



**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 Exhibit A, attached hereto.

Blank lined area for listing applicable Internal Revenue Code sections.

18 Can any resulting loss be recognized? ▶ See Exhibit A, attached hereto.

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 ▶ See Exhibit A, attached hereto.

Blank lined area 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 ▶ *Robert Salomon* Date ▶ April 27, 2012

Print your name ▶ Robert Salomon Title ▶ EVP-CFO

Paid Preparer Use Only

Print/Type preparer's name <i>Robert Salomon</i>	Preparer's signature <i>Robert Salomon</i>	Date 4/27/12	Check <input type="checkbox"/> if self-employed	PTIN P01338973
Firm's name ▶ PricewaterhouseCoopers LLP			Firm's EIN ▶ 13-4008324	
Firm's address ▶ 10 10th Street NW, Suite 1400, Atlanta, GA 30309			Phone no. (678) 419-1000	

**BEAZER HOMES USA, INC.**  
**1000 ABERNATHY ROAD, SUITE 260**  
**ATLANTA, GA 30328**  
**FEIN: 58-2086934**

**FORM 8937: REPORT OF ORGANIZATIONAL ACTIONS AFFECTING  
BASIS OF SECURITIES - EXHIBIT A**

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 March 16, 2012, Beazer Homes USA, Inc. ("Beazer" or the "Company") completed an exchange whereby the Company issued shares of its common stock for its outstanding 7.50% Mandatory Convertible Subordinated Notes due 2013 (the "Notes") (the "Notes Exchange Offer"). Pursuant to the terms of the Notes Exchange Offer, holders of the Notes tendered approximately \$48.1 million aggregate principal amount of Notes, or approximately 84% of the principal amount of the outstanding Notes, in exchange for approximately 11.0 million shares of common stock. In connection with the Notes Exchange Offer, holders of the Notes received 5.7348 shares of the Company's common stock in exchange for each \$25 principal amount of Notes. This amount represents the maximum number of shares of common stock that a Note holder would be entitled to receive on January 15, 2013, which is the mandatory conversion date of the Notes, plus an additional 0.30 shares of common stock per \$25 principal amount of Notes tendered. A total of approximately \$9.4 million principal amount of Notes remained outstanding following the settlement of the Notes Exchange Offer.

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 has treated the Notes as equity for U.S. federal income tax purposes since their initial issuance on January 12, 2010. The exchange of the Notes for common stock pursuant to the Notes Exchange Offer and in accordance with a plan of reorganization is anticipated to qualify as a recapitalization pursuant to Section 368(a)(1)(E) for U.S. federal income tax purposes, as both the Notes and common stock issued are anticipated to be treated as securities.

Pursuant to Section 354(a), a holder should not recognize gain or loss if stock or securities in a corporation a party to a reorganization are, in pursuance of a plan of reorganization, exchanged solely for stock or securities in such corporation. Pursuant to Section 358(a), a holder will generally have a tax basis in the property received equal to such holder's tax basis in the property surrendered decreased by the amount of any money received. Pursuant to Section 1223(1), a holder's holding period for property received in a tax-free reorganization will generally include its holding period for the property surrendered.

Each Note holder should consult with their tax advisor to confirm that the Notes Exchange Offer qualifies as a recapitalization for this purpose.

16. Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of the securities and the valuation dates.

The Notes Exchange Offer is anticipated to be treated as a recapitalization pursuant to Section 368(a)(1)(E), such that a holder's tax basis in the common stock received equals its tax basis in the Notes surrendered in the Notes Exchange Offer.

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

Section 368(a), Section 354(a), Section 358(a), and Section 1223(1).

18. Can any resulting loss be recognized?

Pursuant to Section 354(a), no loss may be recognized by a Note holder that receives common stock in connection with the Notes Exchange Offer.

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

The Company completed the Notes Exchange Offer on March 16, 2012, such that the organizational action occurred during the taxable period ending September 30, 2012.