

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 to Form 8937.](#)

Blank lines for listing applicable Internal Revenue Code sections.

18 Can any resulting loss be recognized? ▶ [See Attachment to Form 8937.](#)

Blank lines for providing information regarding loss recognition.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ [See Attachment to Form 8937.](#)

Blank lines for providing other necessary 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 ▶ 12/8/2015
Print your name ▶ **David S. Miller** Title ▶ **Sr. Vice President/Chief Financial Officer**

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

Archrock, Inc.

EIN: 74-3204509

Part II

Box 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.

Effective November 3, 2015 at 11:59 p.m. Eastern Time, Exterran Corporation (EXTN) separated from Archrock, Inc. (AROC) (formerly Exterran Holdings, Inc. (EXH)) through a spin-off intended to be tax-free to AROC's shareholders (other than with respect to any cash received in lieu of fractional shares) pursuant to Sections 355 and 368(a)(1)(D) of the Internal Revenue Code of 1986, as amended (the "Code"). On this date, AROC shareholders of record received one (1) share of EXTN common stock for every two (2) shares of AROC common stock held on October 27, 2015 at 5:00 p.m. Eastern Time. No fractional shares of EXTN common stock were issued. Instead, the transfer agent aggregated the fractional shares into whole shares, sold the whole shares in the open market at prevailing rates and distributed the net cash proceeds pro rata to each shareholder who would otherwise have been entitled to receive fractional shares in the spin-off.

Box 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.

For U.S. federal income tax purposes, the aggregate basis of the shares of AROC common stock and EXTN common stock in the hands of each shareholder of AROC common stock immediately after the distribution equaled the aggregate basis of the shares of AROC common stock held by the shareholder immediately before the distribution, allocated between the shares of AROC common stock and the shares of EXTN common stock (and any cash received in lieu of fractional share interests in shares of EXTN common stock) in proportion to the relative fair market value (FMV) of each at the time of the distribution. There are several possible methods to determine the FMV at the time of the distribution. Shareholders should consult with their tax advisors. One approach is to use the unadjusted averages of the high and low trading prices of AROC common stock and EXTN common stock on November 4, 2015, the first day of regular-way trading for both AROC common stock and EXTN common stock after the distribution.

Box 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 following is an example of the approach to basis allocation described in Box 15. The averages of the high and low trading prices of AROC common stock and EXTN common stock on November 4, 2015, the first day of regular-way trading for both AROC common stock and EXTN common stock after the distribution, were \$16.425 for EXTN common stock and \$12.93 for AROC common stock (without EXTN). Based on the foregoing, the aggregate basis of the shares of AROC common stock held by a shareholder immediately before the distribution should be allocated 61.1564% to such shareholder's AROC common stock and 38.8436% to such shareholder's EXTN common stock. See the example below, which assumes pre-distribution tax basis of \$25.00 per share in 99 shares for an aggregate basis of \$2,475.00 of AROC common stock:

	Number of Shares After Distribution	Average Trading Price on 11/4/15	Total FMV at 11/4/15	Percentage of Total FMV at 11/4/15	Allocated Tax Basis
AROC Common Stock	99	\$12.93	\$1,280.07	61.1564%	\$1,513.62 (61.1564% of \$2,475.00)
EXTN Common Stock	49	\$16.425	\$804.825	38.4512%	\$951.67 (38.4512% of \$2,475.00)
EXTN Common Fractional Shares	0.5 (cash received in lieu of fractional share interests)	\$16.425	\$8.2125	0.3924%	\$9.71 (0.3924% of \$2,475.00) (resulting in a loss of \$1.50)
Total			\$2,093.1075	100.00%	\$2,475.00

You are not bound by the approach used in this example, and there may be other reasonable approaches for determining the FMVs for allocating your basis between AROC common stock and EXTN common stock. The example provided above is illustrative and is being provided pursuant to Section 6045B of the Code and as a convenience to shareholders and their tax advisors.

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

Code Sections 355(a), 358(a)–(c), 368(a)(1)(D), 1001(a), 1221, 1222, and 1223(1). Under Sections 1001 and 1221 of the Code, in general, the receipt of cash in lieu of a fractional share of EXTN common stock will be treated as if the fractional share had been distributed to the AROC shareholder then disposed of by such shareholder in a sale or exchange for the amount of such cash.

Box 18: Can any resulting loss be recognized?

No loss can be recognized other than any loss recognized in respect of cash received in lieu of a fractional share of EXTN common stock. The example in Box 16 reflects a \$1.50 loss recognized in respect of cash received in lieu of fractional share interests.

Box 19: Provide any other information necessary to implement the adjustment, such as the reportable tax year.

The spin-off took place on November 3, 2015. Therefore, for calendar year taxpayers, the reportable tax year would be 2015.