



**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

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

18 Can any resulting loss be recognized? ▶ See Attached

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

Horizontal lines for providing other necessary information for the adjustment.

**Sign Here**

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.

Signature ▶ \_\_\_\_\_ Date ▶ \_\_\_\_\_

Print your name ▶ **SIGNED COPY AVAILABLE UPON REQUEST**

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.

## **Arch Resources, Inc. Attachment to IRS Form 8937**

In October 2016, the Company issued 1,914,856 Series A warrants upon its emergence from bankruptcy at an initial exercise price of \$57.00 per share to holders of unsecured note claims that elected to receive warrants in lieu of cash upon emergence. The Company has provided a notice of adjustment applicable to the warrants.

Under IRC Code Section 6045B, any issuer of a "specified security" must file an information return setting forth: a description of any organizational action (for example, stock splits, mergers and acquisitions, convertible debt) that affects the basis of the specified security of the issuer, the quantitative effect on the specified security's basis resulting from the organizational action, and any other information IRS may prescribe.

The information in this document does not constitute tax advice and is not intended or written to be used, and cannot be used, for the purpose of avoiding penalties under the Code. Warrant Holders should consult their own tax advisors regarding the particular tax consequences of the exercise price adjustment to them, including the applicability and effect of all U.S. federal, state and local and foreign tax laws. Such information is not intended to be a complete analysis or description of all potential federal or other tax consequences of the conversion rate adjustment.

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

Immediately after the open of business on February 27, 2023 (i.e., the ex-dividend date of the cash dividend paid on March 15, 2023), the exercise price of the warrants was reduced from \$45.331 to \$44.389

The Company expects the adjustments to the warrants to be treated for U.S. federal income tax purposes as a deemed taxable dividend distribution in an amount equal to the fair market value of the incremental stock rights attributable to the adjustment to the exercise price of the warrants. As a result, a warrant holder's basis in their warrants should increase by the amount of the deemed dividend distribution. The amount of the distribution and the increase in basis in the warrants is calculated to be \$0.942 per warrant.

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

The valuation reference date is February 27, 2023, the ex-dividend date of the cash dividend distribution.

Calculation: Excess of (A) over (B):

- (A) The fair market value of the warrants immediately after the adjustment to the exercise price and warrant share number is calculated using a Black-Scholes style option pricing model with pricing inputs including: value of the common stock, exercise price of the warrants, the remaining term of the warrants, an annual risk-free interest rate, and an annualized volatility index percentage.
- (B) The fair market value, determined immediately after the adjustment to exercise price and warrant share number using all of the pricing inputs described in (A) above, of the warrants as if no adjustment to exercise price and warrant share number had occurred.

Effect on basis: see the response to #15 above

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

IRC Section 305(c). The valuation standard under section 305(c) is "...the excess of (A) the fair market value of the right to acquire stock held by the deemed shareholder immediately after the applicable adjustment, over (B) the fair market value, determined immediately after the applicable adjustment, of such right to acquire stock as if no applicable adjustment had occurred."

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

There is no associated loss recognition.

### **Form 8937, Part II, Line 19**

The reportable tax year for this warrant adjustment is 2023 for a calendar year taxpayer.