



**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 Attached Statement](#)

Horizontal lines for listing applicable Internal Revenue Code sections.

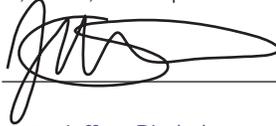
**18** Can any resulting loss be recognized? ▶ [See Attached Statement](#)

Horizontal lines for providing information regarding loss recognition.

**19** Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ [See Attached Statement](#)

Horizontal lines for providing other necessary information.

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 ▶  Date ▶ 5/17/19  
Print your name ▶ Jeffrey Birchak Title ▶

<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.

**Fallbrook Technologies Inc.**  
**EIN 20-1027116**  
**Attachment to Form 8937**

**Form 8937, Line 8**

June 25, 2018

**Form 8937, Line 14**

On February 26, 2018, Fallbrook Technologies Inc. (“Fallbrook”) along with three direct and indirect affiliates filed voluntary petitions for relief under chapter 11 of the United States Bankruptcy Code, 11 U.S.C. §§ 101 – 1532 (the “Bankruptcy Code”) with the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”). Pursuant to a Disclosure Statement for Debtors’ Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code dated May 1, 2018 (the “Disclosure Statement”), Fallbrook and its affiliated debtors sought approval of a Chapter 11 plan of reorganization. By an Order dated June 11, 2018, the Bankruptcy Court confirmed the First Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code of Fallbrook Technologies, Inc. (the “Plan of Reorganization”).

In accordance with the Plan of Reorganization:

- (i) all existing issued and outstanding shares of the existing common stock of Fallbrook were extinguished and cancelled;
- (ii) the Holders of certain secured indebtedness of Fallbrook received New Common Stock of Fallbrook in exchange for such indebtedness;
- (iii) the Holders of Bridge Notes,<sup>1</sup> Convertible Notes, and Existing Notes issued by Fallbrook received New Common Stock of Fallbrook in exchange for such Bridge Notes, Convertible Notes, and Existing Notes; and
- (iv) the Holders of certain unsecured claims against Fallbrook received New Common Stock of Fallbrook in exchange for such claims.

The effective date of the Plan of Reorganization is June 25, 2018.

For more information regarding the above-described transactions, please see the Plan and Disclosure Statement available on Fallbrook’s website at [www.fallbrooktech.com](http://www.fallbrooktech.com).

---

<sup>1</sup> Capitalized terms used herein and not otherwise defined shall have the meaning ascribed to such terms in the Plan of Reorganization.

## **Form 8937, Line 15**

### Holders of Senior Secured Claims:

The basis of the New Common Stock received in exchange for Existing Notes, Bridge Notes, and Convertible Notes is dependent upon whether such Existing Notes, Bridge Notes, and Convertible Notes constituted “securities” for federal income tax purposes. If Existing Notes, Bridge Notes, and Convertible Notes are not treated as securities, then the basis of the New Common Stock received in exchange for such Existing Notes, Bridge Notes, and Convertible Notes should be the fair market value of the New Common Stock received by the Holders of such notes. The holding period for New Common Stock received under such circumstances would commence on the date the Holder receives shares of New Common Stock. If Existing Notes, Bridge Notes, and Convertible Notes are treated as securities, then the basis of the New Common Stock received in exchange for such Existing Notes, Bridge Notes, and Convertible Notes should be equal to the adjusted tax basis of the Existing Notes, Bridge Notes, or Convertible Notes exchanged. The holding period for New Common Stock received under such circumstances would commence on the date the Holder acquired the note exchanged for such New Common Stock.

The Holders of Existing Notes, Bridge Notes, and Convertible Notes should refer to the Plan and Disclosure Statement available on Fallbrook’s website at [www.fallbrooktech.com](http://www.fallbrooktech.com) and consult their own tax advisors regarding the tax consequences of the exchanges.

### Holders of DIP Facility Claims

The basis of New Common Stock received by the Holders of DIP Facility Claims should be the fair market value of the New Common Stock received by the Holders of such claims as a commitment fee. The holding period of New Common Stock received by the Holders of DIP Facility Claims would commence on the date the Holder receives shares of New Common Stock.

The Holders of DIP Facility Claims should refer to the Plan and Disclosure Statement available on Fallbrook’s website at [www.fallbrooktech.com](http://www.fallbrooktech.com) and consult their own tax advisors regarding the tax consequences of the receipt of New Common Stock.

### Holders of General Unsecured Claims

The basis of New Common Stock received by the Holders of General Unsecured Claims generally should equal the fair market value of the New Common Stock as of the date such New Common Stock is distributed to such Holder. The holding period of New Common Stock received by the Holders of General Unsecured Claims would commence on the date the Holder receives shares of New Common Stock.

The Holders of General Unsecured Claims should refer to the Plan and Disclosure Statement available on Fallbrook’s website at [www.fallbrooktech.com](http://www.fallbrooktech.com) and consult their own tax advisors regarding the tax consequences of the receipt of New Common Stock.

## Holders of Parent Interests

Parent Interests were cancelled and extinguished under the terms of the Plan of Reorganization. Holders of Parent Interests were not issued any consideration in respect of their Parent Interests and therefore generally do not retain or obtain any tax basis in respect of the Parent Interests.

The Holders of Parent Interests should refer to the Plan and Disclosure Statement available on Fallbrook's website at [www.fallbrooktech.com](http://www.fallbrooktech.com) and consult their own tax advisors regarding the tax consequences of the cancellation and extinguishment of Parent Interests.

### **Form 8937, Line 16**

Based on the Plan of Reorganization and valuations of the equity of Fallbrook conducted in connection with the Plan of Reorganization, the expected equity value of Fallbrook upon emergence from bankruptcy was \$18,559,000. This equates to a per share price for the shares of New Common Stock of \$26.51 ( $\$18,559,000 / 700,000$ ). The actual fair market value of shares of New Common Stock distributed under the Plan of Reorganization may differ from the value assigned to the stock pursuant to the terms of the Plan of Reorganization. Holders of Allowed Claims that receive New Common Stock should consult their own tax advisors regarding the tax consequences of the receipt of shares of New Common Stock.

### **Form 8937, Line 17**

Sections 165, 354(a), 356, 358, 361, 368(a)(1)(E), 1001, 1221, 1222, 1223, and 1273 of the Internal Revenue Code of 1986, as amended.

### **Form 8937, Line 18**

For Holders of Senior Secured Claims that are treated as "securities," no loss may be recognized. For Holders of Senior Secured Claims that are not treated as "securities," there may be a recognizable loss to the extent the fair market value of the New Common Stock received is less than the adjusted basis of the Senior Secured Claims surrendered in exchange for such New Common Stock.

Holders of General Unsecured Claims there may be recognizable loss to the extent the fair market value of the New Common Stock received is less than the adjusted basis in the General Unsecured Claim surrendered in exchange for such New Common Stock.

Holders of Parent Interests may be eligible for a worthless securities deduction.

Holders of Claims and Parent Interests should consult their own tax advisors regarding the ability to deduct losses as a result of the transactions under the Plan of Reorganization.

### **Form 8937, Line 19**

Adjustments to basis of the Holder of a Claim should be taken into account in the taxable year of the applicable Holder that includes the effective date of the Plan of Reorganization, June 25, 2018.