



**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 Internal Revenue Code sections.

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

Blank lined area for answering question 18.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ **See attachment**

Blank lined area for providing other information.

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 ▶  Date ▶ Nov 2, 2021

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

<b>Paid Preparer Use Only</b>	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.	

**Zurn Water Solutions Corporation (f/k/a Rexnord Corporation)**

**EIN: 20-5197013**

**Date of Action: October 4, 2021**

**Attachment to Internal Revenue Service Form 8937**

The information contained herein is being provided pursuant to the requirements of Section 6045B of the Internal Revenue Code of 1986, as amended (the “Code”). This attachment includes a general summary regarding certain U.S. federal income tax laws and regulations relating to the effects of the Distribution and the Merger (as defined below) on the tax basis of shares of Zurn Water Solutions Corporation (f/k/a Rexnord Corporation, “ZWS”) common stock, the allocation of tax basis between shares of ZWS common stock and Land Newco, Inc. (“Land”) common stock pursuant to the Distribution, and the tax basis of the Regal Rexnord Corporation (f/k/a Regal Beloit Corporation, “Regal Rexnord”) common stock received in exchange for Land common stock pursuant to the Merger.

**DISCLAIMER:** The information provided on Form 8937 and within this attachment does not constitute tax advice and does not purport to be complete or to describe the consequences that may apply to particular categories of stockholders. Stockholders are urged to consult their own tax advisors regarding the Distribution and the Merger and the particular consequences to them, including the applicability and effect of all U.S. federal, state, local, and foreign tax laws.

**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 September 17, 2021 the Board of Directors of ZWS declared a pro rata dividend to ZWS common stockholders of record as of the close of business on September 29, 2021 (the “**Record Date**”) of 100% of the outstanding shares of Land Newco, Inc. (“**Land**”) common stock payable on October 4, 2021 (the “**Distribution Date**”). Effective on the Distribution Date, ZWS completed the distribution of 100% of the outstanding shares of Land (the “**Distribution**”) and each stockholder who held ZWS common stock on the Record Date in the “regular way”<sup>1</sup> market received one share of Land common stock for each share of ZWS common stock owned on the Record Date.

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<sup>1</sup> Shares of ZWS common stock that traded in the “regular-way” market on the New York Stock Exchange prior to the Distribution Date traded with an entitlement to shares of Land common stock distributed on the Distribution Date. Shares that traded in the “ex-distribution” market traded without an entitlement to shares of Land common stock.

Immediately following the Distribution, and effective on the Distribution Date, a wholly-owned subsidiary of Regal Rexnord merged with and into Land, with Land continuing as the surviving company and a wholly-owned subsidiary of Regal Rexnord (the “**Merger**”). In the Merger, each share of Land common stock outstanding immediately prior to the Merger was automatically converted into the right to receive 0.22296103 shares of Regal Rexnord common stock. All fractional shares of Regal Rexnord common stock that the stockholders of Land otherwise would have been entitled to receive as a result of the Merger were, in lieu of such fractional shares, paid in cash to such stockholders.

**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.**

ZWS stockholders should allocate their aggregate tax basis in their ZWS common stock held immediately prior to the Distribution among the shares of Land common stock received in the Distribution and the ZWS common stock in respect of which such Land common stock was received in proportion to their respective fair market values immediately after the Distribution.

Stockholders that acquired ZWS common stock at different times or different prices must calculate their basis in each block of stock and then allocate a portion of that tax basis to the ZWS common stock and the Land common stock received with respect thereto.

ZWS stockholders should then have an aggregate tax basis in the Regal Rexnord common stock received in the Merger which is equal to the aggregate tax basis allocated to the Land common stock as described above. Each stockholder’s aggregate adjusted tax basis shall be allocated among each Regal Rexnord common stock based on the applicable Merger exchange ratio (1 : 0.22296103 Land to Regal Rexnord). In addition, any stockholder allocated a fractional share as a result of the Merger exchange, will receive cash in lieu of a fractional share of Regal Rexnord common stock. As a result, such stockholder will recognize gain or loss equal to the difference between the amount of the cash received for such fractional share and the tax basis allocated to such fractional share.

**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.**

The U.S. federal income tax laws provide that the allocation of the aggregate tax basis discussed under Line 15 above shall be allocated based on the respective fair market values of the resulting ZWS and Land common shares received. However, the tax law does not provide any further guidance on the determination of fair market value. One approach to determine the fair market value of ZWS is to use the average of the opening and closing trading prices quoted on the New York Stock Exchange on October 5, 2021, the first trading day following the Distribution. With

respect to the Land common stock, because there were no public trading prices for the stand-alone Land entity (i.e., there were only trading prices quoted for the post-Merger Regal Rexnord entity), one approach to determine the fair market value of Land common stock is to use the average of the opening and closing trading prices for Regal Rexnord quoted on the New York Stock Exchange on October 5, 2021, the first trading day following the Distribution, and adjust this share price to take into account the Merger exchange ratio (0.22296103 : 1 Regal Rexnord to Land). As such, based upon this fair market value estimate assigned to the Land common stock, approximately 49.33% of the aggregate tax basis held by the stockholder of ZWS common shares immediately prior to the Distribution would be allocated to the Land common stock received by such stockholder.

Other approaches to determine fair market value may also be possible. ZWS stockholders are not bound by the approach illustrated above and may, in consultation with their own tax advisor, use an alternative approach in determining fair market values for ZWS common stock and Land common stock. ZWS stockholders should contact their tax advisor to determine the appropriate fair market values.

With respect to the Merger, stockholders will have an aggregate tax basis in the Regal Rexnord common shares received in the Merger which is equal to the aggregate tax basis allocated to the Land common stock as described above, with such basis allocated among each Regal Rexnord common share based on the applicable Merger exchange ratio (1 : 0.22296103 Land to Regal Rexnord).

The following is an example illustrating how the methodology outlined above would be applied in determining tax basis allocation.

Assumptions:

- ZWS stockholder holds 100 shares of ZWS common stock on the Record Date, all of which were acquired in a single lot for \$20/share.
- Upon the Distribution, ZWS stockholder receives one share of Land common stock for each share of ZWS common stock held.
- Immediately after the Distribution and pursuant to the Merger, each share of Land common stock is exchanged for 0.22296103 of Regal Rexnord common stock.

Tax basis allocation example:

Common Stock	Number of Shares	FMV Allocation per Share	FMV Percentage of Total	Tax Basis Allocation	Tax Basis Allocation per Share
ZWS common stock (post-Distribution) <sup>2</sup>	100	\$ 32.70	50.67%	\$1,013.45	\$ 10.13
Land common stock <sup>3</sup>	100	\$ 31.83	49.33%	\$ 986.55	\$ 9.87
<b>Total</b>	<b>100</b>		<b>100.00%</b>	<b>\$2,000.00</b>	<b>\$ 20.00</b>
Regal Rexnord common stock <sup>4</sup>	22.30	\$ 142.77		\$ 986.55	\$ 44.25

<sup>2</sup> - FMV Allocation per Share is equal to the average of the opening and closing trading prices quoted on the New York Stock Exchange on October 5, 2021.

<sup>3</sup> - FMV Allocation per Share is equal to the Regal Rexnord common stock FMV Allocation per Share multiplied by the exchange ratio of 0.22296103.

<sup>4</sup> - number of shares of Regal Rexnord common stock is determined by multiplying the 100 shares of Land common stock by the exchange ratio of 0.22296103 and the FMV Allocation per Share is the average of the opening and closing trading prices quoted on the New York Stock Exchange on October 5, 2021. This example does not address the allocation of basis to fractional shares. Stockholders who received cash in lieu of fractional shares should contact their tax advisor.

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

The applicable Internal Revenue Code sections upon which the tax treatment is based are sections 355, 358, 368, 1001 and 1223.

**Line 18 - Can any resulting loss be recognized?**

ZWS intends for the Distribution to qualify under section 355 of the Internal Revenue Code and ZWS, Land and Regal Rexnord intend for the Merger to qualify as a “reorganization” under section 368(a) of the Internal Revenue Code. Assuming that this characterization is respected, ZWS stockholders generally will not recognize any gain or loss on the Distribution for U.S. federal income tax purposes, except in respect of cash received in lieu of fractional shares.

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

The Distribution and Merger occurred on October 4, 2021. As a result, the basis adjustments in the shares of ZWS common stock, Land Common Stock, and RRX common stock should be reported in the taxable year which includes this date. In the case of stockholders who are calendar year taxpayers, each of the Distribution and Merger is reportable in the tax year ending December 31, 2021.