

## Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

**Part I Reporting Issuer**

|  |   |   |  |
|--|---|---|--|
| <b>1 Issuer's name</b><br><br>KLX Inc  |   | <b>2 Issuer's employer identification number (EIN)</b><br><br>47-1639172                        |  |
| <b>3 Name of contact for additional information</b><br><br>Erika Romagnino   | <b>4 Telephone No. of contact</b><br><br>561-781-5440 | <b>5 Email address of contact</b><br><br>Erika.Romagnino@KLX.com                                |  |
| <b>6 Number and street (or P.O. box if mail is not delivered to street address) of contact</b><br><br>1300 Corporate Center Way, Suite 200 |   | <b>7 City, town, or post office, state, and Zip code of contact</b><br><br>Wellington, FL 33414 |  |
| <b>8 Date of action</b><br><br>September 14, 2018  |   | <b>9 Classification and description</b><br><br>Distribution in excess of earnings and profits   |  |
| <b>10 CUSIP number</b><br><br>482539103  | <b>11 Serial number(s)</b><br><br>N/A                 | <b>12 Ticker symbol</b><br><br>KLXI (NYSE)  | <b>13 Account number(s)</b><br><br>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 ▶** On September 14, 2018, KLX Inc (the "Company") distributed 0.4 of shares of KLX Energy Services Holdings, Inc. ("KLX Energy") to each holder of a Company share (the "Distribution").

**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 ▶** The Company believes, based on good faith estimations and projections, that the Distribution will not be treated as a dividend under section 301 of the Internal Revenue Code (the "Code") because it will have no accumulated earnings and profits ("E&P") as of the date of the Distribution and will have no current year E&P for the taxable year that includes the Distribution. Accordingly, the Company expects the Distribution (as described in Line 16 below) will be treated as a return of capital under section 301(c)(2) of the Code which will reduce a holder's basis in its Company stock.

**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 Distribution will be treated as a dividend to the extent of the Company's current and accumulated E&P. To the extent that the value of the Distribution exceeds such E&P, that excess is treated as a return of capital to the extent of a shareholder's basis in its Company shares, and any remainder as capital gain. The Company will not be able to definitively calculate its E&P for the taxable year at the time of the Distribution. However, the Company has determined that it has no accumulated E&P as of the time of the distribution and projects a substantial deficit in E&P for the current taxable year. The amount of the Distribution will be the fair market value of the KLX Energy shares on the distribution date. There is no definitive IRS guidance as to how such shares should be valued. One reasonable method would be to value such shares at their average trading price on the date of the Distribution, however other reasonable methods are also available, and each shareholder should consult their own tax advisor regarding the valuation of the KLX Energy shares and as to the characterization of the distribution.

**Part II Organizational Action (continued)**

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ Sections 301(c)(2) and 316.

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

18 Can any resulting loss be recognized? ▶ Shareholders will not realize any loss on the distribution.

Blank lined area for providing information regarding resulting loss recognition.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ The Distribution occurred on September 14, 2018, and accordingly shareholders should report the adjustment to the basis in their Company shares as occurring in the taxable year which includes that date.

Blank lined area for providing other information necessary to implement 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 ▶ *Michael Sentt* Date ▶ 9/12/2018  
 Print your name ▶ Michael Sentt Title ▶ Chief Financial Officer

|                               |                            |                      |      |   |      |
|-------------------------------|----------------------------|----------------------|------|---|------|
| <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.                                       |      |