

**Unit Corporation**  
**Tax Treatment for Cancelled Common Stock and New Warrants**  
**Frequently Asked Questions (“FAQs”)**

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Q: What is the expected U.S. federal income tax treatment for receipt of the Company’s warrants and the cancellation of the Company’s common stock pursuant to the Chapter 11 plan of reorganization?

A: See excerpt below from the disclosure statement for the Chapter 11 plan of reorganization describing the expected U.S. federal income tax treatment with respect to U.S. holders of the Company’s common stock.

**Certain U.S. Federal Income Tax Consequences to U.S. Holders of Unit Corp. Interests**

The U.S. federal income tax treatment of the receipt of new warrants issued pursuant to the Warrant Package (“*New Warrants*”) received by a U.S. holder of Unit Corp. Interests and the cancellation of the Unit Corp. Interests (collectively, the “*Unit Corp. Interest Transaction*”) is not entirely clear. The New Warrants may be treated as received in the exchange for Reorganized Unit Corp. Interests or as a separate fee. If the receipt of the New Warrants is treated as consideration for the Unit Corp. Interests, U.S. holders of Unit Corp. Interests will recognize gain or loss equal to the difference between (x) the fair market value of the New Warrants received and (y) the respective U.S. holder’s adjusted tax basis, if any, in such Unit Corp. Interests surrendered in the Unit Corp. Interest Transaction. The gain or loss recognized generally would be long-term capital gain or loss if the U.S. holder has held its interest in the Debtor for more than one year at the time of the Unit Corp. Interest Transaction. A U.S. holder’s tax basis in the New Warrants received would equal the fair market value of such New Warrants received pursuant to the Unit Corp. Interest Transaction. A U.S. holder’s holding period for the New Warrants received on the Effective Date would begin on the day following the Effective Date. If, instead, the New Warrants were treated as a separate fee, the fair market value of the New Warrants generally would be recognized as ordinary income. If a U.S. holder has a capital loss arising from a worthless stock deduction on the cancellation of the Unit Corp. Interests, such U.S. holder generally would be limited in its ability to use the capital loss to offset any ordinary income resulting from the receipt of the New Warrants. U.S. holders should consult their own tax advisors as to the proper tax treatment of the Unit Corp. Interest Transaction.

Q: What is the expected fair market value of the Company’s warrants received in connection with the Chapter 11 plan of reorganization?

A: The Company has not made a determination of the fair market value of the warrants for tax purposes, but believes the value of the warrants is likely de minimis. In connection with the confirmation of the Chapter 11 plan of reorganization, the Company’s investment banker determined a range of values for the warrant package – i.e., the total number of warrants to purchase shares of common stock issued to holders of the Company’s old common stock that did not opt out of the releases under the restructuring plan – using the Black-Scholes options value model. This range was determined as of the effective date of the Chapter 11 plan of reorganization and was between \$0.3 million and \$3.4 million, with \$1.9 million midpoint. The Company expects to issue approximately 1.8 million warrants to holders of the Company’s old common stock that did not opt out of the releases under the Chapter 11 plan of reorganization.