

Exela Technologies, Inc.
One for Two Hundred Reverse Stock Split of Common Stock
Attachment to Form 8937

THE INFORMATION CONTAINED HEREIN DOES NOT CONSTITUTE TAX ADVICE AND DOES NOT PURPORT TO BE COMPLETE OR TO DESCRIBE THE TAX CONSEQUENCES OF THE REVERSE STOCK SPLIT THAT MAY APPLY TO PARTICULAR CATEGORIES OF SHAREHOLDERS.

SHAREHOLDERS ARE URGED TO CONSULT THEIR OWN TAX ADVISOR WITH RESPECT TO THE U.S. FEDER, STATE AND LOCAL AND FOREIGN TAX CONSEQUENCES OF THE REVERSE STOCK SPLIT.

Part II – Organizational Action

Line. 14. Describe the organizational action and, if applicable, the date of the action or the date against which shareholder’s ownership is measured for the action.

At close of business on May 12, 2023, Exela Technologies, Inc. (the “Company”) effected a 1-for-200 reverse stock split for its outstanding shares of common stock. Pursuant to the reverse stock split, every two hundred (200) shares of issued and outstanding common stock automatically converted into one (1) share of common stock. A shareholder who would have otherwise been entitled to a fractional share as a result of the reverse stock split received cash in lieu thereof and was deemed for U.S. federal income tax purposes to have received and then immediately sold such fractional share for cash.

Line. 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.

Upon the effective date of the reverse stock split, every two hundred (200) shares of common stock of the Company automatically converted into one (1) share of common stock. As a result, shareholders must allocate the aggregate tax basis in their shares held immediately prior to the reverse stock split among the shares held immediately after the reverse stock split (including any fractional shares for which cash in lieu was deemed to be received for U.S. federal income tax purposes). Shareholders that have acquired different blocks of common stock at different times or at different prices are urged to consult their own tax advisors regarding the allocation of their aggregated adjusted basis among, and the holding period of, that common stock.

Line. 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 answer to Line 15. While the basis “per share” is impacted, the basis of the shareholder’s total investment remains unchanged. Shareholders with blocks of pre-split common stock not divisible by two hundred (200) which reflect pre-split common stock acquired at different times or at different prices must replicate such blocks of pre-split common stock in the post-split common stock received pursuant to a formula provided in Treasury regulations that seeks to preserve, to the greatest extent possible, the basis of a particular block of pre-split common stock in one or more post-split common stock shares received in exchange therefor. This may require the aggregate basis in one block of pre-split common stock to be allocated to post-split common stock in a manner where some post-split common stock blocks may have split basis and holding period segments. Because no fractional shares were issued, the aggregate tax basis

of the Company common stock held by a shareholder immediately after the reverse stock split could be less than the pre-split aggregate tax basis by an amount equal to the aggregate tax basis allocated to the fractional shares, if any.

Line. 17. List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based.

IRC Sections 354(a), 368(a) and 1001.

Line. 18. Can any resulting loss be recognized?

The one (1) for two hundred (200) reverse stock split is intended to be treated as a recapitalization for U.S. federal income tax purposes. Therefore, except as described below with respect to cash received in lieu of a fractional share, a shareholder will not recognize any gain or loss for U.S. federal income tax purposes upon the conversion of pre-reverse stock split shares into post-reverse stock split shares pursuant to the reverse stock split.

In general, a shareholder who receives cash payment in lieu of a fractional share will recognize capital gain or loss equal to the difference between the amount of cash received in lieu of the fractional share and the portion of the holder's tax basis of the pre-reverse stock split shares that is allocable to the fractional share. Such gain or loss generally will be long-term capital gain or loss if the shareholder's holding period in its pre-reverse stock split shares is more than one year as of the reverse stock split date. The deductibility of net capital losses by individuals and corporations is subject to limitations.

Line. 18. Provide any other information necessary to implement the adjustment, such as the reportable tax year.

The reportable tax year in which the reverse stock split occurred is 2023.