



**Part II** Organizational Action *(continued)*

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

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18 Can any resulting loss be recognized? ▶ SEE ATTACHMENT

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19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ \_\_\_\_\_

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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 ▶ Reed E Steiner Date ▶ 6/13/2019

Print your name ▶ Reed E Steiner Title ▶ CFO

|                               |                            |                      |      |   |              |
|-------------------------------|----------------------------|----------------------|------|---|--------------|
| <b>Paid Preparer Use Only</b> | Print/Type preparer's name | Preparer's signature | Date | Check <input type="checkbox"/> if self-employed | PTIN         |
|                               | Firm's name ▶              |                      |      |   | Firm's EIN ▶ |
|                               | Firm's address ▶           |                      |      |   | Phone no.    |

**Sorenson Holdings, LLC**  
**Sorenson Communications, LLC**  
**FEIN: 26-1770427**

**Attachment to Form 8937**

**Report of Organizational Actions Affecting Basis of Securities**

Disclaimer: The information contained in Form 8937 and this attachment does not constitute tax advice and does not purport to take into account any note holder's specific circumstances. Note holders are urged to consult their own tax advisors regarding the U.S. tax consequences of the transaction described herein and the impact to tax basis resulting from the transaction.

**Sorenson Holdings, LLC**  
**Sorenson Communications, LLC**  
**FEIN: 26-1770427**

**Attachment to Form 8937**  
**Report of Organizational Actions Affecting Basis of Securities**

**Form 8937, Part II, Line 14**

On April 30, 2014, Sorenson Communications, LLC (the “Company” f/k/a Sorenson Communications, Inc.)<sup>1</sup> issued 9.00% Senior Secured Second Lien PIK Toggle Notes Due 2020 (the “Existing Notes”) for an aggregate principal amount of \$375 million. The Existing Notes were to mature on October 31, 2020.

On March 26, 2019, the Company and certain lenders (the “Lenders”) entered into a private exchange agreement (the “Exchange Agreement”), whereby the Company and the Lenders agreed to exchange approximately \$99.6 million in principal amount of the Lenders’ respective Existing Notes for approximately \$99.6 million in principal amount of a new second lien term loan (the “New Second Lien Term Loans”) of the Company, issued on April 29, 2019 (the “Closing Date”). The New Second Lien Term Loans bear interest at a rate of LIBOR plus an applicable margin of 11.50% per annum (or a base rate plus 10.50%) and have a maturity date of April 29, 2025.

In addition, the Lenders received a cash payment equal to interest that had accrued since the last interest payment date. The Company had not previously paid interest in kind (“PIK Interest”); as a result, there was no PIK Interest outstanding as of the date of the exchange.

The exchange closed on April 29, 2019. The remaining Existing Notes were redeemed for cash on April 30, 2019. This Form 8937 only addresses the U.S. federal income tax treatment of the Lenders that participated in the Exchange Agreement.

**Form 8937, Part II, Line 15**

**Effect on Basis to U.S. Holders**

The following summary of certain U.S. federal income tax consequences is for informational purposes only and is not a substitute for careful tax planning and advice based upon your individual circumstances. The discussion below is limited to U.S. taxpayers (“U.S. Holders”). All Lenders are urged to consult their tax advisor for the U.S. federal, state, local and other tax consequences applicable under the Exchange Agreement. The discussion below assumes that the Lenders acquired their notes prior to the last interest payment date.

**Effect on Basis to U.S. Holders if the Exchange Is a Recapitalization**

The exchange of a debt instrument that constitutes a “security” for U.S. federal income tax purposes, for consideration received under the Exchange Agreement should be treated as part of a “recapitalization”

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<sup>1</sup> The Company is classified as a disregarded entity for U.S. federal income tax purposes and is wholly owned by Sorenson Holdings, LLC, which is classified as a C corporation for U.S. federal income tax purposes.

within the meaning of section 368(a)(1)(E) of the Internal Revenue Code if the consideration issued in the Exchange Agreement also constitutes a “security” for U.S. federal income tax purposes. In such a case, a U.S. Holder would not recognize gain or loss in the exchange (subject to the discussion below regarding accrued, unpaid interest).

A U.S. Holder’s tax basis in the New Second Lien Term Loans received under the Exchange Agreement for Existing Notes (apart from any portion thereof allocable to accrued, unpaid interest) in the case where the exchange is a recapitalization under section 368(a)(1)(E) generally will equal such holder’s adjusted tax basis in the Existing Notes surrendered (excluding any basis attributable to accrued, unpaid interest).

To the extent any portion of a U.S. Holder’s share of the consideration is allocable to interest that accrued while such holder held the Existing Notes, such portion would be generally treated as a payment of interest.

### **Effect on Basis to U.S. Holders if the Exchange Is Not a Recapitalization**

In the event that either a U.S. Holder’s Existing Notes did not constitute securities for U.S. federal income tax purposes or the New Second Lien Term Loans did not constitute securities for U.S. federal income tax purposes, the U.S. Holder will generally recognize gain or loss in an amount equal to the difference, if any, between (i) the U.S. Holder’s amount realized and (ii) the U.S. Holder’s adjusted tax basis in its Existing Notes. A U.S. Holder’s amount realized generally is equal to the issue price of any New Second Lien Term Loans received by the U.S. Holder with respect to its Existing Notes (subject to the discussion below regarding cash received for accrued, unpaid interest).

A U.S. Holder’s tax basis in any New Second Lien Term Loans received in a taxable exchange generally equals the issue price of the New Second Lien Term Loans. A U.S. Holder’s holding period in the New Second Lien Term Loans would begin on the day following the day of receipt.

To the extent any portion of the consideration is allocable to accrued but unpaid interest on Existing Notes that accrued while such holder held the Existing Notes, such portion would be treated as a payment of interest.

### **Form 8937, Part II, Line 16**

To the extent that the Existing Notes constitute securities for U.S. federal income tax purposes and the exchange for consideration in the Exchange Agreement constituted a recapitalization pursuant to section 368(a)(1)(E), a U.S. Holder’s aggregate tax basis in the New Second Lien Term Loans received in respect of its Existing Notes will generally equal such U.S. Holder’s aggregate tax basis in its respective Existing Notes surrendered in the Exchange Agreement (excluding any basis attributable to accrued, unpaid interest),

To the extent the Existing Notes or New Second Lien Term Loans did not constitute securities, the tax basis of any New Second Lien Term Loans received by a U.S. Holder of such Existing Notes under the Exchange Agreement would equal the issue price of the New Second Lien Term Loans.

### **Form 8937, Part II, Line 17**

Internal Revenue Code Sections 354, 356, 358, 1001, 1012, and 1223.

**Form 8937, Part II, Line 18**

The Exchange Agreement generally should not result in a recognizable loss to U.S. Holders of Existing Notes if the exchange qualifies as a recapitalization pursuant to section 368(a)(1)(E). To the extent Existing Notes or the New Second Lien Term Loans received by a U.S. Holder did not constitute tax securities, the exchange would not be a recapitalization and would result in a recognizable loss to a holder to the extent the tax basis in its Existing Notes exceeded the issue price of the New Second Lien Term Loans received in exchange therefor (other than the basis attributable to accrued, unpaid interest). Holders of Existing Notes should consult their individual tax advisors to determine the tax consequences of the Exchange Agreement to them.