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Date:  
September 03, 2024

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Dear \_\_\_\_\_ :

This letter responds to your authorized representatives' letter dated March 25, 2024, as supplemented, requesting rulings on certain federal income tax consequences of a series of transactions (the "Transaction"). The material information submitted in that request 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, and Rev. Proc. 2024-1, 2024-1 I.R.B. 1, regarding one or more "covered transactions" under section 355 and/or section 368 of the Internal Revenue Code (the "Code"). This office expresses no opinion as to any issue not specifically addressed by the rulings below. We have made no determination regarding whether the covered transactions satisfy the business purpose requirement of Treas. Reg. §1.355-2(b).

The rulings contained in this letter are based upon information and representations submitted by the taxpayer and accompanied by a penalty of perjury statement executed by an appropriate party. While this office has not verified any of the material submitted in support of the request for rulings, it is subject to verification on examination.

## Summary of Facts

### *Organizational Structure*

Parent, a publicly traded domestic corporation, is the parent of a worldwide group that includes both domestic and foreign entities engaged in BusinessA and BusinessB. Parent and its eligible members (the "Parent Group") join in the filing of a consolidated U.S. federal income tax return with a tax year end of Day using the accrual method of accounting. Parent represents to the best of its knowledge that none of its shareholders is a "ten-percent shareholder" (within the meaning of Treas. Reg. §1.355-7(h)(14)) and that none of its shareholders who actively participates in the management or operations of Parent or its subsidiaries and affiliates have filed a Form 3, Form 4, Schedule 13D, or Schedule 13G indicating that such shareholder owns (or owned) enough shares to be a "controlling shareholder" (within the meaning of Treas. Reg. §1.355-7(h)(3)) during the two-year period preceding the External Distribution.

Prior to the beginning of the Transaction, the following ownership structure was in place:

Parent owns all of Sub1.<sup>1</sup> Sub 1 owns all Sub2, Sub3, Sub4, Sub5, Sub6, Sub7, and Sub18, as well as a percent of PS1. The remainder of PS1 is owned by one or more third parties. Parent, Sub1, and Sub18 are engaged in BusinessA.

Sub2 owns all of FSub1. Sub2 is engaged in BusinessA and FSub1 is engaged in both BusinessA and BusinessB.

Sub3 owns all of Sub8, Sub9, and various other subsidiaries (the "Sub3 BusinessB Subsidiaries"), as well as b percent of Sub10, which is not a member of the Parent Group. Sub9 and Sub10 are engaged in BusinessA, Sub8 and the Sub3 BusinessB Subsidiaries are engaged in BusinessB, and Sub3 is engaged in both BusinessA and BusinessB.

Sub9 owns all of Sub17, which is engaged in BusinessA.

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<sup>1</sup> For purposes of this letter, the following naming conventions apply: An entity name beginning with "Sub" indicates the entity is a domestic corporation or entity treated as a corporation for U.S. federal income tax purposes; with "FSub," a foreign corporation or entity treated as a corporation for U.S. federal income tax purposes; with "DE," a domestic entity disregarded as separate from its owner for U.S. federal income tax purposes; with "FDE," a foreign entity disregarded as separate from its owner for U.S. federal income tax purposes; with "PS," a domestic partnership or entity treated as a partnership for U.S. federal income tax purposes; and with "FPS," a foreign partnership or entity treated as a partnership for U.S. federal income tax purposes.

Sub5 owns all of Sub11 and a predecessor to FDE1, a foreign entity that was disregarded as separate from Sub5 for U.S. federal income tax purposes,<sup>2</sup> as well as c percent of the Class A preferred stock of FSub5. Sub5 is engaged in BusinessA.

Sub11 owns all of FSub2. Sub11 and FSub2 are engaged in BusinessA.

FDE1 owns all of FSub3 and is engaged in BusinessA.

FSub3 owns all of FDE2 and FSub4. FSub3, FSub4, and FDE2 are engaged in BusinessA.

FDE2 owns all the common stock of FSub5, as well as d percent of FSub5's Class A preferred stock and e percent of its Class B preferred stock. FSub4 owns the remaining f percent of the Class B preferred stock.

FSub5 owns all of FSub6, FSub7, FSub8, FSub9, FSub10, FSub11, FSub12, FSub13, FSub14, FSub15, FDE3, and FDE4, as well as g percent of FPS1. FSub5, FSub10, and FSub11 are engaged in BusinessA and BusinessB. FSub6, FSub7, FSub8, FSub10, FSub12, FSub13, FSub14, FSub15, FDE3, FDE4, and FPS1 are engaged in BusinessB.

Sub7 owns all of Sub12, Sub13, Sub14, and Grantor Trust. Sub7 is engaged in BusinessA.

Sub12 owns all of FSub16 and yy percent of FSub21. Sub12 is engaged in BusinessA.

FSub16 owns all of FDE5, FDE6, FSub17, and FSub18. FSub16 is engaged in BusinessA. FDE6 is engaged in BusinessA and BusinessB. FSub17 is engaged in BusinessA and has a branch in CountryA that is engaged in BusinessA and BusinessB.

FDE5 owns all of FSub19, FDE7, FDE8, and FSub20. FDE5 and FSub19 are engaged in BusinessA. FDE8 is engaged in BusinessB.

FDE7 owns j percent of FSub21 and has a branch in CountryA. FDE7 is engaged in BusinessA. FSub21 and the branch are engaged in BusinessA and BusinessB.

FSub20 owns j percent of FSub22. FSub20 is engaged in BusinessA and BusinessB. FSub22 is engaged in BusinessB.

FSub18 owns all of FDE9 and k percent of FSub23. FDE9 owns all of FSub24 and l percent of FSub23. FSub18 is engaged in BusinessA. FDE9, FSub23, and FSub24 are engaged in BusinessA and BusinessB.

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<sup>2</sup> As part of an internal restructuring separate from the Transaction, the predecessor merged with and into FDE1, with FDE1 surviving, in Month1.

Sub13 owns all of Sub15, m percent of PS2, n percent of PS3, o percent of PS4, p percent of PS5, q percent of PS6, r percent of PS7, and s percent of PS8. Sub13 is engaged in BusinessA and BusinessB. Sub14, PS2, PS3, PS4, PS5, PS6, PS7, and PS8 are engaged in BusinessB.

Sub14 owns all of Sub16 and t percent of PS9. Sub16 owns u percent of PS10 and v percent of PS11. Sub14 and Sub16 are engaged in BusinessA and BusinessB. PS11 is engaged in BusinessB. PS9 and PS10 are inactive.

Grantor Trust owns w percent of Parent. The Parent stock owned by Grantor Trust is subject to the terms of two deferred compensation plans that are sponsored and managed by Sub7 and is held for the benefit of current and former employee participants in such plans. The shares of Sub19 stock received by Grantor Trust with respect to its Parent stock in the External Distribution (defined in Step 56 of the Transaction) or any Subsequent External Distribution (defined in Step 55 of the Transaction) (such shares of Sub19 stock, the "Grantor Trust Retained Shares") will likewise be subject to the terms of the deferred compensations plans and held for the benefit of current and former employee participants in such plans.

### ***Debt Structure***

As of Date1, Sub1 had \$x of historical debt that satisfies the requirements of Rev. Proc. 2018-53 (the "Historical Sub1 Debt") and owed FSub5 \$y. FSub5 had \$z of historical debt that satisfies the requirements of Rev. Proc. 2018-53 (the "Historical FSub5 Debt"; the lesser of the amount of debt owed by Sub1 to FSub5 on the date of the Sub1 Distribution (defined in Step 55 and the amount of historical debt owed by FSub5 on the date of the Sub1 Distribution, the "Eligible Sub1-FSub5 Debt"). Sub1 also has a revolving credit facility (the lesser of the amount incurred on or before, and outstanding on, Date2 and the amount outstanding on the date of the Sub1 Distribution, the "Revolver Amount"; together with the Historical Sub1 Debt and the Eligible Sub1-FSub5 Debt, the "Eligible Debt," and the creditors of the Historical Sub1 Debt, the Historical FSub5 Debt, and the revolving credit facility, the "Eligible Creditors").

### ***Share Repurchases***

Following the expiration of Parent's Year1-authorized \$aa share repurchase program in Month2, Parent's board of directors authorized a \$aa share repurchase plan that is set to expire in Month3. Sub19 may engage in share repurchases following the Transaction. All share repurchases by Parent occurring within the period beginning two years prior to, and ending two years after the date of, the External Distribution, and all share repurchases by Sub19 occurring within the period beginning on the date of the External Distribution and ending two years after the date of the External Distribution (collectively, the "Share Repurchases") will have been made through open market repurchases, accelerated share repurchase ("ASR") transactions, or one or more tender offers open to all holders of the corporation's common stock.

### ***Governance Arrangements***

Sub19's initial board of directors (the "Initial Board") will consist of bb individuals. cc members of the Initial Board were proposed by Merger Partner Equityholder and agreed to by Parent. Another member of the Initial Board is the Chief Executive Officer ("CEO") of Merger Partner, who will become the CEO of Sub19; such member may be removed as CEO only by a super-majority (66 2/3%) of the Sub19 board, excluding any recused directors. One member of the Initial Board that is not proposed by Merger Partner Equityholder will serve as "Executive Chairman" of the board.

Merger Partner Equityholder is entitled to nominate individuals to stand for election to the board of directors at annual shareholder meetings depending on its ownership of Sub19 common stock: dd percent of the board members if Merger Partner Equityholder owns at least ee percent of the Sub19 stock; ff percent if it owns at least gg percent but less than ee percent; and hh percent if it owns at least ii percent but less than gg percent. In each case, the number of nominees will be rounded down, to a minimum of jj nominee(s) provided that Merger Partner Equity Holder owns at least ii percent of the Sub19 stock. kk percent board approval is required to change the Sub19 board size. During the first year after the closing of the Merger (defined in Step 57 of the Transaction) (or the first two years in the case of the Executive Chairman), Merger Partner Equityholder (or certain of its transferees and successors) is required to vote in favor of all members of the Initial Board that were not proposed by Merger Partner Equityholder and that are included in the proxy statement.

Sub19 may not amend the portion of its charter addressing the corporate opportunities waiver and waiver of certain fiduciary duties of the sponsor in a manner that adversely impacts Merger Partner Equityholder without Merger Partner Equityholder's prior written consent. Until the second anniversary of the closing of the Merger, Sub19's Chief Operating Officer may be removed and replaced only by a majority of the board of directors, including at least one member of the Initial Board that was not proposed by Merger Partner Equityholder. These arrangements are collectively referred to as the "Governance Arrangements."

### ***Continuing Arrangements***

Following the Transaction, certain administrative services will be provided between Parent (and its affiliates) and Sub19 (and its affiliates) on a transitional basis. The provision of services will be for a period not exceeding ll months for a price determined on an arm's length basis.

Certain contracts that pre-exist the Transaction will either require services to be performed by both Parent (and its affiliates) and Sub19 (and its affiliates) or will be held by Parent (or one of its affiliates) but require full performance from Sub19 (or one of its affiliates), or vice-versa, but that will not have been transferred by the time of the External Distribution due to necessary third party consents, licenses, or permits not yet having been obtained. In addition, Parent and/or certain of its affiliates are participating suppliers in certain framework agreements (together with the contracts described in the previous sentence, the "Entangled Contracts") with customers under which task orders are awarded to participants over the life of the framework agreement and under which certain

tasks will need to be performed by an entity other than the entity that is a supplier in the framework agreement. In each case, Parent, Sub19, and/or their affiliates, as applicable, will enter into a subcontracting agreement with arm's length terms in order to satisfy the relevant contract or task order. The majority of the Entangled Contracts are expected to be disentangled by Year2. The Entangled Contracts are expected to account for approximately 2 percent of the combined annual revenue of BusinessA and BusinessB over the remaining life of the contracts.

Following the Transaction, shared real properties leased from third party lessors will be transferred in their entirety to, or retained in their entirety at, Parent (or one of its affiliates) or Sub19 or (one of its affiliates). For certain of these properties, a portion of such property will be sublet to a member of the other group. In such cases, each business' personnel will be separated by floor or partition, with separate reception areas for each business' occupied real property and such subleases will be on terms that allocate arm's length lease rent proportionally to occupied square footage. The transition services arrangement, the Entangled Contracts, and the subleases described in this paragraph are collectively referred to as the "Continuing Arrangements."

Parent has submitted financial information in accordance with Rev. Proc. 2017-52 indicating that each of BusinessA and BusinessB, at each relevant level, has had gross receipts and operating expenses representing the active conduct of a trade or business for each of the past five years.

### **Transaction**

For what are represented as valid business reasons, Parent and its subsidiaries and affiliates propose to engage, or have engaged, in the following steps to separate BusinessB from BusinessA:

#### ***Legal Entity Formations***

1. On Date3, Sub1 formed Sub19.
2. On Date4, Sub3 formed DE1.
3. On Date5, FSub16 formed FSub25.
4. On Date6, FSub15 formed a branch in CountryB.
5. On Date7, FSub15 purchased FSub26.
6. On Date8, Sub3 formed FSub27.
7. FSub25 will form FSub28 in CountryC.

#### ***Separation Transactions by Sub7's Subsidiaries***

8. On Date9, FDE9 sold assets associated with BusinessB (except for its equity interest in FSub24) to FSub15 in exchange for cash equal to the fair market value of the transferred assets.
9. On Date10, FDE5 distributed all the issued and outstanding stock of FDE8 to FSub16.
10. On Date11, FSub16 contributed its entire equity interests in each of FDE6 and FDE8 to FSub25 in exchange for one share of FSub25.
11. On Date12, FSub16 transferred all the issued and outstanding stock of FSub25 to FSub5 in partial repayment of an existing intercompany indebtedness owed by FSub16 to FSub5 in an amount equal to the fair market value of the FSub25 shares (the "FSub25 Sale").
12. On Date13 FDE9 sold all the issued and outstanding stock of FSub24 to FSub5 in exchange for cash equal to the fair market value of the FSub24 shares.
13. Sub14 will sell assets associated with BusinessB to Sub3 in exchange for cash equal to the fair market value of the transferred assets.

### ***Sub13 Spin-Off, Sub7 Distribution, and Related Steps***

14. On Date14, Sub3 transferred all the issued and outstanding equity interests in DE1 to Sub13 for no consideration. At the time of the transfer, DE1 had no assets except for nominal formation capital, if any.
15. Sub13 will transfer its entire equity interest in each of Sub15, PS2, PS3, PS4, PS5, PS6, PS7, and PS8 and certain other assets associated with BusinessB (together, the "Sub13 Transferred Assets") to DE1 in exchange for equity interests in DE1 (the "DE1 Contribution").
16. DE1 will elect to be classified as a corporation for U.S. federal income tax purposes (thereafter, "Sub20"; the election, the "Sub20 CTB Election")
17. Sub13 will distribute all the issued and outstanding equity interests in Sub20 to Sub7 (the "Sub13 Distribution"; together with the Sub20 CTB Election, the "Sub13 Spin-Off").
18. Following the Sub13 Spin-Off, Sub7 will distribute all the issued and outstanding equity interests in Sub20 to Sub1 (the "Sub7 Distribution").
19. Sub14 will sell its entire equity interest in PS9 to Sub20 for cash or a note with a face amount equal to the fair market value of the equity interests sold.

### ***FSub5 Spin-Off, FSub3 Distribution, Sub5 Distribution, and Related Steps***



20. On Date15, FSub5 contributed its entire interest in FPS1 and certain assets (excluding equity interests in any subsidiaries) associated with BusinessB to FSub15 in exchange for one share. The transferred equity interests in FPS1 will be held by FSub15's CountryB branch.
21. On Date16, FSub15 transferred certain assets associated with BusinessA to FSub5 in exchange for cash equal to the fair market value of the assets transferred.
22. On Date17, FSub5 transferred certain assets associated with BusinessB to FDE4 in exchange for cash equal to the fair market value of the assets transferred.
23. On Date18, FDE4 transferred certain assets associated with BusinessA to FSub5 in exchange for cash equal to the fair market value of the assets transferred.
24. On Date19, FDE8 transferred certain assets associated with BusinessA to FSub5 in exchange for cash equal to the fair market value of the assets transferred.
25. On Date20, FSub5 transferred certain assets associated with BusinessB to FDE8 in exchange for cash equal to the fair market value of the assets transferred.
26. On Date21, FSub24 transferred certain assets associated with BusinessA to FSub10 in exchange for certain assets associated with BusinessB, with cash also exchanged to the extent of the difference in the fair market value of the assets exchanged.
27. On Date22, FSub5 sold mm percent of the issued and outstanding equity interests in FSub8 to FSub12 in exchange for cash consideration.
28. On Date23, FSub5 contributed its entire equity interest in each of FSub6, FSub7, FSub8, FSub9, FSub11, FSub12, FSub13, FSub14, FSub15, FSub24, FDE3, and FDE4 (the "FSub5 Transferred Assets") to FSub25 in exchange for the assumption by FSub25 of any liabilities relating to the FSub5 Transferred Assets and shares of FSub25 (the "FSub25 Contribution").
29. On Date24, FSub11 sold assets associated with BusinessA to FSub19 in exchange for cash equal to the fair market value of the transferred assets.
30. On Date25, FSub23 sold assets associated with BusinessB to FSub26 in exchange for cash equal to the fair market value of the transferred assets.
31. FSub5 will distribute all the issued and outstanding stock of FSub25 to FDE2 (the "FSub5 Distribution"; together with the FSub25 Contribution, the "FSub5 Spin-Off").
32. FDE2 will distribute all the issued and outstanding stock of FSub25 to FSub3.
33. FSub3 will distribute all the issued and outstanding stock of FSub25 to FDE1 (the "FSub3 Distribution").

34. FDE1 will distribute all the issued and outstanding stock of FSub25 to Sub5.
35. FSub15 will distribute cash to FSub25.
36. FSub25 will distribute the cash received from FSub15 in Step 35 to Sub5.
37. Sub5 will distribute all the issued and outstanding stock of FSub25 to Sub1 (the "Sub5 Distribution").

### ***Separation Transactions by Sub3 and Related Steps***

38. On Date26, Sub17 sold assets associated with BusinessB to Sub3 in exchange for cash equal to the fair market value of the assets transferred.
39. On Date27, Sub3 sold certain assets associated with BusinessA to Sub4 in exchange for cash equal to the fair market value of the assets transferred.
40. On Date28, Sub3 sold its entire equity interest in Sub10 and certain other assets associated with BusinessA to Sub1 in exchange for cash equal to the fair market value of the assets transferred.
41. On Date29, Sub3 sold all the issued and outstanding stock of Sub9 to Sub4 in exchange for a note in an amount equal to the fair market value of the Sub9 equity interest (the "Sub9 Sale").
42. On Date30, Sub3 sold assets associated with BusinessA to Sub5 in exchange for cash equal to the fair market value of the assets transferred.
43. On Date31, Sub3 sold certain assets associated with BusinessA to Sub6 in exchange for cash equal to the fair market value of the assets transferred.
44. On Date32, Sub6 sold certain assets associated with BusinessB to Sub8 in exchange for cash equal to the fair market value of the assets transferred.
45. On Date33, Sub16 sold its entire interest in PS11 and certain other assets associated with BusinessA to Sub18 in exchange for cash equal to the fair market value of the assets.
46. On Date34, Sub14 sold all the issued and outstanding stock of Sub16 to Sub8 in exchange for cash equal to the fair market value of the Sub16 stock.
47. Sub1 will transfer certain assets associated with BusinessB to Sub3 in partial repayment of an intercompany balance that Sub1 owes to Sub3.

### ***CountryD Separation***

48. On Date35, FSub20 sold certain assets associated with BusinessB to FSub27 in exchange for cash equal to the fair market value of the assets transferred.

49. FSub20 will sell its entire equity interest in FSub22 to FSub27 in exchange for a note.

### **Sub1 Spin-Off**

50. Sub1 will contribute all the issued and outstanding stock of Sub3, Sub20, and FSub25, its entire equity interest in PS1, and any other assets associated with BusinessB (collectively, the "Sub1 Transferred Assets") to Sub19 in exchange for the assumption by Sub19 of any liabilities relating to the Sub1 Transferred Assets, shares of Sub19, and the Sub19 Cash (defined in Step 54) (the "Sub19 Contribution"). The transfer of PS1 requires partner consent, which has not yet been received. In the event the consent is not obtained at the time of the Sub1 Spin-Off, Sub1 will hold the interest in PS1 for the benefit of Sub19 and be obligated to transfer its equity interest in PS1 to Sub19 once the required consents are obtained.

A number of Sub19 shares equal to nn percent of the amount of common stock that will be issued and outstanding immediately following the Merger (defined in Step 57) will be placed in escrow for the benefit of Sub1 (the "Escrow Shares"). Depending on the extent to which BusinessB meets certain operating profit targets for the fiscal year ended Date36 (or certain fiscal quarters included therein) (the "BusinessB Targets"), all or a portion of the Escrow Shares may be released to Sub1, which will then distribute all or a portion of the Escrow Shares released to Sub1 pro rata to Parent (the "True-Up Sub1 Distribution"). Parent will distribute the shares of Sub19 received in any True-Up Sub1 Distribution to its shareholders pro rata (the "True-Up External Distribution"). Any Escrow Shares not released to Sub1 will be returned to Sub19, or, at Sub19's direction, transferred to Merger Partner Equityholder as described in Step 57.

51. Sub19 will contribute all the issued and outstanding stock of Sub20 and its entire equity interest in PS1 to Sub3.
52. Sub3 will contribute its entire equity interest in PS1 to Sub20.
53. Sub19 will issue debt to third parties in an amount equal to approximately \$oo (the "Debt Issuance," and such debt, the "Sub19 Debt").
54. Sub19 will distribute all or a portion of the cash received from the Debt Issuance (the distributed cash, the "Sub19 Cash") to Sub1 (the "Sub19 Cash Distribution"). Sub1 will transfer the Sub19 Cash to one or more of the Eligible Creditors in satisfaction of a portion of the Eligible Debt, distribute the Sub19 Cash to Parent, which cash will be used by Parent to repurchase shares of Parent stock pursuant to the Share Repurchases or pay dividends to shareholders, or a combination thereof (the "Boot Purge"). Sub1 is expected to begin transferring Sub19 Cash to Eligible Creditors or shareholders after its receipt of the Sub19 Cash and may continue to transfer the Sub19 Cash to Eligible Creditors or shareholders within 12 months of the External Distribution (defined in Step 56). Sub1 will not segregate or

otherwise trace the use of the Sub19 Cash.

Sub1 may transfer a portion of the Sub19 Cash to repay all or a portion of the Eligible Sub1-FSub5 Debt, the proceeds of which will be used by FSub5 to repay the Historical FSub5 Debt. The term "Boot Purge" include such transfer to the extent the proceeds are so used.

55. Sub1 will distribute at least pp (more than 80) percent of the issued and outstanding stock of Sub19 to Parent (the "Sub1 Distribution;" together with the Sub19 Contribution, the Sub19 Cash Distribution, the Equity-for-Debt Exchange (defined below), any Clean-Up Sub1 Distribution (defined below), and any True-Up Sub1 Distribution, the "Sub1 Spin-Off").

Sub1 intends to use the Sub19 equity, including any Escrow Shares released to Sub1, that is not distributed to Parent in the Sub1 Distribution or any True-Up Sub1 Distribution (the "Held-Back Shares") to retire a portion of the Eligible Debt (the "Equity-for-Debt Exchange"). The Held-Back Shares will not exceed ww percent of the issued and outstanding stock of Sub19 immediately following the Merger. To effect the Equity-for-Debt Exchange, it is expected that one or more of the Eligible Creditors and/or investment banks (collectively, the "Exchange Banks"), acting as principals on their own account and not as agents of Sub1, will acquire (the "Exchange Bank Purchase") a portion of the Eligible Debt (the purchased portion of such Eligible Debt, together with any portion of the Eligible Debt already owned by the Exchange Bank, the "Exchange Debt"). No earlier than the second calendar day following the day of the Exchange Bank Purchase, Sub1 will enter into one or more agreements (collectively, the "Equity-for-Debt Exchange Agreement") with the Exchange Banks and pursuant to the Equity-for-Debt Exchange Agreement, the Exchange Banks will exchange the Exchange Debt for all or a portion of the Held-Back Shares. The Equity-for-Debt Exchange may occur on the same day the Equity-for-Debt Exchange Agreement is entered into.

To the extent Sub1 does not use all the Held-Back Shares in the Equity-for-Debt Exchange, Sub1 will distribute any remaining Held-Back Shares to Parent (the "Clean-Up Sub1 Distribution"; together with any True-Up Sub1 Distribution and the Equity-for-Debt Exchange, the "Subsequent Sub1 Distributions"), and Parent will distribute such equity to the Parent shareholders pro rata (the "Clean-Up External Distribution"; together with any True-Up External Distribution, the "Subsequent External Distributions"). The Subsequent Sub1 Distributions and the Subsequent External Distributions will occur within 12 months of the External Distribution. During the period that Sub1 holds any Held-Back Shares, Sub1 will vote the Held-Back Shares in proportion to the votes cast by Sub19's shareholders.

### ***External Distribution***

56. Parent will distribute its entire equity interest in Sub19 pro rata to the Parent shareholders (the "External Distribution").

Parent expects that, in connection with the External Distribution, certain employees of Sub19 and/or its subsidiaries who are holders of Parent restricted stock units (“RSUs”) will receive Sub19 RSUs in transfers to which section 83 applies, with terms similar to the existing rights held by such persons (other than any performance-based vesting conditions, which will be deemed satisfied as of the External Distribution). Therefore, immediately after the External Distribution, certain employees of Sub19 will hold Sub19 RSUs. As well, in connection with or after the External Distribution, Sub19 may issue or award Sub19 RSUs or options to acquire shares of Sub19 to certain employees of Sub19 and/or its subsidiaries separate from the Sub19 RSUs received by former holders of Parent RSUs.

### ***Merger and Post-Merger Transfers***

57. Merger Partner will merge with and into Sub19, with Sub19 as the surviving legal entity (the “Merger”) pursuant to a merger agreement (the “Merger Agreement”). In the Merger, Merger Partner Equityholder, the sole equityholder of Merger Partner will receive shares of Sub19 common stock equal to gg percent of Sub19’s issued and outstanding stock immediately following the Merger (the “Base Merger Consideration”). Depending on the extent to which BusinessB meets the BusinessB Targets, a number of shares of Sub19 common stock (the “Contingent Consideration”) may be issued, or transferred from escrow (i.e., the Escrow Shares) at the direction of Sub19, to Merger Partner Equityholder that, together with the Base Merger Consideration, will equal between gg percent and rr percent of the issued and outstanding stock of Sub19 following issuance or transfer of the Contingent Consideration. The Contingent Consideration may be delivered at the closing of the Merger or afterwards, depending on the timing of the determination of whether BusinessB met the BusinessB Targets relative to the timing of the Merger.
58. Following the Merger, Merger Partner Subsidiary, formerly a wholly owned subsidiary of Merger Partner, will merge with and into Sub19, with Sub19 surviving the merger.
59. Following the Merger, FSub21 will sell assets associated with BusinessB to FSub28 in exchange for cash equal to the fair market value of the transferred assets.
60. Following the Merger, FDE7’s CountryA branch will transfer certain assets associated with BusinessB to a former subsidiary of Merger Partner.

### ***Sub19 Cash Adjustment***

Under the terms of an agreement between Parent and Sub19 (the “SDA”), there may be a cash payment made from Sub19 to Sub1, or vice versa, following the External Distribution (the “Sub19 Cash Adjustment”). Parent and Sub19 intend BusinessB to have “Net Indebtedness” (as defined in the SDA) of \$ss and “Net Working Capital” (as defined in the SDA) of \$tt immediately following the External Distribution. If the Net Indebtedness

after the External Distribution exceeds \$ss or the Net Working Capital is lower than \$tt, the Sub19 Cash will be adjusted downwards. Similarly, if the Net Indebtedness after the External Distribution is less than \$ss or the Net Working Capital is higher than \$tt, the Sub19 Cash will be adjusted upwards.

The foregoing adjustments will be implemented in two parts. First, the amount of the Sub19 Cash at the closing of the Merger will be adjusted based on the good faith estimate of Net Indebtedness and Net Working Capital available as of three business days prior to the closing of the Merger. Second, a final calculation of Net Indebtedness and Net Working Capital will be determined following the closing of the Merger, and the Sub19 Cash Adjustment will occur to the extent that actual amounts differ compared to the estimates at the closing of the Merger. As a result, if the final Net Working Capital exceeds or is lower than the estimated Net Working Capital, Sub19 will pay the excess to Sub1 or Sub1 will pay the excess to Sub19, respectively. Similarly, if the final Net Indebtedness exceeds or is lower than the estimated Net Indebtedness, then Sub1 will pay the excess to Sub19 or Sub19 will pay the excess to Sub1, respectively. The terms of the SDA provide that the Sub19 Cash Adjustment will occur within uu days of the closing of the Merger.

## **Representations**

### ***Sub13 Spin-Off***

With respect to the Sub13 Spin-Off, Parent has made all the representations in Section 3 of the Appendix in Rev. Proc. 2017-52, except as otherwise set forth below.

Parent has made the following alternative representations: 3(a), 8(a), 11(a), 22(a), 31(a), and 41(a).

Parent has not made the following representations, which do not apply: 7, 19, 20, 24, 25, and 35.

Parent has not made representation 40 but has provided the required explanation.

Parent has made the following additional representations in lieu of representations 14, 15, and 29:

- a. Immediately after the Sub13 Distribution, the fair market value of the business assets of each of the Sub13 SAG and the Sub20 SAG will be greater than 80 percent of the fair market value of its total assets. For this purpose, the term “business assets” of a corporation means its gross assets used in one or more businesses. Such assets include cash and cash equivalents held as a reasonable amount of working capital for one or more businesses. Such assets also include assets required (by binding commitment or legal requirement) to be held to provide for exigencies related to a business or for regulatory purposes with respect to a business.

- b. Except as described in the Transaction, there is no plan or intention by the shareholder or security holder(s) of Sub13 to sell, exchange, transfer by gift, or otherwise dispose of any of their stock in, or securities of, either Sub13 or Sub20 after the Sub13 Spin-Off.
- c. There is no plan or intention by Sub13 or Sub20, directly or through any related person (within the meaning of section 267(b) or section 707(b)(1) (“Related Person”), to purchase any of its outstanding stock after the Sub13 Spin-Off.
- d. There is no plan or intention to liquidate either Sub13 or Sub20, to merge either corporation with any other corporation, or to sell or otherwise dispose of the assets of either corporation after the Sub13 Spin-Off, except in the ordinary course of business.
- e. Except as otherwise described herein, there is no plan or series of related transactions (within the meaning of Treas. Reg. §1.355-7) that includes the Sub13 Spin-Off pursuant to which one or more persons will directly or indirectly acquire stock in Sub13 or Sub20 (including a predecessor or successor within the meaning of Treas. Reg. §1.355-8).

### ***Sub7 Distribution***

With respect to the Sub7 Distribution, Parent has made all the representations in Section 3 of the Appendix in Rev. Proc. 2017-52, except as otherwise set forth below.

Parent has made the following alternative representations: 3(a), 8(a), 11(a), 22(a), 31(a), and 41(a).

Parent has not made the following representations, which do not apply: 7, 17, 18, 19, 20, 24, 25, 26, and 35.

Parent has not made representation 40.

Parent has made the following additional representations in lieu of representations 14, 15, and 29:

- f. Immediately after the Sub7 Distribution, the fair market value of the business assets of each of the Sub7 SAG and the Sub20 SAG will be greater than 80 percent of the fair market value of its total assets. For this purpose, the term “business assets” of a corporation means its gross assets used in one or more businesses. Such assets include cash and cash equivalents held as a reasonable amount of working capital for one or more businesses. Such assets also include assets required (by binding commitment or legal requirement) to be held to provide for exigencies related to a business or for regulatory purposes with respect to a business.
- g. Except as described in the Transaction, there is no plan or intention by the shareholder or security holder(s) of Sub7 to sell, exchange, transfer by gift, or

otherwise dispose of any of their stock in, or securities of, either Sub7 or Sub20 after the Sub7 Distribution.

- h. There is no plan or intention by Sub7 or Sub20, directly or through any Related Person, to purchase any of its outstanding stock after the Sub7 Distribution.
- i. There is no plan or intention to liquidate either Sub7 or Sub20, to merge either corporation with any other corporation, or to sell or otherwise dispose of the assets of either corporation after the Sub7 Distribution, except in the ordinary course of business.
- j. Except as otherwise described herein, there is no plan or series of related transactions (within the meaning of Treas. Reg. §1.355-7) that includes the Sub7 Distribution pursuant to which one or more persons will directly or indirectly acquire stock in Sub7 or Sub20 (including a predecessor or successor within the meaning of Treas. Reg. §1.355-8).

### ***FSub5 Spin-Off***

With respect to the FSub5 Spin-Off, Parent has made all the representations in Section 3 of the Appendix in Rev. Proc. 2017-52, except as otherwise set forth below.

Parent has made the following alternative representations: 8(a), 11(a), 22(a), 31(a), and 41(a).

Parent has made the following modified representations:

- k. Modified Representation 3(a): Other than the FSub25 Sale, FSub5 will not engage in a transaction, in anticipation of the FSub5 Distribution, in which either (i) FSub5 obtains control of FSub25 (including a recapitalization into control but excluding a transaction that includes the formation of FSub25), or (ii) a corporation of which FSub5 is not in control becomes a member of the FSub25 SAG.
- l. Modified Representation 13: Except for the FSub25 Sale, which will result in FSub25 becoming a member of the FSub5 SAG, FSub5 will not have acquired any FSub25 stock in a transaction in which gain or loss was recognized during the five-year period immediately preceding the FSub5 Distribution.

Parent has not made the following representations, which do not apply: 7, 19, 20, 24, 25, 35, 36, 37, 38, and 39.

Parent has not made representation 40 but has provided the required explanation.

Parent has made the following additional representations in lieu of representations 14, 15, and 29:

- m. Immediately after the FSub5 Spin-Off, the fair market value of the business assets of each of the FSub5 SAG and the FSub25 SAG will be greater than 80 percent of



the fair market value of its total assets. For this purpose, the term “business assets” of a corporation means its gross assets used in one or more businesses. Such assets include cash and cash equivalents held as a reasonable amount of working capital for one or more businesses. Such assets also include assets required (by binding commitment or legal requirement) to be held to provide for exigencies related to a business or for regulatory purposes with respect to a business.

- n. Except as described in the Transaction, there is no plan or intention by the shareholder or security holder(s) of FSub5 to sell, exchange, transfer by gift, or otherwise dispose of any of their stock in, or securities of, either FSub5 or FSub25 after the FSub5 Spin-Off.
- o. There is no plan or intention by FSub5 or FSub25, directly or through any Related Person, to purchase any of its outstanding stock after the FSub5 Spin-Off.
- p. There is no plan or intention to liquidate either FSub5 or FSub25, to merge either corporation with any other corporation, or to sell or otherwise dispose of the assets of either corporation after the FSub5 Spin-Off, except in the ordinary course of business.
- q. Except as otherwise described herein, there is no plan or series of related transactions (within the meaning of Treas. Reg. §1.355-7) that includes the FSub5 Spin-Off pursuant to which one or more persons will directly or indirectly acquire stock in FSub5 or FSub25 (including a predecessor or successor within the meaning of Treas. Reg. §1.355-8).

Parent has made the following representation in lieu of representation 43:

- r. For purposes of Treas. Reg. §1.367(b)-5(d), none of Sub5, FSub3, and/or FSub4’s pre-distribution amount (as defined in Treas. Reg. §1.367(b)-5(e)(1)) with respect to FSub5 or FSub25 will not exceed such entity’s post-distribution amount (as defined in Treas. Reg. §1.367(b)-5(e)(2)) with respect to FSub5 or FSub25, or, if the pre-distribution amount does exceed the post-distribution amount, Sub5, FSub3, and/or FSub4, as applicable, will include such difference in income as a deemed dividend to the extent provided in Treas. Reg. §1.367(b)-5(d)(3).

### ***FSub3 Distribution***

With respect to the FSub3 Distribution, Parent has made all the representations in Section 3 of the Appendix in Rev. Proc. 2017-52, except as otherwise set forth below.

Parent has made the following alternative representations: 3(a), 8(a), 11(a), 22(a), 31(a), and 41(a).

Parent has not made the following representations, which do not apply: 7, 17, 18, 19, 20, 24, 25, 26, 35, 36, 37, 38, and 39.

Parent has not made the representation 40 but has provided the required explanation.

Parent has made the following additional representations in lieu of representations 14, 15, and 29:

- s. Immediately after the FSub3 Distribution, the fair market value of the business assets of each of the FSub3 SAG and the FSub25 SAG will be greater than 80 percent of the fair market value of its total assets. For this purpose, the term “business assets” of a corporation means its gross assets used in one or more businesses. Such assets include cash and cash equivalents held as a reasonable amount of working capital for one or more businesses. Such assets also include assets required (by binding commitment or legal requirement) to be held to provide for exigencies related to a business or for regulatory purposes with respect to a business.
- t. Except as described in the Transaction, there is no plan or intention by the shareholder or security holder(s) of FSub3 to sell, exchange, transfer by gift, or otherwise dispose of any of their stock in, or securities of, either FSub3 or FSub25 after the Sub3 Distribution.
- u. There is no plan or intention by FSub3 or FSub25, directly or through any Related Person, to purchase any of its outstanding stock after the FSub3 Distribution.
- v. There is no plan or intention to liquidate either FSub3 or FSub25, to merge either corporation with any other corporation, or to sell or otherwise dispose of the assets of either corporation after the FSub3 Distribution, except in the ordinary course of business.
- w. Except as otherwise described herein, there is no plan or series of related transactions (within the meaning of Treas. Reg. §1.355-7) that includes the FSub3 Distribution pursuant to which one or more persons will directly or indirectly acquire stock in FSub3 or FSub25 (including a predecessor or successor within the meaning of Treas. Reg. §1.355-8).

Parent has made the following representation in lieu of representation 43:

- x. For purposes of Treas. Reg. §1.367(b)-5(c), Sub5’s pre-distribution amount (as defined in Treas. Reg. §1.367(b)-5(e)(1)) with respect to FSub3 or FSub25 will not exceed Sub5’s post-distribution amount (as defined in Treas. Reg. §1.367(b)-5(e)(2)) with respect to such entity, or, if the pre-distribution amount does exceed the post-distribution amount, Sub5 will reduce its basis in the stock of FSub3 or FSub25, as applicable, or include an amount in income as a deemed dividend to the extent provided in Treas. Reg. §1.367(b)-5(c)(2).

### ***Sub5 Distribution***

With respect to the Sub5 Distribution, Parent has made all the representations in Section 3 of the Appendix in Rev. Proc. 2017-52, except as otherwise set forth below.

Parent has made the following alternative representations: 3(a), 8(a), 11(a), 22(a), 31(a), and 41(a).

Parent has not made the following representations, which do not apply: 7, 17, 18, 19, 20, 24, 25, 26, 35, 38, and 39.

Parent has not made representation 40.

Parent has made the following additional representations in lieu of representations 14, 15, and 29:

- y. Immediately after the Sub5 Distribution, the fair market value of the business assets of each of the Sub5 SAG and the FSub25 SAG will be greater than 80 percent of the fair market value of its total assets. For this purpose, the term “business assets” of a corporation means its gross assets used in one or more businesses. Such assets include cash and cash equivalents held as a reasonable amount of working capital for one or more businesses. Such assets also include assets required (by binding commitment or legal requirement) to be held to provide for exigencies related to a business or for regulatory purposes with respect to a business.
- z. Except as described in the Transaction, there is no plan or intention by the shareholder or security holder(s) of Sub5 to sell, exchange, transfer by gift, or otherwise dispose of any of their stock in, or securities of, either Sub5 or FSub25 after the Sub5 Distribution.
- aa. There is no plan or intention by Sub5 or FSub25, directly or through any Related Person, to purchase any of its outstanding stock after the Sub5 Distribution.
- bb. There is no plan or intention to liquidate either Sub5 or FSub25, to merge either corporation with any other corporation, or to sell or otherwise dispose of the assets of either corporation after the Sub5 Distribution, except in the ordinary course of business.
- cc. Except as otherwise described herein, there is no plan or series of related transactions (within the meaning of Treas. Reg. §1.355-7) that includes the Sub5 Distribution pursuant to which one or more persons will directly or indirectly acquire stock in Sub5 or FSub25 (including a predecessor or successor within the meaning of Treas. Reg. §1.355-8).

Parent has made the following additional representation in lieu of representation 43:

- dd. Parent, as the common parent of the consolidated group that includes Sub1 and Sub5, will elect, on behalf of Sub1 and Sub5, to apply the provisions of Treas. Reg.

§1.1248(f)-2(b) in accordance with Treas. Reg. §1.1248(f)-2(b)(1), including any holding period and basis adjustments that may be required pursuant to Treas. Reg. §1.1248(f)-2(b)(2) and Treas. Reg. §1.1248(f)-2(b)(3).

### **Sub1 Spin-Off**

With respect to the Sub1 Spin-Off, Parent has made all the representations in Section 3 of the Appendix in Rev. Proc. 2017-52, except as otherwise set forth below.

Parent has made the following alternative representations: 3(a), 11(a), 22(a), 31(a), and 41(a).

Parent has made the following modified representations:

- ee. Modified Representation 2: In the Sub1 Distribution, Sub1 will distribute on the same day at least 80.1 percent of the issued and outstanding stock of Sub19.
- ff. Modified Representation 5: None of the Sub19 stock or the Sub19 Cash to be distributed in the Sub1 Spin-Off will be received in any capacity other than that of a shareholder or creditor of Sub1.
- gg. Modified Representation 8(b): Sub1 may have securities outstanding, but it will not distribute Sub19 stock, Sub19 securities, or Other Property to any holder of such securities in the Sub1 Distribution, in satisfaction thereof, except potentially pursuant to the Boot Purge and Equity-for-Debt Exchange.

Parent has not made the following representations, which do not apply: 7, 20, 24, 25, and 35.

Parent has not made representation 40 but has provided the required explanation.

Parent has made the following additional representations in lieu of representations 14, 15, and 29:

- hh. Immediately after the Sub1 Distribution, the fair market value of the business assets of each of the Sub1 SAG and the Sub19 SAG will be greater than 80 percent of the fair market value of its total assets. For this purpose, the term “business assets” of a corporation means its gross assets used in one or more businesses. Such assets include cash and cash equivalents held as a reasonable amount of working capital for one or more businesses. Such assets also include assets required (by binding commitment or legal requirement) to be held to provide for exigencies related to a business or for regulatory purposes with respect to a business.
- ii. Except as described in the Transaction, the management of Parent and its subsidiaries and affiliates, to its knowledge, is not aware of any plan or intention by the shareholder or security holder(s) of Sub1 to sell, exchange, transfer by gift,

or otherwise dispose of any of their stock in, or securities of, either Sub1 or Sub19 after the Sub1 Spin-Off.

- jj. There is no plan or intention by Sub1 or Sub19, directly or through any Related Person, to purchase any of its outstanding stock after the Sub1 Spin-Off, other than through stock purchases meeting the requirements of section 4.05(1)(b) of Rev. Proc. 96-30. For the avoidance of doubt, requirement (iii) of section 4.05(1)(b) of Rev. Proc. 96-30, which requires that stock purchases be made in the open market, includes any stock purchases occurring pursuant to an ASR.
- kk. Except as described in the Transaction, there is no plan or intention to liquidate either Sub1 or Sub19, to merge either corporation with any other corporation, or to sell or otherwise dispose of the assets of either corporation after the Sub1 Spin-Off, except in the ordinary course of business.
- ll. Except as otherwise described herein, there is no plan or series of related transactions (within the meaning of Treas. Reg. §1.355-7) that includes the Sub1 Spin-Off pursuant to which one or more persons will directly or indirectly acquire stock in Sub1 or Sub19 (including a predecessor or successor within the meaning of Treas. Reg. §1.355-8).

Parent has made the following representations under Rev. Proc. 2018-53:

- mm. Sub1 is in substance the obligor of any Eligible Debt that will be satisfied. FSub5 is in substance the obligor of any Historical FSub5 Debt that will be satisfied.
- nn. Except for the Eligible Sub1-FSub5 Debt, no holder of the Eligible Debt that will be satisfied is a person related to Sub1 or Sub19 within the meaning of section 267(b) or section 707(b)(1) (a "Related Person"). FSub5, the holder of the Eligible Sub1-FSub5 Debt, is a Related Person to Sub1. FSub5 will use an amount at least equal to the cash proceeds that it receives from Sub1 to satisfy the Historical FSub5 Debt, which is not held by Related Persons to Sub1 or Sub19.
- oo. Except for the Eligible Sub1-FSub5 Debt, the holder of the Eligible Debt that will be satisfied will not hold the debt for the benefit of Sub1, Sub19, or any Related Person. FSub5, the holder of the Eligible Sub1-FSub5 Debt, is a Related Person to Sub1. FSub5 will use an amount at least equal to the cash proceeds that it receives from Sub1 to satisfy the Historical FSub5 Debt. The holders of the Historical FSub5 Debt do not hold the debt for the benefit of Sub1, Sub19, or any Related Person.
- pp. In the event Exchange Banks purchase Exchange Debt that is exchanged in the Equity-for-Debt Exchange, the Exchange Banks will not acquire the Exchange Debt from Sub1, Sub19, or any Related Person. Neither Sub1, nor Sub19, nor any Related Person will participate in any profit gained by the Exchange Banks upon an exchange of the Held-Back Shares; nor will any such profit be limited by

agreement or other arrangement. The value of the Held-Back Shares received by the Exchange Banks in satisfaction of the Exchange Debt will not exceed the amount to which the holder is entitled under the terms of such debt.

- qq. Except for the Revolver Amount, Sub1 incurred the Eligible Debt that will be satisfied (a) before the request for any relevant ruling is submitted and (b) no later than 60 days before the earliest of the following dates: (i) the date of the first public announcement (as defined in Treas. Reg. § 1.355-7(h)(10)) of the Transaction, (ii) the date of the entry by Parent into a binding agreement to engage in the Transaction, and (iii) the date of approval of the Transaction by Parent's board of directors (the "Relevant Date"). With respect to the Eligible Sub1-FSub5 Debt and Historical FSub5 Debt, such debt was incurred (a) before the request for any relevant ruling is submitted and (b) no later than 60 days before the Relevant Date.
- rr. The total adjusted issue price (determined under Treas. Reg. § 1.1275-1(b)) of the Eligible Debt that will be satisfied does not exceed the historical average of the total adjusted issue price of: (a) the Sub1 debt owed to persons other than Related Persons, respectively, and (b) obligations that are evidenced by non-contingent debt instruments and are owed by other members of the Sub1 SAG (within the meaning of section 355(b)(3)(B)) to persons other than Related Persons.
- ss. There are one or more substantial business reasons for any delay in satisfying the Eligible Debt with the Sub19 Cash and Held-Back Shares beyond 30 days after the date of the Sub1 Distribution. All the Eligible Debt that will be satisfied with the Sub19 Cash and Held-Back Shares will be satisfied no later than 12 months after the date of the Sub1 Distribution.
- tt. Except for a possible financed acquisition relating to BusinessA, Sub1 will not replace any Eligible Debt that will be satisfied in the Equity-for-Debt Exchange or Boot Purge with previously committed borrowing, other than borrowing in the ordinary course of business pursuant to a revolving credit agreement or similar arrangement.

Parent has made the following additional representations:

- uu. The escrow arrangement with respect to the Escrow Shares will meet all the requirements set forth in section 2.02 of Rev. Proc. 84-42, 1984-1 C.B. 521.
- vv. The arrangement with respect to the Contingent Consideration will meet all the requirements set forth in section 2.01 of Rev. Proc. 84-42.
- ww. The Sub19 Debt is debt for U.S. federal income tax purposes and would be so treated without the occurrence of the Merger.
- xx. The Merger will qualify as a section 368(a) reorganization.

### ***External Distribution***

With respect to the External Distribution, Parent has made all the representations in Section 3 of the Appendix in Rev. Proc. 2017-52, except as otherwise set forth below.

Parent has made the following alternative representations: 3(a), 8(a), 11(a), 22(a), 31(a), and 41(a).

Parent has not made the following representations, which do not apply: 7, 17, 18, 19, 20, 24, 25, 26, and 40.

Parent has made the following modified representations:

- yy. Modified Representation 32: Other than any amounts payable under the Continuing Arrangements, no intercorporate debt will exist between Parent and Sub19 (or their respective affiliates, as applicable) at the time of, or subsequent to, the External Distribution.
- zz. Modified Representation 35: The payment of cash in lieu of fractional shares of Sub19 is solely for the purpose of avoiding the expense and inconvenience of issuing fractional shares and does not represent separately bargained-for consideration. The fractional share interests of each Parent shareholder will be aggregated, and no Parent shareholder of record will receive cash in an amount equal to or greater than the value of one full share of Parent (with the possible exception of shareholders who hold Parent shares in multiple accounts or with multiple brokers).

Parent has made the following additional representations in lieu of representations 14, 15, and 29:

- aaa. Immediately after the External Distribution, the fair market value of the business assets of each of the Parent SAG and the Sub19 SAG will be greater than 80 percent of the fair market value of its total assets. For this purpose, the term "business assets" of a corporation means its gross assets used in one or more businesses. Such assets include cash and cash equivalents held as a reasonable amount of working capital for one or more businesses. Such assets also include assets required (by binding commitment or legal requirement) to be held to provide for exigencies related to a business or for regulatory purposes with respect to a business.
- bbb. Except as described in the Transaction, the management of Parent and its subsidiaries and affiliates, to its knowledge, is not aware of any plan or intention by the shareholders or security holder(s) of Parent to sell, exchange, transfer by gift, or otherwise dispose of any of their stock in, or securities of, either Parent or Sub19 after the External Distribution.
- ccc. There is no plan or intention by Parent or Sub19, directly or through any Related Person, to purchase any of its outstanding stock after the External Distribution, other than through stock purchases meeting the requirements of

section 4.05(1)(b) of Rev. Proc. 96-30. For the avoidance of doubt, requirement (iii) of section 4.05(1)(b) of Rev. Proc. 96-30, which requires that stock purchases be made in the open market, includes any stock purchases occurring pursuant to an ASR.

ddd. Except as described in the Transaction, there is no plan or intention to liquidate either Parent or Sub19, to merge either corporation with any other corporation, or to sell or otherwise dispose of the assets of either corporation after the External Distribution, except in the ordinary course of business.

eee. Except as otherwise described herein, there is no plan or series of related transactions (within the meaning of Treas. Reg. §1.355-7) that includes the External Distribution pursuant to which one or more persons will directly or indirectly acquire stock in Sub1 or Sub19 (including a predecessor or successor within the meaning of Treas. Reg. §1.355-8).

Parent has made the following additional representations:

fff. The Share Repurchases have not been and will not be motivated to any extent by a desire to increase or decrease the ownership percentage of any particular shareholder or group of shareholders.

ggg. At the time each Share Repurchase will have been consummated, Parent and Sub19, respectively, will not have known the identity of any beneficial shareholder: (i) from which the Parent or Sub19 stock is repurchased in the open market; (ii) in the case of an ASR program, from which the third-party investment bank borrows Parent or Sub19 stock or purchases Parent or Sub19 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 tendered shares or provides an identifying tax-related form or statement to Parent or Sub19 in connection with such participation).

hhh. The business purpose for the retention of the Grantor Trust Retained Shares is to reflect the diminution of value of the Parent stock held by the Grantor Trust and to support Parent's obligations under the compensation plans.

iii. No director or officer of Parent will serve as a director or officer of Sub19 as long as the Grantor Trust holds the Grantor Trust Retained Shares.

jjj. The Grantor Trust will dispose of the Grantor Trust Retained Shares as soon as a disposition is warranted consistent with the business purpose for the retention, but in any event, no later than 12 months after the External Distribution.

kkk. Sub7, through the applicable trustee, will vote the Grantor Trust Retained Shares in proportion to the votes cast by Sub19's other shareholders and will grant Sub19 a proxy for the Grantor Trust Retained Shares requiring this manner of voting.



- III. In no event will the Grantor Trust Retained Shares prevent Parent from distributing stock of Sub19 to the shareholders of Parent (excluding the Grantor Trust) that represents control under section 368(c).

### **Rulings**

Based solely on the information submitted and the representations set forth above, we rule as follows regarding the Transaction:

#### ***Sub13 Spin-Off***

1. The Sub13 Spin-Off will qualify as a tax-free reorganization and distribution pursuant to sections 368(a)(1)(D) and 355. Sub13 and Sub20 will each be a "party to a reorganization" within the meaning of section 368(b).
2. No gain or loss will be recognized by Sub13 as a result of the Sub20 Contribution. Sections 361(a) and 357(a).
3. No gain or loss will be recognized by Sub20 as a result of the Sub20 Contribution. Section 1032(a).
4. Sub20's basis in each asset received in the Sub20 Contribution will be the same as the basis of the assets in the hands of Sub13 immediately before the Sub20 Contribution. Section 362(b).
5. Sub20's holding period in each asset received in the Sub20 Contribution will include the period during which the asset was held by Sub13. Section 1223(2).
6. No gain or loss will be recognized by (and no amount will be included in the income of) Sub7 upon the receipt of Sub20 stock in the Sub13 Spin-Off. Section 355(a).
7. No gain or loss will be recognized by Sub13 on its distribution of the stock of Sub20 in the Sub13 Spin-Off. Section 361(c).
8. The aggregate basis of the Sub13 stock and the Sub20 stock in the hands of Sub7 after the Sub13 Spin-Off will equal the aggregate basis of the Sub13 stock held by Sub7 immediately before the Sub13 Spin-Off, allocated in a manner described in Treas. Reg. §1.358-2(a)(2). Section 358(b).
9. The holding period of the Sub20 stock received by Sub7 in the Sub13 Spin-Off will include the holding period of the Sub13 stock with respect to which the Sub13 Distribution will be made, provided that the Sub13 stock is held as a capital asset on the date of the Sub13 Spin-Off. Section 1223(1).
10. The earnings and profits ("E&P") of each of Sub13 and Sub20 will be adjusted in accordance with section 312(h) and Treas. Reg. §§1.312-10(a) and 1.1502-33.

#### ***Sub7 Distribution***

11. No gain or loss will be recognized by Sub7 on its distribution of Sub20 stock to Sub1 in the Sub7 Distribution. Section 355(c).
12. No gain or loss will be recognized by (and no amount will be included in the income of) Sub1 upon the receipt of Sub20 stock in the Sub7 Distribution. Section 355(a).
13. The aggregate basis of the Sub7 stock and the Sub20 stock in the hands of Sub1 after the Sub7 Distribution will equal the aggregate basis the Sub7 stock held by Sub1 immediately before the Sub7 Distribution, allocated in a manner described in Treas. Reg. §1.358-2(a)(2). Section 358(b).
14. The holding period of the Sub20 stock received by Sub1 in the Sub7 Distribution will include the holding period of the Sub7 stock with respect to which the Sub7 Distribution will be made, provided that the Sub7 stock is held as a capital asset on the date of the Sub7 Distribution. Section 1223(1).
15. The E&P of each of Sub7 and Sub20 will be adjusted in accordance with section 312(h) and Treas. Reg. §§1.312-10(b) and 1.1502-33.

### ***FSub5 Spin-Off***

16. The FSub5 Spin-Off will qualify as a tax-free reorganization and distribution pursuant to sections 368(a)(1)(D) and 355. FSub5 and FSub25 will each be a “party to a reorganization” within the meaning of section 368(b).
17. No gain or loss will be recognized by FSub5 as a result of the FSub25 Contribution. Sections 361(a) and 357(a).
18. No gain or loss will be recognized by FSub25 as a result of the FSub25 Contribution. Section 1032(a).
19. FSub25’s basis in each asset received in the FSub25 Contribution will be the same as the basis of the assets in the hands of FSub5 immediately before the FSub25 Contribution. Section 362(b).
20. FSub25’s holding period in each asset received in the FSub25 Contribution will include the period during which the asset was held by FSub5. Section 1223(2).
21. No gain or loss will be recognized by (and no amount will be included in the income of) FSub3 upon the receipt of FSub25 stock in the FSub5 Spin-Off. Section 355(a).
22. No gain or loss will be recognized by FSub5 on its distribution of the stock of FSub25 in the FSub5 Spin-Off. Section 361(c).
23. The aggregate basis of the FSub5 stock and the FSub25 stock in the hands of FSub3 after the FSub5 Spin-Off will equal the aggregate basis the FSub5 stock

held by FSub3 immediately before the FSub5 Spin-Off, allocated in a manner described in Treas. Reg. §1.358-2(a)(2). Section 358(b).

24. The holding period of the FSub25 stock received by FSub3 in the FSub5 Spin-Off will include the holding period of the FSub5 stock with respect to which the FSub5 Distribution will be made, provided that the FSub5 stock is held as a capital asset on the date of the FSub5 Spin-Off. Section 1223(1).
25. The E&P of each of FSub5 and FSub25 will be adjusted in accordance with section 312(h) and Treas. Reg. §§1.312-10(a) and 1.1502-33.

### ***FSub3 Distribution***

26. No gain or loss will be recognized by FSub3 on its distribution of FSub25 stock to Sub5 in the FSub3 Distribution. Section 355(c).
27. No gain or loss will be recognized (and no amount will be included in the income of) Sub5 upon the receipt of FSub25 stock in the FSub3 Distribution. Section 355(a).
28. The aggregate basis of the FSub3 stock and the FSub25 stock in the hands of Sub5 after the FSub3 Distribution will equal the aggregate basis the FSub3 stock held by Sub5 immediately before the FSub3 Distribution, allocated in a manner described in Treas. Reg. §1.358-2(a)(2). Section 358(b).
29. The holding period of the FSub25 stock received by Sub5 in the FSub3 Distribution will include the holding period of the FSub3 stock with respect to which the FSub25 Distribution will be made, provided that the FSub3 stock is held as a capital asset on the date of the FSub3 Distribution. Section 1223(1).
30. The E&P of each of FSub3 and FSub25 will be adjusted in accordance with section 312(h) and Treas. Reg. §1.312-10(b).

### ***Sub5 Distribution***

31. No gain or loss will be recognized by Sub5 on its distribution of FSub25 stock to Sub1 in the Sub5 Distribution. Section 355(c).
32. No gain or loss will be recognized (and no amount will be included in the income of) Sub1 upon the receipt of FSub25 stock in the Sub5 Distribution. Section 355(a).
33. The aggregate basis of the Sub5 stock and the FSub25 stock in the hands of Sub1 after the Sub5 Distribution will equal the aggregate basis the Sub5 stock held by Sub1 immediately before the Sub5 Distribution, allocated in a manner described in Treas. Reg. §1.358-2(a)(2). Section 358(b).

34. The holding period of the FSub25 stock received by Sub1 in the Sub5 Distribution will include the holding period of the Sub5 stock with respect to which the Sub5 Distribution will be made, provided that the Sub5 stock is held as a capital asset on the date of the Sub5 Distribution. Section 1223(1).
35. The E&P of each of Sub5 and FSub25 will be adjusted in accordance with section 312(h) and Treas. Reg. §§1.312-10(b).

### ***Sub1 Spin-Off***

36. The Sub1 Spin-Off will qualify as a tax-free reorganization and distribution pursuant to sections 368(a)(1)(D) and 355. Sub1 and Sub19 will each be a "party to a reorganization" within the meaning of section 368(b).
37. No gain or loss will be recognized by Sub1 as a result of the Sub19 Contribution. Sections 361(a), 361(b), and 357(a).
38. No gain or loss will be recognized by Sub19 as a result of the Sub19 Contribution. Section 1032(a).
39. Sub19's basis in each asset received in the Sub19 Contribution will be the same as the basis of the assets in the hands of Sub1 immediately before the Sub19 Contribution. Section 362(b).
40. Sub19's holding period in each asset received in the Sub19 Contribution will include the period during which the asset was held by Sub1. Section 1223(2).
41. No gain or loss will be recognized by (and no amount will be included in the income of) Parent upon the receipt of Sub19 stock in the Sub1 Spin-Off. Section 355(a).
42. No gain or loss will be recognized by Sub1 on its distribution of the stock of Sub19 in the Sub1 Spin-Off. Section 361(c).
43. The aggregate basis of the Sub1 stock and the Sub19 stock in the hands of Parent after the Sub1 Spin-Off will equal the aggregate basis of the Sub1 stock held by Parent immediately before the Sub1 Spin-Off, allocated in a manner described in Treas. Reg. §1.358-2(a)(2). Section 358(b).
44. The holding period of the Sub19 stock received by Parent in the Sub1 Spin-Off will include the holding period of the Sub1 stock with respect to which the Sub1 Distribution will be made, provided that the Sub1 stock is held as a capital asset on the date of the Sub1 Spin-Off. Section 1223(1).
45. The E&P of each of Sub1 and Sub19 will be adjusted in accordance with section 312(h) and Treas. Reg. §§1.312-10(a) and 1.1502-33.
46. Any Escrow Shares received by Sub1 will be treated as having been received by Sub1 at the time of the Sub19 Contribution and no gain or loss will be recognized

by Sub1 on the receipt of any Escrow Shares from the escrow. Section 361(a). Neither the forfeiture of any Escrow Shares nor any transfer of such shares from the escrow to Merger Partner Equityholder at the direction of Sub19 will result in gain or loss to Parent, Sub1, Parent's Group (or any member thereof), or Sub19. See Rev. Rul. 76-42, 1976-1 C.B. 102. Any Escrow Shares received by Merger Partner Equityholder as Contingent Consideration will be treated as having been received by Merger Partner Equityholder directly from Sub19 as consideration in the Merger. See Rev. Rul. 64-73, 1964-1 C.B. 142; Rev. Rul. 70-224, 1970-1 C.B. 79.

### ***External Distribution***

47. No gain or loss will be recognized by Parent on its distribution of Sub19 stock to the Parent shareholders in the External Distribution or any Subsequent External Distribution. Section 355(c).
48. No gain or loss will be recognized by (and no amount will be included in the income of) the Parent shareholders upon the receipt of Sub19 stock in the External Distribution or any Subsequent External Distribution. Section 355(a).
49. The aggregate basis of the Parent stock and the Sub19 stock in the hands of the Parent shareholders after the External Distribution (taking into account any Subsequent External Distributions), including any fractional share interest in the Sub19 stock to which the shareholder may be entitled, will equal the aggregate basis of the Parent stock held by the Parent shareholders immediately before the External Distribution, allocated in a manner described in Treas. Reg. §1.358-2(a)(2)(iv). Section 358(b).
50. If a shareholder of Parent that purchased or acquired the Parent stock on different dates or at different prices is not able to identify which particular share of the Sub19 stock is received as a distribution with respect to a particular share of Parent stock, the shareholder may designate which particular share of the Sub19 stock is received as a distribution with respect to a particular share of Parent stock, provided the designation is consistent with the terms of the External Distribution and any Subsequent External Distribution. Treas. Reg. §1.358-2(a)(2)(vii).
51. The holding period of the Sub19 stock received by the Parent shareholders in the External Distribution and any Subsequent External Distribution will include the holding period of the Parent stock with respect to which the External Distribution or any Subsequent External Distribution will be made, provided that the Parent stock is held as a capital asset on the date of the External Distribution or any Subsequent External Distribution. Section 1223(1).
52. The E&P of each of Parent and Sub19 will be adjusted in accordance with section 312(h) and Treas. Reg. §§1.312-10(a) and 1.1502-33.

53. The receipt by the Parent shareholders of cash in lieu of fractional shares of Parent stock, if any, will be treated for U.S. federal income tax purposes as if the fractional shares had been distributed to the Parent shareholders as part of the External Distribution (taking into account any Subsequent External Distributions), and then had been disposed of by such shareholders for the amount of such cash in a sale or exchange. The gain (or loss) recognized, if any, will be treated as capital gain (or loss), provided that the stock was held as a capital asset by the selling shareholder under section 1001. Such gain (or loss) will be short-term or long-term capital gain (or loss).
54. For purposes of the device prohibition under section 355(a)(1)(B) and Treas. Reg. §1.355-2(d), the deemed sales of any fractional shares of the Sub19 stock in the market in connection with the External Distribution will not be taken into account.
55. The Sub19 Stock Options and Sub19 RSUs that may be issued in connection with or after the External Distribution (and any Sub19 shares underlying or issued following the External Distribution pursuant to any such equity awards) will not be taken into account (*i.e.*, will not be included in the numerator or the denominator) for purposes of determining whether Parent distributed an amount of Sub19 stock constituting control under section 368(c) in the External Distribution.
56. Grantor Trust's continuing ownership of the Grantor Trust Retained Shares until Grantor Trust's disposition no later than 12 months after the External Distribution will not adversely impact the qualification of the External Distribution under section 355 and will not be in pursuance of a plan having as one of its principal purposes the avoidance of U.S. federal income tax for purposes of section 355(a)(1)(D)(ii) and Treas. Reg. §1.355-2(e).
57. For purposes of determining the "voting power" (within the meaning of section 355(d)(4)) of the Sub19 stock, the voting power of such stock will be measured by reference to its relative ability to elect members of Sub19's board of directors, Rev. Rul. 69-126, 1969-1 C.B. 218, and the Governance Arrangements, including the Initial Board and Merger Partner Equityholder's nomination rights, will not affect the determination of total voting power or value of the Sub19 stock within the meaning of section 355(e).
58. For purposes of section 355(e), the deemed sale of any fractional shares of the Sub19 stock in the market in connection with the External Distribution or any Subsequent External Distribution will not be treated as acquisitions that are a part of a plan (or series of related transactions) that includes the Transaction.
59. The effect of the Share Repurchases will be taken into account under section 355(e) only to the extent they are otherwise treated for purposes of section 355(e) as part of a plan (or series of related transactions) with the Transaction.
60. To the extent the Share Repurchases of (i) Parent common stock from shareholders who are not "controlling shareholders" or "ten-percent shareholders"

within the meaning of Treas. Reg. §1.355-7(h)(3) and (14) (shareholders that are not controlling shareholders or ten-percent shareholders, “Public Shareholders”) before the External Distribution or (ii) Parent or Sub19 common stock from Public Shareholders after the External Distribution are treated as part of a plan (or series of related transactions) with the Transaction for purposes of section 355(e), they will be treated as being made from all Public Shareholders of Parent or Sub19 common stock, as applicable, on a pro rata basis for the purpose of testing the effect of such redemptions on the External Distribution under section 355(e). For purposes of this ruling, each shareholder will be treated as a Public Shareholder until five business days after the first to occur of (i) Actual Knowledge (defined below) or (ii) the filing of a Schedule 13D, Schedule 13G, Form 3, or Form 4 indicating it holds enough shares to be considered a “five-percent shareholder” within the meaning of Treas. Reg. §1.355-7(h)(8) (and it actively participates in the management or operation of Parent or Sub19, as applicable, as described in Treas. Reg. §1.355-7(h)(3)) or a ten-percent shareholder. For purposes of determining whether a five-percent shareholder or ten-percent shareholder exists, Parent or Sub19 may disregard a Schedule 13G unless Item 6 reports such a shareholder or is left blank, or the filer discloses its status as a ten-percent shareholder on Form 3 or Form 4. Actual Knowledge means the actual knowledge of the Chief Financial Officer, the General Counsel, or a successor position at Parent or Sub19, respectively.

61. Any increase, directly or indirectly, in the percentage of either voting power or value of the stock of Parent, or Sub19, owned by a shareholder by virtue of the Share Repurchases or acquisition of the stock of Parent or Sub19, if any, as part of a plan (or series of related transaction) with the Transaction 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 Parent, or Sub19, by such shareholder or issuance of stock by Parent or Sub19, if any, as part of a plan (or series of related transactions) that includes the Transaction.
62. Any sale, exchange, or other disposition of Sub19 stock that is acquired by Merger Partner Equityholder in connection with the Merger as Base Merger Consideration or Contingent Consideration, including any distribution of such stock to the partners of Merger Partner Equityholder, will not result in an additional acquisition taken into account in applying section 355(e)(2)(A)(ii).
63. If, in connection with an acquisition to which Treas. Reg. §1.355-7(d)(8)(i) applies, shares are withheld (i) in respect of payroll taxes or other payroll deductions or (ii) pursuant to any cashless exercise or net settlement of an equity award, such shares will not be treated as issued or outstanding.
64. The tax consequence for the year in which any payment made as part of the Sub19 Cash Adjustment is made between Sub1 and Sub19 will be characterized in a manner consistent with the proper treatment if such payment had occurred immediately before the Sub1 Spin-Off pursuant to the Transaction. 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 consequences of any aspect of any transaction or item discussed or referenced in this letter.

### **Procedural Statements**

This 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.

In accordance with the Power of Attorney on file with this office, copies of this letter are being sent to your authorized representatives.

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 return that provides the date and control number (PLR-105644-24) of the letter ruling.

Sincerely,

Austin Diamond-Jones  
Branch Chief, Branch 3  
Office of Associate Chief Counsel (Corporate)

cc: