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PLR-116255-25

Date:  
January 22, 2026

**Legend**

Distributing =

Controlled 1 =

Controlled 2 =

Controlled 3 =

Acquiring =

Acquiring Sub =

Merger Sub =

DRE 1 =

DRE 2 =

DRE 3 =

DRE 4 =

DRE 5 =

DRE 6 =

DRE 7 =

DRE 8 =

DRE 9 =

DRE 10 =

DRE 11 =

DRE 12 =

Sub 1 =

Sub 2 =

Sub 3 =

Sub 4 =

Sub 5 =

Sub 6 =

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4

Sub 7 =

Sub 8 =

FSub 1 =

FSub 2 =

Distributing Senior Notes =

Borrowings =

Date 1 =

Date 2 =

Jurisdiction A =

PLR-116255-25

5

SpinCo Business =

RemainCo Business =

Business A =

Business B =

Business C =

Business D =

Business E =

Business F =

a =

b =

c =

d =

e =

f =

g =

h =

i =

j =

k =

l =

m =

n =

o =

p =

Fund A =

Relevant Time =

PLR-116255-25

7

Separation Agreement =

Tax Matters Agreement =

Transition Services Agreement =

Delayed Transfer Agreements =

Regulatory Agreement =

IP Matters Agreement =

Lease Agreements =

Contract Manufacturing Agreements =

Reverse Contract Manufacturing Agreements =

Fund A Information =

Cash Adjustment =

Dear :

This letter responds to a letter dated September 10, 2025, submitted on behalf of Distributing, its affiliates, and its shareholders, requesting rulings (the "Ruling Request") on certain federal income tax consequences of a series of proposed transactions (the "Proposed Transactions," as defined below). 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, Rev. Proc. 2023-26, 2023-33 I.R.B. 485, and Rev. Proc. 2024-24, 2024-21 I.R.B. 1214, regarding one or more transactions under section 355 and/or section 368 of the Internal Revenue Code (the "Code"). The Office expresses no opinion as to the overall tax consequences of the transactions described in this letter or as to any issue not specifically addressed by the rulings below.

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

This office has made no determination regarding whether each of the distributions in the Proposed Transactions (defined below) satisfies the business purpose requirement of Treas. Reg. § 1.355-2(b).

## Summary of Facts

Distributing, a publicly traded corporation, is the parent company of a worldwide group of foreign and domestic affiliates (the “Distributing Group”). Distributing is the common parent of an affiliated group of corporations that join in the filing of a consolidated federal income tax return (the “Distributing Consolidated Group”). Distributing has a single class of common stock issued and outstanding (the “Distributing Common Stock”), approximately a% (the “Hook Stock”) of which is held by DRE 1, an indirect, wholly owned subsidiary of Distributing that is classified as an entity disregarded as separate from its owner for federal tax purposes (a “disregarded entity”). Approximately o% of the outstanding Distributing Common Stock is held in “rabbi trusts” providing for deferred compensation for employees and directors (together, the “Rabbi Trusts”). As grantor of the Rabbi Trusts, Distributing is treated as the owner for federal income tax purposes of the Distributing Common Stock held by the Rabbi Trusts. Accordingly, Distributing treats the Distributing Common Stock held by the Rabbi Trusts as disregarded for federal income tax purposes.

Prior to the Proposed Transactions (defined below), Distributing and its subsidiaries will be engaged in the RemainCo Business (including Business C, Business D, and Business E) and the SpinCo Business (including Business A and Business B).

Distributing owns all the issued and outstanding equity interests in Sub 1.

Sub 1 directly owns all the issued and outstanding stock of Sub 2 and DRE 2, a disregarded entity.

Sub 2 directly and indirectly (through various subsidiaries classified as corporations or disregarded entities) owns b% of the issued and outstanding equity interests in Sub 3. DRE 2 owns all the issued and outstanding equity interests in Sub 4.

Sub 4 owns all the issued and outstanding equity interests in Sub 5 and Sub 6.

Sub 5 directly and indirectly (through disregarded entities) owns all the issued and outstanding equity interests in DRE 3, DRE 4, and DRE 5, each of which is classified as a disregarded entity.

Sub 1, DRE 2, and Sub 5 respectively own c%, d%, and e% of the issued and outstanding common shares of Sub 7.

Sub 1, Sub 2, and Sub 3 respectively own f%, g%, and h% of the issued and outstanding preferred stock of Sub 7.

Sub 1 directly and indirectly (through members of its separate affiliated group within the meaning of section 355(b)(3)(B)) owns b% of the total value and voting power of Sub 7.

Sub 7 owns all the issued and outstanding equity interests in Sub 8.

Sub 8 owns all the issued and outstanding equity interests in FSub 1 and FSub 2.

FSub 1 owns all the issued and outstanding equity interests in DRE 1.

FSub 2 owns all the issued and outstanding equity interests in each of (i) DRE 6, (ii) DRE 7, and (iii) DRE 8, each of which is classified as a disregarded entity.

DRE 6 owns all the issued and outstanding equity interests in DRE 9, an entity classified as a disregarded entity.

DRE 7 has a branch in Jurisdiction A.

DRE 8 indirectly (through disregarded entities) owns all the issued and outstanding equity interests in DRE 10, an entity classified as a disregarded entity. DRE 8 also owns (directly or indirectly through disregarded entities) all the issued and outstanding equity interests in DRE 11, an entity classified as a disregarded entity. DRE 11 also has a branch in Jurisdiction A.

Each of Sub 1, Sub 2, Sub 3, Sub 4, Sub 5, Sub 6, Sub 7, and Sub 8 is a member of the Distributing Consolidated Group.

Acquiring is a publicly traded corporation and the parent of a worldwide group that includes both domestic and foreign entities.

On Date 1, Distributing entered into a definitive agreement (the "Merger Agreement") to distribute the SpinCo Business and combine Controlled 1 with Acquiring.

Certain shareholders own both Distributing Common Stock and Acquiring common stock (the "Overlapping Shareholders"). Without taking into account the Overlapping Shareholders, Distributing's shareholders are expected to own approximately i% of the combined company, while Acquiring's shareholders are expected to hold the remaining j% of the combined company.

As of Date 2, (the "Earliest Applicable Date") Distributing had amounts outstanding under the Distributing Senior Notes and approximately \$p of commercial paper (which \$k of commercial paper, together with the Distributing Senior Notes,

comprise the “Distributing Debt”). None of the Distributing Senior Notes was issued in anticipation of the Proposed Transactions. Distributing also expects to incur (or has incurred) an incremental amount of Distributing commercial paper prior to the Proposed Transactions (i.e., the “Borrowings”). All Borrowings were, or would be, incurred without regard to the Proposed Transactions or any transaction related to the Proposed Transactions, and the Borrowings are unrelated to, and demonstrably independent of, any such transaction.

For purposes of satisfying the active trade or business requirements of section 355(b) with respect to each of the Distributions (defined below), financial information has been submitted in accordance with Rev. Proc. 2017-52, 2017-41 I.R.B. 283, indicating that each of Business A, Business B, Business C, Business D, and Business E has had gross receipts and operating expenses representing the active conduct of a trade or business for each of the past five years.

The Jurisdiction A branch of DRE 7 is engaged in Business A. DRE 10 is engaged in Business B. The Jurisdiction A branch of DRE 11 is engaged in Business C. Sub 4, Sub 6, DRE 3, and DRE 4 are engaged in Business D. Sub 5, DRE 3, DRE 4, DRE 5, and DRE 9 are engaged in Business E.

### Proposed Transactions

The following transactions (the “Proposed Transactions”) occurred or will occur to separate the SpinCo Business from the Distributing Group (the “Separation”):

1. Distributing formed Controlled 1.
2. Sub 8 formed a new domestic entity, Controlled 2, which initially is classified as a corporation, and Sub 8 (or a disregarded entity of Sub 8) formed DRE 12, a disregarded entity.
3. FSub 2 (or a disregarded entity of FSub 2) formed Controlled 3, which initially is classified as a disregarded entity.
4. Sub 8 will transfer all the equity interests in DRE 12 (or the equity interests in a disregarded entity that owns the equity interests in DRE 12) to FSub 1 for either FSub 1 shares or de minimis cash consideration.
5. Certain SpinCo Business assets and liabilities, any corporations holding SpinCo Business assets and liabilities, and any other newly formed disregarded entities holding SpinCo Business assets and liabilities, in each case, that are owned by FSub 1 (or FSub 1’s subsidiaries), will be transferred from FSub 1, or subsidiaries owned directly or indirectly by FSub 1, to DRE 12.
6. DRE 12 will elect to be classified as a corporation for federal income tax purposes.

7. FSub 1 (or a disregarded entity of FSub 1) will sell all the issued and outstanding equity interests in DRE 12 to Distributing in exchange for cash or a note receivable (together with Steps 5 and 6, the "DRE 12 Steps").
8. Certain SpinCo Business assets and liabilities, including the stock of existing and newly formed entities holding SpinCo Business assets and liabilities, will be transferred from FSub 2, or disregarded entities and subsidiaries owned directly and indirectly by FSub 2, to Controlled 3 (or a disregarded entity owned by Controlled 3).
9. Controlled 3 will elect to be classified as a corporation for federal tax purposes (the "Controlled 3 CTB Election").
10. FSub 2 will distribute all the issued and outstanding equity interests in Controlled 3 to Sub 8 (the "Controlled 3 Distribution").
11. Sub 8 will contribute all the issued and outstanding equity interests in Controlled 3 to Controlled 2 (the "First Controlled 2 Contribution").
12. Sub 8 will distribute all the issued and outstanding equity interests in Controlled 2 to Sub 7 (the "First Controlled 2 Distribution").
13. Sub 7 will distribute all the issued and outstanding equity interests in Controlled 2 to Sub 1 in complete redemption of Sub 7 preferred stock and partial redemption of Sub 7 common stock directly held by Sub 1 (the "Second Controlled 2 Distribution").
14. Sub 1 will contribute certain SpinCo Business assets and liabilities (including one or more entities that hold assets and liabilities related to the SpinCo Business) to Controlled 2 (the "Second Controlled 2 Contribution").
15. Sub 1 will distribute all the issued and outstanding equity interests in Controlled 2 to Distributing (the "Third Controlled 2 Distribution").
16. Controlled 1 will borrow approximately \$I from third-party lenders or investors.
17. Distributing will contribute all the issued and outstanding equity interests in Controlled 2 and DRE 12, and any other SpinCo Business assets (including interests in certain other subsidiaries that are owned by Distributing and are engaged in the SpinCo Business) to Controlled 1 in exchange for Controlled 1 shares, all or a portion of the \$I of cash borrowed pursuant to Step 16 above, plus any cash transferred by Controlled 1 to Distributing pursuant to the Cash Adjustment and minus any cash transferred by Distributing to Controlled 1 pursuant to the Cash Adjustment, and the assumption of certain SpinCo Business liabilities (the "Controlled 1 Contribution"). Distributing will hold the cash received from Controlled 1 in segregated accounts, including segregated demand deposit accounts, money market fund accounts, and/or time deposits, until the cash is used to pay down

Distributing Debt and repurchase shares of Distributing Common Stock, other than those held by DRE 1, as described in Step 23. For this purpose, a “segregated account” includes a new account established to hold the cash received from Controlled 1 or an existing Distributing account with a zero (or minimal) balance prior to this step.

18. Distributing Common Stock held by the Rabbi Trusts will be exchanged for a class of equity interest in Distributing that does not participate in the Controlled 1 Distribution (as described in Step 19, below) (the “Recapitalization”). Upon consummation of the Controlled 1 Distribution, the recapitalized shares are converted back into Distributing Common Stock at a ratio determined pursuant to an anti-dilution formula (the “Conversion”). Distributing will treat the Recapitalization and the Conversion as a disregarded transaction for federal income tax purposes.
19. Distributing will distribute all the issued and outstanding stock of Controlled 1 to holders of Distributing Common Stock (including DRE 1) (such distribution, excluding the distribution of shares to DRE 1, the “Controlled 1 Distribution” and together with the Controlled 3 Distribution, First Controlled 2 Distribution, Second Controlled 2 Distribution, and Third Controlled 2 Distribution, the “Distributions”).
20. Pursuant to a legally binding commitment, Distributing will acquire for cash the Controlled 1 stock distributed to DRE 1 in the Controlled 1 Distribution.
21. Pursuant to a legally binding commitment, Distributing will transfer to Controlled 1 the Controlled 1 stock acquired from DRE 1 (in Step 20, above) for no consideration. Controlled 1 will cancel the Controlled 1 stock it acquires from Distributing (this step, together with Step 20 and the distribution of Controlled 1 stock to DRE 1 in Step 19, the “DRE 1 Hook Stock Steps”). Distributing will treat the DRE 1 Hook Stock Steps as a section 301 distribution of cash by Distributing to DRE 1.
22. Immediately after Step 21, Merger Sub, a wholly owned subsidiary of Acquiring, will merge with and into Controlled 1 with Controlled 1 surviving the merger (the “Merger”). As consideration in the Merger, Controlled 1 shareholders will receive solely Acquiring common stock except for any cash paid in lieu of fractional shares. Under the terms of the Merger Agreement, each share of Controlled 1 stock issued and outstanding immediately prior to the Merger will convert into the right to receive a number of shares of Acquiring common stock equal to an exchange ratio resulting in Distributing shareholders owning approximately  $i\%$  of the combined company (before accounting for the Overlapping Shareholders) and at least  $n\%$  of the combined company (when taking into account the Overlapping Shareholders). If the exchange ratio would result in Distributing’s shareholders receiving less than  $n\%$  of the combined company (when taking into account the Overlapping Shareholders), then certain adjustments (including a special dividend paid by Acquiring and/or a reduction to the amount of cash distributed by Controlled 1 to Distributing) will be made to bridge any shortfall.

23. After the Controlled 1 Distribution (and within 12 months following the receipt by Distributing of cash in the Controlled 1 Contribution), Distributing will use the cash received from Controlled 1 to pay down a portion of Distributing Debt outstanding and repurchase shares of Distributing Common Stock, other than the Hook Stock, pursuant to a new or existing share repurchase program.
24. Following Step 22 and before or after the completion of Step 23, Acquiring will contribute all of the issued and outstanding stock of Controlled 1 to Acquiring Sub, a member of the Acquiring consolidated group (such contribution, the "Acquiring Sub Contribution").

In connection with the Proposed Transactions, Distributing (and/or one or more of its direct or indirect subsidiaries) and Controlled 1 (and/or one or more of its direct or indirect subsidiaries) will enter into agreements (the "Post-Separation Agreements") intended to govern certain of their relationships (and that of their respective subsidiaries) following the consummation of the Proposed Transactions, and to manage an orderly transition in the operation of the SpinCo Business. The Post-Separation Agreements will include the Separation Agreement, Tax Matters Agreement, Transition Services Agreement, Delayed Transfer Agreements, Regulatory Agreement, IP Matters Agreement, Lease Agreements, Contract Manufacturing Agreements, and Reverse Contract Manufacturing Agreements. Each of the Post-Separation Agreements will last no longer than is necessary to achieve a successful separation of the SpinCo Business and any payments made in connection with any of the Post-Separation Agreements that occur more than 24 months after the Controlled 1 Distribution will be for fair market value based on arm's length terms.

### The Share Repurchases

Distributing has historically had a share repurchase program pursuant to which it repurchases shares of its common stock to achieve an appropriate capital structure. Distributing expects to continue to repurchase shares of its common stock both before and after the Proposed Transactions. All share repurchases by Distributing occurring within the period beginning two years prior to, and ending two years after, the date of the Proposed Transactions will have been made through (i) open market purchases (including through an SEC Rule 10b5-1 plan or a purchase in compliance with SEC Rule 10b-18), (ii) accelerated share repurchase ("ASR") programs, (iii) one or more tender offers open to all holders of Distributing Common Stock, or (iv) a combination thereof (the "Distributing Share Repurchases").

In addition, Acquiring may also engage in share repurchases following the Proposed Transactions. All share repurchases by Acquiring occurring within the period beginning on the date of the Merger and ending two years after the date of the Separation will be made through (i) open market purchases (including through an SEC Rule 10b5-1 plan or a purchase in compliance with SEC Rule 10b-18), (ii) ASR programs, (iii) one or more tender offers open to all holders of Acquiring common stock,

or (iv) a combination thereof (the “Acquiring Share Repurchases” and together with the Distributing Share Repurchases, the “Share Repurchases”).

### The Overlap Counting Principles

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”) to determine the extent of Overlapping Shareholders at the time of the Merger, 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 Common Stock and Acquiring common stock, and will take into account the identified actual overlap in the ultimate indirect ownership of Distributing Common Stock and Acquiring 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 Common Stock and Acquiring 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), including any fund ultimately owned by a government and Fund A; 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 of Proof of Overlapping Shareholders.* For purposes of determining the identity of, and number of shares owned by, the Overlapping Shareholders, absent actual knowledge at the Relevant Time, Distributing will rely on information that is “publicly available.” Information shall be deemed as publicly available when it is available for viewing by the public. Publicly available information shall include: (i) information filed pursuant to applicable federal securities laws by institutional investment managers (SEC Forms 13F, 13D, and 13G) and registered management investment companies (SEC Form N-PORT and SEC Form N-CSR) (together, “SEC Filings”); or (ii) information voluntarily posted on the investor’s or the investment adviser’s website (“Website Posting”). Distributing will rely on the Fund A Information for Fund A. In determining the identity of, and number of shares owned by, Overlapping Shareholders, Distributing shall rely on Overlapping Shareholder information from SEC Filings

or Website Postings at the Relevant Time, which may relate to stock ownership on certain dates prior to the Relevant Time.

- (iii) *Reliance on Actual Knowledge.* For purposes of these Overlap Counting Principles, actual knowledge means the actual knowledge of the Chief Financial Officer or General Counsel of either Distributing or Acquiring. To determine Overlapping Shareholder information that is not publicly available on appropriate SEC Filings or Website Postings at the Relevant Time, Distributing may obtain actual knowledge as of the Relevant Time through written or oral confirmation from a shareholder (or an authorized representative thereof) with regard to: (i) its ownership of Distributing Common Stock and Acquiring 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.
- (iv) *Verification.* Distributing and Acquiring will compare the search results for each investor showing overlap against any shareholding information on the investor's website and its most recent securities law filings (if any) filed prior to the Relevant Time reporting historic ownership in an attempt to find the most current and accurate data. If there is a discrepancy that arises through the verification process that contradicts the information resulting from the search results, the most recent information will be used; if dates are the same, then the lower ownership number will be used (*i.e.*, providing a conservative view on the amount of overlap), in each case, unless Distributing or Acquiring knows that such more recent information or lower ownership number is incorrect.

### **Representations**

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

#### With respect to the Controlled 3 CTB Election and Controlled 3 Distribution

Except as otherwise provided below, Distributing has made all the representations in Section 3 of the Appendix of Rev. Proc. 2017-52 with respect to the Controlled 3 CTB Election and Controlled 3 Distribution in the form set forth therein.

1. Distributing has made the following alternative representations: 3(a), 8(b), 11(a), 22(a), 31(a), and 41(a).
2. Distributing did not make following representations, which do not apply to the Controlled 3 CTB Election and Controlled 3 Distribution: 7, 24, 25, 40, and 43.
3. Distributing did not make the following representations, which have been replaced by representations in Rev. Proc. 2024-24: 2, 4, 17, 18, 19, 20, and 21.

4. Distributing has made the following representations in lieu of Representations 14, 15 and 29:
- i. Immediately after the Distribution, the fair market value of the business assets of each of FSub 2 and Controlled 3 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. There is no plan or intention by the shareholders or securityholders of FSub 2 to sell, exchange, transfer by gift, or otherwise dispose of any of their stock in, or securities of, either FSub 2 or Controlled 3 after the Proposed Transactions.
  - iii. There is no plan or intention by FSub 2 or Controlled 3, directly or through any related person (within the meaning of section 267(b) or section 707(b)(1)), to purchase any of its outstanding stock after the Proposed Transactions.
  - iv. There is no plan or intention to liquidate either FSub 2 or Controlled 3, to merge either corporation with any other corporation, or to sell or otherwise dispose of the assets of either corporation after the Proposed Transactions, except in the ordinary course of business or sales and other dispositions of assets to members of each corporation’s SAG, within the meaning of section 355(b)(3)(B).
  - v. There was no agreement, understanding, arrangement, or substantial negotiations by one or more officers or directors acting on behalf of FSub 2 or Controlled 3, by controlling shareholders of FSub 2 or Controlled 3, or by another person or persons with the implicit or explicit permission of one or more of such officers, directors or controlling shareholders at any point during the two-year period ending on the date of the distribution regarding an acquisition of the stock of either FSub 2 or Controlled 3 (including a predecessor or successor within the meaning of Treas. Reg. § 1.355-8) or a similar acquisition, which acquisition has occurred or will occur prior to or following the distribution, other than acquisitions resulting from or in connection with the Merger.
5. In addition, Distributing has made the following modified representations:

Representation 32:

No intercorporate debt will exist between FSub 2 and Controlled 3 at the time of, or subsequent to, the Controlled 3 Distribution, except for short-term accounts payable and accounts receivable arising in the ordinary course of business.

Representation 33:

Any payments made in connection with all continuing transactions, if any, between FSub 2 and Controlled 3 that occur more than 24 months after the Controlled 3 Distribution will be for fair market value based on arm's length terms.

Except as otherwise provided below, Distributing has made all the representations in Section 3.02(3) of Rev. Proc. 2024-24 or provided adequate explanation for any modifications or revisions with respect to the Controlled 3 CTB Election and Controlled 3 Distribution in the form set forth therein.

1. Distributing has made Alternative Representation 1(a).
2. Distributing did not make following representations, which do not apply to the Controlled 3 CTB Election and Controlled 3 Distribution: 2, 3, 4, 5, 6, 17, 18, 19, 20, 25, 26, 27, 29, and 30.
3. Distributing has made the following revised / modified representations:

Representation 15(a):

Other than with respect to any liabilities relating to intercompany financing or trading transactions deemed assumed by Controlled 3 in connection with the Controlled 3 CTB Election, no holder of a FSub 2 debt that will be satisfied with section 361 consideration, or of a FSub 2 liability that will be assumed by Controlled 3 (including a FSub 2 contingent liability), is a FSub 2 Related Person or a Controlled 3 Related Person.

Representation 16:

Other than with respect to any liabilities relating to intercompany financing or trading transactions deemed assumed by Controlled 3 in connection with the Controlled 3 CTB Election, no holder of a FSub 2 debt that will be satisfied with section 361 consideration, or of other FSub 2 liability (including a FSub 2 contingent liability) that will be assumed by Controlled 3, will hold the debt or other liability for the benefit of FSub 2, Controlled 3, a FSub 2 Related Person, or a Controlled 3 Related Person.

Representation 21:

Other than with respect to trade payables related to Controlled 3's business that will be assumed or deemed assumed by Controlled 3 in connection with the Controlled 3 Distribution, FSub 2 incurred each FSub 2 debt that will be satisfied with Section 361 consideration, and each FSub 2 liability that will be assumed by

Controlled 3 (except with regard to any FSub 2 contingent liability), before the Earliest Applicable Date.

With respect to the First Controlled 2 Contribution and First Controlled 2 Distribution

Except as otherwise provided below, Distributing has made all the representations in Section 3 of the Appendix of Rev. Proc. 2017-52 with respect to the First Controlled 2 Contribution and First Controlled 2 Distribution in the form set forth therein.

1. Distributing has made the following alternative representations: 3(a), 8(a), 11(a), 22(a), 31(a), and 41(a).
2. Distributing did not make the following representations, which do not apply to the First Controlled 2 Contribution and First Controlled 2 Distribution: 7, 24, 25, and 40.
3. Distributing did not make the following representations, which have been replaced by representations in Rev. Proc. 2024-24: 2, 4, 17, 18, 19, 20, and 21.
4. Distributing has made the following representations in lieu of Representations 14, 15 and 29:
  - i. Immediately after the Distribution, the fair market value of the business assets of each of Sub 8 and Controlled 2 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. Total assets do not include any intercompany debt between members of such corporation’s affiliated group (as defined in section 1504(a)).
  - ii. There is no plan or intention by the shareholders or securityholders of Sub 8 to sell, exchange, transfer by gift, or otherwise dispose of any of their stock in, or securities of, either Sub 8 or Controlled 2 after the Proposed Transactions.
  - iii. There is no plan or intention by Sub 8 or Controlled 2, directly or through any related person (within the meaning of section 267(b) or section 707(b)(1)), to purchase any of its outstanding stock after the Proposed Transactions.
  - iv. There is no plan or intention to liquidate either Sub 8 or Controlled 2, to merge either corporation with any other corporation, or to sell or otherwise dispose of the assets of either corporation after the Proposed Transactions, except in the

ordinary course of business or sales and other dispositions of assets to members of each corporation's SAG, within the meaning of section 355(b)(3)(B).

- v. There was no agreement, understanding, arrangement, or substantial negotiations by one or more officers or directors acting on behalf of Sub 8 or Controlled 2, by controlling shareholders of Sub 8 or Controlled 2, or by another person or persons with the implicit or explicit permission of one or more of such officers, directors or controlling shareholders at any point during the two-year period ending on the date of the distribution regarding an acquisition of the stock of either Sub 8 or Controlled 2 (including a predecessor or successor within the meaning of Treas. Reg. § 1.355-8) or a similar acquisition, which acquisition has occurred or will occur prior to or following the distribution, other than acquisitions resulting from or in connection with the Merger.

5. In addition, Distributing has made the following modified representations:

Representation 32:

No intercorporate debt will exist between Sub 8 and Controlled 2 at the time of, or subsequent to, the First Controlled 2 Distribution, except for short-term accounts payable and accounts receivable arising in the ordinary course of business.

Representation 33:

Any payments made in connection with all continuing transactions, if any, between Sub 8 and Controlled 2 that occur more than 24 months after the First Controlled 2 Distribution will be for fair market value based on arm's length terms.

Except as otherwise provided below, Distributing has made all the representations in Section 3.02(3) of Rev. Proc. 2024-24 or provided adequate explanation for any modifications or revisions with respect to the First Controlled 2 Contribution and First Controlled 2 Distribution in the form set forth therein.

1. Distributing has made Alternative Representation 1(a).
2. Distributing did not make the following representations, which do not apply to the First Controlled 2 Contribution and First Controlled 2 Distribution: 2, 3, 4, 5, 6, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 25, 26, 27, 29, 30, 31, 32, 33, 34, 35, 36, and 37.

With respect to the Second Controlled 2 Distribution

Except as otherwise provided below, Distributing has made all the representations in Section 3 of the Appendix of Rev. Proc. 2017-52 with respect to the Second Controlled 2 Distribution in the form set forth therein.

1. Distributing has made the following alternative representations: 3(a), 8(a), 11(a), 22(a), 31(a), and 41(a).
2. Distributing did not make the following representations, which do not apply to the Second Controlled 2 Distribution: 6, 24, 25, 26, and 40.
3. Distributing did not make the following representations, which have been replaced by representations in Rev. Proc. 2024-24: 2, 4, 17, 18, 19, 20, and 21.
4. Distributing has made the following representations in lieu of Representations 14, 15 and 29:
  - i. Immediately after the Distribution, the fair market value of the business assets of each of Sub 7 and Controlled 2 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. Total assets do not include any intercompany debt between members of such corporation’s affiliated group (as defined in section 1504(a)).
  - ii. There is no plan or intention by the shareholders or securityholders of Sub 7 to sell, exchange, transfer by gift, or otherwise dispose of any of their stock in, or securities of, either Sub 7 or Controlled 2 after the Proposed Transactions.
  - iii. There is no plan or intention by Sub 7 or Controlled 2, directly or through any related person (within the meaning of section 267(b) or section 707(b)(1)), to purchase any of its outstanding stock after the Proposed Transactions.
  - iv. There is no plan or intention to liquidate either Sub 7 or Controlled 2, to merge either corporation with any other corporation, or to sell or otherwise dispose of the assets of either corporation after the Proposed Transactions, except in the ordinary course of business or sales and other dispositions of assets to members of each corporation’s SAG, within the meaning of section 355(b)(3)(B).
  - v. There was no agreement, understanding, arrangement, or substantial negotiations by one or more officers or directors acting on behalf of Sub 7 or

Controlled 2, by controlling shareholders of Sub 7 or Controlled 2, or by another person or persons with the implicit or explicit permission of one or more of such officers, directors or controlling shareholders at any point during the two-year period ending on the date of the distribution regarding an acquisition of the stock of either Sub 7 or Controlled 2 (including a predecessor or successor within the meaning of Treas. Reg. § 1.355-8) or a similar acquisition, which acquisition has occurred or will occur prior to or following the distribution, other than acquisitions resulting from or in connection with the Merger.

5. In addition, Distributing has made the following modified representations:

Representation 32

No intercorporate debt will exist between Sub 7 and Controlled 2 at the time of, or subsequent to, the Second Controlled 2 Distribution, except for short-term accounts payable and accounts receivable arising in the ordinary course of business.

Representation 33

Any payments made in connection with all continuing transactions, if any, between Sub 7 and Controlled 2 that occur more than 24 months after the Second Controlled 2 Distribution will be for fair market value based on arm's length terms.

Except as otherwise provided below, Distributing has made all the representations in Section 3.02(3) of Rev. Proc. 2024-24 or provided adequate explanation for any modifications or revisions with respect to the Second Controlled 2 Distribution in the form set forth therein.

1. Distributing has made Alternative Representation 1(a).
2. Distributing did not make the following representations, which do not apply to the Second Controlled 2 Distribution: 2, 3, 4, 5, 6, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 25, 26, 27, 29, 30, 31, 32, 33, 34, 35, 36, and 37.

With respect to the Second Controlled 2 Contribution and Third Controlled 2 Distribution

Except as otherwise provided below, Distributing has made all the representations in Section 3 of the Appendix of Rev. Proc. 2017-52 with respect to the Second Controlled 2 Contribution and Third Controlled 2 Distribution in the form set forth therein.

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

2. Distributing did not make following representations, which do not apply to the Controlled 3 CTB Election and Controlled 3 Distribution: 7, 24, 25, and 40.
3. Distributing did not make the following representations, which have been replaced by representations in Rev. Proc. 2024-24: 2, 4, 17, 18, 19, 20, and 21.
4. Distributing has made the following representations in lieu of representations 14,15 and 29:
  - i. Immediately after the Distribution, the fair market value of the business assets of each of Sub 1 and Controlled 2 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. Total assets do not include any intercompany debt between members of such corporation’s affiliated group (as defined in section 1504(a)).
  - ii. There is no plan or intention by the shareholders or securityholders of Sub 1 to sell, exchange, transfer by gift, or otherwise dispose of any of their stock in, or securities of, either Sub 1 or Controlled 2 after the Proposed Transactions.
  - iii. There is no plan or intention by Sub 1 or Controlled 2, directly or through any related person (within the meaning of section 267(b) or section 707(b)(1)), to purchase any of its outstanding stock after the Proposed Transactions.
  - iv. There is no plan or intention to liquidate either Sub 1 or Controlled 2, to merge either corporation with any other corporation, or to sell or otherwise dispose of the assets of either corporation after the Proposed Transactions, except in the ordinary course of business or sales and other dispositions of assets to members of each corporation’s SAG, within the meaning of section 355(b)(3)(B).
  - v. There was no agreement, understanding, arrangement, or substantial negotiations by one or more officers or directors acting on behalf of Sub 1 or Controlled 2, by controlling shareholders of Sub 1 or Controlled 2, or by another person or persons with the implicit or explicit permission of one or more of such officers, directors or controlling shareholders at any point during the two-year period ending on the date of the distribution regarding an acquisition of the stock of either Sub 1 or Controlled 2 (including a predecessor or successor within the meaning of Treas. Reg. § 1.355-8) or a similar acquisition, which acquisition has occurred or will occur prior to or following the distribution, other than acquisitions resulting from or in connection with the Merger.

5. In addition, Distributing has made the following modified representations:

Representation 32:

No intercorporate debt will exist between Sub 1 and Controlled 2 at the time of, or subsequent to, the Third Controlled 2 Distribution, except for short-term accounts payable and accounts receivable arising in the ordinary course of business.

Representation 33:

Any payments made in connection with all continuing transactions, if any, between Sub 1 and Controlled 2 that occur more than 24 months after the Third Controlled 2 Distribution will be for fair market value based on arm's length terms.

Except as otherwise provided below, Distributing has made all the representations in Section 3.02(3) of Rev. Proc. 2024-24 or provided adequate explanation for any modifications or revisions with respect to the Second Controlled 2 Contribution and Third Controlled 2 Distribution in the form set forth therein.

1. Distributing has made Alternative Representation 1(a).
2. Distributing did not make following representations, which do not apply to the Second Controlled 2 Contribution and Third Controlled 2 Distribution: 2, 3, 4, 5, 6, 17, 18, 19, 20, 25, 26, 27, 29, and 30.
3. Distributing has made the following revised / modified representations:

Representation 15(a):

Other than with respect to any liabilities relating to intercompany financing or trading transactions deemed assumed by Controlled 2 in connection with the Second Controlled 2 Contribution, no holder of a Sub 1 debt that will be satisfied with section 361 consideration, or of a Sub 1 liability that will be assumed by Controlled 2 (including a Sub 1 contingent liability), is a Sub 1 Related Person or a Controlled 2 Related Person.

Representation 16:

Other than with respect to any liabilities relating to intercompany financing or trading transactions deemed assumed by Controlled 2 in connection with the Second Controlled 2 Contribution, no holder of a Sub 1 debt that will be satisfied with section 361 consideration, or of other Sub 1 liability (including a Sub 1 contingent liability) that will be assumed by Controlled 2, will hold the

debt or other liability for the benefit of Sub 1, Controlled 2, a Sub 1 Related Person, or a Controlled 2 Related Person.

Representation 21:

Other than with respect to trade payables related to Controlled 2's business that will be assumed or deemed assumed by Controlled 2 in connection with the Third Controlled 2 Distribution, Sub 1 incurred each Sub 1 debt that will be satisfied with Section 361 consideration, and each Sub 1 liability that will be assumed by Controlled 2 (except with regard to any Sub 1 contingent liability), before the Earliest Applicable Date.

With respect to the Controlled 1 Contribution and Controlled 1 Distribution

Except as otherwise provided below, Distributing has made all the representations in Section 3 of the Appendix of Rev. Proc. 2017-52 with respect to the Controlled 1 Contribution and Controlled 1 Distribution in the form set forth therein.

1. Distributing has made the following alternative representations: 3(a), 11(a), 22(a), 31(a), and 41(a).
2. Distributing did not make following representations, which do not apply to the Controlled 1 Contribution and Controlled 1 Distribution: 7, 24, and 25.
3. Distributing did not make the following representations, which have been replaced by representations in Rev. Proc. 2024-24: 2, 4, 17, 18, 19, 20, and 21.
4. Distributing has made the following representations in lieu of 14, 15 and 29:
  - i. Immediately after the Distribution, the fair market value of the business assets of each of Distributing and Controlled 1 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. To the knowledge of Distributing's management, there is no plan or intention by the shareholders or security holders of Distributing to sell, exchange, transfer by gift, or otherwise dispose of any of their stock in, or securities of, either Distributing or Controlled 1 after the Proposed Transactions, other than (i) pursuant to the steps of the Proposed Transactions and (ii) through the public trading of Distributing stock on an established market.

- iii. To the knowledge of Distributing's management, there is no plan or intention by the shareholders or security holders of Controlled 1 to sell, exchange, transfer by gift, or otherwise dispose of any of their stock in, or securities of Acquiring after the Proposed Transactions, other than (i) through the public trading of Acquiring stock on an established market; and (ii) sales by the distribution agent in the Merger of aggregated fractional shares of Acquiring stock that Controlled 1 shareholders would otherwise be entitled to receive.
- iv. There is no plan or intention by Distributing or Controlled 1, directly or through any related person (within the meaning of section 267(b) or section 707(b)(1)), to purchase any of its outstanding stock after the Proposed Transactions, other than through stock purchases meeting the requirements set forth below:
  - 1. Any Share Repurchase will be motivated by a business purpose, and the stock that will be repurchased by Distributing or Controlled 1, or acquired by a counterparty pursuant to an ASR, will be widely held;
  - 2. To the extent that any Share Repurchase is made on the open market (including through a U.S. Securities and Exchange Commission ("SEC") Rule 10b5-1 plan under the Securities Exchange Act of 1934 (15 U.S.C. 78) ("Exchange Act"), a purchase in compliance with SEC Rule 10b-18 of the Exchange Act, or a tender offer), Distributing or Controlled 1, as applicable, does not expect to know the identity of any shareholder from which stock will be repurchased. To the extent that any Share Repurchase is made through an ASR, Distributing or Controlled 1, as applicable, does not expect to know with certainty the identity of any shareholder from which stock is borrowed or purchased by each counterparty that participates in such ASR;
  - 3. There is no plan or intention that the aggregate amount of stock purchased or acquired through Share Repurchases will equal or exceed 20 percent of the outstanding stock of Distributing or Controlled 1, as applicable; and
  - 4. No Share Repurchase will be motivated to any extent by a desire to increase or decrease the ownership percentage of any particular shareholder or group of shareholders.
- v. There is no plan or intention to liquidate either Distributing or Controlled 1, to merge either corporation with any other corporation, or to sell or otherwise dispose of the assets of either corporation after the Proposed Transactions, except in the ordinary course of business or sales and other dispositions of assets to members of each corporation's SAG, within the meaning of section 355(b)(3)(B).
- vi. There was no agreement, understanding, arrangement, or substantial negotiations by one or more officers or directors acting on behalf of Distributing

or Controlled 1, by controlling shareholders of Distributing or Controlled 1, or by another person or persons with the implicit or explicit permission of one or more of such officers, directors or controlling shareholders at any point during the two-year period ending on the date of the distribution regarding an acquisition of the stock of either Distributing or Controlled 1 (including a predecessor or successor within the meaning of Treas. Reg. § 1.355-8) or a similar acquisition, which acquisition has occurred or will occur prior to or following the distribution, other than acquisitions resulting from or in connection with the Merger.

5. In addition, Distributing has made the following modified representations:

Representation 5:

None of the Controlled 1 stock, Controlled 1 securities, or Other Property to be distributed in the Distribution will be received in any capacity other than that of a shareholder of Distributing, except for Other Property received by Distributing, which may be transferred to creditors of Distributing Debt pursuant to the plan of reorganization.

Representations 8(a) and 8(b):

Distributing has securities outstanding, but it will not distribute Controlled 1 stock, Controlled 1 securities or Other Property to any holder of such securities in the Distribution, in satisfaction thereof, except for Other Property received by Distributing, which may be transferred to Distributing's security holders pursuant to the plan of reorganization.

Representation 32:

No intercorporate debt will exist between Distributing and Controlled 1 at the time of, or subsequent to, the Controlled 1 Distribution, except for short-term accounts payable and accounts receivable arising in the ordinary course of business.

Representation 33:

Any payments made in connection with all continuing transactions, if any, between Distributing and Controlled 1 that occur more than 24 months after the Distribution will be for fair market value based on arm's length terms.

Representation 35:

The payment of cash in lieu of fractional shares of Controlled 1 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 Distributing shareholder will be aggregated and no Distributing shareholder of record will receive cash in an amount equal to or greater than the value of one full share of Controlled 1 (with the possible exception of shareholders who hold Distributing stock in multiple accounts or with multiple brokers).

Except as otherwise provided below, Distributing has made all the representations in Section 3.02(3) of Rev. Proc. 2024-24 or provided adequate explanation for any modifications or revisions with respect to the Controlled 1 Contribution and Controlled 1 Distribution in the form set forth therein.

1. Distributing has made Alternative Representation 1(a) and Alternative Representation 17(a).
2. Distributing did not make following representations, which do not apply to the Controlled 1 Contribution and Controlled 1 Distribution: 2, 3, 4, 5, 6, 18, 19, 20, 26, and 29.
3. Distributing has made the following revised / modified representations:

Representations 15(a) and 15(b):

Other than with respect to any liabilities relating to intercompany financing or trading transactions deemed assumed by Controlled 1 in connection with the Controlled 1 Contribution, no holder of a Distributing Debt that will be satisfied with section 361 consideration, or of a Distributing liability that will be assumed by Controlled 1 (including a Distributing contingent liability), is a Distributing Related Person or a Controlled 1 Related Person.

Representation 16:

Other than with respect to any liabilities relating to intercompany financing or trading transactions deemed assumed by Controlled 1 in connection with the Controlled 1 Contribution, no holder of a Distributing Debt that will be satisfied with section 361 consideration, or of other Distributing liability (including a Distributing contingent liability) that will be assumed by Controlled 1, will hold the debt or other liability for the benefit of Distributing, Controlled 1, a Distributing Related Person, or a Controlled 1 Related Person.

Representation 21:

Other than with respect to trade payables related to Controlled 1's business that will be assumed or deemed assumed by Controlled 1 in connection with the Controlled 1 Distribution, Distributing incurred each Distributing debt that will be satisfied with Section 361 consideration, and each Distributing liability

that will be assumed by Controlled 1 (except with regard to any Distributing contingent liability), before the Earliest Applicable Date.

Representation 30:

Neither Distributing nor any Distributing Related Person (determined immediately after the Control Distribution), will replace during the period beginning on the Earliest Applicable Date and ending on the date Distributing completes the transfer of Section 361 consideration to its creditors, directly or indirectly, any Amount of Distributing Debt that will be satisfied with Section 361 Consideration with borrowing that Distributing or any Distributing Related Person (determined immediately after the Earliest Applicable Date) expects or is committed to, directly or indirectly, before the Earliest Applicable Date, other than the Borrowings.

Additional Representations

Distributing has made the following additional representations:

1. Distributing expects that FSub 1 and each other member of the Distributing Group that transfers SpinCo Business assets and liabilities to DRE 12 in the DRE 12 Steps will each recognize net gain (and no loss) as a result of such transfers.
2. Distributing does not expect any gain recognized as a result of the transfer of SpinCo Business assets and liabilities in the DRE 12 Steps will cause the adjusted tax basis in the stock of any member of the Distributing Group to exceed the fair market value of such stock.
3. Distributing expects that, at the time of the Controlled 1 Distribution, the gross and net assets transferred to DRE 12 (and DREs owned by DRE 12) in the DRE 12 Steps will represent less than m% of the aggregate fair market value of the gross and net assets, respectively, of Controlled 1's separate affiliated group within the meaning of section 355(b)(3)(B).
4. The assets and liabilities transferred in the DRE 12 Steps will be principally composed of assets and liabilities related to Business F.
5. Distributing has no plan or intention to dispose of the stock of FSub 1 or any other member of the Distributing Group that will transfer (or be treated as transferring through a DRE) assets and liabilities to DRE 12 in the DRE 12 Steps, other than a transfer of such stock to a member of the Distributing Group in which any additional basis in such stock resulting from the transfers would not be utilized to reduce the amount of income or gain (or increase the amount of loss) recognized by the transferor.

6. The Merger is intended to qualify as a reorganization pursuant to section 368(a) in which no gain or loss is recognized (except with respect to the receipt of cash in lieu of fractional shares of Acquiring stock).
7. The Controlled 3 Distribution is subject to Treas. Reg. § 1.367(b)-3(c).

### **Rulings**

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

#### The Controlled 3 CTB Election and Controlled 3 Distribution

1. The Controlled 3 CTB Election, together with the Controlled 3 Distribution, will be a reorganization within the meaning of section 368(a)(1)(D). FSub 2 and Controlled 3 will each be a “party to a reorganization” under section 368(b).
2. No gain or loss will be recognized by FSub 2 on the Controlled 3 CTB Election. Section 361(a); section 357(a).
3. No gain or loss will be recognized by Controlled 3 on the Controlled 3 CTB Election. Section 1032(a).
4. The basis in each asset deemed received by Controlled 3 as a result of the Controlled 3 CTB Election will be equal to the basis of that asset in FSub 2’s hands immediately before the deemed transfer. Section 362(b).
5. The holding period in each asset deemed received by Controlled 3 as a result of the Controlled 3 CTB Election will include the period during which FSub 2 held that asset. Section 1223(2).
6. No gain or loss will be recognized by FSub 2 upon the Controlled 3 Distribution. Section 361(c).
7. No gain or loss will be recognized by (and no amount will be included in the income of) Sub 8 upon the receipt of Controlled 3 stock in the Controlled 3 Distribution. Section 355(a).
8. The aggregate adjusted basis of FSub 2 stock and Controlled 3 stock in the hands of Sub 8 immediately after the Controlled 3 Distribution will be the same as Sub 8’s basis in the FSub 2 stock with respect to which such distribution is made, allocated in proportion to the fair market values of the FSub 2 stock and Controlled 3 stock immediately following the Controlled 3 Distribution. Section 358(a), (b) and (c); Treas. Reg. § 1.358-1(a).

9. Sub 8's holding period in the Controlled 3 stock received in the Controlled 3 Distribution will include the period during which Sub 8 held the FSub 2 stock with respect to which the distribution of Controlled 3 stock is made, provided that such FSub 2 stock is held a capital asset on the date of the Controlled 3 Distribution. Section 1223(1).
10. FSub 2's earnings and profits, if any, will be allocated between FSub 2 and Controlled 3 in accordance with section 312(h) and Treas. Reg. § 1.312-10(a).

#### The First Controlled 2 Contribution and First Controlled 2 Distribution

11. The First Controlled 2 Contribution, together with the First Controlled 2 Distribution, will be a reorganization within the meaning of section 368(a)(1)(D). Sub 8 and Controlled 2 will each be a "party to a reorganization" under section 368(b).
12. No gain or loss will be recognized by Sub 8 upon the First Controlled 2 Contribution. Section 361(a).
13. No gain or loss will be recognized by Controlled 2 on the First Controlled 2 Contribution. Section 1032(a).
14. The basis in each asset received (or deemed received) by Controlled 2 in the First Controlled 2 Contribution will be equal to the basis of that asset in Sub 8's hands immediately before the transfer. Section 362(b).
15. The holding period in each asset received (or deemed received) by Controlled 2 in the First Controlled 2 Contribution will include the period during which Sub 8 held that asset. Section 1223(2).
16. No gain or loss will be recognized by Sub 8 upon the First Controlled 2 Distribution. Section 361(c).
17. No gain or loss will be recognized by (and no amount will be included in the income of) Sub 7 upon the receipt of Controlled 2 stock in the First Controlled 2 Distribution. Section 355(a).
18. The aggregate adjusted basis of Sub 8 stock and Controlled 2 stock in the hands of Sub 7 immediately after the First Controlled 2 Distribution will be the same as Sub 7's basis in the Sub 8 stock with respect to which such distribution is made, allocated in proportion to the fair market values of the Sub 8 stock and Controlled 2 stock immediately following the First Controlled 2 Distribution. Section 358(a), (b) and (c); Treas. Reg. § 1.358-1(a).
19. Sub 7's holding period in the Controlled 2 stock received in the First Controlled 2 Distribution will include the period during which Sub 7 held the Sub 8 stock with

respect to which the distribution of Controlled 2 stock is made, provided that such Sub 8 stock is held a capital asset on the date of the First Controlled 2 Distribution. Section 1223(1).

20. Sub 8's earnings and profits, if any, will be allocated between Sub 8 and Controlled 2 in accordance with section 312(h) and Treas. Reg. § 1.312-10(a).

#### The Second Controlled 2 Distribution

21. No gain or loss will be recognized by Sub 7 upon the distribution of Controlled 2 stock in the Second Controlled 2 Distribution. Section 355(c).
22. No gain or loss will be recognized by (and no amount will be included in the income of) Sub 1 in the Second Controlled 2 Distribution. Section 355(a).
23. Sub 1's basis in the stock of Controlled 2 received in the Second Controlled 2 Distribution will be equal to the Sub 7 stock exchanged therefor. Section 358(b); Treas. Reg. § 1.358-2(a).
24. Sub 1's holding period in the Controlled 2 stock received in the Second Controlled 2 Distribution will include the period during which Sub 1 held the Sub 7 stock exchanged therefor, provided that such Sub 7 stock is held a capital asset on the date of the Second Controlled 2 Distribution. Section 1223(1).
25. Sub 7's earnings and profits, if any, and Controlled 2's earnings and profits, if any, will be adjusted in accordance with section 312(h) and Treas. Reg. § 1.312-10(b).

#### The Second Controlled 2 Contribution and Third Controlled 2 Distribution

26. The Second Controlled 2 Contribution, together with the Third Controlled 2 Distribution, will be a reorganization within the meaning of section 368(a)(1)(D). Sub 1 and Controlled 2 will each be a "party to a reorganization" under section 368(b).
27. No gain or loss will be recognized by Sub 1 upon the Second Controlled 2 Contribution. Section 361(a); section 357(a).
28. No gain or loss will be recognized by Controlled 2 on the Second Controlled 2 Contribution. Section 1032(a).
29. The basis in each asset received (or deemed received) by Controlled 2 in the Second Controlled 2 Contribution will be equal to the basis of that asset in Sub 1's hands immediately before the transfer. Section 362(b).

30. The holding period in each asset received (or deemed received) by Controlled 2 in the Second Controlled 2 Contribution will include the period during which Sub 1 held that asset. Section 1223(2).
31. No gain or loss will be recognized by Sub 1 upon the Third Controlled 2 Distribution. Section 361(c).
32. No gain or loss will be recognized by (and no amount will be included in the income of) Distributing upon the Third Controlled 2 Distribution. Section 355(a).
33. The aggregate adjusted basis of Sub 1 stock and Controlled 2 stock in the hands of Distributing immediately after the Third Controlled 2 Distribution will be the same as Distributing's basis in the Sub 1 stock with respect to which such distribution is made, allocated in proportion to the fair market values of the Sub 1 stock and Controlled 2 stock immediately following the Third Controlled 2 Distribution. Section 358(a), (b) and (c); Treas. Reg. § 1.358-1(a).
34. Distributing's holding period in the Controlled 2 stock received in the Third Controlled 2 Distribution will include the period during which Distributing held the Sub 1 stock with respect to which the distribution of Controlled 2 stock is made, provided that such Sub 1 stock is held a capital asset on the date of the Third Controlled 2 Distribution. Section 1223(1).
35. Sub 1's earnings and profits, if any, will be allocated between Sub 1 and Controlled 2 in accordance with section 312(h) and Treas. Reg. § 1.312-10(a).

#### The Controlled 1 Contribution and Controlled 1 Distribution

36. The Controlled 1 Contribution, together with the Controlled 1 Distribution, will be a reorganization within the meaning of section 368(a)(1)(D). Distributing and Controlled 1 will each be a "party to a reorganization" under section 368(b).
37. No gain or loss will be recognized by Distributing upon the Controlled 1 Contribution. Section 361(a); section 361(b); section 357(a).
38. No gain or loss will be recognized by Controlled 1 on the Controlled 1 Contribution. Section 1032(a).
39. The basis in each asset received (or deemed received) by Controlled 1 in the Controlled 1 Contribution will be equal to the basis of that asset in Distributing's hands immediately before the transfer. Section 362(b).
40. The holding period in each asset received (or deemed received) by Controlled 1 in the Controlled 1 Contribution will include the period during which Distributing held that asset. Section 1223(2).

41. No gain or loss will be recognized by Distributing upon the Controlled 1 Distribution. Section 361(c).
42. No gain or loss will be recognized by (and no amount will be included in the income of) holders of Distributing Common Stock upon the Controlled 1 Distribution. Section 355(a).
43. The aggregate adjusted basis of the Distributing Common Stock and Controlled 1 stock in the hands of a holder of Distributing Common Stock immediately after the Controlled 1 Distribution will be the same as such shareholder's basis in the Distributing Common Stock with respect to which such distribution is made, allocated in proportion to the fair market values of the Distributing Common Stock and Controlled 1 stock immediately following the Controlled 1 Distribution. Section 358(a), (b) and (c); Treas. Reg. § 1.358-1(a).
44. If a holder of Distributing Common Stock that purchased or acquired shares on different dates or at different prices is not able to identify which particular share of Controlled 1 stock is received as a distribution with respect to a particular share of Distributing Common Stock, the holder may designate which particular share of Controlled 1 stock is received as a distribution with respect to a particular share of Distributing Common Stock, provided the designation is consistent with the terms of the Controlled 1 Distribution. Treas. Reg. § 1.358-2(a)(2).
45. The holding period of each holder of Distributing Common Stock in the Controlled 1 Stock received in the Controlled 1 Distribution will include the holding period of the Distributing Common Stock with respect to which the distribution of the Controlled 1 stock is made, provided that such Distributing Common Stock is held as a capital asset on the date of such Controlled 1 Distribution. Section 1223(1).
46. Distributing's earnings and profits, if any, will be allocated between Distributing and Controlled 1 in accordance with section 312(h) and Treas. Reg. §§ 1.312-10(a) and 1.1502-33(e)(3).
47. Distributing may employ the Overlap Counting Principles in applying the Overlap Rule and the Net Decrease Methodology to the Merger.
48. To the extent that the Share Repurchases are treated as part of a plan (or series of related transactions) with the Controlled 1 Distribution for purposes of section 355(e), the Share Repurchases will be treated as being made from all "Public Shareholders" (i.e., shareholders that are not a "controlling shareholder" or "ten-percent shareholder," within the meaning of Treas. Reg. §§ 1.355-7(h)(3) and (14), respectively) of Distributing or Acquiring, as applicable, on a pro rata basis for purposes of testing the effect of the Share Repurchases on the Controlled 1 Distribution under section 355(e).

For purposes of this Ruling, each shareholder of Distributing or Acquiring, as applicable, will be treated as a Public Shareholder with respect to any Share Repurchases that occur on or prior to five business days after either (1) actual knowledge of the Chief Financial Officer or General Counsel of Distributing or Acquiring, as applicable, of the existence of a shareholder that is not a Public Shareholder or (2) the filing of a Schedule 13D, Schedule 13G, Form 3, or Form 4, indicating a shareholder of Distributing or Acquiring, as applicable, 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 the repurchasing corporation as described in Treas. Reg. § 1.355-7(h)(3)) or a “ten-percent shareholder” within the meaning of Treas. Reg. § 1.355-7(h)(14). For purposes of determining whether a “ten-percent shareholder” within the meaning of Treas. Reg. § 1.355-7(h)(14) exists, Distributing and Acquiring, as applicable, 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” within the meaning of Treas. Reg. § 1.355-7(h)(14) on SEC Form 3 or SEC Form 4.

49. The receipt of cash by holders of Controlled 1 shares in lieu of a fractional share of Acquiring common stock will be treated for federal income tax purposes as if the fractional share had been received by the holder as part of the Merger and then had been disposed of by the holder 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 Acquiring common stock in connection with the Merger will not be treated as an acquisition that is part of a plan (or series of related transactions) that includes the Controlled 1 Distribution.
51. The Cash Adjustment payment made between Distributing and Controlled 1 will be characterized as if such payment had occurred immediately before the Controlled 1 Distribution pursuant to the Controlled 1 Contribution. 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 any other provisions of the Code or regulations or the tax treatment of any conditions existing at the time of, or effects resulting from, the Proposed Transactions that are not specifically addressed by this letter. In particular, no opinion is expressed as to the tax treatment of the DRE 12 Steps, the DRE 1 Hook Stock Steps, the Recapitalization and Conversion, the Merger, and the Acquiring Sub Contribution.

### **Procedural Statements**

This ruling is directed only to the taxpayer who requested 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, a copy of this letter is being sent to your authorized representative.

A copy of this ruling letter must be attached to any federal income tax return to which it is relevant. Alternatively, taxpayers filing their returns electronically may satisfy this requirement by attaching a statement to their return that provides the date and control number of this ruling letter.

Sincerely,

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Mark J. Weiss  
Chief, Branch 2  
Office of Associate Chief Counsel (Corporate)

cc: