

Internal Revenue Service

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Person To Contact:

, ID No.

Telephone Number:

Refer Reply To:

CC:CORP:B05

PLR-122518-21

Date:

May 10, 2022

Legend

Distributing =

Business A =

Business B =

Business C =

Controlled =

Controlled Securities =

Controlled Stock =

PLR-122518-21 2

Investment Advisor 1 =

Investment Advisor 2 =

Investment Advisor 3 =

RMT Partner =

Condition X =

Qualifying Distributing Debt =

Exchange Agreement =

Distributing Applicable Officer =

RMT Partner Applicable Officer =

Separation and Distribution

PLR-122518-21

5

Agreement

=

Transition Contracting
Manufacturing Agreement

=

Real Estate License Agreement =

Employee Matters Agreement =

IP Arrangements =

Supply Agreement =

Distribution Agreement =

Intercompany Loan =

Expense Reimbursement =

Date 1 =

Date 2 =

Year 1 =

- Year 2 =
- a =
- b =
- c =
- d =
- e =
- f =
- g =
- h =
- i =
- i =
- k =
- l =
- m =
- n =

Dear _____ :

This letter responds to your representative’s letter dated October 27, 2021, on behalf of Distributing, as supplemented by subsequent information and documentation, requesting rulings on certain federal income tax consequences of a series of transactions (the “Proposed Transactions”). The material information provided in that letter and subsequent correspondence is summarized below.

This letter is issued pursuant to Rev. Proc. 2017-52, 2017-41 I.R.B. 283, as amplified and modified by Rev. Proc. 2018-53, 2018-43 I.R.B. 667, regarding one or more “Covered Transactions” and pursuant to section 6.03(2) of Rev. Proc. 2022-1, 2022-01 I.R.B. 1, regarding one or more significant issues under Section 355 of the Internal Revenue Code (the “Code”). This Office expresses no opinion as to any issue not

specifically addressed by the rulings below.

The rulings contained in this letter are based upon information and representations submitted by the taxpayer and accompanied by a penalties of perjury statement executed by an appropriate party. This office has not verified any of the materials 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.

This office has made no determination regarding the overall tax consequences of the Internal Preparatory Transactions (as defined below), or, except as specifically addressed by the rulings below, as to whether the Distribution (as defined below): (i) satisfies the business purpose requirement of Treas. Reg. §1.355-2(b); (ii) is used principally as a device for the distribution of the earnings and profits of the distributing corporation or the controlled corporation or both (see Section 355(a)(1)(B) and Treas. Reg. §1.355-2(d)); or (iii) is part of a plan (or a 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 relevant distributing corporation or the controlled corporation, or any predecessor or successor of such distributing corporation or controlled corporation, within the meaning of Treas. Reg. §1.355-8 (see Section 355(e) and Treas. Reg. §1.355-7).

Summary of Facts

Distributing is a publicly traded domestic corporation, the common parent of a consolidated group for U.S. federal income tax purposes, and the parent of a worldwide group of foreign and domestic entities (the “Distributing Worldwide Group”). The Distributing Worldwide Group has multiple business segments, including Business A and Business B, and Business C, which is a sub-segment of Business B.

RMT Partner is a publicly traded domestic corporation that is unrelated to Distributing.

Distributing proposes to undertake a series of transactions in order to separate its Business C from its remaining businesses (the “Remaining Businesses”) and combine its Business C with RMT Partner’s business pursuant to one overall plan of reorganization (the “Plan of Reorganization”).

For purposes of satisfying the active trade or business requirements of Section 355(b) with respect to the Distribution (as defined below), Distributing and the members of its “separate affiliated group” as defined in Section 355(b)(3) will rely on Business A, and Controlled and members of its separate affiliated group will rely on Business C, which will include any activities performed for Controlled and its separate affiliated group by Business C employees legally employed by RMT partner whose services are leased by Controlled pursuant to an employee sharing arrangement. Financial information has been submitted in accordance with Rev. Proc. 2017-52 indicating that each of Business A and Business C has had gross receipts and operating expenses representing the active conduct of a trade or business for each of the past five years.

Prior to Date 1, Investment Advisor 1, Investment Advisor 2, and Investment Advisor 3, each filed Schedules 13G reporting beneficial ownership for U.S. securities law purposes of more than five percent of Distributing's total outstanding shares of common stock (the "Reporting Shareholders"). Item 6 on each such Schedule 13G stated that no one person's interest in the common stock of Distributing was more than five percent of the total outstanding common shares. None of the Reporting Shareholders is represented on the Distributing board of directors or otherwise participates in Distributing's management or operation. Accordingly, Distributing intends to treat each Reporting Shareholder as a "Public Shareholder" (i.e., a shareholder that is not a "controlling shareholder" or "10 percent shareholder," within the meaning of Treas. Reg. §§1.355-7(h)(3) and (14), respectively).

Prior to the External Spin-off (as defined below), the Distributing Worldwide Group will engage in a series of internal preparatory transactions to separate Business C from the Remaining Businesses held by certain subsidiaries of Distributing (the "Internal Preparatory Transactions").

Proposed Transactions

For what are represented to be valid business reasons, Distributing proposes to undertake the following Proposed Transactions, which have been partially consummated:

1. Distributing formed Controlled on Date 2.
2. Controlled will borrow from third party creditors in an amount currently estimated to be up to \$a (the "External Borrowing").
3. Distributing will transfer Business C (including directly held assets and all of the stock of a wholly owned internal controlled corporation that conducts Business C operations directly and indirectly through its subsidiaries) to Controlled in exchange for shares of Controlled Stock, the assumption of any related liabilities, cash funded from all or a portion of the proceeds of the External Borrowing (such cash, the "Controlled Cash", and such cash transfer, the "Controlled Cash Transfer"), and potentially Controlled Securities if it is expected that Condition X may be met (the "Contribution"). Depending on market conditions and in light of the significant amount of the debt of Controlled to be placed, it is likely that some or all of the External Borrowing and/or issuance and exchange of the Controlled Securities will occur before the Contribution and Controlled Cash Transfer. With regard to the External Borrowing, the proceeds of the External Borrowing would be held by Controlled pending the Contribution and Controlled Cash Transfer until certain conditions for the Distribution have been satisfied, either in an escrow account or otherwise with Distributing providing a conditional guarantee of repayment of the External Borrowing (which guarantee would terminate by the time of the Distribution). With regard to the Controlled Securities, Distributing would provide a similar conditional guarantee of repayment. In the case of a

Direct Exchange (as defined below), it is also anticipated that Distributing would hold the proceeds of the Refinancing Debt (as defined below) in escrow or would loan such proceeds to Controlled, which would hold them in escrow. Distributing will be obligated under a Separation and Distribution Agreement to contribute Business C to Controlled, and the legal documentation for the Controlled Securities will include covenants or conditions, enforceable by the debt holders, that Distributing will make such contributions prior to the Distribution. If the Distribution is abandoned or otherwise delayed beyond the date on which the Combination may be terminated for failure to occur (or some later date set forth in the legal documentation governing the External Borrowing or Controlled Securities), the holders of the External Borrowing and the Controlled Securities would have their debt prepaid or redeemed by Controlled prior to maturity, along with, potentially, a prepayment premium. In addition, if after the issuance of the Controlled Securities, Distributing later determines that Condition X is not expected to be satisfied, at Controlled's option, Controlled may redeem or prepay the Controlled Securities (i) within a period of time to be negotiated after Distributing delivers notice that Condition X is not satisfied, in which case, Distributing would expect Controlled to increase the External Borrowing to fund any such special prepayment or redemption (including, potentially, a prepayment premium) of the Controlled Securities or (ii) after b or c years (rather than d years as would apply if Condition X is satisfied), without penalty, or with a premium that would be less onerous than a customary make-whole premium.

4. Distributing will distribute the Controlled Stock to its shareholders via either a pro rata distribution (the "Spin-off Distribution"), or as part of a non-pro rata exchange offer (the "Exchange Offer") followed by a pro rata distribution to the extent, if any, that the Exchange Offer is under-subscribed (the pro rata distribution following the Exchange Offer, the "Back-End Distribution" and, together with the Exchange Offer, the "Split-off Distribution"). The Spin-off Distribution and the Split-off Distribution are each referred to herein, in the alternative, as the "Distribution" and, together with the Contribution, the "External Spin-off."
5. Immediately after the Distribution, (i) a wholly-owned corporate subsidiary of RMT Partner will merge with and into Controlled, with Controlled surviving as a wholly-owned subsidiary of RMT Partner, in a transaction that results in Distributing's shareholders receiving RMT Partner common stock representing at least 50.1 percent of the post-issuance voting power and value of RMT Partner's stock (the "Combination", and the date on which the Distribution and the Combination occur, the "Closing Date"). In connection with the Combination, Distributing will have the right to designate e people as directors on the board of directors of RMT Partner. The Combination is intended to qualify as a reorganization under Section 368(a)(1)(A) and Section 368(a)(2)(E).
6. Shortly after the Controlled Cash Transfer, Distributing will utilize the proceeds of the Controlled Cash Transfer to make payments to various creditors and/or shareholders that it intends to treat as payments pursuant to the Plan of

Reorganization under Section 361(b)(3) and as distributed pursuant to the Plan of Reorganization under Section 361(b)(1)(A) (the “Boot Purge”). The material payments expected to be made are described below:

- a. *Distributions to Shareholders.* Within k months following the Distribution, Distributing intends to use all or a portion of the Controlled Cash to pay up to the next f regular quarterly dividends to its shareholders, which quarterly dividends are expected to be approximately \$g in the aggregate (the “Post-Distribution Quarterly Dividends”). Following the Distribution, Distributing also may repurchase its shares through a previously established or newly authorized share repurchase program (the “Post-Distribution Share Repurchases”).
 - b. *Payments to Creditors.* No later than k months after the Distribution, Distributing may use all or a portion of the Controlled Cash not distributed to Distributing’s shareholders to repurchase (including at a premium, if applicable), or pay the principal and/or interest due on the Qualifying Distributing Debt (such principal payments, “Principal Payments”, such interest, “Interest Payments”, and such premium “Premium Payments”). All of the Qualifying Distributing Debt was incurred in unrelated transactions more than 60 days before the approval and announcement of the Contribution, the Distribution, and the Combination.
7. In connection with the Contribution and Distribution, if Distributing acquires Controlled Securities in the Contribution, Distributing intends to effect an exchange of Controlled Securities for Distributing Debt as defined in Rev. Proc. 2018-53 (“Distributing Debt”) by means of either or a combination of the following transactions no later than k months following the Contribution and the Distribution (the “Debt-for-Debt Exchange”):
 - a. Distributing will incur h - i day short-term debt (the “Refinancing Debt”) to one or more third-party investment banks (“Investment Banks”), acting as principal for their own account, and use the proceeds to repay historic Distributing debt; no sooner than j day(s) after incurring the Refinancing Debt, Distributing and the Investment Banks may enter into an Exchange Agreement (neither being legally obligated to do so) whereby Distributing will exchange Controlled Securities with the Investment Banks for the Refinancing Debt held by the Investment Banks (the “Direct Exchange”); and the Investment Banks are expected to then sell the Controlled Securities to unrelated investors; alternatively, the Investment Banks, acting as principal for their own account, may acquire or hold in their capacity as dealers commercial paper of Distributing, which would generally be treated in the same manner as the Refinancing Debt; or
 - b. the Investment Banks will acquire historic debt of Distributing (“Exchange Debt”) from existing holders of Exchange Debt; no sooner than j day(s)

following the acquisition of the Exchange Debt by the Investment Banks, Distributing and the Investment Banks may enter into an Exchange Agreement (neither being legally obligated to do so) whereby Distributing will exchange Controlled Securities with the Investment Banks for the Exchange Debt held by the Investment Banks (the “Intermediated Exchange”).

8. If Distributing is unable to effect a Debt-for-Debt Exchange due to market conditions at the time of and following the Distribution, Distributing may retain the Controlled Securities (the “Retained Securities”) for up to k months following the Distribution (the “Retention”) and opportunistically sell them in taxable transactions as soon as a disposition is warranted consistent with the Retention Business Purpose (as defined below). On any disposition of the Controlled Securities not pursuant to the Debt-for-Debt Exchange, Distributing will recognize gain or loss equal to the difference between the amount realized and the basis of such Controlled Securities.

Direct Asset Sales

In connection with the Proposed Transactions, certain non-U.S. subsidiaries of the Distributing Worldwide Group are expected to sell Business C assets directly to certain subsidiaries of RMT Partner in taxable transactions (the “Direct Asset Sales”).

Share Repurchases

Prior to and following the Distribution, Distributing may purchase Distributing stock from its shareholders (the “Share Repurchases”). Distributing’s board has historically authorized Share Repurchases, since as early as Year 1, to support Distributing’s stock-based employee compensation plans and for other corporate purposes. The Distributing board approved the current share repurchase program in Year 2, authorizing the repurchase of up to \$l of Distributing stock with no pre-established end date.

Additional authorizations for Share Repurchases may be made in the future. Any such Share Repurchases may be implemented through share repurchases in the open market, pursuant to an accelerated share repurchase (“ASR”) program, through one or more tender offers open to all shareholders of Distributing, or a combination thereof. It is expected that, under an ASR program, Distributing would purchase a specified number or dollar amount of its shares from a third-party investment bank at a price per share that is determined over a specified calculation period (which often may be terminated early at the bank’s option) and may be subject to certain caps and/or floors. Distributing would pay for the shares upfront, and the bank would obtain shares that it delivers upfront by borrowing shares (e.g., from customers or mutual funds). Then the bank would buy shares, generally in the open market, over time to return the borrowed shares and to obtain any additional shares it owes to Distributing. There may be a true-up adjustment as between Distributing and the bank at maturity of the ASR program.

Finally, under a self-tender offer, Distributing would generally stipulate both the amount of shares and the price at which it is willing to buy.

RMT Partner Board of Directors

Following the Combination, RMT Partner's board of directors is expected to consist of the m then-existing directors of RMT Partner and e Distributing director designees to be named prior to the Closing Date. RMT Partner has a classified board of directors, the members of which are elected by class over a rolling n-year period. The e Distributing director designees will be placed in different classes of the board whose terms are expiring at either the first or second annual meeting of RMT Partner's shareholders to occur following the Closing Date. Each of the Distributing director designees will stand for election in the normal course at such first or second annual shareholder meeting, as applicable, following the Combination.

Overlap Counting Principles

Distributing expects that at the time of the Proposed Transactions, there will be certain shareholders that own both Distributing stock and RMT Partner common stock (the "Overlapping Shareholders"). For purposes of applying Section 355(e)(3)(A)(iv) (the "Overlap Rule") and the methodology of the example in the 1998 legislative history of Section 355(e)(3)(A)(iv) (the "Net Decrease Methodology"), in determining the extent of Overlapping Shareholders and their stock ownership at the time of the Combination, Distributing will employ the principles described below (the "Overlap Counting Principles").

- (i) *Look-Through Approach.* In applying the Overlap Rule and the Net Decrease Methodology, Distributing will look through entities to the ultimate indirect owners of Distributing stock or RMT Partner common stock and will take into account the identified actual overlap in the ultimate ownership of Distributing stock or RMT Partner common stock at that level, based on actual knowledge, or if Distributing does not have actual knowledge, then based upon the sources of proof described in paragraph (ii).

Notwithstanding the foregoing, in proving the identity of Overlapping Shareholders, and the extent of their share ownership for purposes of applying the Overlap Rule and the Net Decrease Methodology, Distributing will treat as the ultimate owner of Distributing stock or RMT Partner common stock: (i) widely held investment vehicles with public investors (such as a mutual fund or exchange-traded fund); (ii) any regulated investment company; (iii) any domestic pension trust described in Section 401(a) which is exempt from tax under Section 501(a); (iv) any domestic charitable organization described in Section 501(c)(3) (including an endowment or private foundation); (v) any state, local, or foreign government (or agency or instrumentality thereof); and (vi) any foreign trust or pension plan (provided that the beneficiaries of the trust or pension plan have a pro rata interest in the assets thereof).

- (ii) *Sources and Proof of Overlapping Shareholders and Their Stock Ownership.* Absent actual knowledge as to share ownership at the time of the Distribution and Combination, Distributing will rely on information that is “publicly available.”

Publicly available information will include: (i) information filed pursuant to applicable federal securities laws by institutional investment managers (Forms 13F, 13D and 13G) and registered management investment companies (Form N-Q, Form N-PORT and Form N-CSR) (together, “SEC Filings”); or (ii) information voluntarily posted on the investor’s or the investment advisor’s website (“Website Postings”).

In determining the identity of, and number of shares owned by, Overlapping Shareholders with respect to ownership of Distributing stock immediately before the Distribution and with respect to the ownership of RMT Partner common stock immediately after the Combination, Distributing will rely on Overlapping Shareholder information from SEC Filings or Website Postings as of the closest point in time preceding the Distribution that discloses the relevant shareholder’s ownership percentage of stock in the relevant corporation.

Distributing also will rely upon information that provides the taxpayer with actual knowledge of the existence and share ownership of the Overlapping Shareholders. For this purpose, actual knowledge means the actual knowledge of the Distributing Applicable Officer and the actual knowledge of the RMT Partner Applicable Officer, as certified to Distributing. In order to determine Overlapping Shareholder information that is not publicly available on appropriate SEC Filings or Website Postings, Distributing may obtain actual knowledge through written or oral confirmation from a shareholder (or an authorized representative thereof) with regard to: (i) such shareholder’s ownership of Distributing stock, Controlled Stock, or RMT Partner common stock, (ii) whether the beneficiaries or owners of a shareholder have direct or indirect pro rata interests in the shareholder’s assets, or (iii) any other relevant information.

If the Distribution is effected as a Split-off Distribution, with respect to the ownership of Controlled Stock immediately after the Distribution and immediately before the Combination, Distributing will rely on information generated in the Exchange Offer process to the extent available, if any.

- (iii) *Testing Points.* If the Distribution is effected as a Spin-off Distribution, Distributing will compare each Overlapping Shareholder’s ownership percentage in Distributing immediately before the Spin-off Distribution with such Overlapping Shareholder’s ownership percentage in RMT Partner immediately after the Combination in applying the Overlap Rule and the Net Decrease Methodology.

If the Distribution is effected as a Split-off Distribution, with respect to each Overlapping Shareholder, Distributing will compare such shareholder’s

ownership percentages in Distributing or RMT Partner in applying the Overlap Rule and the Net Decrease Methodology as follows:

(a) If the Overlapping Shareholder does not participate in the Exchange Offer (the “Non-Exchanging Shareholder”), Distributing will compare such shareholder’s ownership percentage in Distributing immediately before the Split-off Distribution with such shareholder’s ownership percentage in RMT Partner immediately after the Combination in applying the Overlap Rule and the Net Decrease Methodology; and

(b) If the Overlapping Shareholder participates in the Exchange Offer (the “Exchanging Shareholder”), Distributing will compare such shareholder’s ownership percentage in Controlled immediately after the Split-off Distribution to the extent available, with such shareholder’s ownership percentage in RMT Partner immediately after the Combination in applying the Overlap Rule and the Net Decrease Methodology. If information regarding an Exchanging Shareholder’s ownership percentage in Distributing immediately after the Split-off Distribution is not available, Distributing will compare such shareholder’s ownership percentage in Controlled immediately before the Split-off Distribution with such shareholder’s ownership percentage in RMT Partner immediately after the Combination in applying the Overlap Rule and the Net Decrease Methodology, consistent with the methodology applicable to Non-Exchanging Shareholders described above.

Distributing Section 401(k) Plans

Distributing has more than one Section 401(k) tax-qualified defined contribution retirement plan (individually, a “Distributing Section 401(k) Plan”; collectively, the “Distributing Section 401(k) Plans”) for certain Distributing Worldwide Group employees. The Distributing Section 401(k) Plans hold, in the aggregate, on behalf of the Distributing Worldwide Group employees as beneficiaries, Distributing stock representing less than percent of the total value and voting power of the stock of Distributing.

In connection with the Proposed Transactions, one or more of the Distributing Section 401(k) Plans may receive shares of Controlled Stock on behalf of some or all of the participants therein (i.e., because the Distributing Section 401(k) Plans receive such shares, pursuant to a Spin-off Distribution or the Split-off Distribution in respect of, or in exchange for, shares of Distributing stock that it owns at the time thereof), and upon the Combination such shares of Controlled Stock would convert to RMT Partner stock. Because RMT Partner stock would not be a permitted investment under the governing plan documents of the Distributing Section 401(k) Plans, however, it is expected that such RMT Partner stock would have to be disposed of by the plan trustees within a reasonable period of time (such sale, along with any sale as directed by a participant or otherwise, a “Distributing Section 401(k) Plan Sales”). Any Distributing Section 401(k)

Plan Sales would be contractually required to be effectuated in an open market transaction.

Post-Separation Agreements

In connection with the Proposed Transactions, Distributing, RMT Partner and Controlled have entered into and will enter into agreements (the “Post-Separation Agreements”) intended to govern their relationship (and that of their respective subsidiaries) following the consummation of the Combination. The specific agreements include certain customary transaction documents, including the Separation and Distribution Agreement, the Merger Agreement, the Tax Matters Agreement (the preceding three agreements, the “Transaction Documents”), the Transition Services Agreement, the Transition Distribution Services Agreement, the Transition Contract Manufacturing Agreement, the Real Estate License Agreement, the Employee Matters Agreement, certain additional agreements implementing the IP Arrangements, the Supply Agreement, the Distribution Agreement, and the Intercompany Loan (all the agreements other than the Transaction Documents, the “Continuing Arrangements”).

Distributing believes that the Continuing Arrangements may be characterized as (i) part of the Expense Reimbursement and other indemnity payments, (ii) shorter term transitional arrangements providing support services to Controlled generally of a nature typical for corporate separations of the size and scope contemplated by the Proposed Transactions, or (iii) transitional commercial arrangements. These transitional commercial arrangements have been comprehensively negotiated between Distributing and RMT Partner, dealing with each other at arm’s length. The parties believe that many of the transitional commercial arrangements will be on terms similar to those used in third-party transactions and that deviations with respect to individual commercial arrangements are the result of the parties reaching a “package deal” with respect to the transitional commercial arrangements as a whole and not intended to systematically benefit one side versus the other.

Retention

The Retention, if applicable, would permit Distributing to establish the appropriate post-Distribution capital structure for each of Distributing and Controlled and to proceed with the Proposed Transactions even if the Controlled Securities are unable to be marketed at a time when Distributing Debt would otherwise be able to be retired at an acceptable price. In order to establish optimal capital structures, Distributing’s debt must be allocated between Distributing and Controlled. This allocation would be achieved, in part, through the External Borrowing, Controlled Cash Transfer, Boot Purge and, ideally, the Debt-for-Debt Exchange. If, however, the Debt-for-Debt Exchange is prohibitively costly, Distributing could achieve the same goals by selling Controlled Securities opportunistically (together, the “Retention Business Purpose”).

Sale of Fractional Shares

Pursuant to the Combination, in order to avoid the expense and inconvenience of issuing fractional shares, all fractional shares of RMT Partner common stock that any holders of Controlled common stock would otherwise be entitled to receive as a result of the Combination will be aggregated by an exchange agent and sold on their behalf in the open market (or otherwise as reasonably directed by RMT Partner), in each case at then-prevailing market prices. The exchange agent will make available the net proceeds thereof, subject to the deduction of the amount of any withholding taxes and brokerage charges, commissions and conveyance and similar taxes, to the holders of Controlled common stock that would otherwise have been entitled to receive a fractional share of RMT Partner common stock pursuant to the Combination on a pro rata basis based on such fractional interest, without interest, as soon as practicable thereafter.

Representations

The following representations have been made with respect to the Proposed Transactions:

1. Except as otherwise provided below, each of the representations provided in section 3 of the Appendix to Rev. Proc. 2017-52 are true and accurate:
 - a. Representations 1, 3(a), 9, 10, 12, 14, 15(a), 16, 17, 18 (assuming that there are not large indemnification payments from Controlled to Distributing), 21, 22(a), 23, 26, 27, 28, 30, 31(a), 36, 37, 39, 41(a), 42, 43, 44, 45, and 46 are true and accurate.
 - b. Representation 2 is true and accurate except with respect to the Retained Securities.
 - c. Representation 4 is true and accurate other than with respect to the Controlled Securities.
 - d. Representation 5 is true and accurate as applied to the Spin-off Distribution and Back-End Distribution other than with respect to the Controlled Securities and is inapplicable to the Exchange Offer.
 - e. Representation 6 is true and accurate as applied to the Spin-off Distribution and Back-End Distribution but is inapplicable to the Exchange Offer.
 - f. Representation 7 is true and accurate as applied to the Exchange Offer but is inapplicable to the Spin-off Distribution or Back-End Distribution.
 - g. Representation 8(b) is true and accurate. It is possible that (i) in the context of an Intermediated Exchange, some or all of the Exchange Debt

exchanged could constitute a security and (ii) all or a portion of the Controlled Cash could be used to repay Qualifying Distributing Debt that constitutes a security; however, no rulings are requested with respect to the treatment of the existing holders of the Exchange Debt or the Qualifying Distributing Debt.

- h. Representation 11(a) is true and accurate, except with respect to (i) activities performed pursuant to the Post-Separation Agreements and (ii) a potential employee sharing arrangement between RMT Partner and Controlled, pursuant to which (1) RMT Partner would be the legal employer of U.S.-based Business C employees, (2) the officers of Controlled would continue to supervise, control, and direct the applicable Business C employees with respect to the services performed for Controlled and its separate affiliated group, and (3) Controlled would reimburse RMT Partner for such services.
- i. Representation 13 is true and accurate provided the rulings sought below are obtained.
- j. Representation 19 is true and accurate provided that the rulings sought below are obtained.
- k. Representation 20 is true and accurate, except with respect to the Retained Securities.
- l. Representations 24 and 25 are inapplicable.
- m. Representation 29 is true and accurate provided the rulings sought below are obtained.
- n. Representation 32 is true and accurate, except for any debts arising under the Post-Separation Agreements and the Intercompany Loan.
- o. Representation 33 is modified to read as follows: Payments made in connection with all continuing transactions arising after the Distribution will either: (i) be made pursuant to certain Transaction Documents or Continuing Arrangements or (ii) be for fair market value based on arm's length terms.
- p. Representation 34 is true and accurate, except with respect to expenses shared pursuant to the Post-Separation Agreements.
- q. Representation 35 is modified to read as follows: The payment of cash in lieu of fractional shares of RMT Partner is solely for the purpose of avoiding the expense and inconvenience of issuing fractional shares and

does not represent separately bargained-for consideration. To the best of Distributing's knowledge, no Controlled shareholder will receive cash in an amount equal to or greater than the value of one full share of RMT Partner common stock (with the possible exception of shareholders who hold Controlled Stock in multiple accounts or with multiple brokers).

- r. Representation 38 is inapplicable.
 - s. Representation 40 is inapplicable.
2. No net losses are expected to be recognized for U.S. federal income tax purposes as a result of the Proposed Transactions. While it is possible that a U.S. taxable loss will be recognized with respect to some individual assets involved in the Direct Asset Sales, none of the Direct Asset Sales will be motivated by a desire to recognize a U.S. tax loss; such taxable losses, if any, are expected to be immaterial; and it is expected that the Distributing Worldwide Group will recognize a net taxable gain on the Direct Asset Sales as a whole.
3. Except as otherwise provided below, each of the representations provided in Section 3 of Rev. Proc. 2018-53 are true and accurate. Distributing has made the following modified representations:
- a. With respect to Representation 3:
 - i. The holder of Distributing Debt that will be assumed or satisfied in the Debt-for-Debt Exchange will not hold the debt for the benefit of Distributing, Controlled, or any Related Person (as such term is defined in Rev. Proc. 2018-53, a "Related Person").
 - ii. In the event Distributing pursues an Intermediated Exchange, the Investment Banks will not acquire Distributing Debt from Distributing, Controlled, or any Related Person. Neither Distributing, nor Controlled, nor any Related Person will participate in any profit gained by any Investment Banks upon an exchange of Controlled Securities; nor will any such profit be limited by agreement or other arrangement. The value of the Controlled Securities received by the Investment Banks in satisfaction of the Distributing Debt will not exceed the amount to which the holder is entitled under the terms of the Distributing Debt (subject to any potential premium). There will be no co-obligation, guarantee, indemnity, surety, make-well, keep-well, or similar arrangement, including additional security, provided to the intermediary by Distributing, Controlled, or any Related Person for risk of loss with respect to the Distributing Debt.
 - b. With respect to Representation 4:

6. The Share Repurchases were or will be motivated by a corporate business purpose, were or will be made with respect to widely held shares, and were not or will not be motivated by a desire to increase or decrease the ownership percentage of any particular shareholder or group of shareholders.
7. At the time that a Share Repurchase was or will be consummated, Distributing did not or will not know the identity of any beneficial shareholder (i) from which Distributing stock is repurchased in the open market; (ii) in the case of an ASR program, from which the third-party investment bank borrows Distributing stock or purchases Distributing stock to fulfill the bank's obligation to return borrowed shares; or (iii) that participates in a tender offer (except to the extent that the shareholder is the record holder of the tendered shares or provides an identifying tax-related form or statement to Distributing in connection with such participation).

Rulings

Based solely on the information submitted and representations made, we rule as follows:

1. The External Spin-off will be a "reorganization" within the meaning of Section 368(a)(1)(D). Distributing and Controlled will each be "a party to a reorganization" under Section 368(b).
2. Section 355(a)(3)(B) will not treat as "other property" any part of the Controlled Stock actually or deemed issued by Controlled to Distributing pursuant to the Contribution in exchange for intellectual property rights pursuant to the IP Arrangements.
3. No gain or loss will be recognized by Distributing on the Contribution. Section 361(a); Section 361(b); Section 357(a).
4. No gain or loss will be recognized by Controlled on the Contribution. Section 1032(a).
5. The basis in each asset received by Controlled in the Contribution will equal the basis of that asset in the hands of Distributing immediately before the transfer. Section 362(b).
6. The holding period in each asset received by Controlled in the Contribution will include the period during which the asset was held by Distributing. Section 1223(2).
7. No gain or loss will be recognized by Distributing upon the distribution of the Controlled Stock in the Distribution. Section 361(c).

8. No gain or loss will be recognized by holders of Distributing stock upon the receipt of Controlled Stock in the Distribution. Section 355(a).
9. If a Split-off Distribution is undertaken, the basis of the Controlled Stock in the hands of a holder of Distributing stock who exchanges Distributing stock for Controlled Stock in the Exchange Offer will be the same as the basis of the Distributing stock exchanged therefor. Section 358(a).
10. To the extent that Controlled Stock is distributed to holders of Distributing stock on a pro rata basis pursuant to the Spin-off Distribution or the Back-End Distribution, the aggregate basis of the Distributing stock and the Controlled Stock in the hands of such holders immediately after the Spin-off Distribution or the Back-End Distribution will be the same as the basis of the Distributing stock immediately before the Spin-off Distribution or the Back-End Distribution on which such distribution was made, allocated in proportion to the fair market values of the Distributing stock and the Controlled Stock immediately following the Spin-off Distribution or the Back-End Distribution in accordance with Treas. Reg. §1.358-2(a)(2). Section 358(a); Section 358(b); Section 358(c).
11. If a holder of Distributing stock that purchased or acquired shares on different dates or at different prices is not able to identify which particular share of Controlled Stock is received in exchange for, or as a distribution with respect to, a particular share of Distributing stock, the holder may designate which particular share of Controlled Stock is received in exchange for, or as a distribution with respect to, a particular share of Distributing stock, provided the designation is consistent with the terms of the Distribution. Treas. Reg. §1.358-2(a)(2).
12. The holding period of each holder of Distributing stock in the Controlled Stock received in the Distribution will include the holding period of the Distributing stock exchanged therefor (if a Split-off Distribution is undertaken) or with respect to which the distribution of the Controlled Stock is made (if a Spin-off Distribution is undertaken), provided that such Distributing stock is held as a capital asset on the date of such Distribution. Section 1223(1).
13. Earnings and profits of Distributing, if any, will be allocated between Distributing and Controlled in accordance with Section 312(h), Treas. Reg. §1.312-10(a) and Treas. Reg. §1.1502-33(e)(3).
14. The Principal Payments, the Interest Payments, and the Premium Payments are payments to creditors treated as distributions in pursuance of the Plan of Reorganization under Section 361(b)(3).
15. The Post-Distribution Quarterly Dividends and Post-Distribution Share Repurchases are treated as distributions in pursuance of the Plan of Reorganization under Section 361(b)(1).

16. Distributing will not be required to segregate or otherwise trace the Controlled Cash.
17. Distributing will recognize no gain or loss with respect to the Debt-for-Debt Exchange other than any (i) deductions attributable to the fact that the Exchange Debt may be redeemed at a premium, (ii) income attributable to the fact that the Exchange Debt may be redeemed at a discount, and (iii) interest expense accrued with respect to the Refinancing Debt and/or the Exchange Debt in accordance with Section 361(c).
18. Any Retention will not adversely affect the Distribution's qualification under Section 368(a)(1)(D) and Section 355.
19. The initial designations of the post-Combination members of the RMT Partner board of directors will not affect the determination of the total voting power or value of the Controlled Stock acquired within the meaning of Section 355(e).
20. To the extent the Share Repurchases are treated as part of a plan (or series of related transactions) with the Distribution for purposes of Section 355(e), the Share Repurchases will be treated as being made from all Public Shareholders of Distributing stock on a pro rata basis for purposes of testing the effect of the Share Repurchases on the Distribution under Section 355(e).
21. Any increase, directly or indirectly, in the percentage of either voting power or value of the stock of Distributing owned by a shareholder by virtue of the Share Repurchases or acquisitions of the stock of Distributing, if any, as part of a plan (or series of related transactions) with the Distribution will be taken into account for purposes of Section 355(e) only after reducing such increase for any reduction in such percentage interest, directly or indirectly, resulting from the Share Repurchases and any disposition of stock of Distributing by such shareholder or issuance of stock by Distributing, if any, as part of a plan (or series of related transactions) with the Distribution.
22. The effect of the Share Repurchases will be taken into account under Section 355(e) and these rulings only to the extent such Share Repurchases are otherwise treated for purposes of Section 355(e) as part of a plan (or series of related transactions) with the Distribution.
23. Distributing may employ the Overlap Counting Principles in applying the Overlap Rule and the Net Decrease Methodology to the Proposed Transactions for purposes of Section 355(e).
24. For purposes of applying Section 355(e) and Treas. Reg. §1.355-7, (i) the aggregation rule of Section 355(e)(4)(C)(i) will not apply for purposes of

determining whether any Distributing Section 401(k) Plan “actively participates in the management or operation” of any corporation for purposes of the definition of “controlling shareholder” within the meaning of Treas. Reg. §1.355-7(h)(3) and (ii) the determination of whether a person is a “five-percent shareholder” or “ten-percent shareholder” within the meaning of Treas. Reg. §1.355-7(h)(8) and (14), respectively will be made solely by reference to the Filings and Actual Knowledge (each, as defined hereinafter). For these purposes: (A) the “Filings” are the latest Schedules 13D or 13G filed with respect to the issuing company with the Securities and Exchange Commission on or prior to the date of the particular sale or disposition with respect to which it is being determined whether the seller or acquirer is a five-percent shareholder or ten-percent shareholder; and (B) “Actual Knowledge” is, with respect to any particular sale or disposition, limited to actual knowledge of (i) those persons whose ownership of stock and/or options is listed in a Form 3, 4 or 10-K filed by the issuing company with the Securities and Exchange Commission, and (ii) with respect to the persons listed in (i), the ownership of such stock or options listed in the latest relevant Form 3, 4 or 10-K made on or prior to the date of such sale or disposition.

25. The receipt of cash by a Controlled shareholder in lieu of a fractional share of RMT Partner common stock will be treated for federal income tax purposes as if the fractional share had been distributed to the Controlled shareholder as part of the Combination and then had been disposed of by the Controlled shareholder for the amount of cash in a sale or exchange pursuant to which gain or loss is recognized under Section 1001. For purposes of Section 355(e), the sale of fractional shares of RMT Partner common stock in connection with the Combination will not be treated as an acquisition that is part of a plan (or series of related transactions) that includes the Distribution.
26. Any payments or transfers made between any of Distributing and Controlled and their respective affiliates under any of the Transaction Documents or the Continuing Arrangements regarding subsequent property transfers, or payment of liabilities, indemnities, or other obligations that (i) have arisen or will arise either for a taxable period ending on or before the Distribution or for a taxable period beginning before and ending after the Distribution and (ii) will not become fixed and ascertainable until after the Distribution will be characterized in a manner consistent with the proper treatment if such payments or transfers had occurred immediately before the Distribution pursuant to the External Spin-off. See Arrowsmith v. Commissioner, 344 U.S. 6 (1952) and Rev. Rul. 83-73, 1983-1 C.B. 84.

Caveats

Except as expressly provided herein, no opinion is expressed or implied concerning the tax treatment of the Proposed Transactions under other provisions of the Code or regulations or the tax treatment of any condition existing at the time of, or effects

resulting from the Proposed Transactions that are not specifically covered by the above rulings.

Procedural Statements

The ruling 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 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 returns that provides the date on and control number (PLR-122518-21) of the letter ruling.

Pursuant to a power of attorney on file with this office, a copy of this letter is being sent to your authorized representatives.

Sincerely,

Gerald B. Fleming

Gerald B. Fleming
Senior Technician Reviewer, Branch 2
Office of Associate Chief Counsel (Corporate)

cc: