

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](#)**18** Can any resulting loss be recognized? ► [See Attached](#)**19** Provide any other information necessary to implement the adjustment, such as the reportable tax year ► [See Attached](#)**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 ► Elizabeth A. Murray Date ► 3/16/22Print your name ► Elizabeth A. MurrayTitle ► Principal Accounting Officer**Paid
Preparer
Use Only**

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.	

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

Sierra Income Corporation
ATTACHMENT TO FORM 8937
EIN: 45-2544432

REPORT OF ORGANIZATIONAL ACTIONS AFFECTING BASIS OF SECURITIES

Sierra Income Corporation. (before acquisition)

CUSIP (Box 10)	82632T100
Ticker Symbol (Box 12)	N/A

Barings BDC, Inc. (after acquisition)

CUSIP (Box 10)	06759L103
Ticker Symbol (Box 12)	BBDC

FORM 8937 PART II, BOX 14:

On February 25, 2022, Barings BDC, Inc. (the "Company" or "Barings BDC") completed the merger of Sierra Income Corporation ("Sierra") with and into Barings BDC pursuant to the terms and conditions of the merger agreement, dated September 21, 2021, by and among Barings BDC, Mercury Acquisition Sub, Inc., Sierra and Barings LLC (the "Merger Agreement"). Pursuant to the Merger Agreement, Sierra stockholders received 0.44973 of a share of Barings BDC common stock in exchange for each share of Sierra common stock held at the effective time of the merger. Approximately 45,996,985 shares of Barings BDC common stock were issued to Sierra stockholders in connection with the merger, resulting in Sierra stockholders and Barings BDC stockholders owning 41.3% and 58.7% of the combined company, respectively, at closing.

In addition, Sierra stockholders received \$0.9783641 of cash as transaction support provided by Barings LLC, the adviser to the Barings BDC, in exchange for each share of Sierra common stock held at the effective time of the merger (such consideration, collectively, the "Cash Consideration"). The U.S. federal income tax treatment of the Cash Consideration is uncertain in many respects. Sierra believes that its U.S. stockholders have a reasonable basis upon which to take a position that the Cash Consideration should be treated as additional merger consideration, and, assuming such position is respected, any gain realized by a U.S. stockholder on the receipt of the Cash Consideration would be a capital gain if the shares of Sierra common stock were held by such U.S. stockholder as a capital asset. No assurances can be given, however, that the IRS will not assert, or that a court would not sustain, a contrary position under which the Cash Consideration could be subject to taxation as ordinary income. Barings BDC and Barings LLC do not express any position on how the U.S. stockholders of Sierra should treat the Cash Consideration.

FORM 8937 PART II, BOX 15:

The merger of Sierra with and into the Company qualifies as a tax-free reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the "Code"). As a result, each Sierra stockholder will recognize a taxable gain, but not a loss, equal to the lesser of:

- (1) the amount of cash received in exchange for Sierra common stock (excluding cash received in lieu of a fractional share of Barings BDC common stock) and
- (2) the excess, if any, of (a) the sum of the amount of cash received in exchange for Sierra common stock (including cash received in lieu of a fractional share of Barings BDC common stock) and the fair market value of the Barings BDC common stock received in

the merger over (b) the U.S. stockholder's tax basis in the shares of Sierra common stock surrendered in the merger.

A U.S. stockholder also will recognize gain or loss attributable to cash received in lieu of a fractional share of Barings BDC common stock in an amount equal to the difference between the amount of cash received and the portion of the basis of the Sierra common stock surrendered that is allocable to the fractional share. Any gains recognized generally will be capital gains, and any such capital gains generally will be long-term capital gains, provided certain holding period and other requirements are met. The U.S. federal income tax treatment of the Cash Consideration is uncertain in many respects. Sierra believes that its U.S. stockholders have a reasonable basis upon which to take a position that the Cash Consideration should be treated as additional merger consideration, and, assuming such position is respected, any gain realized by a U.S. stockholder on the receipt of the Cash Consideration would be a capital gain if the shares of Sierra common stock were held by such U.S. stockholder as a capital asset. No assurances can be given, however, that the IRS will not assert, or that a court would not sustain, a contrary position under which the Cash Consideration could be subject to taxation as ordinary income. Barings BDC and Barings LLC do not express any position on how the U.S. stockholders of Sierra should treat the Cash Consideration.

The holding period of the shares of Barings BDC common stock received in the exchange will include the holding period of the shares of Sierra common stock surrendered.

Each Sierra stockholder is encouraged to consult their own tax advisor regarding the determination of the realized gain or loss on the exchange.

FORM 8937 PART II, BOX 16:

Each Sierra stockholder is required to determine the tax basis of the shares of Barings BDC common stock received in the exchange by performing the following calculation:

- The basis of the shares of Barings BDC common stock received shall be the same as the shares of Sierra common stock surrendered in the exchange;
- Increased by any taxable gain determined from the calculation above;
- Decreased by the total amount of cash received.

FORM 8937 PART II, BOX 17:

The merger is intended to qualify as a reorganization within the meaning of Section 368(a) of the Code. In general, the income tax consequences to the stockholders are determined under Code sections 302, 354, 356, 358, 361, 368 and 1001.

FORM 8937 PART II, BOX 18:

In general, none of the Sierra stockholders who received shares of Barings BDC common stock and cash for all of their shares of Sierra common stock will recognize a loss as a result of the merger. However, each Sierra stockholder is encouraged to consult his or her own tax advisor regarding the determination of any realized gain or loss on the receipt of cash in lieu of each fractional share of Barings BDC common stock.

FORM 8937 PART II, BOX 19:

In general, any tax adjustments or gain recognized by a stockholder as a result of the merger, should be reported for the stockholder's taxable year which includes February 25, 2022.

THIS INFORMATION DOES NOT CONSTITUTE TAX ADVICE AND EACH HOLDER OF SIERRA COMMON STOCK IS URGED TO CONSULT ITS TAX ADVISOR WITH RESPECT TO THE APPLICATION OF UNITED STATES FEDERAL INCOME TAX LAWS TO THE HOLDER'S PARTICULAR SITUATION.