



**Part II Organizational Action** (continued)

**17** List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ Statement 4

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**18** Can any resulting loss be recognized? ▶ Statement 5

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**19** Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ Statement 6

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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 ▶ Jeff Krumpoch Date ▶ 10/23/17

<b>Paid Preparer Use Only</b>	Print your name ▶ <u>Jeff Krumpoch</u>	Preparer's signature	Title ▶ <u>SVP/Corporate Controller</u>	Check <input type="checkbox"/> if self-employed	PTIN
	Print/Type preparer's name		Date	Firm's EIN ▶	
	Firm's name ▶			Phone no.	
	Firm's address ▶				

**CU Bancorp**  
**EIN: 90-0779788**  
**Form 8937**

**Statement 1**

The reportable organizational action involved the merger of CU Bancorp (“CUB”) with and into PacWest Bancorp (“PACW”) on October 20, 2017, with PacWest as the surviving entity.

Pursuant to the terms and conditions of the Merger Agreement (the “Merger Agreement”), each outstanding share of CUB common stock was exchanged for 0.5308 share of PACW common stock and \$12.00 in cash. To the extent that the exchange would have resulted in the issuance of a fractional share of PACW common stock to a CUB shareholder, a cash payment has been made equal to the value of such fractional share.

**Statement 2**

The merger of CUB with and into PACW is intended to qualify as a tax-free reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended. As a result, each CUB shareholder will recognize a taxable gain, but not a loss, equal to the lesser of:

- The amount of cash received in the exchange; or
- The amount, if any, by which the sum of the cash received plus the fair market value of the shares PACW common stock received in the exchange (measured at the time of the exchange) exceeds the CUB shareholder’s tax basis in the CUB shares surrendered in the exchange.

For purposes of calculating this taxable gain, the amount of cash received in the exchange does not include cash received in lieu of fractional shares of PACW common stock.

Gain or loss must be calculated separately for each identifiable block of CUB common shares surrendered in the exchange having a common tax basis. As loss realized on one block of CUB common shares may not be used to offset a gain realized on another block of CUB common shares.

Each CUB shareholder is required to determine the tax basis of the shares of PACW common stock received in the exchange by performing the following calculations separately for each identifiable block of CUB common shares surrendered in the exchange having a common tax basis:

- Begin with the aggregate tax basis of the CUB common shares surrendered in the exchange
- Add the amount of taxable gain, if any, determined from the above calculation (excluding any gain or loss resulting from the deemed receipt and sale of fractional shares described below)
- Subtract the total amount of cash received (excluding any cash received in lieu of fractional shares described below)

- Subtract the tax basis in any fractional shares of PACW common stock that were deemed to have been received in the exchanged and immediately sold (see the treatment of fractional shares described below)

The resulting figure represents the aggregate tax basis of the shares of PACW common stock received in the exchange for that identifiable block of CUB common shares surrendered. The tax basis of each individual share of CUB common stock within this identifiable block is determined by dividing this aggregate tax basis by the number of PACW common shares that comprise this identifiable block.

CUB shareholders who receive cash in lieu of a fractional share of PACW common stock are, for purposes of determining the taxability of that cash, deemed to have received the fractional share in exchange and then as having sold the fractional share for cash. These CUB shareholders will generally recognize a taxable gain or loss equal to the difference between the tax basis of the CUB common shares deemed to have been exchanged for the fractional share and the amount of cash received.

CUB shareholders are encouraged to consult their own personal tax advisors regarding the determination of this realized gain or loss on the exchange.

### **Statement 3**

Refer to the description of the basis calculation in Statement 2 above . October 20, 2017 closing price of a single share of PACW common stock on NASDAQ was \$47.99.

### **Statement 4**

The merger of CUB into PACW on October 20, 2017, is intended to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended. In general, the income tax consequences to the CUB shareholders are determined under Internal Revenue Code sections 354,356, 358, 1001, and 1221.

### **Statement 5**

CUB shareholders generally will not recognize loss for U.S. federal income tax purposes by reason of the merger, though gain or loss can result with respect to the cash received in lieu of a fractional share of PACW common stock. If a CUB shareholder receives cash in lieu of a fractional share of PACW common stock, the CUB shareholder will be treating as having received a fractional share of PACW common stock pursuant to the merger and then as having sold the fractional share of PACW common stock for cash. As a result, the CUB shareholder can recognize a gain or loss equal to the difference between the amount of cash received and the CUB shareholder's tax basis in the fractional share of PACW stock as set forth in line 15 (Statement 2) above.

### **Statement 6**

The merger became effective on October 20, 2017. Consequently, the reportable tax year of the CUB shareholders for reporting the tax effect of the share exchange is the tax year that includes the October

20, 2017 date. This is the 2017 calendar year for those shareholders who report taxable income on the basis of a calendar year.

The information in this document does not constitute tax advice. CUB shareholders are urged to consult their own tax advisors with respect to their individual tax consequences of the merger.