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Statement Pursuant to Treas. Reg. Section¹ 1.1273-2(f)(9)

October 27, 2020

Pyxus Holdings, Inc. (the “Issuer”) is publishing this statement pursuant to the requirements of Treas. Reg. Section 1.1273-2(f)(9) (the “Regulation”) with respect to the 10.000% Senior Secured First Lien Notes Due 2024 (the “Exit Secured Notes”) issued pursuant to the Amended Joint Prepackaged Chapter 11 Plan of Reorganization of Pyxus International, Inc. and its Affiliated Debtors, as confirmed by the United States Bankruptcy Court for the District of Delaware on August 21, 2020 (the “Plan”). The Issuer indicated in the Disclosure Statement for the Joint Prepackaged Chapter 11 Plan of Reorganization of Pyxus International, Inc. and its Affiliated Debtors [Docket No. 22] (the “Disclosure Statement”) that the exchange of Allowed First Lien Notes Claims (as defined in the Disclosure Statement) for the Exit Secured Notes is expected to be treated as a “significant modification” and, accordingly, as a taxable “exchange” under Section 1001.

The Regulation requires the issuer of a debt instrument to determine whether the debt instrument is “traded on an established market” within the meaning of the Regulation and, if so, the fair market value of the debt instrument. The Regulation also requires an issuer who has determined that a debt instrument is publicly traded to make that determination as well as the fair market value of the debt instrument available to holders in a commercially reasonable fashion, including by electronic publication, within 90 days of the date of issue of the debt instrument.

Pursuant to the Plan, Disclosure Statement and the Regulation, based on information reasonably available to the Issuer, the Issuer hereby notifies the holders of the Exit Secured Notes that it has determined:

- The Exit Secured Notes are “traded on an established market” within the meaning of the Regulation; and
- The issue price of an Exit Secured Note is 90.50% of its principal amount.

As provided in the Regulation, this determination is binding upon all holders of the Exit Secured Notes unless the holder explicitly discloses to the IRS on such holder’s timely filed U.S. federal income tax return for the taxable year that includes the date of the Plan that its determination is different from our determination, the reason for its different determination, and, if applicable, how it determined the fair market value.

This statement is only intended to fulfill the Issuer’s notification obligation under the Regulation and does not constitute tax advice. The Issuer advises each holder of the Exit Secured Notes to consult its own tax advisers regarding the implications of this statement on the determination of the holder’s tax liabilities.

¹ Unless otherwise indicated, all Section references in this statement are to the Internal Revenue Code of 1986, as amended (the “Code”), and all Treas. Reg. Section references are to the Treasury Regulations promulgated thereunder.

PYXUS HOLDINGS, INC.

By: 

Name: Joel Thomas

Title: President