

### Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

**Part I Reporting Issuer**

1 Issuer's name <b>Varian Medical Systems, Inc.</b>		2 Issuer's employer identification number (EIN) <b>94-2359346</b>	
3 Name of contact for additional information <b>Yvonne Namekata</b>	4 Telephone No. of contact <b>(650) 424-6416</b>	5 Email address of contact <b>Yvonne.Namekata@varian.com</b>	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact <b>3100 Hansen Way, M/S E-327</b>		7 City, town, or post office, state, and Zip code of contact <b>Palo Alto, CA 94304</b>	
8 Date of action <b>January 28, 2017</b>	9 Classification and description <b>Section 355 spin-off of Varex Imaging Corporation</b>		
10 CUSIP number <b>92220P105</b>	11 Serial number(s)	12 Ticker symbol <b>VAR</b>	13 Account number(s)

**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 ▶ See attached statement.

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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 ▶ See attached statement.

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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 ▶ See attached statement.

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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 ▶ See attached statement.

Blank lines for listing Internal Revenue Code sections.

18 Can any resulting loss be recognized? ▶ See attached statement.

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 attached statement.

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 ▶ Brian Pollard Date ▶ Feb 15, 2017

Print your name ▶ Brian Pollard 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.	

VARIAN MEDICAL SYSTEMS, INC.  
EIN: 94-2359345

ATTACHMENT TO FORM 8937 – PART II  
REPORT OF ORGANIZATIONAL ACTIONS AFFECTING BASIS OF SECURITIES

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**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”), and includes a general summary regarding the application of certain U.S. federal income tax laws and regulations relating to the effects of the Distribution (as defined below) on the tax basis of Varian Medical Systems, Inc. (“Varian”) stock and the allocation of tax basis between the stock of Varian and Varex Imaging Corporation (“Varex”) following the Distribution. The information contained herein 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. All holders of Varian common stock should consult their own tax advisors regarding the particular consequences of the Distribution to them, including the applicability and effect of all U.S. federal, state and local tax laws and foreign tax laws. Please read the Information Statement, dated January 20, 2017, mailed to Varian stockholders and filed with the Securities and Exchange Commission on January 20, 2017, noting especially the discussion therein under the heading “Material U.S. Federal Income Tax Consequences.” You may access the Information Statement at [www.sec.gov](http://www.sec.gov).**

*Line 14. Describe the organizational action and, if applicable, the date of the action or the date against which the stockholders’ ownership is measured from the action.*

On January 28, 2017 (the “Distribution Date”), Varian distributed to its stockholders, on a pro rata basis, all of the issued and outstanding shares of Varex common stock (the “Distribution”). Pursuant to the Distribution, each holder of Varian common stock as of the close of business on January 20, 2017 received 0.4 of a share of Varex common stock for every one (1) share of Varian common stock held. Fractional shares of Varex common stock were not distributed; instead, fractional shares that Varian stockholders would otherwise have been entitled to receive were aggregated and sold in the public market by the distribution agent, and the aggregate cash proceeds of these sales were distributed pro rata (based on the fractional share such holder would otherwise have been entitled to receive) to those stockholders who would otherwise have been entitled to receive fractional shares.

Varian’s common shares trade under the ticker symbol “VAR” and the Varex common shares trade under the ticker symbol “VREX.”

*Line 15. Describe the quantitative effect of the organization 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, Varian stockholders will be required to allocate the aggregate tax basis in their Varian common shares held immediately prior to the Distribution among the Varex common shares received in the Distribution (including any fractional share of Varex common stock for which cash was received) and their Varian common shares held

immediately after the Distribution. This allocation should be made in proportion to the relative fair market values of the Varex common stock and the Varian common stock. Stockholders that acquired Varian common shares at different times or different prices will need to calculate their tax basis in each block of Varian common shares and then allocate a portion of that tax basis to the shares of Varex common stock received with respect thereto.

U.S. federal income tax law does not specifically prescribe how you should determine the fair market values of the Varian common stock and the Varex common stock for purposes of allocating your tax basis, and there may be multiple approaches for making such determination. One possible approach is to utilize the New York Stock Exchange closing price on January 30, 2017 (the first trading day immediately after the Distribution) for Varian common stock (\$77.68 per share) and the NASDAQ Stock Market closing price on January 30, 2017 for Varex common stock (\$27.27 per share) as the fair market value. Based on that approach and the assumptions and calculations set forth in Item 16 below, 87.69% of a Varian stockholder's aggregate tax basis in his or her shares of Varian common stock immediately prior to the Distribution would be allocated to such stockholder's shares of Varian common stock and 12.31% would be allocated to such stockholder's shares of Varex common stock received in the Distribution (including any fractional share of Varex common stock for which cash was received). You are not bound by the approach illustrated below and should consult with your own tax advisor.

*Line 16. Describe the calculation of the change in basis and the data that supports the calculation, such as the market value of securities and the valuation date.*

The following is an illustrative example of how the above-described approach to basis allocation would be applied:

Assumptions:

- Shares of Varian common stock owned: 1,000
- Varian stockholder's aggregate tax basis (assumed to be \$75.00 per share): \$75,000
- Shares of Varex common stock received in the Distribution (1,000 shares of Varian common stock multiplied by the distribution ratio of 0.4): 400

Tax basis allocation:

	# Shares Owned	Assumed Beginning Basis (A)	Price	FMV of Shares Owned Post Distribution	Percentage of Total FMV (B)	Allocated Tax Basis = (A) x (B)
Varian common stock	1,000	\$75,000.00	\$77.68 <sup>1</sup>	\$77,680 <sup>3</sup>	87.69% <sup>5</sup>	\$65,765.11
Varex common stock	400		\$27.27 <sup>2</sup>	\$10,908 <sup>4</sup>	12.31% <sup>6</sup>	\$9,234.89
Total				\$88,588	100%	\$75,000.00

<sup>1</sup> closing market price of Varian common stock on NYSE on January 30, 2017.

<sup>2</sup> closing market price of Varex common stock on NASDAQ on January 30, 2017.

<sup>3</sup> 1,000 shares x \$77.68

<sup>4</sup> 400 shares x \$27.27

<sup>5</sup>  $\$77,680 / (\$77,680 + \$10,908) = 87.6868\%$

<sup>6</sup>  $\$10,908 / (\$77,680 + \$10,908) = 12.3132\%$

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

Sections 355, 358(c), and 368(a)(1)(D).

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

No loss may be recognized by a Varian stockholder upon the receipt of Varex common stock in the Distribution, except possibly with respect to any cash received in lieu of fractional shares of Varex common stock.

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

The Distribution was effective on January 28, 2017. For a Varian stockholder whose tax year is the calendar year, the reportable tax year is 2017.