

Form **8937**  
(December 2017)  
Department of the Treasury  
Internal Revenue Service

## Report of Organizational Actions Affecting Basis of Securities

OMB No. 1545-0123

► See separate instructions.

### Part I Reporting Issuer

<b>1</b> Issuer's name		<b>2</b> Issuer's employer identification number (EIN)	
PacificCo, Inc. & Subsidiaries		83-3781563	
<b>3</b> Name of contact for additional information	<b>4</b> Telephone No. of contact	<b>5</b> Email address of contact	
Cynthia Hoffman	727-579-5271	cynthia.hoffman@catalina.com	
<b>6</b> Number and street (or P.O. box if mail is not delivered to street address) of contact		<b>7</b> City, town, or post office, state, and ZIP code of contact	
200 Carillon Parkway		St. Petersburg, FL 33716	
<b>8</b> Date of action		<b>9</b> Classification and description	
May 10, 2023		In-Court Restructuring of Existing First-Out Loans and Existing Last-Out Loans	
<b>10</b> CUSIP number	<b>11</b> Serial number(s)	<b>12</b> Ticker symbol	<b>13</b> Account number(s)
See Attached			

### Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

**14** Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ► [SEE ATTACHED STATEMENT](#)

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**15** Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ► [SEE ATTACHED STATEMENT](#)

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**16** Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ► [SEE ATTACHED STATEMENT](#)

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**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](#)

**18**   Can any resulting loss be recognized? ▶ [SEE ATTACHED STATEMENT](#)

**19**   Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ [SEE ATTACHED STATEMENT](#)

Sign Here

DocuSigned by:

Signature ▶

Cynthia Hoffman

524C7D80AF52478...

Date ▶

6/21/2023

Print your name ▶

Cynthia J. Hoffman

Title ▶

Vice President, Tax

Paid Preparer Use Only

Print/Type preparer's name

Preparer's signature

Date

Check ☐ if self-employed

PTIN

Firm's name ▶

Firm's EIN ▶

Firm's address ▶

Phone no.

Send Form 8937 (including accompanying statements) to: Department of the Treasury, Internal Revenue Service, Ogden, UT 84201-0054

**PacificCo, Inc. & Subsidiaries**  
**EIN: 83-3781563**  
**Attachment to Form 9937**  
**Report of Organizational Actions Affecting Basis of Securities**

The information contained on Form 9937 and within this attachment 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 Internal Revenue Code of 1986, as amended (the “**Code**”). Moreover, each creditor and shareholder is urged to consult its own tax advisor regarding the particular tax consequences of the transaction to them, including the applicability and effect of all U.S. federal, state, local, and foreign tax laws.

**Form 9937, Part I, Lines 9 and 10**

<b>Description</b>	<b>CUSIP</b>
Existing First-Out Loans	14886MAM3
Existing Last-Out Loans	14886MAN1

**Form 9937, Part II, Line 14**

On May 10, 2023 (the “**Emergence Date**”), in connection with emerging from Chapter 11 of Title 11 of the Bankruptcy Code, Catalina Marketing Corporation (“**CMC**”), which is an indirect, wholly-owned subsidiary of PacificCo, Inc. (“**PacificCo**”), together with PacificCo and certain other subsidiaries and/or affiliates of PacificCo (collectively, the “**Debtors**” or the “**Catalina Group**”), effectuated a series of transactions to modify the capital structure of the Catalina Group (the “**Transactions**”). Parties to the Transactions included holders of the following claims against the Debtors: (i) claims held by holders of the First-Out Loans under the Senior Term Loan Credit Agreement (the “**2019 Credit Agreement**”), dated as of February 15, 2019 (as amended, restated, supplemented, or otherwise modified prior to the Emergence Date) (the “**Existing First-Out Loans**”); (ii) claims held by holders of Last-Out Loans under the 2019 Credit Agreement (the “**Existing Last-Out Loans**”); (iii) claims held by holders of loans under the Super Priority Senior Term Loan Credit Agreement, dated as of February 27, 2023 and amended on March 23, 2023 (the “**Super Priority Term Loans**”); and (iv) holders of the existing equity interests of PacificCo (the “**Existing Equity**”).

Pursuant to the Joint Prepackaged Chapter 11 Plan of the Debtors,<sup>1</sup> which was confirmed by the bankruptcy court on April 28, 2023 (the “**Prepackaged Plan**”), holders of the Existing First-Out Loans received their pro rata share of new loans under the Senior Term Loan Credit Agreement, dated as of May 10, 2023 (the “**New Term Loans**”), in full and final satisfaction of their claims against the Debtors (the “**First-Out Exchange**”). Additionally, holders of the Existing Last-Out Loans received from CMC their pro rata share of 100 percent of the new common stock in PacificCo, subject to dilution by the management incentive plan described in the Prepacked Plan (“**New Equity**”), in full and final satisfaction of their claims against the Debtors (the “**Last-Out**”).

<sup>1</sup> The Joint Prepackaged Chapter 11 Plan of the Debtors was filed on March 29, 2023 and amended on April 7, 2023 and April 27, 2023.

**Exchange**”). Holders of the Super Priority Term Loans received cash payment, in full, in satisfaction of their claims against the Debtors.<sup>2</sup> Lastly, on the Emergence Date, the Existing Equity was cancelled and holders of Existing Equity received no consideration (the “**Existing Equity Cancellation**”). The Transactions impacted the basis of each of the holders of the Existing First-Out Loans, the Existing Last-Out Loans, and the Existing Equity.

For more information regarding the Transactions, please see the Debtors’ Prepackaged Plan, as amended, filed with the bankruptcy court, available at <https://www.kccllc.net/catalina>. All capitalized terms not otherwise defined herein have the same meanings ascribed to them in the Prepackaged Plan.

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

#### *The First-Out Exchange*

A U.S. holder of an Existing First-Out Loan generally should recognize gain or loss in an amount equal to the difference, if any, between (i) the issue price of the New Term Loans received in connection with the First-Out Exchange (other than to the extent received in respect to a claim for accrued but unpaid interest and possibly accrued original issue discount (“**OID**”)) and (ii) the holder’s adjusted tax basis in its Existing First-Out Loans immediately prior to the First-Out Exchange (other than any tax basis attributable to accrued but unpaid interest and possibly accrued OID).<sup>3</sup> Accordingly, a U.S. holder’s tax basis in the New Term Loans received in a fully taxable exchange generally would equal the issue price of the New Term Loans. A U.S. holder’s holding period in the New Term Loans received should begin on the day following the Emergence Date.

To the extent each of the Existing First-Out Loans and the New Term Loans constitutes a “security” of the Debtors for U.S. federal income tax purposes, the exchange of the Existing First-Out Loans for the New Term Loans may qualify as part of a tax-free “recapitalization” of the Debtors (within the meaning of section 368(a)(1)(E) of the Code). A U.S. holder of Existing First-Out Loans that received New Term Loans in exchange for their claim as part of a tax-free recapitalization would generally not recognize gain or loss in the First-Out Exchange. In such case, a U.S. holder’s tax basis in its New Term Loans received generally would equal such holder’s adjusted tax basis in its Existing First-Out Loans immediately prior to the First-Out Exchange. A U.S. holder’s holding period in the New Term Loans received should include the period for which the holder held its Existing First-Out Loans.

*Holders of the Existing First-Out Loans should consult their own tax advisors regarding the possible classification of the Existing First-Out Loans and the New Term Loans as securities and the particular tax consequences of the First-Out Exchange to them.*

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<sup>2</sup> The exchange in which the holders of the Super Priority Term Loans received *only* cash in satisfaction of their claims is not subject to reporting on Form 8937 because such holders did not receive any “specified security” for Form 8937 reporting purposes.

<sup>3</sup> The issue price of the New Term Loans is determined under the rules in Treas. Reg. § 1.1273-2. In the case of a debt instrument that is considered traded on an “established market” pursuant to Treas. Reg. § 1.1273-2(f), the issue price is determined based on the fair market value of the debt instrument.

### *The Last-Out Exchange*

The Last-Out Exchange is expected to constitute a taxable exchange for U.S. federal income tax purposes, whereby a U.S. holder would recognize gain or loss based on the difference, if any, between (i) the fair market value of the New Equity received as consideration in the Last-Out Exchange (other than to the extent received in respect to a claim for accrued but unpaid interest and possibly accrued OID) and (ii) the holder's adjusted tax basis in the Existing Last-Out Loans immediately prior to the Last-Out Exchange (other than any tax basis attributable to accrued but unpaid interest and possibly accrued OID). Accordingly, a U.S. holder's aggregate tax basis in the New Equity received would equal the fair market value of the New Equity. A U.S. holder's holding period in the New Equity received should begin on the day following the Emergence Date.

*Holders of the Existing Last-Out Loans should consult their own tax advisors regarding the particular tax consequences of the Last-Out Exchange to them.*

### *Character of Gain or Loss on the First-Out Exchange or the Last-Out Exchange*

Where gain or loss is recognized by a U.S. holder, the character of such gain or loss as long-term or short-term capital gain or loss or as ordinary income or loss will be determined by a number of factors, including the tax status of the holder, whether the Existing First-Out Loans or the Existing Last-Out Loans constitute a capital asset in the hands of the holder and how long they have been held, whether the Existing First-Out Loans or the Existing Last-Out Loans were acquired at a market discount, and whether and to what extent the holder previously claimed a bad debt deduction.

A U.S. holder that purchased its Existing First-Out Loans or Existing Last-Out Loans from a prior holder at a "market discount" (relative to the principal amount of the Existing First-Out Loans or the Existing Last-Out Loans at the time of acquisition) may be subject to the market discount rules of the Code. In general, a debt instrument is considered to have been acquired with "market discount" if its holder's adjusted tax basis in the debt instrument (immediately after purchase) is less than (i) its stated redemption price at maturity (which generally would be equal to the stated principal amount if all stated interest was required to be paid in cash at least annually) or (ii) in the case of a debt instrument issued with OID, its revised issue price, in each case, by at least a *de minimis* amount.

Under the market discount rules, any gain recognized on the First-Out Exchange or the Last-Out Exchange (other than in respect of a claim for accrued but unpaid interest) generally will be treated as ordinary income to the extent of the market discount accrued (on a straight-line basis or, at the election of the holder, on a constant interest basis) during the holder's period of ownership, unless the holder elected to include the market discount in income as it accrued. If a holder did not elect to include market discount in income as it accrued and thus, under the market discount rules, was required to defer all or a portion of any deductions for interest on debt incurred or maintained to purchase or carry its Existing First-Out Loans or Existing Last-Out Loans, such deferred amounts would become deductible at the time of the exchange.

*Distributions in Discharge of Accrued Interest or OID in the First-Out Exchange or the Last-Out Exchange*

In general, to the extent that any consideration received pursuant to the Prepackaged Plan by a U.S. holder of the Existing First-Out Loans or the Existing Last-Out Loans is received in satisfaction of accrued interest during the holder's holding period, such amount will be taxable to the U.S. holder as interest income (if not previously included in the U.S. holder's gross income). Conversely, a U.S. holder may recognize a deductible loss to the extent any accrued interest or accrued OID was previously included in its gross income and is not paid in full. However, the Internal Revenue Service ("IRS") has privately ruled that a holder of a "security" (as determined for U.S. federal income tax purposes) in an otherwise tax-free exchange could not claim a current loss with respect to any accrued but unpaid OID. Accordingly, it is unclear whether, in similar circumstances or by analogy, any U.S. holder of the Existing First-Out Loans or the Existing Last-Out Loans would be required to recognize a capital loss, rather than an ordinary loss, with respect to previously included OID with respect to such claim that is not paid in full. The Prepackaged Plan provides that consideration received in respect of an allowed claim is allocable first to the principal amount of the claim (as determined for U.S. federal income tax purposes) and then, to the extent of any excess, to the remainder of the claim, including any claim for accrued but unpaid interest (in contrast, for example, to a pro rata allocation of a portion of the exchange consideration received between principal and interest, or an allocation first to accrued but unpaid interest). There is no assurance that the IRS will respect such allocation for U.S. federal income tax purposes.

*Holders should consult their own tax advisors regarding the allocation of consideration and the inclusion and deductibility of accrued but unpaid interest for U.S. federal income tax purposes.*

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

*The First-Out Exchange*

If treated as a fully taxable exchange: A U.S. holder of the Existing First-Out Loans should take a tax basis in the New Term Loans received equal to their issue price.

If qualified as a tax-free recapitalization: A U.S. holder of the Existing First-Out Loans should take a tax basis in its New Term Loans received equal to such holder's adjusted tax basis in its Existing First-Out Loans immediately prior to the First-Out Exchange.

*The Last-Out Exchange*

A U.S. holder of the Existing Last-Out Loans should take an aggregate tax basis in the New Equity received equal to the amount taken into account in computing its gain or loss.

*Holders should consult their own tax advisors to determine the fair market value of the New Term Loans and New Equity.*

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

#### **The First-Out Exchange**

If treated as a fully taxable transaction: generally, sections 1001, 1012, and 1223 of the Code.

If qualified as a tax-free recapitalization: generally, sections 354, 356, 358, 368, and 1223 of the Code.

**The Last-Out Exchange:** Generally, sections 1001, 1012, and 1223 of the Code.

**The Existing Equity Cancellation:** Generally, section 165 of the Code.

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

#### **The First-Out Exchange**

If treated as a fully taxable transaction: loss may be recognized by the holders of the Existing First-Out Loans.

If qualified as a tax-free recapitalization: no loss may be recognized by the holders of the Existing First-Out Loans.

**The Last-Out Exchange:** Loss may be recognized by the holders of the Existing Last-Out Loans.

#### **The Existing Equity Cancellation**

A U.S. holder of Existing Equity may be eligible for a worthless stock deduction pursuant to section 165 of the Code. 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 U.S. holder, the obligor, and the instrument with respect to which a deduction is claimed.

*U.S. holders of Existing Equity, therefore, are urged to consult their tax advisors with respect to their ability to claim such a deduction.*

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

The reportable tax year is 2023 with respect to the holders of the Existing First-Out Loans and the Existing Last-Out Loans that are calendar year taxpayers. To the extent that a holder reporting taxable income on a basis other than calendar year, the reportable year is the tax year that includes May 10, 2023.

*Holders should consult with a tax advisor regarding the particular tax consequences of each exchange to them. The information contained in this document does not constitute tax advice and is not intended or written to be used, and cannot be used, for purposes of avoiding penalties under the Internal Revenue Code of 1986, as amended.*