



**Part II Organizational Action (continued)**

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶

- IRC SECTION 368 (A)
- IRC SECTION 354
- IRC SECTION 356
- IRC SECTION 358
- IRC SECTION 1221
- IRC SECTION 1362

18 Can any resulting loss be recognized? ▶ SEE ATTACHMENT

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ THE REPORTABLE TAX YEAR IS DECEMBER 31, 2017.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

**Sign Here**

Signature ▶ Bob Fehlman Date ▶ 12/1/17

Print your name ▶ BOB FEHLMAN Title ▶ SEVP, CFO, & TREASURER

<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date: 2017	Date	Check <input type="checkbox"/> if self-employed	PTIN
	<u>ROBERT PARKER, CPA</u>	<u>[Signature]</u>	<u>12.01</u>	<u>13:57:57</u>	<input type="checkbox"/>	<u>P00868782</u>
	Firm's name ▶ <u>CROWE HORWATH LLP</u>	Firm's EIN ▶ <u>35-0921680</u>				
	Firm's address ▶ <u>720 COOL SPRINGS BLVD, STE 600, FRANKLIN, TN 37067</u>	Phone no. <u>615-360-5500</u>				

**Attachment to Form 8937**  
**Report of Organizational Actions Affecting Basis of Securities**  
**Simmons First National Corporation**  
**FEIN: 71-0407808**

**Part II, Line 14**

Simmons First National Corporation (SFNC) acquired First Texas BHC, Inc. (First Texas) through a merger transaction whereby First Texas simultaneously merged into SFNC effective October 19, 2017. The merger qualified as a tax-free reorganization under Section 368 of the Internal Revenue Code.

**Part II, Line 15**

Pursuant to the agreement and Plan of Merger, each share of First Texas common stock was exchanged for 0.8263 shares of SFNC common stock and \$6.60 in cash plus cash in lieu of fractional shares. In total, 6,499,920 shares of SFNC stock were issued with a value of \$387,070,236 (\$59.55 per share) along with \$51,935,465 of cash (including \$15,660 of cash in lieu of fractional shares). In addition, holders of stock options, SARs, and unallocated ESOP shares were paid out in cash based upon the average closing price of SFNC common stock over 20 consecutive trading days prior to the merger (\$56.43 per share) for a total of \$18,097,601.

The merger qualified as a tax-free reorganization under Section 368 of the Internal Revenue Code. As such, the federal income tax consequences to former First Texas shareholders are determined under Code Sections 354, 356, 358 and 1221. A First Texas shareholder who receives cash and SFNC shares generally will recognize gain (but not loss) in the amount equal to the lesser of: (i) the amount by which the sum of the fair market value of the SFNC shares and cash received by the First Texas shareholder exceeds shareholder's adjusted tax basis in the First Texas shares; and (ii) the amount of cash received by such shareholder. Each First Texas shareholder's total tax basis in SFNC common stock should equal such shareholder's total tax basis in the First Texas stock surrendered in the merger transaction, decreased by the amount of cash received and increased by the amount of gain recognized in the transaction.

**Part II, Line 16**

In exchange for each share of First Texas common stock, the First Texas shareholder will receive 0.8263 shares of SFNC common stock and \$6.60 in cash, with a total value of \$55.81. The shareholder will generally recognize capital gain (discussed in #18), with the nature of the gain determined by how long First Texas stock was held by each individual shareholder.

The basis of SFNC shares received, once computed, must be allocated to the individual SFNC shares received in accordance with Treasury Regulation §1.358-2(a). See also Proposed Treasury Regulation §1.358-2(b). Since fewer shares of SFNC common stock were received than shares of First Texas common stock surrendered, the basis of the First Texas shares surrendered must be allocated to the shares of SFNC stock received in a manner that reflects, to the greatest extent possible, that a share of SFNC stock received is received in respect of First Texas shares of stock that were acquired on the same date and at the same price. To the extent it is not possible to allocate the basis in this manner, the basis of the First Texas shares surrendered must be allocated to the shares of SFNC stock received in a manner that minimizes the disparity in the holding periods of the surrendered shares whose basis is allocated to any particular SFNC share received. This could result in a single share of SFNC stock having a split basis and a split holding period. See Example (14) of Treasury Regulation §1.358-2(c) for an illustration of this principle. Each First Texas shareholder should consult their tax advisor for specific guidance.

The acquisition of First Texas by SFNC on October 19, 2017, qualified as a reorganization within the meaning of Section 368(A) of the Internal Revenue Code. Therefore, the federal income tax consequences to the First Texas shareholders are determined under Code Sections 354, 356, 358 and 1221. Former First Texas shareholders will maintain their historical aggregate tax basis in their newly issued SFNC shares, decreased by the amount of cash received and increased by the amount of gain recognized in the transaction.

**Part II, Line 18**

First Texas shareholders receiving a combination of SFNC stock and cash will generally recognize capital gain, but not loss, equal to the lesser of the total gain realized (difference between the value of cash and stock received over individual tax basis in the First Texas stock surrendered) and the amount of cash received in accordance with IRC Section 356(a)(1) and IRC Section 1001. Each First Texas shareholder should consult their tax advisor for specific guidance.