

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 ▶ /s/ Charles W. Melko

Date ► 4/8/2020

Print your name ► CHARLES W. MELKO

Title ► SENIOR VP & CAO

**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.	
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**Hannon Armstrong Sustainable Infrastructure Capital, Inc.
Conversion Rate Adjustment on Convertible Note Deemed a Distribution
Attachment to Form 8937**

Consult Your Tax Advisor

Shareholders are urged to consult their own tax advisor with respect to the U.S. federal, state and local, and foreign tax consequences of the conversion rate adjustment on the convertible note deemed a distribution.

Part II – Organizational Action

Line 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.

On February 20, 2020, the Board of Directors for Hannon Armstrong Sustainable Infrastructure Capital, Inc. ("Hannon") approved an increase in the quarterly cash dividend on common stock from \$0.335 to \$.34 a share. The increase was effective with respect to the dividend payable on April 10, 2020 to common stockholders of record on April 2, 2020 (ex-dividend date of April 1, 2020). Pursuant to Section 4.04 of the First Supplemental Indenture, Dated as of August 22, 2017, 4.125% Convertible Senior Notes due 2022 (the "Convertible Notes"), the conversion rate on the Convertible Notes was increased to take into account the portion of such quarterly dividend which was in excess of 33 cents per share (the "Conversion Rate Adjustment"). Such adjustment to the conversion ratio is treated as a deemed distribution of property to the holders of the Convertible Note to which Section 301 applies by reason of Section 305(b)(2) and Section 305.

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.

Because there was a cash dividend declared and paid with respect to the common stock and a corresponding Conversion Rate Adjustment, such Conversion Rate Adjustment constitutes a deemed distribution of common stock with respect to each Convertible Note to which Section 301 applies. The amount of the deemed distribution with respect to each Convertible Note is the fair market value of the incremental share of common stock to which the holder of the Convertible Note is entitled by reason of the Conversion Rate Adjustment. The conversion rate increased from 36.7367 shares of Hannon common stock per Convertible Note to 36.7550 shares of Hannon common stock per Convertible Note. Based on the per common share market value of \$20.41 on the trading day immediately preceding the ex-dividend date of April 1, 2020, the fair market value of the incremental share of common stock to which a holder of a Convertible Note is entitled is \$0.37359. The basis of each Convertible Note is increased by the fair market value of the deemed distribution. (In the event and to the extent that the fair market value of the deemed distribution (\$0.37359) exceeds the allocable share of current and accumulated earnings and profits (the "excess amount"), each holder of Convertible Note would reduce the basis of the Convertible Note by such excess amount (but not below zero), and then increase the basis of the Convertible Note by the fair market value of the deemed distribution.)



Line 16. Describe the calculation of the change in basis and the date that supports the calculation, such as the market value of securities and valuation dates.

The amount of the deemed distribution per Convertible Note is \$0.37359. The basis of each Convertible Note is increased by \$0.37359. (In the event and to the extent the fair market value of the deemed distribution (\$0.37359) exceeds the allocable share of current and accumulated earnings and profits (the "excess amount"), each holder of a Convertible Note would reduce the basis of the Convertible Note by such excess amount (but not below zero), and then increase the basis of the Convertible Note by \$0.37359.)

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

IRC Sections 305(b)(2), 305(c), 301(c) and 301(d)

Line 18. Can any resulting loss be recognized?

No.

Line 19. Provide any other information necessary to implement the adjustment, such as the reportable tax year.

The reportable tax year is calendar year 2020.