Form **8937**

(December 2017)
Department of the Treasury
Internal Revenue Service

Report of Organizational Actions Affecting Basis of Securities

► See separate instructions.

OMB No. 1545-0123

Part I Reporting	Issuer			
1 Issuer's name		2 Issuer's employer identification number (EIN)		
Talos Energy Inc.		82-3532642 5 Email address of contact		
3 Name of contact for ad	ditional information	5 Email address of contact		
lung Carnor		investor@talosenergy.com		
June Sarner (713) 328-3000 6 Number and street (or P.O. box if mall is not delivered to street address) of contact			7 City, town, or post office, state, and ZiP code of contact	
•			•	
500 Dallas St., Suite 2000				Houston, TX 77002-4727
8 Date of action		9 Class	sification and description	
May 10, 2018	14 0 11	common		13 Account number(s)
10 CUSIP number	11 Serial number(s	3)	12 Ticker symbol	13 Account number(s)
			TALO	
Part II Organizati	onal Action Attac	h additiona	I statements if needed. Se	e back of form for additional questions.
14 Describe the organiza	itional action and, if a	pplicable, the	date of the action or the date	e against which shareholders' ownership is measured for
the action ► See att				
<u></u>				
15 Describe the quantita share or as a percent				ty In the hands of a U.S. taxpayer as an adjustment per
16 Describe the calculate valuation dates ► Ser			data that supports the calcula	ation, such as the market values of securities and the
				0007

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	ırt II	Organizational Action (continued)	
17		the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶	See attached statement
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,			
18	Can	any resulting loss be recognized? ► See attached statement	
19	Pro	vide any other information necessary to implement the adjustment, such as the reportable tax year ▶ <u>See att</u>	tached statement
	-		
		Under penalties of perjury, i declare that i have examined this return, including accompanying schedules and statements, belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which prepar	and to the best of my knowledge ar rer has any knowledge.
0.		belief, it is true, correct, and complete, Declaration of preparer (officer trial officer) is based of all mismatch of which proparer	1.0
Siç He	va l	Signature & Date 6/2	2/18
110	"	Signature Date Date	ż
		Print your name > Burton Cole Tille > VP	s cao
Pa		Print/Type preparer's name Preparer's signature Date /	Check if
Pr	ера	rer John M. Dixson	self-employed P01274298 Firm's EIN ► 34-6565596
	se O	nly Firm's name ► Ernst & Young, LLP /	Phone no. 713-754-1500
Spi	nd For	m 8937 (including accompanying statements) to: Department of the Treasury, Internal Revenue Service, Ogd	

Line 14

On May 10, 2018 Stone Energy Corporation ("Stone Energy"), Sailfish Energy Holdings Corporation ("New Sailfish"), Sailfish Merger Sub Corporation ("Merger Sub"), Talos Energy LLC ("Talos Energy"), and Talos Production LLC ("Talos Production") (collectively, "Merger Parties") completed a business combination pursuant to the Transaction Agreement dated November 21, 2017, by and among the same ("Transaction Agreement"). In a series of transaction steps outlined in the Transaction Agreement ("Merger") all common stock (ticker SGY) shareholders of Stone Energy as of May 9, 2018 exchanged their shares for common stock in New Sailfish (later renamed Talos Energy Inc. ("Talos") (ticker TALO)).

Likewise, Talos issued additional stock (ticker TALO) in exchange for certain debt previously issued by Talos Energy referred to as the Sponsor notes ("Sponsor Notes").

The Merger is described in the Transaction Agreement, which is available at:

https://www.sec.gov/Archives/edgar/data/904080/000119312517349457/d556282dex21.htm

A general summary of certain tax considerations applicable is set forth in Section 7.03, Tax Matters, of the Transaction Agreement.

Line 15

The Merger, along with certain related transactions described in the Transaction Agreement, were intended by the Merger Parties to be treated as an exchange described in Section 351 of the Internal Revenue Code, as amended ("Code") ("Section 351 Exchange"). The tax basis of the Talos stock (ticker TALO) generally should be the same as the tax basis in the Stone Energy (ticker SGY) stock which was exchanged in the Section 351 Exchange, decreased by the aggregate cash received (if any) and increased by the amount of gain realized (if any) by the Section 351 Exchange pursuant to Section 358 of the Code.

<u>Sponsor Notes</u> — The exchange of the Sponsor Notes for stock of New Sailfish (later renamed Talos Energy Inc. (ticker TALO)) was intended by the Merger Parties and the holders of the Sponsor Notes to be treated as an exchange described in Section 351 of the Code. The tax basis of the Talos stock (ticker TALO) generally should be the same as the tax basis in the Sponsor Notes, decreased by the aggregate cash received (if any) and increased by the amount of gain realized (if any), pursuant to Section 358 of the Code.

Line 16

Pursuant to Section 358 of the Code, basis in property received in a Section 351 Exchange shall be the same as the tax basis in the property exchanged, here the Stone Energy (ticker SGY) stock for the Talos stock (ticker TALO) and Sponsor Notes for Talos stock (ticker TALO).

Line 17

Sections 351 and 358. Security holders should consult their own tax advisors regarding their specific tax treatment of these transactions (including, but not limited to, the computation of gain/loss and/or tax basis).

Line 18

Loss is generally not permitted with respect to a Section 351 exchange.

Line 19

The basis adjustments discussed herein should be taken into account in the tax year of the security holder during which the relevant transaction closed (e.g., 2018 for a calendar year tax payer).