



**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 lined area for providing Internal Revenue Code section(s) and subsection(s).

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

Blank lined area for providing information regarding resulting loss recognition.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶  
See Attached Statement

Blank lined area 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 ▶ *M.C. Allen* Date ▶ 7/31/2019

Print your name ▶ Mark C. Allen Title ▶ Exec. VP, CFO, Treasurer and Asst Sec.

<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.

**Report of Organizational Actions Affecting Basis of Securities – June 19, 2019 and July 2, 2019**

Disclaimer: The information contained in Form 8937 and this attachment does not constitute tax advice and does not purport to take into account any note holder's specific circumstances. Note holders are urged to consult their own tax advisors regarding U.S. tax consequences of the transaction described herein and the impact to tax basis resulting from the transaction.

**Report of Organizational Actions Affecting Basis of Securities – June 19, 2019 and July 2, 2019**

**Form 8937, Part I, Lines 9 and 10**

<b><u>Debt Instruments Exchanged on June 19, 2019</u></b>	<b><u>CUSIP</u></b>
\$152.2 million 6.375% Senior Subordinated Notes, due 2021 (“Old 2021 Notes”)	247916AC
\$219.9 million 5.50% Senior Subordinated Notes, due 2022 (“Old 2022 Notes”)	247916AD
\$96.3 million 4.625% Senior Subordinated Notes, due 2023 (“the Old 2023 Notes”)	24823UAH
\$425.4 million 7.50% Senior Secured Second Lien Notes, due 2024 (“Old Second Lien Notes”)	247916AL
\$528.0 million 7.75% Senior Secured Second Lien Notes, due 2024 (“New Second Lien Notes”)	247916AM
\$245.5 million 6.375% Convertible Senior Notes, due 2024 (“New Convertible Senior Notes”)	247916AN

<b><u>Debt Instruments Exchanged on July 2, 2019</u></b>	<b><u>CUSIP</u></b>
\$4.0 million 7.50% Senior Secured Second Lien Notes, due 2024 (“Old Second Lien Notes”)	247916AL
\$3.8 million 7.75% Senior Secured Second Lien Notes, due 2024 (“New Second Lien Notes”)	247916AM

All dollar amounts used in this attachment to Form 8937 are approximate.

**Form 8937, Part II, Line 14**

On June 19, 2019, Denbury Resources Inc. (“Denbury” or the “Company”) settled a number of debt exchanges pursuant to privately negotiated exchange agreements and a public tender offer. On July 2, 2019, the Company settled another exchange under that public tender offer. Collectively all of the notes given up by the holders in the exchanges are the Old Notes, and all of the ones received by the holders in the exchange are the New Notes.

Pursuant to the private exchange agreements holders of \$234.2 million principal amount of various outstanding senior subordinated notes ("Old Senior Subordinated Notes") received \$48.5 million of cash, \$36.6 million principal amount of New Second Lien Notes, and \$149.1 million principal amount of New Convertible Senior Notes. The same holders also agreed to exchange \$168.0 million principal amount of Old Second Lien Notes for \$168.0 million principal amount of New Second Lien Notes.

Pursuant to the public tender offer, holders of \$234.2 million principal amount of Old Senior Subordinated Notes received \$71.5 million of cash, \$66.0 million principal amount of New Second Lien Notes, and \$96.5 million principal amount of New Convertible Senior Notes. The Company also accepted offers to exchange \$257.3 million principal amount of Old Second Lien Notes for \$257.3 million principal amount of New Second Lien Notes.

On June 19, 2019, the total amounts exchanged were as follows: Holders exchanged Old Senior Subordinated Notes (\$152.2 principal amount of the Old 2021 Notes; \$219.9 principal amount million of the Old 2022 Notes; and \$96.3 million principal amount of Old 2023 Notes) for \$120.0 million of cash, \$102.6 million principal amount of New Second Lien Notes, and \$245.5 million principal amount of New Convertible Senior Notes. (Collectively, the exchanges involving the Old Senior Subordinated Notes are referred to in this Attachment as the Old Senior Subordinated Note Exchanges.) Holders also exchanged \$425.4 million principal amount of Old Second Lien Notes for \$425.4 million of New Second Lien Notes.

On July 2, 2019, holders exchanged \$4.0 million of Old Second Lien Notes for \$3.8 million of New Second Lien Notes.

The New Second Lien Notes bear interest at 7.75% per annum and will be payable semi-annually in arrears on February 15 and August 15 of each year. The principal is due at maturity on February 15, 2024.

The New Convertible Senior Notes bear interest at 6.375% per annum and will be payable semi-annually in arrears on June 30 and December 30 of each year. The principal is due at maturity on December 31, 2024. At any time following the issue date, the holders may optionally convert the New Convertible Senior Notes for equity at a rate of 370 shares per \$1,000 principal (subject to certain customary adjustments). The Company will mandatorily convert the New Convertible Senior Notes into equity if the volume weighted average price of common stock equals or exceeds the initial threshold price of \$2.43 for 10 trading days in any period of 15 consecutive trading days.

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

**June 19, 2019 Old Second Lien Note Exchanges**

The Company intends to take the position, that the exchange of Old Second Lien Notes for New Second Lien Notes on June 19, 2019 was not an exchange of property under Internal Revenue Code Section 1001 because the differences between the Old Second Lien Notes and the New Second Lien Notes do not constitute a significant modification under Treasury Regulation Section 1.1001-3. A holder's adjusted basis and holding period in the New Second Lien Notes received in the exchange is the same as its adjusted basis and holding period were in the Old Second Lien Notes given up in the exchange. A holder should continue accounting for these notes by taking into account their modified terms.

**July 2, 2019 Old Second Lien Note Exchange**

The Company intends to take the position that the exchange of Old Second Lien Notes for New Second Lien Notes on July 2, 2019 was an exchange of property under Internal Revenue Code Section 1001 because the differences between the Old Second Lien Notes and the New Second Lien Notes constituted a significant modification under Treasury Regulation Section 1.1001-3.

The Company intends to take the position that the New Second Lien Notes delivered in this July 2, 2019 are part of the same issue as the New Second Lien Notes delivered in connection with Old Senior Subordinated Note Exchanges, and thus have the same issue price as those New Second Lien Notes.

If the Old Second Lien Notes and the New Second Lien Notes are securities (within the meaning of Internal Revenue Code Section 354), then the exchange that settled on July 2, 2019 would be a recapitalization. If it is a recapitalization, then a holder would not recognize gain or loss on the exchange, and a holder's adjusted basis and holding period in the New Second Lien Notes received in the exchange would be the same as its adjusted basis and holding period was in the Old Second Lien Notes given up in the exchange.

If the exchange that settled on July 2, 2019 is not a recapitalization, then the exchange would be treated as a taxable disposition of the Old Second Lien Notes. The holder generally would recognize gain or loss equal to the difference between (i) the issue price of the New Second Lien Notes received and (ii) the holder's adjusted tax basis in the Old Second Lien Notes. A holder's adjusted tax basis in the Old Second Lien Notes generally would be the holder's initial basis, increased by any accrued original discount or market discount previously included in income with respect to the Old Second Lien Notes, and decreased (but not below zero) by any bond premium

that the holder amortized with respect to the Old Second Lien Notes. The holder's holding period would start the day after the exchange.

### **June 19, 2019 Old Senior Subordinated Note Exchanges**

The exchanges that involved the Old Senior Subordinated Notes settled on June 19, 2019. The Company intends to take the position that the New Second Lien Notes and New Convertible Senior Notes delivered in connection with the Old Senior Subordinated Note Exchanges are new debt instruments for U.S. federal income tax purposes, and that have issue prices equal to their fair market value on the date of the Old Senior Subordinated Note Exchanges (June 19, 2019).

Certain or all of those Old Senior Subordinated Note Exchanges may qualify as recapitalizations with "boot".

If the Old Senior Subordinated Note, the New Second Lien Notes, and the New Convertible Senior Notes are securities for U.S. federal income tax purposes, then that Subordinated Debt Exchange would be a recapitalization with "boot" equal to the cash received. In a recapitalization, the exchanging holder recognizes gain (but not loss) in an amount equal to the lesser of the gain realized on the exchange and the boot. The holder's initial tax basis in the New Notes would equal the holder's adjusted tax basis in the Old Notes exchanged, plus the amount of any gain recognized, minus the cash received. The holder's holding period of such New Notes would include the period of time during which the holder held the Old Senior Subordinated Notes. See Treasury Regulations Section 1.358-2 for the rules regarding the allocation of basis and holding period in those New Notes that are securities.

If the Old Senior Subordinated Notes given in the exchange, and either but not both of the New Second Lien Notes or the New Convertible Senior Notes are securities for U.S. federal income tax purposes, then that Subordinated Debt Exchange would be a recapitalization with boot equal to the amount of cash received, plus the fair market value on the date of the exchange of the New Note that is not a security. In a recapitalization, the exchanging holder recognizes gain (but not loss) in an amount equal to the lesser of the gain realized on the exchange and the amount of the boot. The holder's initial tax basis in the New Notes (that are securities) would equal the holder's adjusted tax basis in the Old Notes exchanged, plus the amount of any gain recognized, minus the cash and the fair market value of the New Notes that are not a security. The holder's holding period of such New Notes (that are securities) would include the period of time during which the holder held the Old Senior Subordinated Notes. The holder's initial tax basis in the New Notes that are not securities would be an amount equal to the issue price of those New Notes, and the holder's holding period in those New Notes would start the day after the exchange.

If an Old Senior Subordinated Debt Exchange is a not a recapitalization, then the exchange would be a taxable exchange of the Old Senior Subordinated Note. The holder generally would recognize gain or loss equal to the difference between (i) the cash, plus the issue price of the New Notes received and (ii) the holder's adjusted tax basis in the Old Senior Subordinated Notes. A holder's adjusted tax basis in the Old Senior Subordinated Notes generally would be the holder's initial basis, increased by any accrued original discount or market discount previously included in income with respect to the Old Senior Subordinated Notes, and decreased (but not below zero) by any bond premium that the holder amortized with respect to the Old Senior Subordinated Notes. The holder's holding period in the New Notes would start the day after the exchange.

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

The Company is taking the position that the New Second Lien Notes (other than the New Second Lien Notes delivered in connection with the Old Second Lien Note exchanges that settled on June, 19, 2019) and the New Convertible Senior Notes were traded on an established market ("publicly traded") as defined under Treasury Regulation Section 1.1273-2(f). Based on the sales price on the day of, or on the day closest to June 19, 2019, the Company is taking the position that the issue price of the New Second Lien Notes was 77.95% of par and the issue price of the New Convertible Senior Notes was 67.45% of par.

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

Section 354(a), 356, 358, 368(a)(1)(E), 1001, 1012, 1273

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

If an exchange was an exchange under Internal Code Section 1001 and not a recapitalization, a holder may be able to recognize any realized loss. See response to Line 15.

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

The reportable tax year is 2019. For any additional information, see Denbury's Investor Relations webpage.

<http://www.denbury.com/investor-relations/corporate-overview/default.aspx>