

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 attachment.

Blank lined area for listing applicable Internal Revenue Code sections and subsections.

18 Can any resulting loss be recognized? ▶ See attachment.

Blank lined area for providing information regarding loss recognition.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ N/A

Blank lined area for providing other necessary information for 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 ▶ [Handwritten Signature] Date ▶ 12-20-19

Print your name ▶ Howard Lederman Title ▶ Vice President - Tax

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.	

Attachment to Form 8937 – Report of Organizational Actions Affecting Basis of Securities.

Rexnord Corporation (NYSE: RXN)

EIN: 20-5197013

Part I, Box 10: CUSIP Number

76169B102: Common Stock

76169B201: Mandatory Convertible Preferred Stock

Part II, 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 November 15, 2019, all of Rexnord Corporation's then-issued and outstanding 5.75% Series A Mandatory Convertible Preferred Stock ("Preferred Stock"), and related depositary shares (with each depositary share representing 1/20th of a share of Preferred Stock), were automatically converted, pursuant to their terms (the "mandatory conversion"), into Rexnord Corporation's common stock ("Common Stock"). Each share of Preferred Stock outstanding on November 15, 2019 automatically converted, pursuant to the mandatory conversion, into 39.7020 shares of Common Stock (which corresponds to 1.9851 shares of Common Stock for each related depositary share). Cash was paid in lieu of any fractional shares of Common Stock, at the rate of \$30.66.

Although not part of the organizational action, certain holders of shares of Preferred Stock or related depositary shares elected, pursuant to the terms of the Preferred Stock, to convert the Preferred Stock into Common Stock prior to the date of the mandatory conversion, and received shares of Common Stock in accordance with the same conversion ratio, but with cash paid in lieu of any fractional share of Common Stock at the rate of \$30.45, for elective conversions on November 13, 2019, and the rate of \$30.68, for elective conversions on November 14, 2019.

Part II, 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

A U.S. taxpayer holding shares of Preferred Stock that was converted into Common Stock, referred to here as a "holder", has a tax basis in Common Stock received upon conversion equals to the holder's basis in Preferred Stock under the rules applicable to recapitalizations, reduced by the portion of basis allocable to the cash the holder receives in lieu of a fractional share of Common Stock. The basis allocable to the cash that a holder received in lieu of a fractional share of Common Stock is the same portion of the holder's basis that would be allocated to the fractional share if the holder received a fractional share.

The following is a hypothetical, illustrative example of the manner in which a holder would allocate its basis among the Common Shares received upon the mandatory conversion:

	Preferred Stock	Hypothetical Common Stock	Actual Common (Whole) Shares	Fractional Common Shares
Share	100	198.51	198	0.51
Basis	\$100	\$100	$\$99.7430 = \$100 \times \frac{198}{198.51}$	$\$0.2570 = \$100 \times \frac{0.51}{198.51}$
Cash	--	--	--	$\$15.6366 = 30.66 \times 0.51$

Assume that prior to the mandatory conversion, a holder held 100 shares of Preferred Stock with an aggregate basis in those shares of \$100. Given a conversion rate of 1.9851 Common Stock per Preferred Stock, the holder's 100 shares of Preferred Stock would convert into 198.51 shares of Common Stock. The holder would therefore receive 198 shares of Common Stock and cash in lieu of its fractional share. Here, in lieu of the remaining 0.51 of one Common Stock, or \$15.6366 (the same fraction, 0.51, multiplied by the conversion rate of \$30.66 per share of Common Stock).

The holder would then allocate its original basis of \$100 as follows: Each share of Common Stock received upon conversion would be allocated a basis of \$0.5038 (the aggregate original basis divided by the number of Common Stock due under the conversion ratio, here $\$100/198.51$), including, ratably, the fractional share in lieu of which the holder received cash. In this case, the holder would allocate its fractional share \$0.2570 basis (the new basis in each share, multiplied by the fraction of a Common Stock that the fraction share represented, or $\$0.5038 \times 0.51$). The remaining basis would be allocated ratably among the Common Stock actually received (an aggregate basis in its 198 shares of Common Stock of \$99.74, or \$0.5038 in each of its 198 shares of Common Stock).

A similar method would be used by a holder of Preferred Stock that elected to convert Preferred Stock to Common Stock prior to the date of the mandatory conversion, in allocating its basis among the Common Shares received upon the elective conversion, but with the cash paid in lieu of any fractional share of Common Stock at the rate described in the second paragraph of the information provided on Part II, Line 14.

Part II, 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 Part II, Line 15.

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

IRC Section 302(a)

IRC Section 354(a)

IRC Section 358(a)(1)

IRC Section 358(b)(1)

IRC Section 368(a)(1)(e)

IRC Section 1001(a)

Part II, Line 18: Can any resulting loss be recognized?

Loss may be recognized in respect of the cash received in lieu of fractional shares of Common Stock. Any such loss is equal to the amount by which the portion of a holder's basis allocated to the fractional share of Common Stock is greater than the amount of cash received in lieu of that fractional share.

None of the foregoing statements on this Form 8937 is intended to be tax advice. Shareholders should consult their own tax advisors with respect to the application of U.S. federal income tax laws to their particular situation.