



**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.

Blank lines for listing applicable Internal Revenue Code sections and subsections.

18 Can any resulting loss be recognized? ▶ See Attached Statement.

Blank 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.

Blank lines for providing other information necessary to implement the adjustment.

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 ▶ *Kenneth Robin* Date ▶ Jan 15, 2018  
Print your name ▶ Kenneth Robin Title ▶ VP of Tax

|                               |                            |                      |      |   |              |
|-------------------------------|----------------------------|----------------------|------|---|--------------|
| <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.    |

**Avaya Holdings Corp.**

**EIN: 26-1119726**

**Avaya Inc.**

**EIN: 22-3713430**

**Attachment to Form 8937**

**Report of Organizational Action 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 the specific circumstances of any shareholder, warrant holder, noteholder, holder of indebtedness or holder of general unsecured claims. All such holders are urged to consult their own tax advisors regarding the U.S. tax consequences of the transactions described herein and the impact to tax basis resulting from the transactions.

**Avaya Holdings Corp.**  
**EIN: 26-1119726**  
**Avaya Inc.**  
**EIN: 22-3713430**  
**Attachment to Form 8937**  
**Report of Organizational Action Affecting Basis of Securities**

**Form 8937, Line 2**

Avaya Holdings Corp.'s EIN: 26-1119726.  
Avaya Inc.'s EIN: 22-3713430.

**Form 8937, Line 8**

For First Lien Debtholders, Second Lien Debtholders and holders of Old Avaya Holdings Equity (each as defined below), December 15, 2017 (the "Emergence Date").

For Holders (which for the purposes of this statement shall mean the beneficial owner for U.S. federal tax purposes (as applicable)) of General Unsecured Claims (as defined below), the applicable date(s) upon which the applicable distribution(s) are made to the Holders of General Unsecured Claims pursuant to the Plan of Reorganization (as defined below).

**Form 8937, Line 9**

*Common Stock*: common stock of Avaya Holdings (as defined below).

*Preferred Stock*: preferred stock of Avaya Holdings.

*Equity Awards*: equity awards with respect to the equity of Avaya Holdings.

*Debt*: first lien notes, second lien notes, loans under a cash flow credit facility and general unsecured claims of Avaya Inc. ("Avaya").

*Warrants*: warrants with respect to the common stock of Reorganized HoldCo (as defined below).

*Common Stock*: common stock of Reorganized HoldCo.

**Form 8937, Line 10**

The CUSIP number for shares of common stock of Avaya Holdings Corp. ("Avaya Holdings") that was cancelled on the Emergence Date (the "Old Avaya Holdings Stock") is 053499109.

The CUSIP number of the common stock of Avaya Holdings that was issued in connection with the Debtors' emergence from bankruptcy ("Reorganized Holdco") that was issued on the Emergence Date (the "Reorganized HoldCo Common Stock") is 05351X101.

The CUSIP number of the warrants with respect to the Reorganized HoldCo Common Stock

that were issued on the Emergence Date (the “Warrants”) is 05351X119.

The CUSIP numbers for the 7.00% Senior Secured Notes, the 9.00% Senior Secured Notes and the 10.50% second lien notes due March 1, 2021 issued by Avaya, respectively, are as follows:

| CUSIP Number | Security Description                               |
|--------------|--|
| 053499AG4    | 7.00% First Lien Notes due 2019 (144A)             |
| U05258AC9    | 7.00% First Lien Notes due 2019 (REG S)            |
| 053499AH2    | 9.00% First Lien Notes due 2019 (144A)             |
| U05258AD7    | 9.00% First Lien Notes due 2019 (REG S)            |
| 053499AJ8    | 10.50% Second Lien Notes due March 1, 2021 (144A)  |
| U05258AE5    | 10.50% Second Lien Notes due March 1, 2021 (REG S) |

**Form 8937, Line 14**

On January 19, 2017 Avaya Holdings, Avaya, and certain of its subsidiaries (the “Debtors”), filed voluntary petitions for relief under title 11 of the U.S. Code in the U.S. Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”) for the case number 17-10089 (SMB). On November 28, 2017, the Bankruptcy Court confirmed the Debtors’ Second Amended Joint Plan of Reorganization filed on October 31, 2017 (the “Plan of Reorganization”), and the Debtors subsequently emerged from bankruptcy on the Emergence Date. Unless otherwise described herein, capitalized terms are defined as used in the Plan of Reorganization or in the related amended disclosure statement for the First Amended Joint Chapter 11 Plan of Reorganization of Avaya and its Debtor Affiliates filed on September 8, 2017, (the “Amended Disclosure Statement”) or the disclosure statement supplement filed on October 31, 2017 (the “Disclosure Statement Supplement”).

In connection with the Debtors emergence from bankruptcy, Avaya Holdings contributed Reorganized Holdco Common Stock and Warrants to Avaya. On the Emergence Date, Avaya transferred (i) a portion of such Reorganized Holdco Stock and all of the Warrants to Holders of Allowed Claims with respect to the 10.50% second lien notes due March 1, 2021 (such notes, the “Second Lien Notes” and such Holders that are the beneficial owners for U.S. federal tax purposes (as applicable) of such Allowed Claims with respect to the Second Lien Notes, the “Second Lien Debtholders”) and (ii) a portion of such Reorganized Holdco Common Stock and cash to Holders of Allowed Claims with respect to the 7.00% Senior Secured Notes due 2019, the 9.00% Senior Secured Notes due 2019 and indebtedness under the Cash Flow Credit Facility (such notes and indebtedness, the “First Lien Debt” and such Holders that are the beneficial owners for U.S. federal tax purposes (as applicable) of such Allowed Claims with respect to the First Lien Debt, the “First Lien Debtholders”), in each case, in exchange for such Holders’ cancellation and forgiveness of claims. Concurrently, all of the Old Avaya Holdings Stock and the outstanding preferred stock and equity awards of Avaya Holdings (collectively, the “Old Avaya Holdings Equity”) were cancelled and

extinguished and the holders of the Old Avaya Holdings Equity received no consideration in respect of the interests held by them in Avaya Holdings. The events that occurred on the Emergence Date pursuant to the Plan of Reorganization are cumulatively referred to herein as the "Transaction." The following describes the exchange of consideration between Avaya and certain Holders of Allowed Claims in full and final satisfaction, settlement, release and discharge of, and in exchange for such Holders' Allowed Claims as well as the treatment of Allowed General Unsecured Creditors (as defined below).

#### *Treatment of First Lien Debtholders*

On the Emergence Date, pursuant to the Plan of Reorganization, each First Lien Debtholder received in full and final satisfaction, settlement, release and discharge of, and in exchange for its Allowed Claim their pro rata share of 99,344,137 shares of Reorganized HoldCo Common Stock and their pro rata share of approximately \$2,007,000,000 of cash (the aggregate amount of such shares and cash, the "First Lien Debtholders Recovery Amount"). The First Lien Debtholders may also receive their pro rata share of additional amounts of Reorganized HoldCo Common Stock and/or cash depending on the amounts that are distributed to holders of Allowed General Unsecured Creditors (as defined below) as described below. The following lists the specific amounts of consideration received in respect of each type of First Lien Debt. The actual fair market value of Reorganized HoldCo Common Stock distributed to First Lien Debtholders in the Transaction may differ from the value assigned to such stock pursuant to the Plan of Reorganization. First Lien Debtholders that received Reorganized HoldCo Common Stock in the Transaction should consult their tax advisors to determine the appropriate value of the Reorganized HoldCo Common Stock and the tax consequences of the receipt of such stock to the Holder.

#### *7.00% First Lien Notes due 2019*

Pursuant to the Plan of Reorganization, each holder of 7.00% First Lien Notes due 2019 received their pro rata share of the First Lien Debtholders Recovery Amount in exchange for their notes. Based on a pro-rata allocation of the First Lien Debtholders Recovery Amount to holders of the 7.00% First Lien Notes due 2019, these noteholders received, in aggregate, 22,203,322 shares of Reorganized HoldCo Common Stock and \$448,562,629.56 of cash in full satisfaction of their claims with respect to the 7.00% First Lien Notes due 2019.

#### *9.00% First Lien Notes due 2019*

Pursuant to the Plan of Reorganization, each Holder of 9.00% First Lien Notes due 2019 received their pro rata share of the First Lien Debtholders Recovery Amount in exchange for their notes. Based on a pro-rata allocation of the First Lien Debtholders Recovery Amount to holders of the 7.00% First Lien Notes due 2019, these noteholders received, in aggregate, 6,419,031 shares of Reorganized HoldCo Common Stock and \$129,680,483.83 of cash in full satisfaction of their claims with respect to the 9.00% First Lien Notes due 2019.

#### *Cash Flow Credit Facility*

Pursuant to the Plan of Reorganization, each Holder of a loan under the Cash Flow Credit Facility received their pro rata share of the First Lien Debtholders Recovery Amount in exchange for their Allowed Claim with respect to such loan. Based on a pro-rata allocation of the First Lien Debtholders Recovery Amount to Holders of the loans under the Cash Flow Credit Facility, these Holders received, in the aggregate per each type of loan under the Cash Flow Credit Facility, the following amounts of Reorganized HoldCo Common Stock and cash

in full satisfaction of their claims with respect to each loan:

B-3 loans: 13,439,872 shares of Reorganized HoldCo Common Stock and \$271,519,032.50 of cash.

B-4 loans: 17,982 shares of Reorganized HoldCo Common Stock and \$363,274.05 of cash.

B-6 loans: 11,752,132 shares of Reorganized HoldCo Common Stock and \$237,422,453.02 of cash.

B-7 loans: 45,511,798 shares of Reorganized HoldCo Common Stock and \$919,452,127.03 of cash.

#### *Treatment of Second Lien Debtholders*

On the Emergence Date, pursuant to the Plan of Reorganization, each Second Lien Debtholder received in full and final satisfaction, settlement, release and discharge of, and in exchange for its Allowed Claim their pro rata share of 4,400,000 shares of Reorganized HoldCo Common Stock and their pro rata share of 5,645,200 Warrants. The actual fair market value of Reorganized HoldCo Common Stock and the Warrants distributed to Second Lien Debtholders in the Transaction may differ from the values assigned to the Reorganized HoldCo Common Stock and the Warrants pursuant to the Plan of Reorganization. Second Lien Debtholders that received Reorganized HoldCo Common Stock and Warrants in the Transaction should consult their tax advisors to determine the appropriate value of the Reorganized HoldCo Common Stock and the Warrants and the tax consequences of the receipt of such stock and warrants to the Holder.

#### *Treatment of Holders of Allowed General Unsecured Claims*

Pursuant to the Plan of Reorganization, except to the extent that a Holder of any Unsecured Claim (other than (a) Administrative Claims; (b) Professional Fee Claims; (c) Priority Tax Claims; (d) Other Priority Claims; (e) PBGC Claims; (f) First Lien Debt Deficiency Claims; (g) Second Lien Notes Claims; (h) Section 510(b) Claims; (i) Intercompany Debtor Claims; and (j) Subsidiary Claim, each as defined in Disclosure Statement) (each such Unsecured Claim, a "General Unsecured Claim") that is an Allowed Claim (each such Holder that is the beneficial owner of such General Unsecured Claim for U.S. federal tax purposes (as applicable), an "Allowed General Unsecured Creditor") agrees to a less favorable treatment, in full and final satisfaction, settlement, release, and discharge of and in exchange for each such Claim, each Allowed General Unsecured Creditor shall receive its pro rata share of \$57,500,000 of cash (some portion of which may be paid to the GUC Oversight Administrator on behalf of the Allowed General Unsecured Creditors) from the General Unsecured Recovery Cash Pool and the benefit of an amount not to exceed \$500,000 payable by the Debtors to the GUC Oversight Administrator for costs incurred from the Effective Date through the first (1st) anniversary of the Effective Date on behalf of the Allowed General Unsecured Creditors or, if such Holder had properly elected to receive the value of such distribution from the General Unsecured Recovery Cash Pool on account of such Claim in the form of Reorganized HoldCo Common Stock and not cash, a number of shares of Reorganized HoldCo Common Stock equal to the value of the cash such Holder would otherwise have been entitled to receive absent such election based on the expected value of the Reorganized HoldCo Common Stock on the Emergence Date. Certain Holders of General Unsecured Claims elected to receive 205,863 shares of Reorganized HoldCo Common Stock in lieu of receiving their pro rata share of \$57,500,000 of cash from the General Unsecured

Recovery Cash Pool.

*Treatment of Holders of Old Avaya Holdings Equity*

On the Emergence Date, pursuant to the Plan of Reorganization, all of the Old Avaya Holdings Equity was cancelled and extinguished. Holders of Old Avaya Holdings Equity did not receive any distribution in respect of their Old Avaya Holdings Equity held on the Emergence Date. Holders of General Unsecured Claims that are not Allowed Claims will not receive any distribution in respect of such Claims.

For more information regarding the Transaction, please see the Plan of Reorganization, as amended, the Amended Disclosure Statement and the Disclosure Statement Supplement filed with the Bankruptcy Court, available at <https://cases.primeclerk.com/Avaya/>.

**Form 8937, Line 15**

*Effect on Basis to First Lien Debtholders*

As a result of the Transaction, each First Lien Debtholder exchanged its Allowed Claim with respect to the First Lien Debt with Avaya for Reorganized Holdco Common Stock and cash. As a result, each First Lien Debtholder generally should recognize gain or loss in the exchange equal to the difference between (i) the sum of the fair market value of the Reorganized HoldCo Common Stock received plus the amount of cash received (in each case, to the extent such consideration is not allocable to accrued but unpaid interest on the First Lien Debt exchanged) and (ii) such Holder's adjusted tax basis in the First Lien Debt exchanged. Such First Lien Debtholder's tax basis in any Reorganized HoldCo Common Stock received generally should equal the fair market value of such Reorganized HoldCo Common Stock as of the date such Reorganized HoldCo Common Stock is distributed to the Holder. A Holder's holding period for the Reorganized HoldCo Common Stock received should generally begin on the day following the day of receipt.

First Lien Debtholders should refer to the Amended Disclosure Statement and the Disclosure Statement Supplement filed with the Bankruptcy Court, available at <https://cases.primeclerk.com/Avaya/>, and consult their tax advisors to determine the tax consequences of the Transaction to them.

*Effect on Basis to Second Lien Debtholders*

As a result of the Transaction, each Second Lien Debtholder exchanged its Allowed Claim with respect to the Second Lien Notes with Avaya for Reorganized Holdco Common Stock and Warrants. Accordingly, each Second Lien Debtholder generally should recognize gain or loss in the exchange equal to the difference between (i) the sum of the fair market value of the Reorganized HoldCo Common Stock received plus the fair market value of the Warrants received (in each case, to the extent such consideration is not allocable to accrued but unpaid interest on the Second Lien Debt exchanged) and (ii) such Holder's adjusted tax basis in its Second Lien Debt. Such Second Lien Debtholder's tax basis in any Reorganized HoldCo Common Stock and Warrants received should generally equal the fair market value of such Reorganized HoldCo Common Stock and Warrants, respectively, as of the date such Reorganized HoldCo Common Stock and Warrants are distributed to the Holder. A Holder's holding period for the Reorganized HoldCo Common Stock and Warrants received, respectively, should each begin on the day following the Emergence Date.



Second Lien Debtholders should refer to the Amended Disclosure Statement and the Disclosure Statement Supplement filed with the Bankruptcy Court, available at <https://cases.primeclerk.com/Avaya/>, and consult their tax advisors to determine the tax consequences of the Transaction to them.

*Effect on Basis to Allowed General Unsecured Creditors*

Pursuant to the Plan of Reorganization, except to the extent that an Allowed General Unsecured Creditor agrees to a less favorable treatment, each Allowed General Unsecured Creditor shall receive either cash or Reorganized HoldCo Stock in exchange for their Allowed General Unsecured Claim. Accordingly, each Allowed General Unsecured Creditor generally should recognize income, gain or loss in the exchange equal to the difference between (i) the sum of the fair market value of the Reorganized HoldCo Common Stock, if any, or the amount of cash received, if any, (in each case, to the extent such consideration is not allocable to accrued but unpaid interest on the Allowed General Unsecured Claim exchanged) and (ii) such Holder's adjusted tax basis in the Allowed General Unsecured Claim exchanged. A Holder's tax basis in any Reorganized HoldCo Common Stock received generally should equal the fair market value of such Reorganized HoldCo Common Stock as of the date such Reorganized HoldCo Common Stock is distributed to the Holder. A Holder's holding period for the Reorganized HoldCo Common Stock received should generally begin on the day following the Emergence Date.

Allowed General Unsecured Creditors should refer to the Amended Disclosure Statement and the Disclosure Statement Supplement filed with the Bankruptcy Court, available at <https://cases.primeclerk.com/Avaya/>, and consult their tax advisors to determine the tax consequences of the Transaction to them.

*Effect on Basis to Holders of Old Avaya Holdings Equity*

Holders of Old Avaya Holdings Equity as of the Emergence Date were not issued any consideration in respect of their Old Avaya Holdings Equity and, therefore, will not retain or obtain any tax basis in respect of such Old Avaya Holdings Equity that was cancelled. Holders of Old Avaya Holdings Equity are urged to consult their tax advisors to determine the tax consequences of the Transaction to them.

**Form 8937, Line 16**

*First Lien Debtholders*

The tax basis of the Reorganized Holdco Common Stock received by First Lien Debtholders under the Plan of Reorganization would equal the fair market value of the Reorganized Holdco Common Stock received.

Based on the Plan of Reorganization, the expected value of the Reorganized HoldCo Common Stock on the Emergence Date was approximately \$20.25 per share = \$2.228 billion/110,000,000 shares. The actual fair market value of Reorganized Holdco Common Stock distributed to Holders of Allowed Claims in the Transaction may differ from the value assigned to the stock pursuant to the terms of the Plan of Reorganization. Holders of Allowed Claims that received Reorganized Holdco Common Stock in the Transaction should consult their tax advisors to determine the tax consequences of the receipt of such stock to the Holder.

### *Second Lien Debtholders*

The tax basis of any Reorganized Holdco Common Stock or Warrant received in the Transaction under the Plan of Reorganization by a Second Lien Debtholder would equal the fair market value of the Reorganized Holdco Common Stock or Warrant received.

Based on the Plan of Reorganization, the expected value of the Reorganized HoldCo Common Stock on the Emergence Date was \$20.25 per share and the expected value of the Warrants was \$4.95 per Warrant = \$28 million/5,645,200. The actual fair market value of Reorganized Holdco Common Stock and Warrants distributed to Holders of Allowed Claims in the Transaction may differ from the value assigned to the stock and the warrants pursuant to the terms of the Plan of Reorganization. Holders of Allowed Claims that received Reorganized Holdco Common Stock and Warrants in the Transaction should consult their tax advisors to determine the tax consequences of the receipt of such stock to the Holder.

### *General Unsecured Creditors*

Pursuant to the Plan of Reorganization, the tax basis of any Reorganized HoldCo Common Stock that is received by an Allowed General Unsecured Creditor would equal the fair market value of the Reorganized Holdco Common Stock received.

Certain holders of General Unsecured Claims elected to receive 205,863 shares of Reorganized HoldCo Common Stock in lieu of receiving their pro rata share of \$57,500,000 from the General Unsecured Recovery Cash Pool. The determination of whether the General Unsecured Claims are Allowed Claims has generally not yet been determined as of the date of this Form 8937 and such distributions to holders of General Unsecured Claims have generally not been made. The expected value of the Reorganized HoldCo Common Stock on the Emergence Date was \$20.25. The actual fair market value of Reorganized Holdco Common Stock at the time of the applicable distribution(s) to Holders of Allowed General Unsecured Claims may differ from the value assigned to the stock pursuant to the terms of the Plan of Reorganization. Holders of Allowed Claims that receive Reorganized Holdco Common Stock pursuant to the Plan of Reorganization should consult their tax advisors to determine the tax consequences of the receipt of such stock to such Holder.

### *Holders of Old Avaya Holdings Equity*

Holders of Old Avaya Holdings Equity as of the Emergence Date were not issued any consideration in respect of their Old Avaya Holdings Equity and, therefore generally will not retain or obtain any tax basis in respect of the Old Avaya Holdings Equity.

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

First Lien Debtholders, Second Lien Debtholders and Allowed General Unsecured Creditors: Sections 1001 and 1012.

Holders of Old Avaya Holdings Equity: Section 165(g).

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

#### *First Lien Debtholders*

The Transaction may result in a recognizable loss to a First Lien Debtholder to the extent the

First Lien Debtholder's tax basis in their First Lien Debt exceeds the fair market value of the Reorganized HoldCo Common Stock and cash received in exchange for such First Lien Debt in the Transaction. First Lien Debtholders should consult their tax advisors to determine the tax consequences of the Transaction to them.

#### *Second Lien Debtholders*

The Transaction may result in a recognizable loss to a Second Lien Debtholder to the extent the Second Lien Debtholder's tax basis in their Second Lien Debt exceeded the fair market value of the Reorganized HoldCo Common Stock and Warrants received in exchange for such Second Lien Debt in the Transaction. Second Lien Debtholders should consult their tax advisors to determine the tax consequences of the Transaction to them.

#### *General Unsecured Creditors*

It is possible that an Allowed General Unsecured Creditor may recognize a loss to the extent such Holder's tax basis in their Allowed General Unsecured Claim exceeds the fair market value of the Reorganized HoldCo Common Stock, if any, or cash, if any, that such Holder receives in the applicable distribution(s) to Holders of Allowed General Unsecured Claims in exchange for such Allowed General Unsecured Claim. Allowed General Unsecured Creditors should consult their tax advisors to determine the tax consequences of the Transaction to them.

#### *Holders of Old Avaya Holdings Equity*

A holder that is the beneficial owner for U.S. tax purposes of Old Avaya Holdings Equity may be eligible for a worthless securities deduction pursuant to Section 165 of the Internal Revenue Code of 1986, as amended. The rules governing the character, timing, and amount of bad debt or worthless securities deductions place considerable emphasis on the facts and circumstances of the holder, the obligor, and the instrument with respect to which a deduction is claimed. Holders of Old Avaya Holdings Equity are urged to consult their tax advisors with respect to their ability, if any, to take such a deduction.

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

For First Lien Debtholders, Second Lien Debtholders, holders of Old Avaya Holdings Equity, and Holders of General Unsecured Claims, the adjustments to basis would be taken into account in the taxable year(s) of the applicable Holder that includes the applicable date(s) upon which the applicable distribution(s) are made to such Holder pursuant to the Plan of Reorganization.