Internal Revenue Service

Number: **201305003**
Release Date: 2/1/2013

Index Number: 355.00-00, 355.01-00, 355.09-00

Department of the Treasury
Washington, DC 20224

Third Party Communication: None
Date of Communication: Not Applicable
Person To Contact:
, ID No.
Telephone Number:

Refer Reply To:
CC:CORP:04
PLR-124195-11
Date:
October 26, 2012

LEGEND

Distributing 1 =

Distributing 2 =

Distributing 3 =

Distributing 4 =

Sub 1 =

Sub 2 =

Sub 3 =

DRE 1 =

DRE 2 =

DRE 3 =

DRE 4 =

DRE 5 =

State X =

Agreement 1 =

Agreement 2 =

Agreement 3 =

Agreement 4 =

Sponsor 1 =

Sponsor 2 =

Sponsor 3 =

Sponsor 4 = .

Sponsor 5 =

Sponsor 6 = .

Sponsor 7 =

Fund 1 =

Fund 2 =

Class A Common Stock =

Class B Common Stock =

Preferred Stock =

Name	=
Date 1	=
Date 2	=
Date 3	=
Date 4	=
Date 5	=
Business A	=
Business B	=
Business C	=
Business D	=
Business E	=
Business Purpose 1	=
Business Purpose 2	=
Business Purpose 3	=
Business Purpose 4	=

a	=
b	=
c	=
d	=
e	=
f	=
g	=
h	=
i	=
j	=
k	=
l	=
m	=
n	=
o	=
p	=
q	=
r	=
s	=
t	=
u	=

v =

w =

x =

y =

z =

aa =

bb =

Dear

This letter responds to your June 7, 2011 request for rulings regarding certain federal income tax consequences of a series of proposed transactions (collectively, the “Proposed Transaction”). The information provided in that request and in later correspondence is summarized below.

The rulings contained in this letter are based upon facts and representations submitted by the taxpayer and accompanied by a penalty of perjury statement executed by an appropriate party. This office has not verified any of the material submitted in support of the request for rulings. Verification of the information, representations, and other data may be required as part of the audit process. In particular, this office has not reviewed any information pertaining to, and has made no determination regarding, whether the First Internal Spin-Off, the Second Internal Spin-Off, the Third Internal Spin-Off, and the External Spin-Off (all as defined below, and together, the “Spin-Offs”): (i) satisfy the business purpose requirement of § 1.355-2(b); (ii) are being used principally as a device for the distribution of the earnings and profits of the distributing corporation or the controlled corporation or both (see § 355(a)(1)(B) and § 1.355-2(d)); or (iii) are part of a plan (or series of related transactions) pursuant to which one or more persons will acquire directly or indirectly stock representing a 50-percent or greater interest in the distributing corporation or the controlled corporation (see § 355(e) and § 1.355-7).

SUMMARY OF FACTS

Distributing 1 is the common parent of an affiliated group of corporations that files a consolidated U.S. federal income tax return (the “Distributing 1 Group”). On Date 1, Sponsor 1, Sponsor 2, Sponsor 3, Sponsor 4, Sponsor 5, Sponsor 6, and Sponsor 7 (together, the “Sponsors”) formed Distributing 1. A group of private equity funds is associated with each Sponsor (each, a “Fund Group”).

Distributing 1 has outstanding Class A Common Stock and Class B Common Stock. The Class A Common Stock is divided into eight sub-classes of Class A Common Stock, with one sub-class for each Fund Group ("Class A1," "Class A2," "Class A3," "Class A4," "Class A5," "Class A6," and "Class A7") and one sub-class for the remaining investors ("Class A8"); the remaining investors consist of current and former employees ("Employees") of the Distributing 1 Group and numerous other investors. Upon the occurrence of certain events, a sub-class of Class A Common Stock owned by a Fund Group will convert into the Class A8 sub-class of Class A Common Stock.

Each share of Class A Common Stock has the same economic and voting rights as each other share of Class A Common Stock, except that each sub-class of Class A Common Stock held by a Fund Group (Classes A1-A7) entitles such Fund Group, as a class, to elect one member of the board of directors of Distributing 1.

Each of the Fund Groups associated with Sponsor 1, Sponsor 2, Sponsor 3, Sponsor 5, and Sponsor 7 owns approximately 0% of the Class A Common Stock; the Fund Group associated with Sponsor 4 owns approximately 0%; and the Fund Group associated with Sponsor 6 owns approximately 0%. Approximately 0% of the Class A Common Stock is owned by Employees of the Distributing 1 Group, and the remainder is owned by various investors, none of which owns more than 5% of the Class A Common Stock.

The Class B Common Stock is owned by the same shareholders as the Class A Common Stock and in the same proportion, except that Fund 1 owns approximately 0% less, and Fund 2 approximately 0% more, of the Class B Common Stock than of the Class A Common Stock. Fund 1 and Fund 2 constitute the Fund Group associated with Sponsor 2. The Class B Common Stock is convertible into the Class A8 sub-class of Class A Common Stock.

Distributing 1 owns all of the only outstanding class of common stock of Distributing 2. The shareholders of Distributing 1 own all of the only outstanding class of Preferred Stock of Distributing 2 in the same ratio as they own the Class A Common Stock, except that Fund 1 owns approximately 0% less, and Fund 2 approximately 0% more, of the Preferred Stock than of the Class A Common Stock.

Distributing 2 wholly owns Distributing 3. Distributing 3 owns all of the membership interests of DRE 1, an entity disregarded as separate from its owner for federal income tax purposes (a "disregarded entity"). DRE 1 wholly owns Distributing 4. Distributing 4 conducts, directly, through disregarded entities that it owns, and through members of the separate affiliated group as defined in § 355(b)(3) ("SAG") of which Distributing 4 is the common parent, Business A, Business B, Business C, Business E and, up to Date 2, Business D. Distributing 4 owns all of the membership interests of DRE 2. DRE 2 owns all of the membership interests of DRE 3. DRE 3 owns all of the membership interests of DRE 4. DRE 3 and DRE 4 own all of the partnership interests in DRE 5. DRE 2, DRE 3, DRE 4, and DRE 5 are all disregarded entities. DRE 5 owns all of the stock of Sub 1, and Sub 1 owns all of the stock of Sub 2. Sub 2 owns the rights to Name.

The financial information submitted by Distributing 1 indicates that Business A and Business B each has gross receipts and operating expenses representing the active conduct of a trade or business for each of the past five years.

On Date 2, in a transaction unrelated to the Proposed Transaction, Distributing 4 and DRE 2 sold Business D (including the stock of Sub 3) and various assets to unrelated purchasers for an aggregate purchase price of approximately $0. Distributing 4 used the net sales proceeds to reduce indebtedness (in an amount estimated at approximately $0) and to pay taxes resulting from the sale. Following debt reduction, Distributing 4 has outstanding notes (the “Distributing 4 Notes”) with a principal amount of approximately $0 and outstanding loans (the “Distributing 4 Term Loans”) with a principal amount of approximately $0. The Distributing 4 Term Loans and Distributing 4 Notes are largely held by institutional lenders, investors and banks, including certain funds (other than the Funds) associated with the Sponsors or affiliates of the Sponsors.

Pursuant to an equity-based compensation program implemented by the board of directors of Distributing 1, since Date 3 members of the Distributing 1 Group have awarded options (“Employee Options”) and/or restricted stock units (“Employee Units”) in respect of the Class A8 sub-class of Class A Common Stock, Class B Common Stock, and Preferred Stock to certain Employees of the Distributing 1 Group, and they expect employee equity compensation programs to continue during and following the Proposed Transaction as described below. Employee Units represent a contingent promise to deliver a number of units (consisting of shares of Class A Common Stock, Class B Common Stock, and Preferred Stock) to an Employee at a future date, with a portion vesting throughout the period, and are payable in shares underlying the units at a fixed time in the future from the grant date, except that the portion of the shares that is vested is payable sooner where an Employee departs or there is a change of control. Also on Date 3, then-outstanding options in respect of stock of Distributing 4 were converted into fully vested options (“Continuation Options,” and together with the Employee Options and the Employee Units, the “Equity Awards”) to purchase 0 such units. Continuation Options for approximately 0 units have been exercised, and Continuation Options for approximately 0 units remain outstanding. Distributing 1 anticipates that at or about the time of the External Spin-Off and the Primary IPO (both as defined below), the Equity Awards could potentially represent approximately 0% of the outstanding equity of Distributing 1 on a fully diluted basis.

Each Employee can make his or her own investment decision as to whether and when to exercise or settle Employee Options or Continuation Options, provided that terminated or departed Employees have 0 days from their separation from employment to decide whether or not to exercise or settle their Employee Options or Continuation Options. Distributing 1 and Distributing 2 generally have the right to repurchase shares acquired pursuant to the exercise of Employee Options from departing or terminated Employees at fair market value or, in certain cases, at cost, if lower. Although Employees can pay to Distributing 1 or Distributing 2 an amount equal to the required tax withholding plus (in the case of Employee Options and Continuation Options) the exercise price (collectively the “Settlement Amount”) upon exercise or vesting of the

Equity Award, Employees predominantly elect to net settle Equity Awards. On net settlement, the number of shares actually issued by Distributing 1 and Distributing 2 to an Employee pursuant to an Equity Award is reduced by an amount of shares with a value equal to the Settlement Amount. Shares representing the Settlement Amount are never actually issued by the Distributing 1 Group. After the Primary IPO (as defined below), Distributing 1 will no longer offer Employees net settlement through a reduction of the number of shares issued pursuant to their Employee Options or Continuation Options. Instead, Distributing 1 will adopt procedures under which an Employee will pay the Settlement Amount either out of his or her own funds or by selling some of his or her shares subject to the applicable Employee Option and/or Continuation Option in the public markets through an agent or broker designated by Distributing 1 and using the sales proceeds to pay the Settlement Amount to Distributing 1. Distributing 1 will continue its practice of allowing net settlement by Employees in respect of Employee Units, through a reduction in shares delivered, after the Primary IPO.

Since Date 5, Distributing 1 and Distributing 2 have had a plan in effect (the “Repurchase Program”) for the repurchase of stock acquired by Employees, generally through repurchases upon departure or termination. Before Date 5, repurchases of stock were made from departing Employees on an ad hoc basis and generally at the request of the departing Employee (the “Pre-Program Repurchases”).

As a result of the Recapitalization (described below), Distributing 1 will have a single class of stock outstanding (the “New Common Stock”). Distributing 1 plans to make a primary initial public offering of New Common Stock (the “Primary IPO”). Distributing 1 plans to use all or substantially all of the proceeds of the Primary IPO to reduce indebtedness of Distributing 4. Under Agreement 2, the Fund Groups have the right to request that Distributing 1 register their shares of New Common Stock after a primary public offering under certain conditions. After the end of the Restricted Period (as defined below), one or more of the Fund Groups and their associated Sponsors may decide to sell some of their shares of New Common Stock to the public in an underwritten or widely distributed offering on an established market (within the meaning of § 1.355-7(h)(7)) (a “Secondary Offering”). A Secondary Offering, if one is pursued, will allow the shareholders of Distributing 1 to dispose of their shares of New Common Stock in the public market and will not facilitate the raising of new funds for Distributing 4 to pay down indebtedness. Any underwriters and legal counsel ultimately chosen for a Primary IPO or Secondary Offering, if any, will be selected by a special committee (the “Coordination Committee”) in accordance with Agreement 2. Each Fund Group is entitled to designate one representative to the Coordination Committee. The actions of the Coordination Committee, including the selection of underwriters and legal counsel for a Secondary Offering, will require the affirmative vote of representatives designated by Fund Groups that hold in the aggregate a majority of the shares of New Common Stock held by all Fund Groups (or, if there are more than five Fund Groups, a majority of the shares of New Common Stock held by the five Fund Groups holding the greatest number of such shares). Based on the current ownership of Class A Common Stock, Class B Common Stock and Preferred Stock, no Sponsor will have the ability unilaterally to select, or veto the selection of, underwriters or legal counsel to be retained by Distributing 1 in a Secondary Offering.

Investment banking affiliates of or divisions of some of the Sponsors (including Sponsor 4 and Sponsor 5) may act as underwriters in a Secondary Offering. Any investment bank related to a Sponsor and underwriting the Primary IPO or a Secondary Offering, if any, will be required to provide representations to Distributing 1, at the time of the Primary IPO or the Secondary Offering, as applicable, to the effect that, prior to the Primary IPO or during the Restricted Period, as applicable, no employee of such investment bank (or any affiliate thereof) has had any discussions with any executive officer of Distributing 1, any member of the board of directors of Distributing 1, any member of the operating committee of Distributing 1, or any member of the Coordination Committee regarding SO Terms (as defined below) for any Secondary Offering (provided that employees of a Sponsor (or an affiliate) who are charged with or assist in overseeing and managing the investment in Distributing 1 on behalf of such Sponsor and its associated funds may have engaged in discussions on aspects of a Secondary Offering related to their investor capacity). The possibility of a Secondary Offering, under the conditions described above, has been specifically considered in providing representations and issuing rulings regarding the Spin-Offs as set forth below.

PROPOSED TRANSACTION

For what are represented to be valid business purposes, the Distributing 1 Group has proposed the following Proposed Transaction:

Preparatory Steps

(i) The certificate of incorporation of Distributing 1 will be amended and restated, and as a result, the sub-classes of Class A Common Stock held by the Fund Groups will no longer be entitled, as a class, to elect one member of the board of directors of Distributing 1; Agreement 1 and Agreement 3 will be amended and restated to provide that each Fund Group has the right to nominate one director of the board of directors of Distributing 1 and that each holder of stock of Distributing 1 who is party to Agreement 1 will vote its shares of Class A Common Stock and Class B Common Stock in favor of the election of each of the individuals nominated by the Fund Groups (the “Substitution”).

(ii) Following another amendment of the Distributing 1 certificate of incorporation, to authorize New Common Stock, the holders of Preferred Stock will contribute all of the shares of Preferred Stock to Distributing 1 in exchange for a number of shares of New Common Stock having an approximately equivalent fair market value (the “Preferred Exchange”). Thereafter, Distributing 1 may transfer the Preferred Stock to Distributing 2 as a contribution to capital, and Distributing 2 may cancel the Preferred Stock.

(iii) No later than 0 days prior to the First Internal Spin-off (as defined below), but shortly after the Preferred Exchange, pursuant to the amendment to the certificate of incorporation of Distributing 1, (a) all of the shares of Class B Common Stock will be converted into shares of New Common Stock having a fair market value approximately equal to the shares of the converted Class B Common Stock and (b) all of the shares of Class A Common Stock will be cancelled (the steps described in clauses (a) and (b), together with the Substitution described in step (i), the "Recapitalization"). The New Common Stock will be the only class of stock of Distributing 1 outstanding after the Preferred Exchange and the Recapitalization. The Spin-Offs followed by a Primary IPO (as described below) at projected levels of up to z% of the New Common Stock could be treated as a distribution to which § 355(e) applies if the acquisitions of stock pursuant to the Recapitalization (including the Substitution) and the Preferred Exchange were taken into account for purposes of § 355(e) and such acquisitions of stock pursuant to the Recapitalization (including the Substitution) and the Preferred Exchange have been specifically considered on issuing rulings number (19), (24), (29) and (34).

(iv) In order to achieve the separation of the ownership of Name, which is owned by Sub 2, from Business A, the stock of Sub 1 may be distributed by DRE 5 to DRE 4 and DRE 3, and then the stock of Sub 1 held by DRE 4 may be distributed by DRE 4 to DRE 3. DRE 3 may then distribute the stock of Sub 1 to DRE 2. Thereafter, Distributing 4 expects that Sub 2 will liquidate into Sub 1 and then Sub 1 will liquidate into DRE 2 and Distributing 4, in each case through conversion to a limited liability company or otherwise in a transaction intended to qualify for nonrecognition treatment under §§ 332(a) and 337(a). Business A will have the right to continue to use Name for a period of up to 0 years pursuant to a royalty-free license agreement (the “License”).

Contribution

(v) Distributing 4 will form a new corporation (“Controlled”) under State X law.

(vi) Distributing 4 will borrow up to approximately $0 generally from third-party banks and other institutional lenders under newly issued term loans (the “New Term Loans”) with a term of generally 0 years. Distributing 4 will use the cash proceeds (net of transactions costs) from issuing the New Term Loans to repay or reduce a portion of the Distributing 4 Term Loans. The New Term Loans generally will provide that, shortly before the First Internal Spin-Off (as defined below), Controlled will assume the New Term Loans, and Distributing 4 will be released as the obligor. The New Term Loans initially may be guaranteed by the same members of the Distributing 1 Group that serve as guarantors of the Distributing 4 Notes and the Distributing 4 Term Loans, but following the External Spin-off only subsidiaries of Controlled will guarantee the New Term Loans.

(vii) Distributing 4 will borrow up to approximately $0 from investment banks and possibly other institutional lenders (the “Exchanging Debtholders”) by issuing short term notes (the “Short Term Notes”) with a maturity of at least 0 days. The Short Term Notes will remain outstanding at least 0 days prior to their exchange in step (xi) by Distributing 4 for debt securities that will be issued by Controlled (the “Controlled Securities”) in step (x). The cash proceeds from issuing the Short Term Notes will be held in a separate account by Distributing 4 until used as described in step (xii).

(viii) Distributing 4 expects to enter into an exchange agreement (the “Exchange Agreement”) pursuant to which Distributing 4 will retire the Short Term Notes in exchange for Controlled Securities. The Controlled Securities will have a term of at least 0 years, be callable by Controlled after 0 years for a declining premium, may be subject to acceleration upon certain specified events and have a principal amount of up to $0. Affiliates of the Sponsors may be among the parties to the Exchange Agreement. The amount of Controlled Securities issued in exchange for Short Term Notes will be calculated using an exchange ratio based on the respective fair market values of the Controlled Securities and Short Term Notes on the exchange date. The Exchanging Debtholders will represent to Distributing 4 that they have held, for their own account, the Short Term Notes to be exchanged for Controlled Securities for at least 0 days prior to entering into the Exchange Agreement.

(ix) Distributing 4 will form a limited liability company under State X law that will be a disregarded entity (“DRE 6”). Distributing 4 will contribute to DRE 6 all of the assets and subsidiaries of Distributing 4 related to the conduct of Business A and, if required, additional cash for operating capital.

(x) Distributing 4 will contribute to Controlled (the “Contribution”) all of the membership interests in DRE 6 in exchange for (a) Controlled’s assumption of the New Term Loans (following such assumption, the “Controlled Term Loans”) upon notice to the lenders; (b) Controlled’s issuance of the Controlled Securities to Distributing 4; and (c) Controlled common stock (“Controlled Stock”). Distributing 4 expects that the Controlled Term Loans will have approximately the same term to maturity and principal amount as the New Term Loans.

(xi) No fewer than 0 days after entering into the Exchange Agreement and at or about the time of the Contribution, the Exchanging Debtholders will exchange their Short Term Notes for Controlled Securities, based on the fair market value of the Controlled Securities and the Short Term Notes on the date of their exchange (the “Debt Exchange”).

(xii) Promptly, but no later than 0 months after the External Spin-off, Distributing 4 will use the cash proceeds (net of transaction costs) received from issuing the Short Term Notes in step (vii) to repay or reduce a portion of the Distributing 4 Notes or the Distributing 4 Term Loans.

Internal Spin-Offs

(xiii) No more than 0 days after the Debt Exchange in step (xi) and pursuant to agreements that include a plan of reorganization that describes the Contribution, the First Internal Spin-Off, and the Debt Exchange, Distributing 4 will distribute all of the shares of Controlled Stock to DRE 1, and immediately thereafter DRE 1 will distribute all of the shares of Controlled Stock to Distributing 3 (the "First Internal Spin-Off").

(xiv) Immediately after the First Internal Spin-Off in step (xiii), Distributing 3 will distribute all of the shares of Controlled Stock to Distributing 2 (the "Second Internal Spin-Off").

(xv) Immediately after the Second Internal Spin-Off in step (xiv), Distributing 2 will distribute all of the shares of Controlled Stock to Distributing 1 (the "Third Internal Spin-Off").

External Spin-Off

(xvi) Immediately after the Third Internal Spin-Off in step (xv), Distributing 1 will distribute all of the shares of Controlled Stock *pro rata* to the Distributing 1 stockholders (the "External Spin-Off").

(xvii) Effective on or prior to the External Spin-Off, (i) any unvested Equity Award of an Employee of the Distributing 1 Group within Business A will be cancelled and replaced with an unvested Equity Award of Controlled of equivalent value; (ii) any unvested Equity Award of an Employee of the Distributing 1 Group within Business B, Business C, or Business E will be adjusted so as to preserve its value immediately prior to the External Spin-Off, but will remain an unvested Equity Award in respect of New Common Stock; (iii) any unvested Equity Award for an Employee historically having responsibilities for both Business A and one or more of Business B, Business C, or Business E may be proportionately split into a substitute unvested Equity Award of Controlled and an unvested Equity Award of Distributing 1 with revised terms so that the combined value of the substitute Equity Awards is equivalent to the value of the existing Equity Award; and (iv) vested Equity Awards of all Employees of the Distributing 1 Group (including but not limited to Employees of Controlled Group) (as defined below) ("Vested Distributing 1 Equity Awards") will be proportionately split into vested substitute Equity Awards of Controlled ("Vested Substitute Controlled Equity Awards") and vested revised Equity Awards of Distributing 1 ("Vested Revised Distributing 1 Equity Awards") so that the value of the Vested Substitute Controlled Equity Awards and the Vested Revised Distributing 1 Equity Awards with respect to each Employee is equivalent to the value of the Vested Distributing 1 Equity Awards held by such Employee before the split; provided that, rather than being so split, vested Equity Awards of one or more Employees of the Distributing 1 Group with Business A may instead be replaced only with Vested Substitute Controlled Equity Awards of equivalent value, and vested Equity Awards of one or more Employees of the Distributing 1 Group within Business B, Business C, or Business E may instead be replaced only with Vested Revised Distributing 1 Equity Awards with equivalent value. Performance targets applicable to performance-based Equity Awards will be adjusted to reflect the impact of the External Spin-Off in order to preserve the value of the Equity Awards immediately prior to the External Spin-Off based on an exchange ratio derived from the projected values of Business A on the one hand and Business B, Business C, and Business E on the other hand immediately following the External Spin-Off. After the External Spin-Off, the Distributing 1 Group will continue to grant Equity Awards to then-current Employees of the Distributing 1 Group, and Controlled will grant Equity Awards to then-current Employees of the Controlled Group (as defined below).

Primary IPO

(xviii) Distributing 1 plans to effect the Primary IPO of no more than 0% and not less than 0% of the New Common Stock within 0 months of the External Spin-Off. Distributing 1 expects to transfer all or substantially all of the proceeds of the Primary IPO (net of transaction costs) to Distributing 4, and Distributing 4 will use such proceeds to reduce its outstanding indebtedness such as the Distributing 4 Notes or the Distributing 4 Term Loans. After the Primary IPO, New Common Stock will be listed and traded on one or more established markets within the meaning of § 1.355-7(h)(7). In connection with the Primary IPO, and in accordance with Agreement 1, the Fund Groups and certain other Distributing 1 shareholders and Employees of the Distributing 1 Group will enter into a customary lock-up agreement for a period of no less than 0 days during which they obligate themselves not to sell their shares of New Common Stock (the "Lock-Up Agreement").

After the External Spin-Off, the Distributing 1 Group and Controlled and its subsidiaries (together, the "Controlled Group") will enter into agreements for certain services and transactions (the "Continuing Transactions") such as a tax sharing and disaffiliation agreement, agreements relating to employee matters, and other agreements relating to the separation of Business A.

REPRESENTATIONS

The following representations are made with regard to the Proposed Transaction:

Preferred Exchange and Recapitalization

(a) No stock or securities will be issued or deemed issued for services rendered to or for the benefit of Distributing 1 in connection with the Preferred Exchange, and no stock or securities will be issued or deemed issued for indebtedness of Distributing 1 that is not evidenced by a security or for interest on indebtedness of Distributing 1 which accrued on or after the beginning of the holding period of any holder of Preferred Stock for the debt.

(b) None of the Preferred Stock is “§ 306 stock” within the meaning of § 306(c).

(c) The Preferred Exchange is not the result of the solicitation by a promoter, broker or investment house.

(d) No holder of Preferred Stock will retain any direct rights in the Preferred Stock transferred to Distributing 1.

(e) The adjusted basis of the Preferred Stock in the hands of the exchanging shareholders will not exceed the fair market value of the Preferred Stock at the time of the Preferred Exchange.

(f) The adjusted basis and the fair market value of the Preferred Stock to be transferred to Distributing 1 in the Preferred Exchange will each equal or exceed the sum of the liabilities to be assumed by Distributing 1 (within the meaning of § 357(d)), if any, plus any liabilities to which the Preferred Stock transferred is subject, if any.

(g) There is no indebtedness between Distributing 1 and any holder of Preferred Stock, and there will be no indebtedness created in favor of any holder of Preferred Stock as a result of the Preferred Exchange.

(h) The transfers and exchanges relating to the Preferred Exchange will occur under a plan agreed upon before the transaction in which the rights of the parties are defined.

(i) The exchange of Preferred Stock for New Common Stock will be effective as of a single date.

(j) There is no plan or intention on the part of Distributing 1 to redeem or otherwise reacquire any New Common Stock to be issued in the Preferred Exchange, other than in respect of stock owned by Employees of the Distributing 1 Group in the ordinary course of administering the equity-based compensation programs of Distributing 1 and Controlled or following termination of their employment or to provide liquidity to Employees.

(k) Taking into account any issuance of additional shares of New Common Stock, any issuance of stock for services, the exercise of any Distributing 1 stock rights, warrants or subscriptions, the Primary IPO and the sale, exchange, transfer by gift or other disposition of any of the stock of Distributing 1 to be received in the exchange, the holders of Preferred Stock (by themselves or in combination with investors transferring cash or other property to Distributing 1 in exchange for New Common Stock in the Primary IPO) will be in “control” of Distributing 1 within the meaning of § 368(c) immediately after the Preferred Exchange.

(l) Each holder of Preferred Stock will receive New Common Stock approximately equal to the fair market value of the Preferred Stock transferred by such holder to Distributing 1.

(m) Distributing 1 will remain in existence and retain ownership of the stock of Distributing 2, except that Distributing 1 may contribute the Preferred Stock to Distributing 2 and Distributing 2 may cancel such Preferred Stock.

(n) There is no plan or intention by Distributing 1 to dispose of the Preferred Stock, except that the Preferred Stock may be contributed to Distributing 2 and cancelled in order to simplify the equity structure of Distributing 2.

(o) Each holder of Preferred Stock and Distributing 1 will pay its own expenses, if any, incurred in connection with the Preferred Exchange, except to the extent otherwise provided under Agreement 4.

(p) Distributing 1 will not be an investment company within the meaning of § 351(e)(1) and § 1.351-1(c)(1)(ii).

(q) Distributing 1 is not aware of any holder of Preferred Stock that (i) is under the jurisdiction of a court in a title 11 or similar case (within the meaning of § 368(a)(3)(A)) and (ii) will use the New Common Stock issued in the exchange to satisfy the indebtedness of such debtor.

(r) Distributing 1 will not be a “personal service corporation” within the meaning of § 269A.

(s) None of the Class A Common Stock and Class B Common Stock constitutes “§ 306 stock” within the meaning of § 306(c).

(t) None of the Class A Common Stock and Class B Common Stock is considered “preferred stock” for purposes of § 305 and § 1.305-7.

(u) The Recapitalization is a single isolated transaction and is not part of a plan to increase the proportionate interests of the shareholders of Distributing 1 in the assets or earnings and profits of Distributing 1.

(v) Immediately prior to the Recapitalization, Distributing 1 will not have outstanding any stock options, warrants, convertible securities or any other right that is convertible into any class of stock or securities of Distributing 1, with the exception of the Equity Awards.

(w) Distributing 1 is not under the jurisdiction of a court in a title 11 or similar case (within the meaning of § 368(a)(3)(A)).

(x) There is no plan or intention on the part of Distributing 1 to redeem or otherwise reacquire any New Common Stock to be issued in the Recapitalization, other than in respect of stock owned by Employees of the Distributing 1 Group in the ordinary course of administering the equity-based compensation programs of Distributing 1 or Controlled or following termination of their employment or to provide liquidity to Employees.

(y) Distributing 1 and the holders of Class A Common Stock and Class B Common Stock will each pay their own expenses, if any, incurred in connection with the Recapitalization, except to the extent otherwise provided in Agreement 4.

(z) Immediately after the Recapitalization and the Preferred Exchange, each shareholder of Distributing 1 will effectively have the same right with respect to the election of directors to the board of directors of Distributing 1 as such shareholder had immediately prior to the Recapitalization (including prior to the Substitution) through its ownership of shares of Class A Common Stock and Class B Common Stock.

(aa) The fair market value of the New Common Stock held by the former Class A Common Stock and Class B Common Stock shareholders immediately following the Recapitalization will be approximately equal to the fair market of the Class A Common Stock and the Class B Common Stock surrendered in exchange therefor.

(bb) Immediately after the Recapitalization and Preferred Exchange, each Fund Group will continue to have the right to have its designee elected to the board of directors of Distributing 1 as such Fund Group had prior to the Recapitalization (including prior to the Substitution).

Contribution and First Internal Spin-Off

(cc) Following the exchange of Short Term Notes for Controlled Securities by Distributing 4, any indebtedness owed by Controlled (and its subsidiaries) to Distributing 4 (and its subsidiaries) after the First Internal Spin-Off will not constitute stock or securities.

(dd) No part of the consideration to be distributed by Distributing 4 in the First Internal Spin-Off will be received by Distributing 3 as a creditor, employee, or in any capacity other than that of a shareholder of Distributing 4.

(ee) No part of the consideration to be distributed by Distributing 4 will be received by a security holder as an employee or in any capacity other than that of a security holder of Distributing 4.

(ff) Each of Distributing 4 and Controlled will pay its own expenses, if any, incurred in connection with the First Internal Spin-Off.

(gg) The five years of financial information submitted on behalf of Business B conducted by Distributing 4 is representative of the present business operations of Business B, and with regard to such business, there have been no substantial operational changes since the date of the last financial statements submitted.

(hh) The five years of financial information submitted on behalf of Business A to be conducted by Controlled is representative of the present business operations of Business A, and with regard to such business, there have been no substantial operational changes since the date of the last financial statements submitted.

(ii) Each of Distributing 4 and Controlled will treat all members of its respective SAG as one corporation in determining whether it meets the requirements of § 355(b)(2)(A) regarding the active conduct of a trade or business.

(jj) Following the First Internal Spin-Off, Distributing 4 will continue the active conduct of Business B, independently and with its separate employees or employees of the other members of its SAG, except potentially with respect to the Continuing Transactions.

(kk) Following the First Internal Spin-Off, Controlled will continue the active conduct of Business A, independently and with its separate employees or employees of the other members of its SAG, except potentially with respect to the Continuing Transactions.

(ll) Neither Business B nor control of an entity conducting this business will have been acquired during the five-year period ending on the date of the First Internal Spin-Off in a transaction in which gain or loss was recognized (or treated as recognized) in whole or in part, except for transactions that have expanded Business B. Throughout the five-year period ending on the date of the First Internal Spin-Off, Distributing 4 and its subsidiaries have been the principal owners of the goodwill and significant assets of Business B and will continue to be the principal owners following the First Internal Spin-Off.

(mm) Neither Business A nor control of an entity conducting this business will have been acquired during the five-year period ending on the date of the First Internal Spin-Off in a transaction in which gain or loss was recognized (or treated as recognized) in whole or in part, except for transactions that have expanded Business A. Throughout the five-year period ending on the date of the Contribution, Distributing 4 and its subsidiaries have been the principal owners of the goodwill and significant assets of Business A. Immediately after the Contribution, and at the time of the First Internal Spin-Off, Controlled and its subsidiaries will be the principal owners of the goodwill and significant assets of Business A and will continue to be the principal owners following the First Internal Spin-Off.

(nn) The First Internal Spin-Off will be carried out for the corporate business purpose of facilitating Business Purpose 1 and the External Spin-Off. The distribution of the

Controlled Stock to Distributing 3 pursuant to the First Internal Spin-Off will be motivated, in whole or substantial part, by these corporate business purposes.

(oo) The First Internal Spin-Off will not be used principally as a device for the distribution of the earnings and profits of Distributing 4 or Controlled or both.

(pp) For purposes of § 355(d), immediately after the First Internal Spin-Off, no person (determined after applying § 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of Distributing 4 stock entitled to vote, or 50 percent or more of the total value of shares of all classes of Distributing 4 stock, that was acquired by purchase (as defined in § 355(d)(5) and (8)) during the five-year period (determined after applying § 355(d)(6)) ending on the date of the First Internal Spin-Off.

(qq) For purposes of § 355(d), immediately after the First Internal Spin-Off, no person (determined after applying § 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of Controlled Stock entitled to vote, or 50 percent or more of the total value of shares of all classes of Controlled Stock, that was either (i) acquired by purchase (as defined in § 355(d)(5) and (8)) during the five-year period (determined after applying § 355(d)(6)) ending on the date of the First Internal Spin-Off or (ii) attributable to distributions on Distributing 4 stock or securities that were acquired by purchase (as defined in § 355(d)(5) and (8)) during the five-year period (determined after applying § 355(d)(6)) ending on the date of the First Internal Spin-Off.

(rr) The total adjusted basis and fair market value of the assets transferred to Controlled by Distributing 4 in the Contribution each will equal or exceed the sum of (i) the total New Term Loans and other liabilities assumed by Controlled (as determined under § 357(d)), and (ii) the total amount of any money and the fair market value of any other property (within the meaning of § 361(b)) transferred by Controlled to Distributing 4 that is to be transferred to creditors of Distributing 4 in connection with the reorganization.

(ss) The fair market value of the assets transferred to Controlled by Distributing 4 in the Contribution will exceed the sum of (i) the total New Term Loans and other liabilities assumed by Controlled (as determined under § 357(d)) in the Contribution, (ii) the amount of any liabilities owed to Controlled by Distributing 4 that are discharged or extinguished in connection with the Contribution, and (iii) the amount of cash and the fair market value of any other property (within the meaning of § 361(b)) received by Distributing 4 from Controlled in connection with the Contribution. The fair market value of the assets of Controlled will exceed the amount of its liabilities immediately after the Contribution.

(tt) Any liabilities assumed and any liabilities to which transferred assets are subject (as determined under § 357(d)) by Controlled in the Contribution (other than the New Term Loans) will have been incurred in the ordinary course of business and will be associated with the assets transferred.

(uu) No property will be transferred by Distributing 4 to Controlled for which an investment credit allowed under § 46 has been or will be claimed.

(vv) No intercorporate debt will exist between Distributing 4 (and its subsidiaries) and Controlled (and its subsidiaries) at the time of, or after, the First Internal Spin-Off, other than obligations arising in the ordinary course of business and obligations arising pursuant to the Continuing Transactions.

(ww) Immediately before the First Internal Spin-Off, items of income, gain, loss, deduction, and credit will be taken into account as required by applicable Treasury regulations (see §§ 1.1502-13 and -14 as in effect before the publication of T.D. 8597, 1995-32 I.R.B. 6, and as currently in effect; § 1.1502-13 as published by T.D. 8597). Further, Distributing 4's excess loss account, if any, with respect to its Controlled Stock will be included in income immediately before the First Internal Spin-Off to the extent required by Treasury regulations (see § 1.1502-19).

(xx) Payments made in connection with all Continuing Transactions between Distributing 4 (and its subsidiaries) and Controlled (and its subsidiaries) following the First Internal Spin-Off will be for fair market value based on terms and conditions arrived at by the parties bargaining at arm's length, except in the case of the License, which will be on a royalty-free basis, and services related to tax, corporate and administrative functions, which will be provided at cost (or on cost-plus pricing terms).

(yy) No two parties to the First Internal Spin-Off are investment companies as defined in § 368(a)(2)(F)(iii) and (iv).

(zz) Excluding for purposes of § 355(e) any acquisitions of stock that result from:

(a) the exercise of Employee Options and Continuation Options before the Primary IPO and the exercise or settlement of Employee Options and Continuation Options after the Primary IPO, in each case by Employees who (i) make their own respective investment decision to acquire stock of Distributing 1 or Controlled independent of acquisition investment decisions of the Fund Groups, or are terminated or departed Employees, and, in each case, are described in § 1.355-7(d)(8), and (ii) are not controlling shareholders or ten-percent shareholders of Distributing 1 or Controlled (within the meaning of §§ 1.355-7(h)(3) and (14));

(b) the delivery of stock (not including shares never actually issued because of net settlement) pursuant to Employee Units both before and after the Primary IPO, which Employee Units were acquired in a transaction within the scope of § 1.355-7(d)(8), by, or to, Employees who are not controlling shareholders or ten-percent shareholders of Distributing 1 or Controlled (within the meaning of §§ 1.355-7(h)(3) and (14));

(c) any sale of shares of New Common Stock acquired in a transaction within the scope of § 1.355-7(d)(8) and sold on an established securities market (within the meaning of § 1.355-7(h)(7)) in a transaction described in § 1.355-7(d)(7) by Employees who are not controlling shareholders or ten-percent shareholders of Distributing 1 or Controlled (within the meaning of §§ 1.355-7(h)(3) and (14));

(d) the Recapitalization (including the Substitution) and the Preferred Exchange; or

(e) redemptions (actual or deemed) by Distributing 1 and Distributing 2 of Class A Common Stock, Class B Common Stock and Preferred Stock or New Common Stock prior to the Primary IPO from Employees pursuant to the Repurchase Program, Pre-Program Repurchases or on account of net settlements in respect of Equity Awards; and

disregarding, for purposes of § 355(e), the Lock-Up Agreement entered into pursuant to Agreement 2 in connection with an underwriting agreement for the Primary IPO, the First Internal Spin-Off is not part of a plan or series of related transactions (within the meaning of § 1.355-7) pursuant to which one or more persons will acquire directly or indirectly stock representing a 50-percent-or-greater interest (within the meaning of § 355(d)(4)) in Distributing 4 or Controlled (including any predecessor or successor of any such corporation).

(aaa) Immediately following the First Internal Spin-Off, (i) neither Distributing 4 nor Controlled will be a disqualified investment corporation (within the meaning of § 355(g)(2)) and (ii) no person will hold a 50%-or-greater interest in any disqualified investment corporation (within the meaning of § 355(g)(3)) who did not so hold, directly or indirectly, such interest immediately before the First Internal Spin-Off.

(bbb) Any indebtedness owed by Controlled (or its subsidiaries) to Distributing 4 (or its subsidiaries) after the First Internal Spin-Off will not constitute stock or securities.

(ccc) The principal amount of the debt issued to Distributing 4 by Controlled, or the cash transferred by Distributing 4 to Distributing 4 creditors, as part of the Proposed Transaction will not exceed the weighted average of the outstanding principal amount of the debt owed by Distributing 4 to third parties for the 12-month period ending on the close of business on or about Date 4, the last full business day before the date on which a committee of the board of directors of Distributing 1 initially discussed the potential separation of Business A from Business B, Business C, Business D and Business E. For purposes of this representation, cash proceeds from the Primary IPO used by Distributing 4 to repay Distributing 4 debt will not be treated as cash transferred by Distributing 4 to Distributing 4 creditors.

(ddd) At the time of the First Internal Spin-Off, no member of the Distributing 1 Group will have an excess loss account in the Controlled Stock or in the stock of any subsidiary of Controlled.

Second Internal Spin-Off

(eee) Following the Second Internal Spin-Off, any indebtedness owed by Controlled (and its subsidiaries) to Distributing 3 (and its subsidiaries) will not constitute stock or securities.

(fff) No part of the consideration to be distributed by Distributing 3 in the Second Internal Spin-Off will be received by Distributing 2 as a creditor, employee, or in any capacity other than that of a shareholder of Distributing 3.

(ggg) No part of the consideration to be distributed by Distributing 3 will be received by a security holder as an employee or in any capacity other than that of a security holder of Distributing 3.

(hhh) The five years of financial information submitted on behalf of the Business B conducted by Distributing 3 is representative of the present business operations of the Business B, and with regard to such business, there have been no substantial operational changes since the date of the last financial statements submitted.

(iii) The five years of financial information submitted on behalf of Business A to be conducted by Controlled is representative of the present business operations of Business A, and with regard to such business, there have been no substantial operational changes since the date of the last financial statements submitted.

(jjj) Each of Distributing 3 and Controlled will treat all members of its respective SAG as one corporation in determining whether it meets the requirements of § 355(b)(2)(A) regarding the active conduct of a trade or business.

(kkk) Following the Second Internal Spin-Off, Distributing 3 will continue the active conduct of the Business B, independently and with its separate employees or employees of the other members of its SAG, except potentially with respect to the Continuing Transactions.

(lll) Following the Second Internal Spin-Off, Controlled will continue the active conduct of Business A, independently and with its separate employees or employees of the other members of its SAG, except potentially with respect to the Continuing Transactions.

(mmm) Neither Business B nor control of an entity conducting this business will have been acquired during the five-year period ending on the date of the Second Internal Spin-Off in a transaction in which gain or loss was recognized (or treated as recognized) in whole or in part, except for transactions that have expanded Business B. Throughout the five-year period ending on the date of the Second Internal Spin-Off, Distributing 3 and its subsidiaries have been the principal owners of the goodwill and significant assets of Business B and will continue to be the principal owners following the Second Internal Spin-Off.

(nnn) Neither Business A nor control of an entity conducting this business will have been acquired during the five-year period ending on the date of the Second Internal Spin-Off in a transaction in which gain or loss was recognized (or treated as recognized) in whole or in part, except for transactions that have expanded Business A. Throughout the five-year period ending on the date of the Second Internal Spin-Off, Distributing 3 and its subsidiaries have been the principal owners of the goodwill and significant assets of Business A. Immediately after the Contribution, and at the time of the Second Internal Spin-Off, the Controlled Group will be the principal owners of the goodwill and significant assets of Business A and will continue to be the principal owners following the Second Internal Spin-Off.

(ooo) The Second Internal Spin-Off is being carried out for the corporate business purpose of Business Purpose 1 and facilitating the External Spin-Off. The distribution of the Controlled Stock to Distributing 2 pursuant to the Second Internal Spin-Off is motivated, in whole or substantial part, by this corporate business purpose.

(ppp) The Second Internal Spin-Off will not be used principally as a device for the distribution of the earnings and profits of Distributing 3 or Controlled or both.

(qqq) For purposes of § 355(d), immediately after the Second Internal Spin-Off, no person (determined after applying § 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of stock of Distributing 3 entitled to vote, or 50 percent or more of the total value of shares of all classes of stock of Distributing 3, that was acquired by purchase (as defined in § 355(d)(5) and (8)) during the five-year period (determined after applying § 355(d)(6)) ending on the date of the Second Internal Spin-Off.

(rrr) For purposes of § 355(d), immediately after the Second Internal Spin-Off, no person (determined after applying § 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of Controlled Stock entitled to vote, or 50 percent or more of the total value of shares of all classes of Controlled Stock, that was either (i) acquired by purchase (as defined in § 355(d)(5) and (8)) during the five-year period (determined after applying § 355(d)(6)) ending on the date of the Second Internal Spin-Off or (ii) attributable to distributions on Distributing 3 stock or securities that were acquired by purchase (as defined in § 355(d)(5) and (8)) during the five-year period (determined after applying § 355(d)(6)) ending on the date of the Second Internal Spin-Off.

(sss) No intercorporate debt will exist between Distributing 3 (and its subsidiaries) and Controlled (and its subsidiaries) at the time of, or after, the Second Internal Spin-Off, other than obligations arising in the ordinary course of business and obligations arising pursuant to the Continuing Transactions.

(ttt) Immediately before the Second Internal Spin-Off, items of income, gain, loss, deduction, and credit will be taken into account as required by applicable Treasury regulations (see §§ 1.1502-13 and -14 as in effect before the publication of T.D. 8597, 1995-32 I.R.B. 6, and as currently in effect; § 1.1502-13 as published by T.D. 8597). Further, Distributing 3's excess loss account, if any, with respect to its Controlled Stock will be included in income immediately before the Second Internal Spin-Off to the extent required by Treasury regulations (see § 1.1502-19).

(uuu) Payments made in connection with all Continuing Transactions between Distributing 3 (and its subsidiaries) and Controlled (and its subsidiaries) following the Second Internal Spin-Off will be for fair market value based on terms and conditions arrived at by the parties bargaining at arm's length, except in the case of the License, which will be on a royalty-free basis, and services related to tax, corporate and administrative functions, which will be provided at cost (or on cost-plus pricing terms).

(vvv) No two parties to the Second Internal Spin-Off are investment companies as defined in § 368(a)(2)(F)(iii) and (iv).

(www) Immediately following the Second Internal Spin-Off, (i) neither Distributing 3 nor Controlled will be a disqualified investment corporation (within the meaning of § 355(g)(2)) and (ii) no person will hold a 50%-or-greater interest in any disqualified investment corporation (within the meaning of § 355(g)(3)) who did not so hold, directly or indirectly, such interest immediately before the Second Internal Spin-Off.

(xxx) Excluding for purposes of § 355(e) any acquisitions of stock that result from:

(a) the exercise of Employee Options and Continuation Options before the Primary IPO and the exercise or settlement of Employee Options and Continuation Options after the Primary IPO, in each case by Employees who (i) make their own respective investment decision to acquire stock of Distributing 1 or Controlled independent of acquisition investment decisions of the Fund Groups, or are terminated or departed Employees, and, in each case, are described in § 1.355-7(d)(8), and (ii) are not controlling shareholders or ten-percent shareholders of Distributing 1 or Controlled (within the meaning of §§ 1.355-7(h)(3) and (14));

(b) the delivery of stock (not including shares never actually issued because of net settlement) pursuant to Employee Units both before and after the Primary IPO, which Employee Units were acquired in a transaction within the scope of § 1.355-7(d)(8), by, or to, Employees who are not controlling shareholders or ten-percent shareholders of Distributing 1 or Controlled (within the meaning of §§ 1.355-7(h)(3) and (14));

(c) any sale of shares of New Common Stock acquired in a transaction within the scope of § 1.355-7(d)(8) and sold on an established securities market (within the meaning of § 1.355-7(h)(7)) in a transaction described in § 1.355-7(d)(7) by Employees who are not controlling shareholders or ten-percent shareholders of Distributing 1 or Controlled (within the meaning of §§ 1.355-7(h)(3) and (14));

(d) the Recapitalization (including the Substitution) and the Preferred Exchange; or

(e) redemptions (actual or deemed) by Distributing 1 and Distributing 2 of Class A Common Stock, Class B Common Stock and Preferred Stock or New Common Stock prior to the Primary IPO from Employees pursuant to the Repurchase Program, Pre-Program Repurchases or on account of net settlements in respect of Equity Awards; and

disregarding, for purposes of § 355(e), the Lock-Up Agreement entered into pursuant to Agreement 2 in connection with an underwriting agreement for the Primary IPO, the Second Internal Spin-Off is not part of a plan or series of related transactions (within the meaning of § 1.355-7) pursuant to which one or more persons will acquire directly or indirectly stock representing a 50-percent-or-greater interest (within the meaning of § 355(d)(4)) in Distributing 3 or Controlled (including any predecessor or successor of any such corporation).

(yyy) At the time of the Second Internal Spin-Off, no member of the Distributing 1 Group will have an excess loss account in the Controlled Stock or in the stock of any subsidiary of Controlled.

Third Internal Spin-Off

(zzz) Following the Third Internal Spin-Off, any indebtedness owed by Controlled (and its subsidiaries) to subsidiaries of Distributing 2 will not constitute stock or securities.

(aaaa) No part of the consideration to be distributed by Distributing 2 in the Third Internal Spin-Off will be received by Distributing 1 as a creditor, employee, or in any capacity other than that of a shareholder of Distributing 2.

(bbbb) The five years of financial information submitted on behalf of the Business B conducted by Distributing 2 is representative of the present business operations of the Business B, and with regard to such business, there have been no substantial operational changes since the date of the last financial statements submitted.

(cccc) The five years of financial information submitted on behalf of Business A to be conducted by Controlled is representative of the present business operations of Business A, and with regard to such business, there have been no substantial operational changes since the date of the last financial statements submitted.

(dddd) Each of Distributing 2 and Controlled will treat all members of its respective SAG as one corporation in determining whether it meets the requirements of § 355(b)(2)(A) regarding the active conduct of a trade or business.

(eeee) Following the Third Internal Spin-Off, Distributing 2 will continue the active conduct of the Business B, independently and with its separate employees or employees of the other members of its SAG, except potentially with respect to the Continuing Transactions.

(ffff) Following the Third Internal Spin-Off, Controlled will continue the active conduct of Business A, independently and with its separate employees or employees of the other members of its SAG, except potentially with respect to the Continuing Transactions.

(gggg) Neither Business A nor control of an entity conducting this business will have been acquired during the five-year period ending on the date of the Third Internal Spin-Off in a transaction in which gain or loss was recognized (or treated as recognized) in whole or in part, except for transactions that have expanded Business A. Throughout the five-year period ending on the date of the Third Internal Spin-Off, Distributing 2 and its subsidiaries have been the principal owners of the goodwill and significant assets of Business A. Immediately after the Contribution, and at the time of the Third Internal Spin-Off, Controlled and its subsidiaries will be the principal owners of the goodwill and significant assets of Business A and will continue to be the principal owners following the Third Internal Spin-Off.

(hhhh) Neither Business B nor control of an entity conducting this business will have been acquired during the five-year period ending on the date of the Third Internal Spin-Off in a transaction in which gain or loss was recognized (or treated as recognized) in whole or in part, except for transactions that have expanded Business B. Throughout the five-year period ending on the date of the Third Internal Spin-Off, Distributing 2 and its subsidiaries have been the principal owners of the goodwill and significant assets of Business B and will continue to be the principal owners following the Third Internal Spin-Off.

(iiii) The Third Internal Spin-Off is being carried out for the corporate business purpose of Business Purpose 1 and facilitating the External Spin-Off. The distribution of the Controlled Stock to Distributing 1 pursuant to the Third Internal Spin-Off is motivated, in whole or substantial part, by this corporate business purpose.

(jjjj) The Third Internal Spin-Off will not be used principally as a device for the distribution of the earnings and profits of Distributing 2 or Controlled or both.

(kkkk) For purposes of § 355(d), immediately after the Third Internal Spin-Off, no person (determined after applying § 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of stock of Distributing 2 entitled to vote, or 50 percent or more of the total value of shares of all classes of stock of Distributing 2, that was acquired by purchase (as defined in § 355(d)(5) and (8)) during the five-year period (determined after applying § 355(d)(6)) ending on the date of the Third Internal Spin-Off.

(llll) For purposes of § 355(d), immediately after the Third Internal Spin-Off, no person (determined after applying § 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of Controlled Stock entitled to vote, or 50 percent or more of the total value of shares of all classes of Controlled Stock, that was either (i) acquired by purchase (as defined in § 355(d)(5) and (8)) during the five-year period (determined after applying § 355(d)(6)) ending on the date of the Third Internal Spin-Off or (ii) attributable to distributions on Distributing 2 stock or securities that were acquired by purchase (as defined in § 355(d)(5) and (8)) during the five-year period (determined after applying § 355(d)(6)) ending on the date of the Third Internal Spin-Off.

(mmmm) No intercorporate debt will exist between Distributing 2 (and its subsidiaries) and Controlled (and its subsidiaries) at the time of, or after, the Third Internal Spin-Off, other than obligations arising in the ordinary course of business and obligations arising pursuant to the Continuing Transactions.

(nnnn) No indebtedness between Distributing 2 (and its subsidiaries) and Controlled (and its subsidiaries) has been or will be settled or cancelled in connection with the Third Internal Spin-Off other than the settlement of intercompany loans and intercompany open account balances attributable to the normal business operations of Distributing 2 (and its subsidiaries) prior to the Third Internal Spin-Off.

(oooo) Immediately before the Third Internal Spin-Off, items of income, gain, loss, deduction, and credit will be taken into account as required by applicable Treasury regulations (see §§ 1.1502-13 and -14 as in effect before the publication of T.D. 8597, 1995-32 I.R.B. 6, and as currently in effect; § 1.1502-13 as published by T.D. 8597). Further, Distributing 2's excess loss account, if any, with respect to its Controlled Stock will be included in income immediately before the Third Internal Spin-Off to the extent required by Treasury regulations (see § 1.1502-19).

(pppp) Payments made in connection with all continuing transactions between Distributing 2 (and its subsidiaries) and Controlled (and its subsidiaries) following the Third Internal Spin-Off will be for fair market value based on terms and conditions arrived at by the parties bargaining at arm's length, except in the case of the License, which will be on a royalty-free basis, and services related to tax, corporate and administrative functions, which will be provided at cost (or on cost-plus pricing terms).

(qqqq) No two parties to the Third Internal Spin-Off are investment companies as defined in § 368(a)(2)(F)(iii) and (iv).

(rrrr) Immediately following the Third Internal Spin-Off, (i) neither Distributing 2 nor Controlled will be a disqualified investment corporation (within the meaning of § 355(g)(2)) and (ii) no person will hold a 50%-or-greater interest in any disqualified investment corporation (within the meaning of § 355(g)(3)) who did not so hold, directly or indirectly, such interest immediately before the transaction.

(ssss) Excluding for purposes of § 355(e) any acquisitions of stock that result from:

(a) the exercise of Employee Options and Continuation Options before the Primary IPO and the exercise or settlement of Employee Options and Continuation Options after the Primary IPO, in each case by Employees who (i) make their own respective investment decision to acquire stock of Distributing 1 or Controlled independent of acquisition investment decisions of the Fund Groups, or are terminated or departed Employees, and, in each case, are described in § 1.355-7(d)(8), and (ii) are not controlling shareholders or ten-percent shareholders of Distributing 1 or Controlled (within the meaning of §§ 1.355-7(h)(3) and (14));

(b) the delivery of stock (not including shares never actually issued because of net settlement) pursuant to Employee Units both before and after the Primary IPO, which Employee Units were acquired in a transaction within the scope of § 1.355-7(d)(8), by, or to, Employees who are not controlling shareholders or ten-percent shareholders of Distributing 1 or Controlled (within the meaning of §§ 1.355-7(h)(3) and (14));

(c) any sale of shares of New Common Stock acquired in a transaction within the scope of § 1.355-7(d)(8) and sold on an established securities market (within the meaning of § 1.355-7(h)(7)) in a transaction described in § 1.355-7(d)(7) by Employees who are not controlling shareholders or ten-percent shareholders of Distributing 1 or Controlled (within the meaning of §§ 1.355-7(h)(3) and (14));

(d) the Recapitalization (including the Substitution) and the Preferred Exchange; or

(e) redemptions (actual or deemed) by Distributing 1 and Distributing 2 of Class A Common Stock, Class B Common Stock and Preferred Stock or New Common Stock prior to the Primary IPO from Employees pursuant to the Repurchase Program, Pre-Program Repurchases or on account of net settlements in respect of Equity Awards; and

disregarding, for purposes of § 355(e), the Lock-Up Agreement entered into pursuant to Agreement 2 in connection with an underwriting agreement for the Primary IPO, the Third Internal Spin-Off is not part of a plan or series of related transactions (within the meaning of § 1.355-7) pursuant to which one or more persons will acquire directly or indirectly stock representing a 50-percent-or-greater interest (within the meaning of § 355(d)(4)) in Distributing 2 or Controlled (including any predecessor or successor of any such corporation).

(tttt) At the time of the Third Internal Spin-Off, no member of the Distributing 1 Group will have an excess loss account in the Controlled Stock or in the stock of any subsidiary of Controlled.

External Spin-Off

(uuuu) Any indebtedness owed by Controlled (and its subsidiaries) to Distributing 1 (and its subsidiaries) after the External Spin-Off will not constitute stock or securities.

(vvvv) No part of the consideration to be distributed by Distributing 1 in the External Spin-Off will be received by a shareholder of Distributing 1 as a creditor, employee, or in any capacity other than as a shareholder of Distributing 1.

(wwww) The five years of financial information submitted on behalf of the Business B conducted by Distributing 1 is representative of the present business operations of the Business B, and with regard to such business, there have been no substantial operational changes since the date of the last financial statements submitted.

(xxxx) The five years of financial information submitted on behalf of Business A to be conducted by Controlled is representative of the present business operations of Business A, and with regard to such business, there have been no substantial operational changes since the date of the last financial statements submitted.

(yyyy) Each of Distributing 1 and Controlled will treat all members of its respective SAG as one corporation in determining whether it meets the requirements of § 355(b)(2)(A) regarding the active conduct of a trade or business.

(zzzz) Following the External Spin-Off, Distributing 1 will continue the active conduct of the Business B, independently and with its separate employees or employees of the other members of its SAG, except potentially with respect to the Continuing Transactions.

(aaaaa) Following the External Spin-Off, Controlled will continue the active conduct of Business A, independently and with its separate employees or employees of the other members of its SAG, except potentially with respect to the Continuing Transactions.

(bbbbb) Neither Business A nor control of an entity conducting this business will have been acquired during the five-year period ending on the date of the External Spin-Off in a transaction in which gain or loss was recognized (or treated as recognized) in whole or in part, except for transactions that have expanded Business A. Throughout the five-year period ending on the date of the External Spin-Off, Distributing 1 and its subsidiaries have been the principal owners of the goodwill and significant assets of Business A. Immediately after the Contribution, and at the time of the External Spin-Off, Controlled and its subsidiaries will be the principal owners of the goodwill and significant assets of Business A and will continue to be the principal owners following the External Spin-Off.

(ccccc) Neither Business B nor control of an entity conducting this business will have been acquired during the five-year period ending on the date of the External Spin-Off in a transaction in which gain or loss was recognized (or treated as recognized) in whole or in part, except for transactions that have expanded Business B. Throughout the five-year period ending on the date of the External Spin-Off, Distributing 1 and its subsidiaries have been the principal owners of the goodwill and significant assets of Business B and will continue to be the principal owners following the External Spin-Off.

(ddddd) The External Spin-Off is being carried out for corporate business purposes, including Business Purpose 1, Business Purpose 2, Business Purpose 3 and Business Purpose 4. The distribution of Controlled Stock in the External Spin-Off is motivated, in whole or substantial part, by one or more of these corporate business purposes.

(eeeee) The External Spin-Off will not be used principally as a device for the distribution of the earnings and profits of Distributing 1 or Controlled or both.

(fffff) For purposes of § 355(d), immediately after the External Spin-Off, no person (determined after applying § 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of Distributing 1 stock entitled to vote, or 50 percent or more of the total value of shares of all classes of Distributing 1 stock, that was acquired by purchase (as defined in § 355(d)(5) and (8)) during the five-year period (determined after applying § 355(d)(6)) ending on the date of the External Spin-Off.

(ggggg) For purposes of § 355(d), immediately after the External Spin-Off, no person (determined after applying § 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of Controlled Stock entitled to vote, or 50 percent or more of the total value of shares of all classes of Controlled Stock, that was either (i) acquired by purchase (as defined in § 355(d)(5) and (8)) during the five-year period (determined after applying § 355(d)(6)) ending on the date of the External Spin-Off or (ii) attributable to distributions on Distributing 1 stock or securities that were acquired by purchase (as defined in § 355(d)(5) and (8)) during the five-year period (determined after applying § 355(d)(6)) ending on the date of the External Spin-Off.

(hhhhh) No intercorporate debt will exist between Distributing 1 (and its subsidiaries) and Controlled (and its subsidiaries) at the time of, or after, the External Spin-Off, except for obligations arising in the ordinary course of business and obligations arising pursuant to the Continuing Transactions.

(iiiii) No indebtedness between Distributing 1 (and its subsidiaries) and Controlled (and its subsidiaries) has been or will be settled or cancelled in connection with the External Spin-Off other than the settlement of intercompany loans and intercompany open account balances attributable to the normal business operations of Distributing 1 (and its subsidiaries) prior to the External Spin-Off.

(jjjjj) Immediately before the External Spin-Off, items of income, gain, loss, deduction, and credit will be taken into account as required by applicable Treasury regulations (see §§ 1.1502-13 and -14 as in effect before the publication of T.D. 8597, 1995-32 I.R.B. 6, and as currently in effect; § 1.1502-13 as published by T.D. 8597). Further, Distributing 1's excess loss account, if any, with respect to its Controlled Stock will be included in income immediately before the External Spin-Off to the extent required by regulations (see § 1.1502-19).

(kkkkk) Payments made in connection with all Continuing Transactions between Distributing 1 (and its subsidiaries) and Controlled (and its subsidiaries) following the External Spin-Off will be for fair market value based on terms and conditions arrived at by the parties bargaining at arm's length, except in the case of the License, which will be on a royalty-free basis, and services related to tax, corporate and administrative functions, which will be provided at cost (or on cost-plus pricing terms).

(lllll) Excluding for purposes of § 355(e) any acquisitions of stock that result from:

(a) the exercise of Employee Options and Continuation Options before the Primary IPO and the exercise or settlement of Employee Options and Continuation Options after the Primary IPO, in each case by Employees who (i) make their own respective investment decision to acquire stock of Distributing 1 or Controlled independent of acquisition investment decisions of the Fund Groups, or are terminated or departed Employees, and, in each case, are described in § 1.355-7(d)(8), and (ii) are not controlling shareholders or ten-percent shareholders of Distributing 1 or Controlled (within the meaning of §§ 1.355-7(h)(3) and (14));

(b) the delivery of stock (not including shares never actually issued because of net settlement) pursuant to Employee Units both before and after the Primary IPO, which Employee Units were acquired in a transaction within the scope of § 1.355-7(d)(8), by, or to, Employees who are not controlling shareholders or ten-percent shareholders of Distributing 1 or Controlled (within the meaning of §§ 1.355-7(h)(3) and (14));

(c) any sale of shares of New Common Stock acquired in a transaction within the scope of § 1.355-7(d)(8) and sold on an established securities market (within the meaning of § 1.355-7(h)(7)) in a transaction described in § 1.355-7(d)(7) by Employees who are not controlling shareholders or ten-percent shareholders of Distributing 1 or Controlled (within the meaning of §§ 1.355-7(h)(3) and (14));

(d) the Recapitalization (including the Substitution) and the Preferred Exchange; or

(e) redemptions (actual or deemed) by Distributing 1 and Distributing 2 of Class A Common Stock, Class B Common Stock and Preferred Stock or New Common Stock prior to the Primary IPO from Employees pursuant to the Repurchase Program, Pre-Program Repurchases or on account of net settlements in respect of Equity Awards; and disregarding, for purposes of § 355(e), the Lock-Up Agreement entered into pursuant to Agreement 2 in connection with an underwriting agreement for the Primary IPO, the External Spin-Off is not part of a plan or series of related transactions (within the meaning of § 1.355-7) pursuant to which one or more persons will acquire directly or indirectly stock representing a 50-percent-or-greater interest (within the meaning of § 355(d)(4)) in Distributing 1 or Controlled (including any predecessor or successor of any such corporation).

(mmmmm) There is no regulatory, legal or contractual requirement, or economic compulsion, other than satisfying the requirements of § 355, that asset contributions must be made as a condition of the External Spin-Off. The fact that the fair market value of Distributing 1 will decrease as a result of the External Spin-Off was not a consideration in a decision to contribute property to Distributing 1. The External Spin-Off is not contingent on there being contributed to Distributing 1 assets having a specified (or roughly specified) value.

(nnnnn) Immediately following the External Spin-Off (i) neither Distributing 1 nor Controlled will be a disqualified investment corporation (within the meaning of § 355(g)(2)) and (ii) no person will hold a 50%-or-greater interest in any disqualified investment corporation (within the meaning of § 355(g)(3)) who did not so hold, directly or indirectly, such interest immediately before the transaction.

Primary IPO

(ooooo) Unless, in acquiring stock of Distributing 1 or Controlled, an Employee of the Distributing 1 Group or the Controlled Group is a member of a coordinating group (within the meaning of § 1.355-7(h)(4)) that includes a controlling shareholder or ten-percent shareholder of Distributing 1 or Controlled (within the meaning of §§ 1.355-7(h)(3) and (14)), no Employee will be a “controlling shareholder” (within the meaning of § 1.355-7(h)(3)) or a “ten-percent shareholder” (within the meaning of § 1.355-7(h)(14)) of Distributing 1 or Controlled other than, in the case of Controlled, any Employee that is also a director of Controlled and, in the case of Distributing 1 and prior to the Primary IPO, any Employee that is also a director of Distributing 1.

(ppppp) No Equity Awards have been or will be issued, transferred or modified by Distributing 1 or Controlled with a principal purpose of avoiding the application of § 355(e).

(qqqqq) All Equity Awards have been or will be made in connection with the performance of services to members of the Distributing 1 Group or the Controlled Group in a transaction to which § 83 or § 421(a) or (b) applies, and the acquisition of common stock of Distributing 1 (including New Common Stock) or Controlled by such an Employee as a result of the exercise or settlement of an Equity Award of Distributing 1 or Controlled (or otherwise pursuant to an equity-based compensation program) has not been (or will not be, as the case may be) excessive in relation to the services performed by such Employee.

(rrrrr) All repurchases by Distributing 1 and Distributing 2 from Employees before the Spin-Offs pursuant to the Repurchase Program and all Pre-Program Repurchases (1) were not (or, to the extent they have not yet occurred, will not be) related to the Spin-Offs, and the amount and timing of such repurchases would have been the same regardless of the Spin-Offs; and (2) except in the case of certain Employees terminated for cause, have been and will be fair market value for fair market value exchanges.

(sssss) The Primary IPO, consisting of a sale by Distributing 1 of newly issued shares of New Common Stock, will occur not later than 0 months after the completion of the Spin-Offs.

(ttttt) All or substantially all of the net proceeds of the Primary IPO will be contributed or otherwise transferred by Distributing 1 to Distributing 4 and used by Distributing 4 to reduce the amount of outstanding debt of Distributing 4. None of the net proceeds from the Primary IPO will be remitted to the shareholders of Distributing 1 immediately after the External Spin-Off as a dividend, by way of redemption or otherwise in respect of their New Common Stock; provided, however, that management companies associated with the Sponsors will receive a termination fee under Agreement 4 if Agreement 4 is terminated in connection with the Primary IPO, and provided, further, that investment banking divisions associated with certain Sponsors would receive underwriter fees if divisions of such Sponsors are selected to act as underwriters for the Primary IPO.

(uuuuu) No shareholder of Distributing 1 immediately after the External Spin-Off will sell any of its shares of New Common Stock as part of the Primary IPO nor will any such shareholder sell any of its shares of New Common Stock in a Secondary Offering during the period beginning on the date of the External Spin-Off and ending 0 months after the Primary IPO (the “Restricted Period”). An Employee of the Distributing 1 Group or the Controlled Group may, during the Restricted Period, sell shares of New Common Stock acquired as compensation pursuant to the grant, exercise or settlement of an Equity Award or as an investment on an established market (within the meaning of § 1.355-7(h)(7)) or, if such Employee is terminated or otherwise departs, to Distributing 1 at fair market value or, in certain circumstances, at cost, if lower.

(vvvvv) Prior to the External Spin-Off, Distributing 1 and each of the Fund Groups will agree in writing that such Fund Group will not, during the Restricted Period, request registration of its New Common Stock for sale in a Secondary Offering pursuant to § 3.1 or § 3.2 of Agreement 2.

(wwwww) At the time of the External Spin-Off and during the Restricted Period, none of (i) the executive officers of Distributing 1, (ii) the members of the board of directors of

Distributing 1 who are not designated by the Sponsors and (iii) the respective designees of the Fund Groups to each of the board of directors of Distributing 1, its operating committee and the Coordination Committee (together, the "Sponsor Representatives") will have (nor will they have had at such time and during such period) discussions about SO Terms with investment banks (other than to communicate that there will be no such discussions). SO Terms means the following terms of a Secondary Offering: (A) the fees of, or the terms and conditions of an underwriting agreement with, the underwriters for such Secondary Offering; (B) the roles and responsibilities of particular underwriters in such Secondary Offering; (C) the range of the potential sales price and projected number of shares of New Common Stock to be sold in such Secondary Offering; (D) the allocation of offered shares among the underwriters for such Secondary Offering; and (E) marketing plans for such Secondary Offering, such as "road shows."

(xxxxx) The decision as to whether to effect a Secondary Offering will be made by the Sponsor Representatives only after the Restricted Period. If a Secondary Offering is pursued, underwriters for such Secondary Offering (which may include investment banks that act as underwriters for the Primary IPO) will be selected by the Sponsor Representatives in accordance with the terms of Agreement 2, and the SO Terms will be negotiated by the Sponsor Representatives, in each case, only after the Restricted Period. Notwithstanding the foregoing, the Sponsor Representatives and Distributing 1 may have discussions on aspects of a Secondary Offering among themselves during the Restricted Period and may in the ordinary course meet or otherwise discuss with investment banks, in the regular conduct of their investment banking and advisory businesses, general financial information and market trends, Distributing 1's business operations and performance, proposals for other transactions such as acquisitions, dispositions and financings, and similar matters; provided that such discussions with investment bankers during the Restricted Period will not address SO Terms.

(yyyyy) There is no plan or intention on the part of Distributing 1, any corporation that Distributing 1 controls (within the meaning of § 368(c)) or any member of a controlled group of corporations (within the meaning of § 1563) of which Distributing 1 is a member to acquire any shares of stock of New Common Stock through purchases on an established market within the meaning of § 1.355-7(h)(7) after the Primary IPO.

(zzzzz) The executive officers of Distributing 1 are not aware of a plan or intention on the part of (a) any Fund Group to acquire additional shares of New Common Stock after the External Spin-Off or (b) any other person to become, following the Primary IPO, a controlling shareholder or a ten-percent shareholder (within the meaning of § 1.355-7(h)(3) and (14)) of Distributing 1.

RULINGS

Based solely on the information submitted and representations made, we rule as follows with regard to the Proposed Transaction:

Preferred Exchange

(1) The Preferred Exchange will qualify as a transfer of property to a corporation within the meaning of § 351(a).

(2) The shareholders of Distributing 2 will not recognize any gain or loss in respect of the exchange of the Preferred Stock for New Common Stock (§ 351(a)).

(3) The tax basis of each holder of Preferred Stock in the New Common Stock received by such holder in exchange for Preferred Stock pursuant to the Preferred Exchange will equal the adjusted tax basis of the Preferred Stock transferred to Distributing 1 by such holder of Preferred Stock (§ 358(a)(1)).

(4) The holding period of the New Common Stock received by each holder of Preferred Stock in exchange of Preferred Stock pursuant to the Preferred Exchange will include the holding period of such holder in the Preferred Stock transferred to Distributing 1 (§ 1223(1)).

(5) Distributing 1 will not recognize any gain or loss in respect of the Preferred Exchange (§ 1032(a)).

(6) The initial tax basis of the Preferred Stock received by Distributing 1 in the Preferred Exchange from each holder of Preferred Stock will be the same as the adjusted tax basis of such holder in the Preferred Stock immediately prior to the Preferred Exchange (§ 362(a)).

(7) The holding period of the shares of Preferred Stock in the hands of Distributing 1 received in the Preferred Exchange from each holder of Preferred Stock will include the holding period of such holder of Preferred Stock (§ 1223(2)).

Recapitalization

(8) The Recapitalization will qualify as a “reorganization” within the meaning of § 368(a)(1)(E). Distributing will be a “party to a reorganization” within the meaning of §368(b).

(9) No gain or loss will be recognized by the shareholders of Distributing 1 on the Substitution, the cancellation of the Class A Common Stock and the exchange of the Class B Common Stock for New Common Stock pursuant to the Recapitalization (§354(a)(1)).

(10) The tax basis of each Distributing 1 shareholder in the shares of New Common Stock received by such Distributing 1 shareholder pursuant to

the Recapitalization will be the same as the adjusted tax basis of the Class A Common Stock and Class B Common Stock held by such shareholder immediately prior to the Recapitalization (§ 358(a)(1)).

(11) The holding period of the New Common Stock received by each Distributing 1 shareholder pursuant to the Recapitalization will include the holding period during which the Class A Common Stock and Class B Common Stock surrendered by such shareholder was held, provided that the stock surrendered by such Distributing 1 shareholder was held as a capital asset on the date of the exchange (§ 1223(1)).

(12) No gain or loss will be recognized by Distributing 1 on the Substitution, the cancellation of the Class A Common Stock and the exchange of Class B Common Stock for New Common Stock pursuant to the Recapitalization (§ 1032(a)).

Contribution and First Internal Spin-Off

(13) The Contribution, followed by the First Internal Spin-Off, will constitute a “reorganization” within the meaning of § 368(a)(1)(D), and each of Distributing 4 and Controlled will be a “party to a reorganization” within the meaning of § 368(b).

(14) Distributing 4 will not recognize any gain or loss in respect of the Contribution (§§ 361(a) and 357(a) and (c)) except to the extent that the amount of the New Term Loans and other indebtedness assumed exceeds Distributing 4’s tax basis in the assets transferred to Controlled pursuant to the Contribution.

(15) Controlled will not recognize any gain or loss in respect of the Contribution (§ 1032(a)).

(16) Controlled’s initial basis in each asset received in the Contribution will be the same as Distributing 4’s adjusted basis in such asset immediately prior to the Contribution, increased by the amount of gain, if any, recognized by Distributing 4 in respect of the Contribution (§ 362(b)).

(17) Controlled’s holding period in each asset received in the Contribution will include Distributing 4’s holding period for such asset (§ 1223(2)).

(18) Provided that the Controlled Securities are transferred in the Debt Exchange in connection with the Proposed Transaction, Distributing 4 will not recognize any income, gain, loss or deduction with respect to the receipt of Controlled Securities and on the exchange of the Controlled Securities for the Short Term Notes with the Exchanging Debtholders,

other than any (i) deductions attributable to such Short Term Notes that may be redeemed at a premium, (ii) income attributable to such Short Term Notes that may be redeemed at a discount and (iii) interest expense accrued with respect to such Short Term Notes (§ 361(c)).

(19) Distributing 4 will not recognize any gain or loss with respect to its distribution of the Controlled Stock pursuant to the First Internal Spin-Off (§ 361(c)(1)).

(20) No gain or loss will be recognized by (and no amount will be includible in the gross income of) Distributing 3 upon its receipt of Controlled Stock pursuant to the First Internal Spin-Off (§ 355(a)(1)).

(21) The basis of the Distributing 4 stock and Controlled Stock held by Distributing 3 immediately after the First Internal Spin-Off will equal the basis of the stock of Distributing 4 held by Distributing 3 immediately prior to the First Internal Spin-Off, allocated between the Controlled Stock and the stock of Distributing 4 in proportion to their relative fair market values immediately following the First Internal Spin-Off in accordance with § 1.358-2(a)(2) (§ 358(b)(2) and (c)).

(22) Distributing 3's holding period in the Controlled Stock will include the holding period for the Distributing 4 stock with respect to which the Controlled Stock is received provided the Distributing 4 stock is held as a capital asset on the date of the First Internal Spin-Off (§ 1223(1)).

(23) Earnings and profits will be allocated between Distributing 4 and Controlled following the First Internal Spin-Off under § 312(h) and §§ 1.312-10(a) and 1.1502-33(f)(2).

Second Internal Spin-Off

(24) Distributing 3 will not recognize any gain or loss with respect to its distribution of Controlled Stock pursuant to the Second Internal Spin-Off (§ 355(c)).

(25) No gain or loss will be recognized by (and no amount will be includible in the gross income of) Distributing 2 upon the receipt of Controlled Stock pursuant to the Second Internal Spin-Off (§ 355(a)).

(26) The basis of the Controlled Stock and the common stock of Distributing 3 in the hands of Distributing 2 immediately after the Second Internal Spin-Off will equal the basis of the stock of Distributing 3 held by Distributing 2 immediately prior to the Second Internal Spin-Off, allocated between the Controlled Stock and the stock of Distributing 3 in proportion to their

relative fair market values immediately following the Second Internal Spin-Off in accordance with § 1.358-2(a)(2) (§ 358(b)(2) and (c)).

(27) Distributing 2's holding period in the Controlled Stock will include the holding period for the Distributing 3 common stock with respect to which the Controlled Stock is received provided the Distributing 3 stock is held as a capital asset on the date of the Second Internal Spin-Off (§ 1223(1)).

(28) Earnings and profits will be allocated between Distributing 3 and Controlled following the Second Internal Spin-Off under § 312(h) and §§ 1.312-10(b) and 1.1502-33(f)(2).

Third Internal Spin-Off

(29) Distributing 2 will not recognize any gain or loss with respect to its distribution of Controlled Stock pursuant to the Third Internal Spin-Off (§ 355(c)).

(30) No gain or loss will be recognized by (and no amount will be includible in the gross income of) Distributing 1 upon the receipt of Controlled Stock pursuant to the Third Internal Spin-Off (§ 355(a)).

(31) The basis of the Controlled Stock and the stock of Distributing 2 in the hands of Distributing 1 immediately after the Third Internal Spin-Off will equal the basis of the stock of Distributing 2 held by Distributing 1 immediately prior to the Third Internal Spin-Off, allocated between the Controlled Stock and the stock of Distributing 2 in proportion to their relative fair market values immediately following the Third Internal Spin-Off in accordance with Treas. Reg. § 1.358-2(a)(2) (§ 358(b)(2) and (c)).

(32) Distributing 1's holding period in the Controlled Stock will include the holding period for the stock of Distributing 2 with respect to which the Controlled Stock is received provided the stock of Distributing 2 is held as a capital asset on the date of the Third Internal Spin-Off (§ 1223(1)).

(33) Earnings and profits will be allocated between Distributing 2 and Controlled following the Third Internal Spin-Off under § 312(h) and Treas. Reg. §§ 1.312-10(b) and 1.1502-33(f)(2).

External Spin-Off

(34) Distributing 1 will not recognize any gain or loss with respect to its distribution of Controlled Stock on a pro rata basis to the shareholders of Distributing 1 pursuant to the External Spin-Off (§ 355(c)).

(35) The shareholders of Distributing 1 will not recognize any gain or loss (and no amount will be includible in the gross income of such shareholders) upon their receipt of Controlled Stock pursuant to the External Spin-Off (§ 355(a)).

(36) The basis of the Controlled Stock and the New Common Stock in the hands of the shareholders of Distributing 1 immediately after the External Spin-Off will equal the basis of the New Common Stock held by such shareholders immediately prior to the External Spin-Off, allocated between Controlled Stock and the New Common Stock in proportion to their relative fair market values immediately following the External Spin-Off in accordance with § 1.358-2(a)(2) (§ 358(b)(2)).

(37) The holding period of Controlled Stock received by each shareholder of Distributing 1 will include the holding period of the New Common Stock with respect to which the Controlled Stock is received, provided that such New Common Stock is held as a capital asset on the date of the External Spin-Off (§ 1223(1)).

(38) Earnings and profits will be allocated between Distributing 1 and Controlled following the External Spin-Off under § 312(h) and §§ 1.312-10(b) and 1.1502-33(e)(3).

(39) Provided that the requirements of § 162 are satisfied, the Distributing 1 Group will be entitled to deductions pursuant to § 83(h) for amounts that are included under § 83 in the gross income of a holder of Vested Revised Distributing 1 Equity Awards that are stock options ("Vested Revised Distributing 1 Options") or Vested Substitute Controlled Equity Awards that are stock options ("Vested Substitute Controlled Options") as a result of the exercise of such Vested Revised Distributing 1 Options or Vested Substitute Controlled Options, if the holder of such options was employed by Distributing 1 or a subsidiary of Distributing 1 from the date such option was granted through the date of exercise (or any earlier termination of employment, where applicable), excluding any such holder that has at any time provided services to Business A.

(40) Provided that the requirements of § 162 are satisfied, the Controlled Group will be entitled to deductions pursuant to § 83(h) for amounts that are included under § 83 in the gross income of a holder of Vested Revised Distributing 1 Options or Vested Substitute Controlled Options as a result of the exercise of such Vested Revised Distributing 1 Options or Vested Substitute Controlled Options, if the holder of such options provided services to Business A from the date such option was granted through the date of exercise (or any earlier termination of employment, where applicable), excluding any such holder that has at any time provided

services to any business of the Distributing 1 Group other than Business A.

CAVEATS

Except as expressly provided herein, no opinion is expressed or implied concerning the tax treatment of the Proposed Transaction under other provisions of the Code or the regulations, or the tax treatment of any conditions existing at the time of, or effects resulting from, the Proposed Transaction that is not specifically covered by the above rulings. In particular, except as so provided, no opinion is expressed or implied regarding: (i) whether the Spin-Offs satisfy the business purpose requirement of § 1.355-2(b); (ii) whether the Spin-Offs are being used principally as devices for the distribution of the earnings and profits or Distributing1, Distributing 2, distributing 3, Distributing 4, Controlled, or any combination thereof (see § 355(a)(1)(B) and § 1.355-2(d)); and (iii) whether the Spin-Offs are part of a plan (or series of related transactions) pursuant to which one or more persons will acquire directly or indirectly stock representing a 50-percent or greater interest in Distributing 1, Distributing 2, Distributing 3, Distributing 4 or Controlled (see § 355(e) and § 1.355-7). In addition, no opinion is expressed or implied regarding any cost-based transactions between Distributing 4 and Controlled. Further no opinion is expressed or implied regarding the application of § 409A of the Code, and rulings (39) and (40) will not apply to the extent the stock options referenced in such rulings are not exempt from the requirements of § 409A.

PROCEDURAL STATEMENTS

This ruling letter is directed only to the taxpayer requesting it. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent. A copy of this letter ruling must be attached to any income tax return to which it is relevant. Alternatively, taxpayers filing their returns electronically may satisfy this requirement by attaching a statement to their return that provides the date and control number of the letter ruling.

In accordance with the power of attorney on file with this office, a copy of this letter ruling is being sent to your authorized representative.

Sincerely,

____

Richard K. Passales
Senior Counsel, Branch 4
Associate Chief Counsel (Corporate)