

# Report of Organizational Actions Affecting Basis of Securities

OMB No. 1545-2224

▶ See separate instructions.

## Part I Reporting Issuer

<b>1</b> Issuer's name		<b>2</b> Issuer's employer identification number (EIN)	
B/E Aerospace, Inc.		06-1209796	
<b>3</b> Name of contact for additional information	<b>4</b> Telephone No. of contact	<b>5</b> Email address of contact	
Jim Bomar	561-791-5000	Jim_Bomar@beaerospace.com	
<b>6</b> Number and street (or P.O. box if mail is not delivered to street address) of contact		<b>7</b> City, town, or post office, state, and Zip code of contact	
1400 Corporate Center Way		Wellington, Florida 33414-2105	
<b>8</b> Date of action		<b>9</b> Classification and description	
December 16, 2014		Common Stock	
<b>10</b> CUSIP number	<b>11</b> Serial number(s)	<b>12</b> Ticker symbol	<b>13</b> Account number(s)
073302101 & 482539103	N/A	BEAV & KLXI	N/A

## Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

**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 ▶ **Please see Attachment**

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**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 ▶ **Please see Attachment**

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**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 ▶ **Please see Attachment**

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**Part II Organizational Action** (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ Please see Attachment

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

18 Can any resulting loss be recognized? ▶ Please see Attachment

Blank lined area for indicating if any resulting loss can be recognized.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ Please see Attachment

Blank lined area for providing other information necessary to implement the adjustment.

**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 ▶

*Jim Bomar*

Date ▶

1/9/14

Print your name ▶ **Jim Bomar**

Title ▶ **Vice President of 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 ▶		Phone no.	
Firm's address ▶				

**B/E Aerospace, Inc.  
Distribution of KLX Common Stock**

**Attachment to Form 8937**

**Part II**

**The information contained herein provides a general summary regarding the application of certain provisions of the U.S. Internal Revenue Code of 1986, as amended (the “Code”), and the Treasury regulations thereunder relating to the allocation of basis. The information set forth herein is for general information only, does not purport to be complete or to describe the consequences that may apply to particular categories of shareholders and is not intended or written to be used, and cannot be used, for the purpose of avoiding penalties under the Code. B/E Aerospace, Inc. does not provide tax advice to a particular shareholder, and the example provided below is illustrative only and is being provided as a convenience to shareholders and their tax advisors when establishing their specific tax position.**

**Shareholders should consult their own tax advisors regarding the particular consequences of the distribution of KLX common stock, including the applicability and effect of all U.S. federal, state and local, and foreign tax laws.**

**Line 14.**

**Describe the organizational action and, if applicable, the date of the action or the date against which shareholders’ ownership is measured for action.**

On December 16, 2014 (“Distribution Date”), B/E Aerospace, Inc. (“B/E”) completed the spin-off of KLX Inc. (“KLX”) through a pro rata distribution (“Distribution”) of 100% of the outstanding shares of KLX common stock to holders of B/E common stock. On the Distribution Date, each B/E shareholder received one (1) share of KLX common stock for every two (2) shares of B/E common stock owned by such shareholder on December 5, 2014, the record date for the Distribution.

This information does not apply to B/E shareholders who did not receive KLX common stock pursuant to the Distribution.

**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.**

As a result of the Distribution, B/E shareholders will be required to allocate the aggregate tax basis in their B/E common stock held prior to the Distribution between such shares and the shares of KLX common stock received in the Distribution (including any fractional share interest in KLX common stock for which cash is received). A shareholder’s aggregate tax basis in the shares of B/E common stock held prior to the Distribution should be allocated in proportion to

the relative fair market value of the KLX common stock and the B/E common stock held after the Distribution.

Shareholders that acquired B/E common stock at different times or different prices will need to separately calculate their tax basis in each block of B/E common stock and then allocate a portion of that tax basis between the B/E common stock and the KLX common stock received with respect to such block.

In general, for U.S. federal income tax purposes, fair market value is the price at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of the facts. U.S. federal income tax law, however, generally does not provide any further guidance on the determination of fair market value and thus does not specifically prescribe how to determine the fair market values of the B/E common stock and KLX common stock for purposes of allocating tax basis. Shareholders should consult their own tax advisors to determine what measure of fair market value is appropriate.

There are several possible methods for determining the fair market values of B/E common stock and KLX common stock. One possible method, which is described in the example below, is to use the closing trading prices on NASDAQ of the B/E common stock and KLX common stock on December 17, 2014, the first trading day after the Distribution: (i) B/E - \$56.12, and (ii) KLX - \$42.45. Other possible methods include the volume weighted average trading prices, or the average of the high and low trading prices, of B/E common stock and KLX common stock on December 17, 2014, or trading prices on December 16, 2014, the Distribution Date.

You are not bound by the approach described in the example below and may, in consultation with your own tax advisor, use another approach in determining fair market values for B/E common stock and KLX common stock.

#### **Line 16.**

#### **Description of the calculation of the change in basis and the data that supports the calculation.**

The following example illustrates how to calculate the per share basis of B/E common stock and KLX common stock. The example is based on the closing trading prices on the first trading day following the Distribution but, as described above, other valuation methods might be used.

#### **Assumptions:**

Shares of B/E common stock owned: 101 shares  
Per share tax basis in B/E common stock: \$30.00  
Aggregate tax basis in B/E common stock: \$3,030.00  
Shares of KLX common stock distributed for each share of B/E common stock: 0.50 shares  
Shares of KLX common stock received in the Distribution: 50.50 shares  
Closing price for B/E common stock on December 17, 2014: \$56.12  
Closing price for KLX common stock on December 17, 2014: \$42.45.

In this example, the pre-Distribution aggregate tax basis in the B/E common stock of \$3,030 would be allocated between shares of B/E common stock and KLX common stock as follows:

	A	B	C	D	E	F	G
	Shares Owned	Pre-Distribution Tax Basis	Closing Price on 12/17/2014	Value of Shares Post-Distribution (A x C)	Percentage Of Total Value From Column D	Allocated Tax Basis (B x E)	Per Share Basis (F / A)
B/E Common Stock	101.00	\$3,030.00	\$56.12	\$5,668.12	72.558%	\$2,198.507	\$21.7673
KLX Common Stock	50.50	N/A	\$42.45	\$2,143.72	27.442%	\$831.493	\$16.4652
Total				\$7,811.84	100.00%	\$3,030.00	

The post-Distribution tax basis of \$831.49 allocated to KLX common stock in this example would be allocated between whole shares and fractional shares as follows:

	a	b	c
	Shares Owned	Per Share Basis (from G above)	Allocated Basis (a x b)
KLX Whole Shares	50.00	\$16.4652	\$823.26
KLX Fractional Shares	0.50	\$16.4652	\$8.23
Total	50.50		\$831.49

**Line 17.**

**List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based and ability of any resulting loss to be recognized.**

The applicable Code sections upon which the tax treatment is based on sections 355, 358, 368 and 1001.

**Line 18.**

**Can any resulting loss be recognized?**

B/E shareholders will not recognize income, gain or loss for U.S. federal income tax purposes on the receipt of KLX common stock pursuant to the Distribution as a result of Sections 355(a)(1) and 368(a)(1)(D) of the Code. The tax basis calculations resulting from the Distribution are governed by Section 358 and the Treasury Regulations thereunder. B/E shareholders receiving cash in lieu of fractional shares of KLX common stock will recognize gain or loss measured by the difference between the amount of cash received and the basis of such fractional shares pursuant to Section 1001 of the Code.

**Line 19.**

**Provide any other information necessary to implement the adjustment, such as the reportable taxable year.**

The Distribution occurred on December 16, 2014. As a result, the basis adjustments in the shares of B/E common stock and KLX common stock should be reported in the taxable year that includes the Distribution Date. In the case of B/E shareholders who are calendar year taxpayers, such adjustment should be reported in the taxable year ending on December 31, 2014.