office from 1992 to 1998. Mr. Conlon currently is an Advisory Director to Tailored Brands, Inc., a specialty retailer of men's apparel and international supplier of corporatewear, and an NYSE listed company. Mr. Conlon holds a Bachelor of Arts degree in Economics from Catholic University of America, where he graduated magna cum laude and as a member of Phi Beta Kappa, and a Juris Doctorate from the Duke University School of Law, where he graduated as a member of the Order of the Coif.

The Board of Directors considered Mr. Conlon's more than 40 years of experience handling corporate, securities and mergers and acquisition matters as a lawyer with an international law firm, as well as his

service in a number of management roles throughout his tenure at the firm. The Board noted Mr. Conlon's experience in representing numerous public companies, including Patterson-UTI, and other energy services companies, allows him to provide valuable insight on legal, governance and regulatory issues facing Patterson-UTI.

Curtis W. Huff — Mr. Huff has served as a director of Patterson-UTI since May 2001 and served as a director of UTI from 1997 to May 2001. Mr. Huff is owner and Chairman of Freebird Partners, a private investment firm created in 2002 that is focused on oilfield service companies and technology. Mr. Huff was Managing Director of Intervale Capital, an oilfield service private equity firm that Mr. Huff co-founded in 2006, and he was a senior advisor to that firm from 2012 to February 2015. Mr. Huff also serves as Chairman of Impact Fluid Solutions LP, which provides drilling and production solutions for oil and gas operators and fluid companies. Mr. Huff served as the President and Chief Executive Officer of Grant Prideco, Inc., a provider of drill pipe and other drill stem products, from February 2001 to June 2002. From January 2000 to February 2001, Mr. Huff served as Executive Vice President, Chief Financial Officer and General Counsel of Weatherford International, Inc., one of the world's largest international oilfield services companies. He served as Senior Vice President and General Counsel of Weatherford from May 1998 to January 2000. Mr. Huff began his professional career in 1983 with the law firm of Norton Rose Fulbright US LLP where he specialized in corporate, securities and merger and acquisition matters. Mr. Huff was made a partner in that firm in 1989 where he served until 1998 when he joined Weatherford. Mr. Huff holds a Bachelor of Arts degree and J.D. from the University of New Mexico, where he graduated as a member of the Order of the Coif and cum laude, and a Masters of Law from New York University School of Law. Mr. Huff is a Vice Chairman of the Board of Directors of the University of St. Thomas in Houston, Texas, and a member of the board of directors of the Houston Food Bank.

The Board of Directors considered Mr. Huff's background as an executive of publicly traded oilfield services companies and as an owner and manager of a private investment firm focused on the oilfield service industry. The Board noted his knowledge and experience in a broad range of oilfield products and services and his current and historical experience in managing operations in both the United States and internationally. The Board also considered Mr. Huff's expertise and background with regard to accounting and legal matters, which, among other things, provides guidance to Patterson-UTI in assessing its corporate governance structure, policies and procedures.

Terry H. Hunt — Mr. Hunt has served as a director of Patterson-UTI since April 2003 and served as a director of UTI from 1994 to May 2001. Mr. Hunt is an energy consultant and retired senior natural gas and electric utility executive. Mr. Hunt served as Senior Vice President — Strategic Planning of PPL Corporation, an international energy and utility holding company, from 1998 to 2000. Mr. Hunt served as the President and Chief Executive Officer of Penn Fuel Gas, Inc., a Pennsylvania-based natural gas and propane distribution company, from 1992 to 1999. Previously, Mr. Hunt was President of Carnegie Natural Gas and Apollo Gas Company, both Appalachian natural gas distribution companies. He also previously served in senior management positions in natural gas project and venture development, oil and natural gas exploration and development evaluation and operations and major production facilities construction with Texas Oil & Gas Corp. and Atlantic Richfield. Mr. Hunt holds a Bachelor of Engineering

degree from the University of Saskatchewan, Canada and a Masters of Business Administration from Southern Methodist University.

The Board of Directors considered Mr. Hunt's more than 25 years of experience covering most phases of the upstream oil and natural gas industry in the United States and Canada, including the evaluation of exploration and development programs, oil and natural gas production and pipeline operations, and project development and major production facility construction. This experience and background provides Patterson-UTI with an invaluable perspective of the oil and natural gas industry and its customers. In addition, Mr. Hunt's many years of senior executive experience leading natural gas distribution, storage and marketing companies provides insight into the management of multi-faceted businesses and the markets for natural gas in North America.

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Janeen S. Judah — Ms. Judah has served as a director of Patterson-UTI since April 2018. Ms. Judah served as the President of the Society of Petroleum Engineers from September 2016 to October 2017 while on secondment from Chevron, and as a member of the Board of Directors of the Society of Petroleum Engineers from 2003 to 2006 and from 2012 to 2018. Ms. Judah held numerous leadership positions at Chevron, including general manager for Chevron's Southern Africa business unit from August 2010 to September 2016, president of Chevron Environmental Management Company from August 2007 to August 2010 and general manager of reservoir and production engineering for Chevron Energy Technology Company from June 2004 to August 2007. Before joining Chevron in 1998, she held various upstream petroleum engineering positions for Texaco and Arco, starting in Midland in 1981. Ms. Judah holds Bachelor of Science and Masters of Science degrees in petroleum engineering from Texas A&M University, a Masters of Business Administration from the University of Texas of the Permian Basin and a Juris Doctorate from the University of Houston Law Center.

The Board of Directors considered Ms. Judah's more than 35 years of operational, managerial and environmental experience in the oil and gas industry. The Board noted her experience derived from oil and gas industry positions held involving significant operational and management responsibilities, including positions with Chevron and upstream petroleum engineering positions. The Board also noted Ms. Judah's extensive international experience, including most recently as general manager for Chevron's Southern Africa business unit, which allows her to provide Patterson-UTI with valuable insight on international and strategic matters. The Board also considered Ms. Judah's service as the President of the Society of Petroleum Engineers from 2017 to 2018, as well as her diversity of perspective, which is exemplified by her recognition in 2018 as one of Oil and Gas Investor's 25 Influential Women in Energy.

Board Leadership Structure, Lead Director and Board Role in Risk Oversight

The Board evaluates its leadership structure and role in risk oversight on an ongoing basis. The decision on whether to combine or separate the Chairman and Chief Executive Officer ("CEO") role is determined on the basis of what the Board considers to be best for Patterson-UTI at any given point in time. Patterson-UTI's current Board leadership structure separates the role of Chairman and CEO.

The Board also believes part of an effective Board leadership structure is to have a lead independent director, the "Lead Director." The Board has appointed Mr. Huff as the Lead Director. The independent directors meet regularly in executive sessions at which only independent directors are present, and the Lead Director chairs those sessions. The Lead Director serves as a liaison between the Chairman and the independent directors, consults with regard to Board and agenda items, and works with the chairpersons of Board committees as appropriate.

The Nominating and Corporate Governance Committee and the Board currently believe that the Board's leadership structure, which includes the separation of the role of CEO and Chairman and the appointment of an independent Lead Director, is appropriate because it, among other things, provides for sufficient independence between the Board and management and for an independent director who provides board member leadership.

The Board has adopted Corporate Governance Guidelines, which can be accessed electronically in the "Governance" section of Patterson-UTI's website at www.patenergy.com. The Guidelines describe one of the Board's primary responsibilities as overseeing Patterson-UTI's processes for assessing and managing risks. The Board discharges this responsibility, in part, through regular inquiries from the Chairman of the Board and/or the Lead Director to management, periodic communications from management to the Board of Directors of particular risks and events, and discussions during Board meetings of general and specific risks to Patterson-UTI.

Meetings and Committees of the Board of Directors

The Board of Directors met 12 times during the year ended December 31, 2017. Each director attended, in person or by telephone, at least 75% of the aggregate of all meetings held by the Board and meetings of each committee on which such director served. A majority of the members of the Board of Directors are independent within the meaning of the Nasdaq Stock Market, Inc. ("Nasdaq") listing standards. Specifically, the Board has determined that Messrs. Buckner, Conlon, Huff and Hunt and Mses. Cepak and Judah are independent within the meaning of the Nasdaq listing standards. In reaching this conclusion, the Board considered that Patterson-UTI's pressure pumping business has rented mobile proppant management systems from an oilfield service company in which Mr. Huff has a less than two percent indirect equity interest, which involved aggregate rental payments of approximately \$300,000 between December 31, 2016 and March 31, 2018. Additionally, the Board considered that Mr. Huff has an indirect equity interest in two customers of Patterson-UTI's oilfield rental tool business and in a vendor to Patterson-UTI's contract drilling business, all of which entities received less than \$10,000 from, or paid less than \$10,000 to, Patterson-UTI since January 1, 2017. The Board has determined that these transactions are not material to any such company, Patterson-UTI or Mr. Huff and that such transactions do not affect his independence under applicable rules and regulations.

The Board of Directors has established four standing committees: an Executive Committee, an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee.

The Executive Committee, which currently is composed of Messrs. Siegel, Hendricks and Huff, has the authority, to the extent permitted by applicable law, to act for the Board in all matters arising between regular or special meetings of the Board of Directors.

The Audit Committee members are Messrs. Buckner (chairman), Huff and Hunt and Ms. Cepak, each of whom is independent within the meaning of applicable rules under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and within the meaning of the Nasdaq listing standards. The Audit Committee oversees management’s conduct of Patterson-UTI’s accounting and financial reporting process, including review of the financial reports and other financial information provided by Patterson-UTI to the public and government and regulatory bodies, Patterson-UTI’s system of internal accounting, Patterson-UTI’s financial controls, and the annual independent audit of Patterson-UTI’s financial statements and internal control over financial reporting. The Audit Committee also oversees compliance with Patterson-UTI’s codes of conduct and ethics and with legal and regulatory requirements. The Board has determined that Messrs. Buckner and Huff and Ms. Cepak are “audit committee financial experts” within the meaning of applicable SEC rules. The Audit Committee selects the independent registered public accounting firm to audit Patterson-UTI’s books and records and considers and acts upon accounting matters as they arise. The Board of Directors has adopted a written charter for the Audit Committee. The Audit Committee held seven meetings during the year ended December 31, 2017. Please see “Audit Committee Report” elsewhere in this proxy statement.

The Compensation Committee members are Messrs. Hunt (chairman), Buckner, Conlon and Huff, each of whom is independent as defined in the Nasdaq listing standards. Among other things, the Compensation Committee sets and administers the policies that govern the compensation of executive officers and directors of Patterson-UTI. The Board of Directors has adopted a written charter for the Compensation Committee. The Compensation Committee held 12 meetings during the year ended December 31, 2017. Please see “Compensation Discussion and Analysis” and “Compensation Committee Report” elsewhere in this proxy statement for further information about the Compensation Committee.

The Nominating and Corporate Governance Committee members are Messrs. Conlon (chairman), Buckner and Huff and Ms. Cepak, each of whom is independent as defined in the Nasdaq listing standards. The purpose of the Nominating and Corporate Governance Committee is to, among other things, identify individuals qualified to become Board members, to recommend for selection by the Board director nominees for the next annual meeting of stockholders, to recommend nominees for Board committees, to review Patterson-UTI’s Code of Business Conduct and Corporate Governance Guidelines, to develop and continually make recommendations with respect to the best corporate governance principles and to oversee the annual review of the Board and management. The Board of Directors has adopted a written charter for the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee held three meetings during the year ended December 31, 2017.

On behalf of the Board, the Nominating and Governance Committee considers director nominees recommended by Patterson-UTI’s stockholders if the recommendations are made in accordance with all legal requirements, including applicable provisions of Patterson-UTI’s restated certificate of incorporation and bylaws. In accordance with Patterson-UTI’s bylaws, in addition to any other applicable requirements, nominations of persons for election to the Board may be made at a meeting of stockholders only by or at the direction of the Board or by a stockholder who is a stockholder of record on the date of the giving of the notice provided for below and on the record date for the determination of stockholders entitled to vote at such annual meeting and gives timely notice of such nomination in writing to the Secretary of Patterson-UTI. To be timely with respect to the 2019 annual meeting of stockholders, a stockholder’s notice must be delivered to or mailed and received at Patterson-UTI’s principal executive offices not earlier than February 14, 2019 and not later than March 16, 2019; provided, however, that in the event that the annual meeting is called for a date that is not within 30 days before or after June 14, 2019, notice by the stockholder must be received not later than the close of business on the tenth day following the day on which such notice of the date of the meeting was mailed or public disclosure of the annual meeting date was made, whichever occurs first.

A stockholder's notice to the Secretary of Patterson-UTI shall set forth:

as to each person whom the stockholder proposes to nominate for election or re-election as director, all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors, or is otherwise required, in each case pursuant to Regulation 14A promulgated under the Exchange Act, or any successor regulation thereto,

the name and record address of the stockholder proposing such nomination,

the class and number of shares of Patterson-UTI that are beneficially owned by the stockholder,

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Communication with the Board and its Independent Members

Persons may communicate with the Board, or directly with its Chairman, Mr. Siegel, by submitting such communication in writing in care of Chairman of the Board of Directors, Patterson-UTI Energy, Inc., 10713 West Sam Houston Parkway North, Suite 800, Houston, Texas 77064. Persons may communicate with the independent members of the Board by submitting such communication in writing to the Nominating and Corporate Governance Committee of the Board of Directors of Patterson-UTI Energy, Inc., 10713 West Sam Houston Parkway North, Suite 800, Houston, Texas 77064.

Although Patterson-UTI does not have a formal policy regarding attendance by members of the Board at its annual meetings of stockholders, directors are invited to attend annual meetings of Patterson-UTI stockholders. All of the directors at the time of the 2017 annual meeting of stockholders attended the meeting by telephone.

Corporate Governance Documents Available on Patterson-UTI's Website

Copies of each of the following documents can be accessed electronically in the "Corporate Governance" section of the Patterson-UTI website at www.patenergy.com and in print to any stockholder who requests them from the Secretary of Patterson-UTI:

- Audit Committee Charter;
- Compensation Committee Charter;
- Nominating and Corporate Governance Committee Charter;
- Corporate Governance Guidelines;
- Code of Business Conduct and Ethics for its employees, officers and directors;
- Code of Business Conduct and Ethics for Senior Financial Executives; and
- Global Anticorruption Policy.

PROPOSAL NO. 2

APPROVAL OF THE AMENDMENT OF THE PATTERSON-UTI RESTATED CERTIFICATE OF INCORPORATION TO INCREASE THE NUMBER OF AUTHORIZED SHARES OF PATTERSON-UTI'S COMMON STOCK

Background

Subject to the approval of the stockholders, the Board has approved a proposal to amend Patterson-UTI's Restated Certificate of Incorporation to increase the number of authorized shares of Patterson-UTI's Common Stock from 300 million to 400 million. If adopted by the stockholders, the amendment would become effective upon filing of an appropriate certificate of amendment with the Secretary of State of the State of Delaware. The proposed amendment would replace the first sentence of Article Fourth of the Restated Certificate of Incorporation with the following language:

"The total number of shares of stock that the Corporation shall have authority to issue is four hundred one million (401,000,000) shares, of which 400 million (400,000,000) shares shall be Common Stock, having a par value of \$0.01 per share, and one million (1,000,000) shares shall be Preferred Stock, having a par value of \$0.01 per share."

As of March 31, 2018, Patterson-UTI had 300 million authorized shares of Common Stock, with approximately 222 million shares of Common Stock outstanding, approximately 45 million shares of Common Stock held as treasury shares, and approximately 15 million shares of Common Stock either underlying awards outstanding or still available for grant under our 2005 Long-Term Incentive Plan and 2014 Long-Term Incentive Plan, as amended and restated (the "Amended and Restated 2014 Long-Term Incentive Plan"). As a result, only approximately 19 million shares of Common Stock remain available for new issuance outside of the Amended and Restated 2014 Long-Term Incentive Plan as of March 31, 2018.

The Board believes it is in the best interest of Patterson-UTI to increase the number of authorized shares of Common Stock in order to give Patterson-UTI greater flexibility in considering and planning for future corporate needs, including, but not limited to, financings, potential strategic transactions, including mergers, acquisitions and business combinations, grants under equity compensation plans, stock dividends, and stock splits, as well as other general corporate purposes. The Board believes that additional authorized shares of Common Stock will enable Patterson-UTI

to take timely advantage of market conditions and favorable financing and acquisition opportunities that become available to Patterson-UTI without the delay and expense associated with convening a special meeting of Patterson-UTI's stockholders.

During the past two years, Patterson-UTI has used authorized shares of Common Stock to pursue important acquisitions and other business opportunities. For example, in 2017 Patterson-UTI issued 47.5 million shares in

connection with its acquisition of Seventy Seven Energy Inc. and an additional 8.8 million shares in connection with its acquisition of MS Directional, LLC. Unless stockholders approve the proposed amendment to the Restated Certificate of Incorporation, Patterson-UTI may not have sufficient unissued and unreserved authorized shares to engage in similar transactions in the future.

Patterson-UTI has no current plan, commitment, arrangement, understanding or agreement regarding the issuance of the additional shares of Common Stock that will result from Patterson-UTI's adoption of the proposed amendment. Except as otherwise required by law or by a regulation of Nasdaq, the newly authorized shares of Common Stock will be available for issuance at the discretion of the Board (without further action by the stockholders) for various future corporate needs, including those outlined above. While adoption of the proposed amendment would not have any immediate dilutive effect on the proportionate voting power or other rights of Patterson-UTI's existing stockholders, any future issuance of additional authorized shares of Patterson-UTI's Common Stock may, among other things, dilute the earnings per share of the Common Stock and the equity and voting rights of those holding Common Stock at the time the additional shares are issued.

In addition to the corporate purposes mentioned above, an increase in the number of authorized shares of Patterson-UTI's Common Stock may make it more difficult to, or discourage an attempt to, obtain control of Patterson-UTI by means of a takeover bid that the Board determines is not in the best interest of Patterson-UTI and its stockholders. However, the Board does not intend or view the proposed increase in the number of authorized shares of Patterson-UTI's Common Stock as an anti-takeover measure and is not aware of any attempt or plan to obtain control of Patterson-UTI.

Any newly authorized shares of Patterson-UTI's Common Stock will be identical to the shares of Common Stock now authorized and outstanding. The proposed amendment will not affect the rights of current holders of Patterson-UTI's Common Stock, none of whom have preemptive or similar rights to acquire the newly authorized shares.

The Board of Directors recommends a vote "FOR" the approval of the Amendment. Approval of the proposal requires the affirmative vote of the holders of a majority of the shares of Common Stock entitled to vote at the Meeting. As a result, abstentions will have the same effect as a vote "AGAINST" the proposal. Unless you give contrary instructions in your proxy, your properly submitted proxy will be voted "FOR" approval of the proposal. Because the approval of the amendment of Patterson-UTI's Restated Certificate of Incorporation is considered a routine matter, if you do not give instructions to your brokerage firm, bank, broker-dealer, or other similar organization, the brokerage firm, bank, broker-dealer, or other similar organization will nevertheless be entitled to vote your shares in its discretion and may give or authorize the giving of a proxy to vote the shares in its discretion on this proposal.

PROPOSAL NO. 3

RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee appointed PricewaterhouseCoopers LLP as the independent registered public accounting firm to audit the financial statements and internal control over financial reporting of Patterson-UTI for the fiscal year ending December 31, 2018, and directed that such engagement be submitted to the stockholders of Patterson-UTI for ratification. In recommending ratification by the stockholders of such engagement, the Board of Directors is acting upon the recommendation of the Audit Committee, which has satisfied itself as to PricewaterhouseCoopers LLP's independence, professional competence and standing. Although ratification by stockholders of the engagement of PricewaterhouseCoopers LLP is not required by Delaware corporate law or Patterson-UTI's restated certificate of incorporation or bylaws, the Audit Committee believes a decision of this nature should be made with the consideration

of Patterson-UTI's stockholders. If the stockholders fail to ratify the appointment, the Audit Committee will reconsider whether to retain PricewaterhouseCoopers LLP and may retain that firm or another without re-submitting the matter to our stockholders. Even if the appointment is ratified, the Audit Committee may, in its discretion, direct the appointment of a different independent registered public accounting firm at any time during the year if it determines that such change would be in the best interests of Patterson-UTI and its stockholders.

It is expected that one or more representatives of PricewaterhouseCoopers LLP will be available to participate in the Meeting and will be given the opportunity to make a statement if they so desire. It also is expected that the representative(s) will be available to respond to appropriate questions from the stockholders.

The Board of Directors recommends a vote “FOR” the ratification of PricewaterhouseCoopers LLP as Patterson-UTI’s independent registered public accounting firm. Ratification of the selection of PricewaterhouseCoopers LLP requires the affirmative vote of the holders of a majority of the shares of Common Stock present in person or by proxy, and entitled to vote at the Meeting. Unless you give contrary instructions in your proxy, your properly submitted proxy will be voted “FOR” such ratification. Abstentions will be counted as shares entitled to vote on the proposal and will have the same effect as a vote “AGAINST” the proposal. Because the ratification of an independent registered public accounting firm is considered a routine matter, if you do not give instructions to your brokerage firm, bank, broker-dealer, or other similar organization, the brokerage firm, bank, broker-dealer, or other similar organization will nevertheless be entitled to vote your shares in its discretion and may give or authorize the giving of a proxy to vote the shares in its discretion on this proposal.

PROPOSAL NO. 4

ADVISORY APPROVAL OF EXECUTIVE COMPENSATION

In accordance with Section 14A of the Exchange Act, the Board of Directors is asking stockholders to approve a non-binding, advisory resolution on the compensation of Patterson-UTI’s executive officers who are named in the Summary Compensation Table appearing in this proxy statement (the “Named Executive Officers”). The compensation of the Named Executive Officers is described in the “Compensation Discussion and Analysis” and “Executive Compensation” sections of this proxy statement.

The compensation program for the Named Executive Officers is designed to attract and retain highly qualified individuals and to motivate and reward them for performance that benefits Patterson-UTI and its stockholders. The Compensation Committee and the Board of Directors believe that the policies and procedures detailed in the “Compensation Discussion and Analysis” achieve these goals by, among other things:

- providing a mix of short-term compensation in the form of base salary and annual cash incentive bonuses and long-term compensation in the form of restricted stock, restricted stock units, performance units, and, in some years, stock options, which strikes a balance between offering competitive compensation packages and aligning compensation with long-term growth and creating value for stockholders;
- emphasizing variable equity and cash compensation to link realized compensation to performance;
- reviewing annual base salaries, in part, based on Patterson-UTI’s financial results and position and performance compared to similarly situated companies, while recognizing that Patterson-UTI’s executive compensation program has historically emphasized low comparative base compensation;
- providing performance-based annual cash incentive bonuses designed to put a meaningful portion of total compensation at risk;
 - awarding performance units, and, in some years, stock options, whose value is tied to the achievement of certain performance goals and/or an increase in the price of the Common Stock;
- awarding restricted stock, restricted stock units, performance units, and, in some years, stock options that generally vest over periods of three years; and
- establishing stock ownership guidelines.

The Board of Directors is asking stockholders to approve the following non-binding, advisory resolution at the Meeting:

“RESOLVED, that the stockholders of Patterson-UTI Energy, Inc. (the “Company”) approve, on an advisory basis, the compensation of the Company’s named executive officers, as disclosed pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the compensation tables and other narrative discussion in the Proxy Statement for the 2018 Annual Meeting of Stockholders of the Company.”

This advisory resolution, commonly referred to as a “say-on-pay” resolution, is non-binding on the Board of Directors. Although non-binding, the Board of Directors and the Compensation Committee value the views of Patterson-UTI’s stockholders and will review and consider the voting results when (i) evaluating the effectiveness of Patterson-UTI’s compensation policies and practices and (ii) making future compensation decisions for the Named Executive Officers.

The Board of Directors recommends a vote “FOR” the approval of the advisory resolution on executive compensation. Approval of the advisory resolution requires the affirmative vote of the holders of a majority of the shares of Common Stock present in person or by proxy, and entitled to vote at the Meeting. Unless you give contrary instructions in your proxy, your properly submitted proxy will be voted “FOR” such approval. Abstentions will be counted as shares entitled to vote on the proposal and will have the same effect as a vote “AGAINST” the proposal. A broker non-vote will be counted for purposes of establishing a quorum, but will not be treated as a share entitled to vote on the proposal. This will have the effect of reducing the absolute number of shares necessary to approve the proposal.

EXECUTIVE OFFICERS

Set forth below is the name, age and position followed by a brief description of the business experience during at least the past five years for each executive officer of Patterson-UTI who is not also a member of, or nominee for election to, the Board of Directors.

Name	Age	Position
C. Andrew Smith	47	Executive Vice President and Chief Financial Officer
Kenneth N. Berns	58	Executive Vice President and Chief Commercial Officer
Seth D. Wexler	46	Senior Vice President, General Counsel and Secretary
James M. Holcomb	55	President — Patterson-UTI Drilling Company LLC

C. Andrew Smith — Mr. Smith has served as Executive Vice President and Chief Financial Officer of Patterson-UTI since September 2017. From April 2014 until September 2017, Mr. Smith served as Executive Vice President and Chief Financial Officer of Kirby Corporation, a marine transportation and diesel engine services company. From January 2014 to April 2014, Mr. Smith served as Executive Vice President – Finance of Kirby Corporation. Prior to joining Kirby Corporation, Mr. Smith served as Senior Vice President and Chief Financial Officer of Benthic Geotech and was previously Chief Financial Officer for both Global Industries, LTD and NATCO Group. Mr. Smith is a Certified Public Accountant and holds a degree in business administration from the University of Houston.

Kenneth N. Berns—Mr. Berns has served as Executive Vice President and Chief Commercial Officer of Patterson-UTI since May 2017. Mr. Berns served as a director of Patterson-UTI from May 2001 to June 2017 and as Senior Vice President of Patterson-UTI from April 2003 to May 2017. Mr. Berns served as a director of UTI from 1995 to May 2001. Mr. Berns has been an executive with REMY Investors since 1994. Mr. Berns holds a Bachelor’s Degree in Business Administration from San Diego State University and a Master’s Degree in Taxation from Golden Gate University.

Seth D. Wexler — Mr. Wexler has served as Senior Vice President, General Counsel and Secretary of Patterson-UTI since February 2017. Mr. Wexler served as General Counsel and Secretary of Patterson-UTI from August 2009 to February 2017. From March 1998 to August 2009, he specialized in securities law and mergers and acquisitions for the law firm of Norton Rose Fulbright US LLP, including as a partner of such law firm since January 2007. Mr. Wexler holds a Bachelor of Business Administration in Finance from the University of Texas at Austin, a Juris Doctorate from the University of Houston Law Center and a Masters of Business Administration from the University of Houston.

James M. Holcomb — Mr. Holcomb has served as President of Patterson-UTI Drilling Company LLC since January 2012. Mr. Holcomb came to Patterson-UTI in February 1998 with the acquisition of Robertson Onshore Drilling Company and since that time has served in numerous operational management roles, including as Senior Vice President of Operations of Patterson-UTI Drilling Company LLC from April 2006 to January 2012. Mr. Holcomb has over 30 years of experience in contract drilling operations. Mr. Holcomb holds a Bachelor of Science Degree in Business Management from LeTourneau University.

COMPENSATION DISCUSSION AND ANALYSIS

The following Compensation Discussion and Analysis (“CD&A”) sets forth the principal compensation policies and programs of Patterson-UTI for our Named Executive Officers (“NEOs”). Except as otherwise specifically described below, the discussion in this CD&A applies to all of our NEOs.

Named Executive Officer (1) Title	
William Andrew Hendricks, Chief Executive Officer and President Jr.	
C. Andrew Smith(2)	Executive Vice President and Chief Financial Officer
John E. Vollmer III(3)	Former Executive Vice President – Corporate Development, Chief Financial Officer and Treasurer
Mark S. Siegel	Executive Chairman of the Board
Kenneth N. Berns	Executive Vice President and Chief Commercial Officer
James M. Holcomb	President, Patterson-UTI Drilling Company LLC

- (1) References in this CD&A to the “top four NEOs” refer only to Mr. Smith (our current Chief Financial Officer) and Messrs. Hendricks, Siegel and Berns, except for periods prior to September 8, 2017, in which case the term refers to Mr. Vollmer (our former Chief Financial Officer) and Messrs. Hendricks, Siegel and Berns. Mr. Holcomb’s compensation is addressed separately.
- (2) Mr. Smith was appointed as the Executive Vice President and Chief Financial Officer of the Company on September 8, 2017.
- (3) Mr. Vollmer retired as Patterson-UTI’s Executive Vice President – Corporate Development and Chief Financial Officer on September 8, 2017. Effective December 31, 2017, Patterson-UTI entered into an employment agreement with Mr. Vollmer whereby he currently serves as a consultant to Patterson-UTI through December 2021.

Executive Summary

Changes in our 2017 Compensation Program

The executive compensation program at Patterson-UTI is managed by our Compensation Committee. The program is designed to foster operational excellence and to reward strong financial performance on both a short-term and a long-term basis for the benefit of Patterson-UTI and its shareholders.

During 2017, the Committee engaged in a substantial redesign effort with the objective of establishing a program that would remain aligned with these goals, while providing a more appropriate foundation for Patterson-UTI as the Company continues to grow and mature. We believe that our prior program served the Company well for many years during a period of significant change and success. However, the Committee determined that the prior program no longer fit Patterson-UTI in its current stage of development, that it had elements that were no longer considered “best practices,” and, in some cases, that it was not delivering the desired compensation results.

What We Changed

Why We Changed

Adopted a more market-based approach to compensation determination by eliminating our historical team-based matrix for incentive award determination and tying individual compensation opportunities more closely to individual roles and responsibilities.

A more market-based approach to individual pay decisions is better aligned with the way in which our management team has evolved, ties us more closely to our competitive market, and provides a more solid foundation from which to attract, retain, and develop talent going forward.

Adopted a more holistic goal-based approach to short-term incentives, replacing our prior plan which funded bonuses as a percent of EBITDA with a plan based upon multiple pre-established financial and operational measures with target opportunities set as a percent of salary and payouts within a more limited range.

Our new program is better aligned with our peers and with generally accepted best practices of compensation governance and ties compensation more directly to specific short-term performance measures that are intended to drive long-term growth.

Eliminated stock options from our long-term incentive mix for 2017.

Stock options historically contributed to share usage and shareholder dilution to a greater extent than restricted stock or performance unit awards, and they continue to decline in prevalence among our peers. In addition, with the elimination of the performance-based pay exemption under Section 162(m) of the Internal Revenue Code (“Section 162(m)”), the ability of stock options to automatically qualify for this exemption to the Section 162(m) limitations is no longer a relevant consideration.

Anti-hedging policy for our executive officers and directors

Use of advice from independent compensation consultant
and feedback from stockholders

Hold an annual Say-on-Pay vote

2017 Performance Highlights

Our performance over the past five years has been exceptionally great, as evidenced by our total shareholder return (TSR) performance relative to our 18 company peer group through December 31, 2017.

Top Tier TSR Performance Relative to Peers and Broader Industry

- 7th percentile for 2017

- 10th percentile for the past three-year period

- 9th percentile for the past five-year period

Over this period, the Company has been recognized as one of the pre-eminent North American oilfield services companies, with leadership positions both in land drilling and pressure pumping – the two services that are the key drivers for the development of shale energy in the United States. We have delivered this strong performance during a period that has included high commodity prices and high utilization of our assets, as well as low commodity prices and correspondingly low levels of asset utilization.

Our strong performance is evidence of our commitment to building long-term shareholder value and has been driven by several key strategic decisions that have been in place for over ten years:

Consistent Strategic Focus

Adherence to a clear strategic plan focused on growing our core businesses, while differentiating ourselves with quality equipment and personnel	Willingness to commit needed capital to provide customers with the quality of equipment required for efficient and safe operations	Commitment to operational excellence with an uncompromising focus on safety
Development of a diverse, well-trained and highly-motivated workforce	Maintenance of a strong “fortress” balance sheet that permits us to focus on building a long-term, “built-to-last” company	Creation of a “nimble” management organization that is able to react intelligently, quickly and decisively when opportunities or challenges arise

What Guides Our Program

As discussed in greater detail in this CD&A, the majority of compensation for our NEOs is provided in the form of variable components, with realized value dependent upon annual financial performance or upon the multi-year performance of our common stock. As a result, target pay opportunity and the grant date value of equity awards as reported in the Summary Compensation Table can vary significantly from the compensation actually realized by our NEOs each year.

The chart below provides a comparison of reported pay for our CEO for each of the past three years as compared to his realized pay for each year.

CEO Target Pay vs. Realized Pay 2015 – 2017

Definitions of Pay	Base Salary	Annual Bonus	Performance Units	Restricted Stock	Stock Options
Reported pay	Actual paid	Target opportunity	Grant date (target) value for awards granted during year	Grant date value of shares granted during year	Grant date value of options granted during year
Realized pay	Actual paid	Actual paid based on annual performance	Market value of shares vested for performance periods ending during that year	Market value of shares vested during year	Value realized from options exercised during the year

Our overriding philosophy for the compensation of our key executives is to link their compensation with Patterson-UTI's operational and market performance and to establish incentives that reward them for their achievement of both short-term tactical and long-term strategic objectives. In doing so, we seek to offer competitive compensation packages designed to attract and retain highly qualified individuals and to motivate and reward our executives in achieving Patterson-UTI's goals. Specifically, the 2017 program was designed to reinforce the following goals:

- ◆ Provide quality services for our customers in a safe and efficient manner;
- ◆ Generate strong financial performance and returns for our stockholders;
- ◆ Attract and retain highly qualified individuals, with a strong emphasis on teams working together to capitalize on opportunities and solve problems; and
- ◆ Be a model corporate citizen in the communities in which we work.

In order to accomplish these goals, we provide total direct compensation in the following three components:

Component	Description	Alignment with Shareholders
Base Salary	Fixed level of base compensation tied to core day to day responsibilities	<ul style="list-style-type: none"> •Critical to attraction and retention of executive talent
Annual Cash Incentive (Bonus)	Annual cash bonus opportunity expressed as a percent of salary and tied to achievement relative to pre-established annual financial, operational and other defined goals	<ul style="list-style-type: none"> •Subject to periodic review based on market data and individual performance •Keeps a significant portion of annual compensation at-risk for achievement of key performance indicators (KPIs) that help drive long-term growth in value
Long-term Incentives	Annual grants of equity-based incentives in the form of time-vested and performance-based restricted stock and performance units that vest or must be earned over a multi-year period	<ul style="list-style-type: none"> •Holds management accountable for growing shareholder value over the long-term •Maintains strong, direct alignment with shareholders through the use of equity •Enhances retention by vesting awards over multiple years

For 2017, total direct compensation for our NEOs was most heavily weighted toward long-term incentives, as shown below. These charts for 2017 include cash and equity awards pursuant to the one-time pool described in ‘‘Special, One-Time Awards for the Transformative SSE Merger’’.

2017 TOTAL DIRECT COMPENSATION CEO and Chairman Other NEOs

61% Long-term

93% Variable

Process for Determination of Executive Compensation

Role of the Compensation Committee

The Board of Directors has delegated the management of Patterson-UTI’s executive compensation program to the Compensation Committee. The Compensation Committee meets on a regular basis to consider compensation matters and to review how Patterson-UTI’s plans and policies work in practice. Each of the Compensation Committee’s current members is an independent director as defined by the Nasdaq listing standards.

Compensation determinations and equity awards are conducted through a process that solicits the input from management through our Executive Chairman and our CEO, as well as from outside compensation consultants retained by the Compensation Committee. In addition to the recommendations of management and consultants, the

Compensation Committee considers feedback from Patterson-UTI's stockholders, guidelines of proxy advisory firms, reported trends in compensation, internal budgets, historical data for the Company and its peers, strategic planning updates and other information that it considers relevant.

Chairman and CEO

Our Chairman and our CEO provide the Compensation Committee with reviews of the performance of other executive officers and senior managers, including the other NEOs. The Compensation Committee also engages our Chairman and CEO in an annual dialog with our Committee Chairman and our Lead Director on our compensation program and seeks their input on and review of proposals for long-term incentive grants. This process results in a recommendation that is considered by our Compensation Committee as a whole.

Independent, Outside Compensation Consultant

Our Compensation Committee regularly utilizes outside compensation consultants to help assess and design our executive compensation program. These consultants are paid on a basic, fixed-fee structure plus expenses. These outside consultants provide data and advice on historical compensation and stockholder returns, market trends and peer compensation practices. The Compensation Committee has retained Pearl Meyer as its consultant and advisor for executive compensation matters since 2012.

Our Compensation Committee regularly reviews the services provided by its outside consultants and has determined that Pearl Meyer is independent in providing executive compensation consulting services. The Compensation Committee receives a confirmation certification of independence from its consultants annually.

In 2017, Pearl Meyer provided the Compensation Committee with information on the compensation practices of our peer group and other oilfield service companies and on the reasonableness of our program as compared to the compensation practices of our peer group. In so doing, Pearl Meyer provided the Compensation Committee with information on each element of total direct compensation for our executive officers as well as a comparison of our compensation against our peers and the broader oilfield services market. Pearl Meyer also provided the Compensation Committee with information on the cost and potential dilution to our stockholders of our equity-based incentives and compared that to our peer group.

Peer Group

In early 2016, following extensive deliberations and consultation with our independent, outside compensation consultant, Pearl Meyer, our Compensation Committee determined to update our peer group of energy service companies. The update also took into account feedback received from our engagement with significant stockholders, as well as a review of the peer groups as determined by the two major shareholder advisory firms. This update removed several outsized companies, reflected industry changes through merger and acquisition activity and accounted for the severe contraction in industry participant scale and profitability. The update focused on energy service companies that directly compete with Patterson-UTI's businesses and/or are reasonably scaled to Patterson-UTI's operations and financial measures. Specifically, this updated group of 18 peers is summarized below:

2016 Compensation Peers			
Primary Land-based Drilling Peers	Other Drilling Companies	Similarly Sized Diversified Oilfield Services Companies	Other Key Pressure Pumping Peers
•Helmerich & Payne	•Atwood Oceanics	•Basic Energy Services	•Weatherford International
•Nabors Industries	•Diamond Offshore	•Forum Energy Technologies	
•Precision Drilling	•EnSCO plc	•FMC Technologies	

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- Noble Corp
- Oceaneering International
- Parker Drilling
- Oil States International
- Rowan Companies
- Superior Energy Services
- Transocean Ltd
- Unit Corp

The 2016 peer group listed above was utilized for 2016 and early 2017 compensation decisions.

In May 2017, following deliberations and consultation with Pearl Meyer, the Compensation Committee determined to update our peer group of energy service companies to account for the SSE merger and changing market landscape in which Patterson-UTI operates. This update removed Parker Drilling Company and Atwood Oceanics Inc. and added Halliburton Company and National-Oilwell Varco, Inc. to the peer group. The addition of Halliburton as a peer was based on our belief that Patterson-UTI is among the top three to five U.S. pressure pumping companies, depending on the manner in which number of fleets and activity level is calculated, and that Halliburton is the leader and principal competitor to Patterson-UTI in the pressure pumping business. National-Oilwell Varco, Inc. was also added to our peer group because of our greater size following the SSE merger.

Our current peer group is the following energy service peer group for company performance and compensation matters:

2017 Compensation Peer Group

- Basic Energy Services, Inc.
- Noble Corp.
- Diamond Offshore Drilling Inc.
- Oceaneering International
- Ensco plc.
- Oil States International Inc.
- FMC Technologies, Inc. (now TechnipFMC plc)
- Precision Drilling Corporation
- Forum Energy Technologies, Inc.
- Rowan Companies Inc.
- Halliburton Company
- Superior Energy Services, Inc.
- Helmerich & Payne Inc.
- Transocean Ltd.
- Nabors Industries Ltd.
- Unit Corp.
- National-Oilwell Varco, Inc.
- Weatherford International Ltd.

The peer group listed immediately above (the “2017 Peer Group”) was not utilized for 2017 compensation decisions; however, performance pursuant to the equity-based awards that were granted in 2017 will be evaluated using the 2017 Peer Group.

As of March 31, 2018, our market capitalization was in the top quartile of the peer group, and our compensation consultant has advised us that based upon the SSE merger and MS Directional acquisition and our organic growth, the Company is projected to be in the top quartile for 2018 revenues.

Components of 2017 Compensation

Base Salary

While we have historically targeted NEO salaries overall well below the market median, as part of our 2017 program redesign the Committee approved increases for all of our NEOs in order to bring their salaries more in line with competitive practice. The Committee believes the salary increases were critical to executive retention, particularly as the Company had endured several years of an industry-wide downturn. In addition, the resulting base salaries fell within the market median range on average, based upon Pearl Meyer’s analysis.

ANNUAL SALARIES		
	2016	2017
William Andrew Hendricks, Jr.	\$600,000	\$1,000,000
C. Andrew Smith	\$—	\$450,000
John E. Vollmer III	\$350,000	\$450,000
Mark S. Siegel	\$350,000	\$800,000
Kenneth N. Berns	\$265,000	\$450,000
James M. Holcomb	\$325,000	\$465,000

- (1) Threshold was calculated based on the achievement of 80% of the Adjusted EBITDA component and threshold performance on each of the goals in the KPI component.
- (2) Mr. Smith was appointed as the Executive Vice President and Chief Financial Officer of the Company on September 8, 2017. Pursuant to his employment agreement, Mr. Smith was eligible for a full calendar year 2017 bonus.
- (3) Pursuant to Mr. Vollmer's agreement in connection with his retirement, the Company paid to Mr. Vollmer a cash bonus of \$350,000 at the time bonuses were paid to other executives of Patterson-UTI and a lump sum retirement payment of \$450,000 on December 31, 2017.
- (4) The budgeted or targeted Adjusted EBITDA for Mr. Holcomb was established with respect to Patterson-UTI's contract drilling business.

ACTUAL PAYOUT OF ANNUAL INCENTIVE OPPORTUNITY					
	Adjusted EBITDA	Safety and Operational Standards	SSE Merger Integration	Rig Fleet Upgrade	Total 2017 Cash Bonus
William Andrew Hendricks, Jr.	\$1,750,000	\$0	\$250,000	\$187,500	\$2,187,500
C. Andrew Smith (1)	\$787,500	\$0	\$112,500	\$84,375	\$984,375
John E. Vollmer III (2)	--	--	--	--	350,000
Mark S. Siegel	\$1,400,000	\$0	\$200,000	\$150,000	\$1,750,000
Kenneth N. Berns	\$787,500	\$0	\$112,500	\$84,375	\$984,375
James M. Holcomb	\$455,700	\$0	\$65,100	\$48,825	\$569,625
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- (1) Mr. Smith was appointed as the Executive Vice President and Chief Financial Officer of the Company on September 8, 2017. Pursuant to his employment agreement, Mr. Smith was eligible for a full calendar year 2017 bonus.
 - (2) Pursuant to Mr. Vollmer's agreement in connection with his retirement, the Company paid to Mr. Vollmer a cash bonus of \$350,000 at the time bonuses were paid to other executives of Patterson-UTI and a lump sum retirement payment of \$450,000 on December 31, 2017.
- While the Committee has not finalized the parameters of its 2018 cash bonus plan, it expects that 90% of the cash bonus opportunity will be quantitative and based on pre-established, objective financial targets.

Long-term Incentive Compensation

We have historically targeted 60% or more of total NEO compensation to be in the form of equity-based awards, with time-based vesting, performance-based vesting, or both. This emphasis on equity-based compensation was intended to enhance alignment between our executives and our stockholders. We plan to retain this emphasis going forward, and we believe that by tying a large portion of compensation to equity we ensure that our NEOs can only fully realize the potential value of their compensation if our stockholders also benefit.

Over the years we have adjusted the form of the equity incentives we provide to our top four NEOs from solely options to a mix of options, restricted stock, restricted stock units and performance units. As described above, under the current executive compensation program, we expect that options will not typically be granted and that equity-based compensation will be primarily in the form of restricted stock, restricted stock units and performance units. We believe this mix allows us to tailor our program to encourage a focus on building long-term value and, in the case of performance units, achievement of stockholder returns in excess of our peer group.

The following two charts set forth the allocation of total value to the various forms of long-term equity-based incentives that we granted the top four NEOs from 2013-2017. These charts exclude Mr. Smith, who joined the Company during 2017, and Mr. Holcomb, whose equity incentive grants have historically been in the form of restricted stock exclusively.

- (1) Shares of restricted stock were awarded on May 2, 2017 in the case of Messrs. Hendricks, Vollmer, Siegel and Berns, and restricted stock units were awarded to Mr. Holcomb on July 12, 2017 and to Mr. Smith upon his commencement of employment on September 8, 2017. The numbers shown do not include restricted shares granted in recognition of efforts regarding the SSE merger, which are addressed under "Merger-Related Awards" below. The value indicated in the table is the value on the date of grant based on the closing price of Patterson-UTI's common stock on the date of grant.
- (2) Performance Units were awarded on May 2, 2017. The number of shares indicated in the table represents the target number of shares for each respective award. According to the terms of the awards, the actual number of shares earned by the recipient can range from zero shares to two times the target number of shares depending on how Patterson-UTI performs in terms of total stockholder return relative to its peer group. The value indicated in the table was determined based on a Monte-Carlo simulation model and represents the estimate of fair value on the date of grant.

The grants of restricted stock, restricted stock units and performance units were made following the vesting, term and other criteria described above, except that one-third of Mr. Holcomb's restricted stock unit award vests equally and annually over a three-year period and one-half of Mr. Smith's restricted stock unit award upon his commencement of employment vests equally and annually over a two-year period.

As discussed above, as a result of the continued growth and evolution of Patterson-UTI's business, the recent closing of the SSE merger, and elements of the executive compensation program not delivering the desired compensation results, the Compensation Committee modified the executive compensation program in 2017, including equity-based compensation.

The performance units granted in 2017 to Messrs. Hendricks, Siegel and Berns provide for the issuance of a target of 83,372 shares of Common Stock to Mr. Hendricks, 66,698 shares of Common Stock to Mr. Siegel and 72,256 shares of Common Stock to Mr. Berns, respectively, if Patterson-UTI's total stockholder return over a three-year period, when compared to the peer group, is at the 50th percentile and two times the target if at the 75th percentile or higher. If Patterson-UTI's total stockholder return, when compared to the peer group, is at the 25th percentile, the recipients will only receive one-half of the target number of shares. The grant of shares when achievement is between the 25th and 75th percentile will be determined using linear interpolation for levels of achievement between these points. Total stockholder return for Patterson-UTI for the 2017 performance unit grants is measured based on \$100 invested in our common stock on the first day of the performance period, with dividends reinvested. The performance period is the period from May 1, 2017 through April 30, 2020.

Zero Payout in 2017 of 2014 Performance Unit Awards

For the three-year performance period that ended on March 31, 2017, Patterson-UTI's total stockholder return, or TSR, was -19.9%. This performance was at the 89th percentile relative to our peers. However, despite performance in excess of the peer group 75th percentile, no payout was earned under the plan due to the fact that our absolute TSR was negative.

2014 Performance Unit Awards (Performance Period Ended in 2017)					
	Units Granted			Units Earned	
	#	(at target level)	Grant	#	Value at
		Value	Value	Vesting	
William Andrew Hendricks, Jr.	42,000	\$ 1,263,825	—	\$	—
C. Andrew Smith	—	\$—			