The Impact of Recent IRS and Treasury Regulations on Corporate Inversions and Intercompany Debt

Presented by

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Introduction

- On April 4, 2016, the IRS and Treasury issued final and temporary regulations on the rules governing corporate inversions and proposed regulations on the taxation of intercompany debt
  - Inversion Regulations largely implement rules announced in certain notices released in 2014 and 2015, with a handful of notable new rules and clarifications
  - Intercompany debt regulations, if finalized in their current form, would fundamentally alter the taxation of intercompany debt
- Overview of Topics Covered
  - Background
  - Inversion-related developments
  - Intercompany debt-related developments
  - Q&A

Background

Market Observations

- Inversion transactions will continue to occur unless there is fundamental corporate tax reform in the United States
- “Earnings stripping” is severely limited under the proposed intercompany debt rules
- Recent guidance does not meaningfully impact inverted company’s ability to access trapped cash
  - “Hopscotch” loans / de-controlling transactions
- Several inversion transactions announced prior to April 4 have been reaffirmed after the regulations were released

Market Reactions

Progressive Waste Solutions

APRIL 5, 2016

Waste Connections and Progressive Waste Solutions Issue Joint Statement

Waste Connections, Inc. (NYSE:WCN) and Progressive Waste Solutions Ltd. (NYSE: BIN) (TSX:BIN) today announced their preliminary conclusions regarding the U.S. Department of Treasury's proposed tax regulations issued late yesterday. … The two companies remain committed to the strategic merger announced on January 19, 2016, which is expected to close in the second quarter of 2016.

tyco

APRIL 5, 2016

Regulation FD Disclosure

On April 4, 2016, the U.S. Department of the Treasury and the Internal Revenue Service issued temporary and proposed regulations regarding certain transactions involving a U.S. company and a foreign company. Johnson Controls and Tyco are conducting a review of these announced actions and are not making any statements regarding the possible impact of these announced actions prior to their completion of this review.

IHS

APRIL 5, 2016

IHS and Markit Issue Statement on Treasury Notice

"IHS and Markit, together with their respective advisors, have conducted a preliminary review of the new U.S. Treasury rules released late yesterday, and we expect that the new rules would not result in the IHS Markit merger-of-equals transaction being subject to U.S. Code 7874.

Shire

Shire Comments on Recent US Treasury Notice

APRIL 6, 2016

Shire plc (LSE: SHP, NASDAQ: SHPG) acknowledges the US Treasury notice published on April 4, 2016, and anticipates the Baxalta transaction will proceed as originally announced on January 11, 2016.

Willis Towers Watson

APRIL 8, 2016

Regulation FD Disclosure

We do not believe the new rules would cause the merger of Towers Watson and Willis Group Holdings, which closed on January 4, 2016, (the "Merger") to be treated as an inversion. In addition, we do not believe that the new intercompany debt rules would apply to any currently outstanding debt, including any debt issued in connection with the Merger.

Predictability of U.S. Tax System

- Authority to promulgate inversion regulations?
- Authority to promulgate intercompany debt regulations?
- Will the political risk associated with larger inversion transactions deter would-be inverters from going through with transactions, even if they meet the rules as written today?

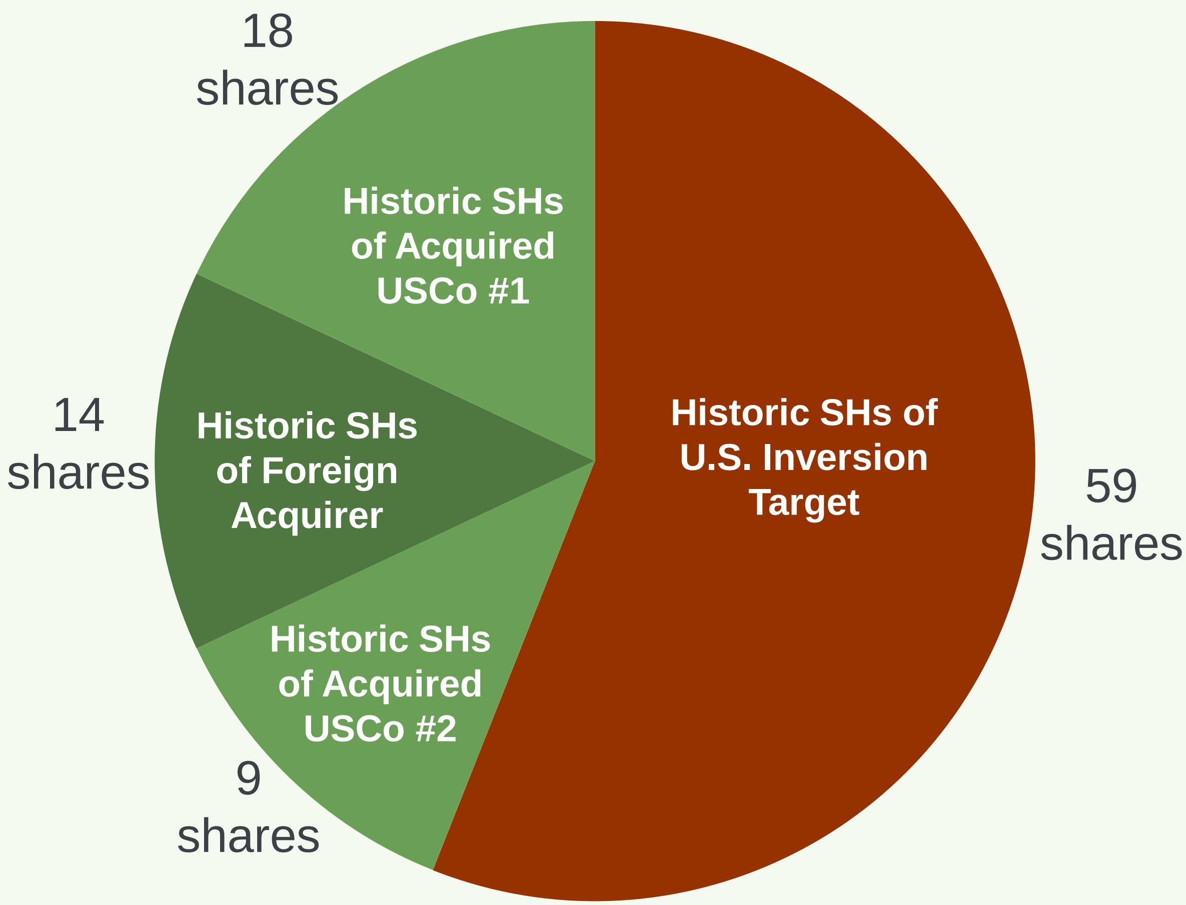
Inversion-Related Developments

Section 7874 – Ownership Fraction

- Inversion success turns largely on the amount of foreign acquirer stock held by the former shareholders of the U.S. target after the inversion transaction
  - This is called the "Ownership Fraction"
- Many of the rules announced in the 2014 and 2015 notices and the new regulations modify either the numerator or the denominator of the Ownership Fraction

Prior Acquisitions Rule

Before April 4

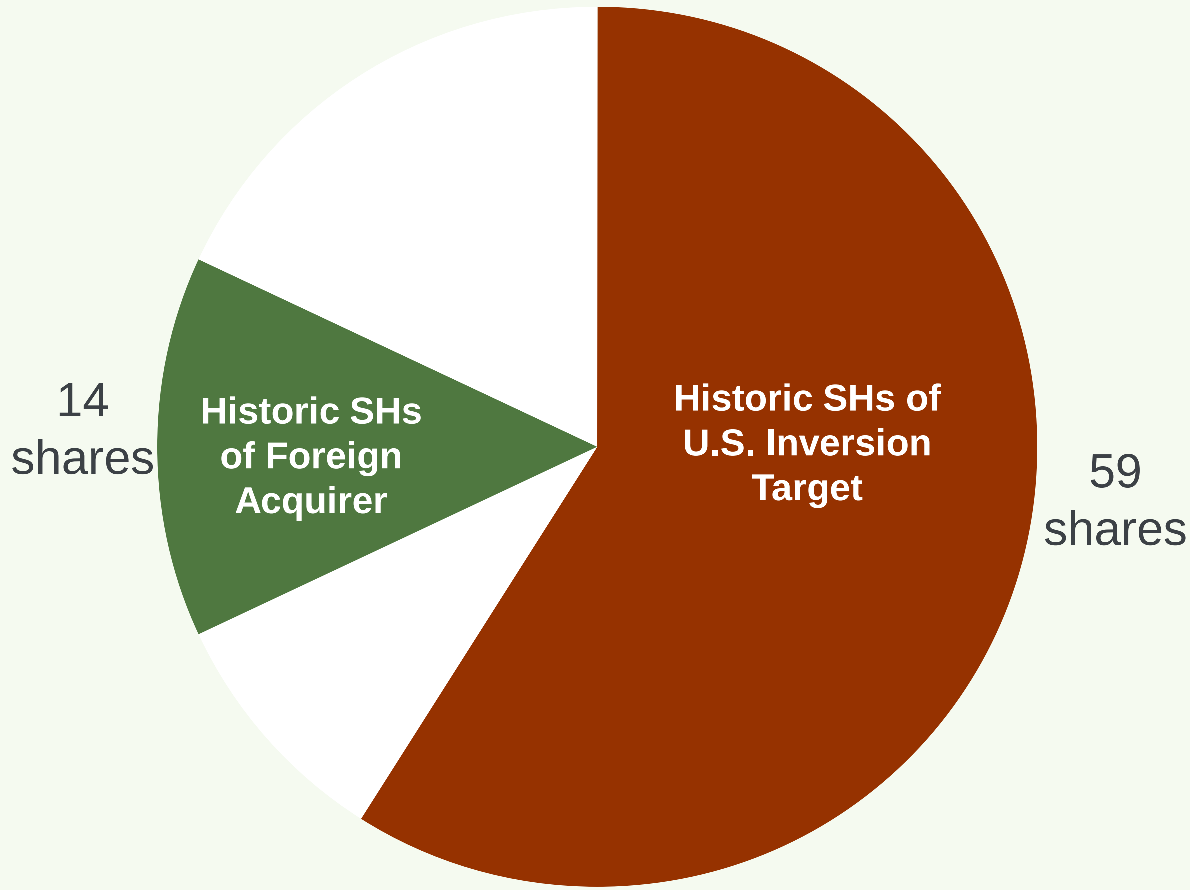


Ownership Fraction = $\frac{59}{100}$ = 59% ☑

Prior Acquisitions Rule

After April 4

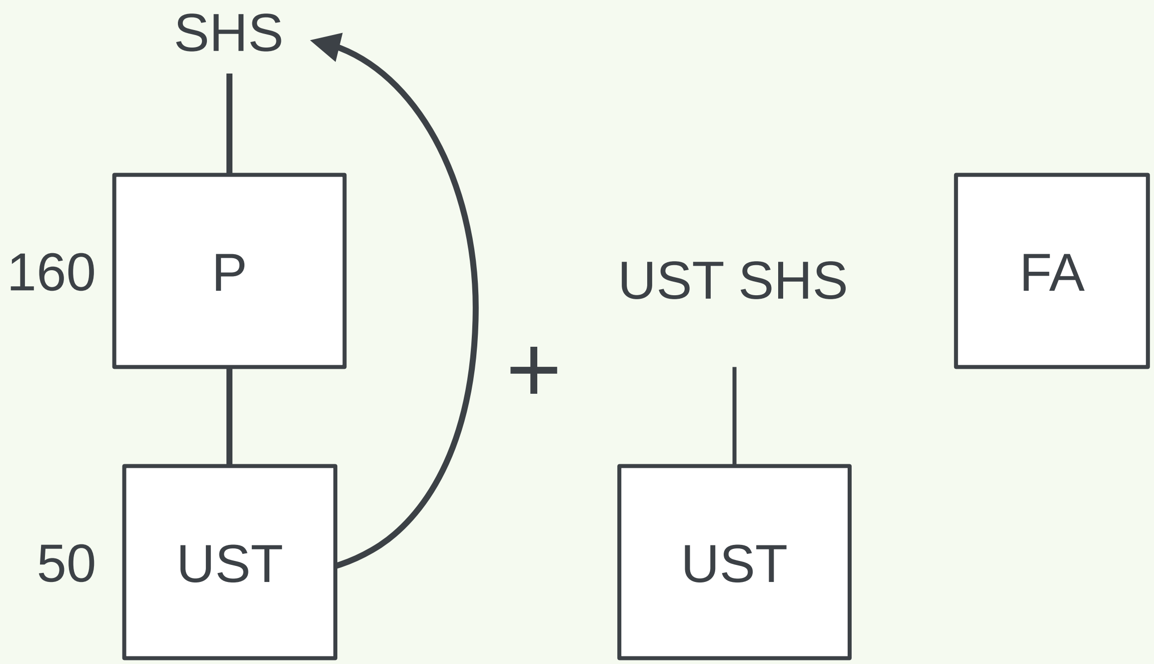
- Removes shares of Foreign Acquirer issued to SHs of U.S. companies acquired within 36 months of signing date **from denominator** of Ownership Fraction
- Plan irrelevant
- Not limited to “serial inverters”
- Management rollover equity may be excluded
- No grandfathering for pending deals



$$\text{Ownership Fraction} = \frac{59}{73} = 80.8\%$$

Non-Ordinary Course Distributions: Spinversions Impacted

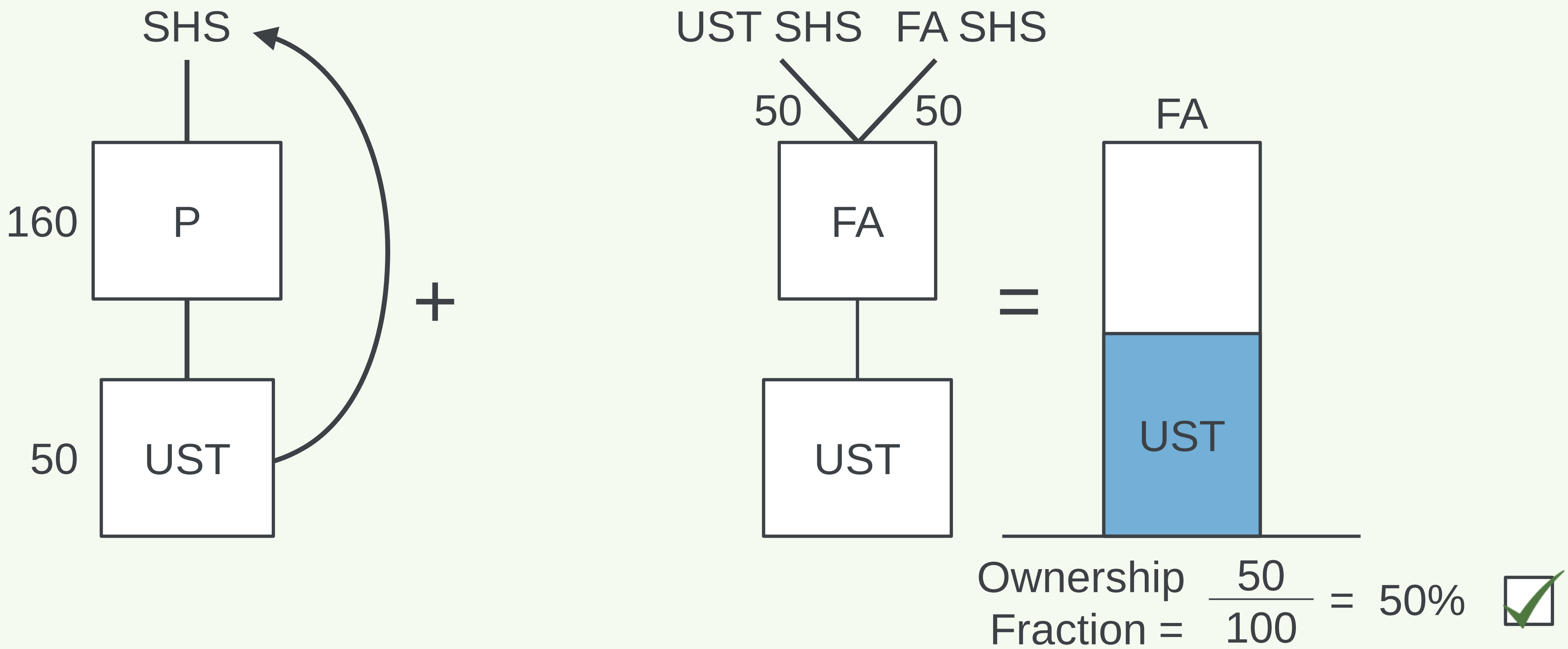
- P distributes UST in tax-free spin-off



- "Non-ordinary course distributions" (including distributions that qualify as tax-free spin-off transactions) made by a U.S. target in the 36-month period leading up to an inversion transaction must be added back to the Ownership Fraction calculation.

Non-Ordinary Course Distributions: Spinversions Impacted

- FA acquires UST



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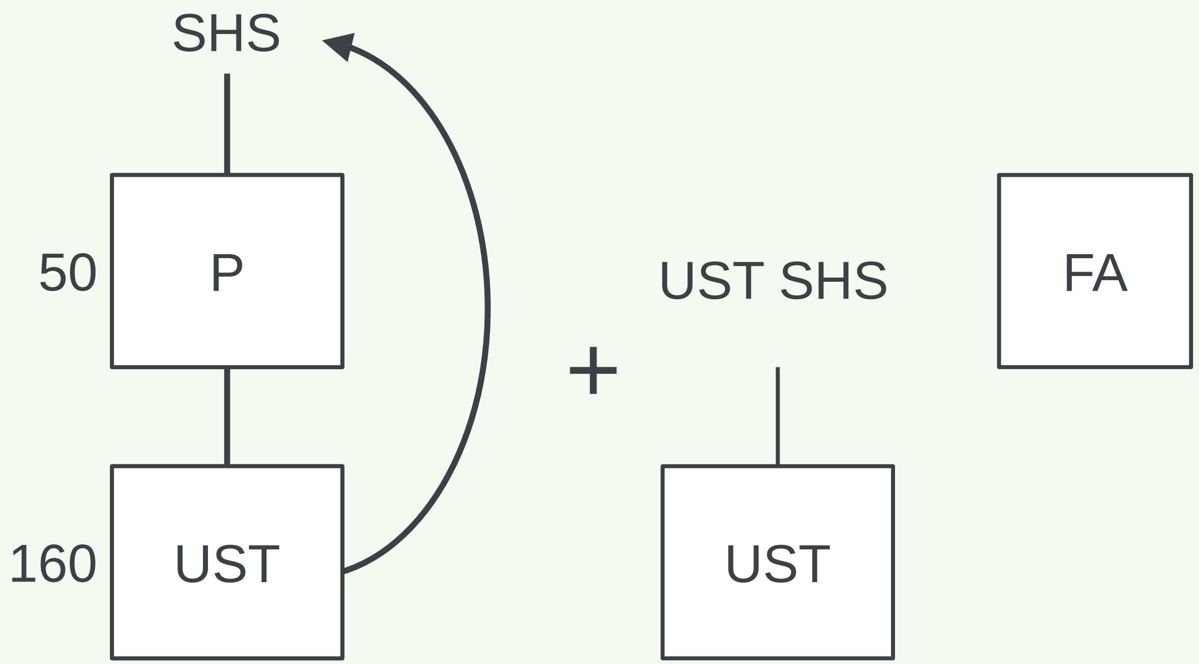
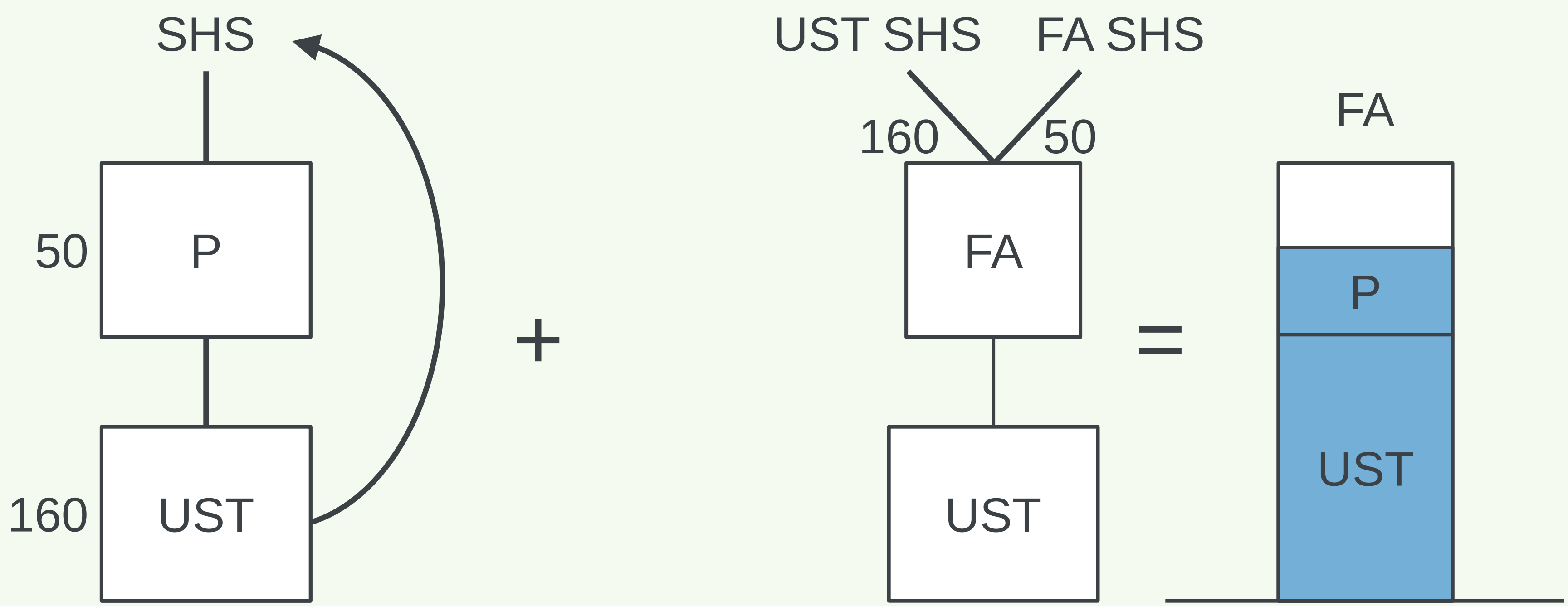


- The new regulations added a rule that deems a “SpinCo” to have made a distribution equal to the value of its former parent, and to add that value back to the Ownership Fraction, in an inversion transaction if “SpinCo” is larger than its former parent at the time of the spin-off.

Non-Ordinary Course Distributions: Spinversions Impacted

- FA acquires UST



Ownership Fraction = $\frac{210}{260}$ = 80.8%

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Intercompany Debt-Related Developments

Proposed Intercompany Debt Regulations (Section 385 Regulations)

- Contemporaneous Documentation Requirement
- Part Debt Part Stock Rule
- Per Se Stock Rule

Stakes: Consequences of Stock Treatment

- Far-ranging consequences of debt being treated as stock include:
  - Loss of interest deductions
  - Inability to effect debt repatriation transactions
  - Withholding on interest payments treated as dividends
  - Repayment of principal treated as a distribution under Sections 302 and 301
  - Recognition of currency gains as debt is deemed exchanged for equity
  - Possible disqualification of tax-free reorganizations, contributions and liquidations
  - Possible deconsolidation with attendant consequences
  - Inability to use debt to effect certain Section 304 transactions
  - Possible consequences under non-U.S. jurisdiction hybrid entity regimes being implemented in response to OECD proposals

Scope

- Generally apply to debt instruments issued and held by members of an **Expanded Group**:
  - What is an **Expanded Group**?
    - Generally, corporations affiliated by 80% of vote **or** value
    - Does not apply to instruments issued and held by members of the same U.S. consolidated group
    - Includes "**controlled partnerships**" – 80% interest in capital or profits owned by members of an expanded group
    - Applies to domestic and foreign corporate parent

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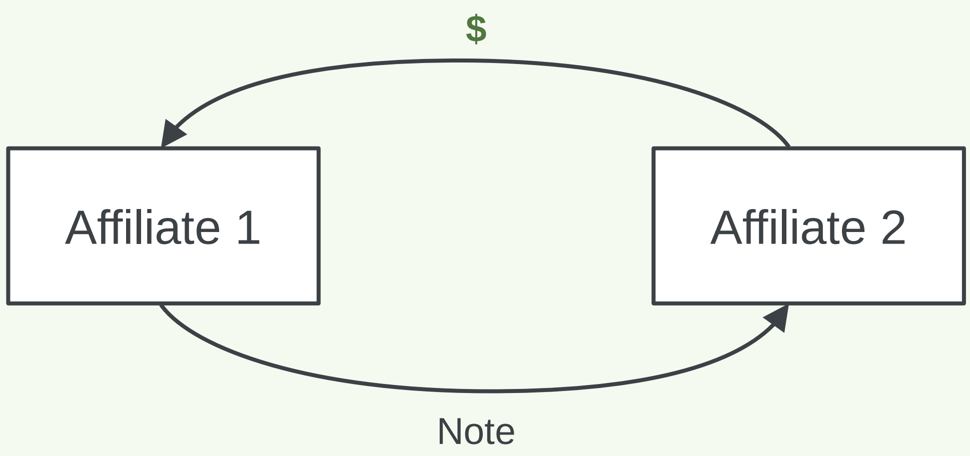
Contemporaneous Documentation Requirement

- Requires members of **Expanded Groups** to prepare and maintain contemporaneous documentation relating to any **Expanded Group Instrument ("EGI")**
  - **EGI**: an applicable instrument that is <u>in form</u> a debt instrument issued and held by members of the same Expanded Group
    - IRS has requested comments for documentation needed for instruments not in the form of debt, *e.g.*, repos
- Failure to satisfy <u>any</u> element of this requirement will result in the debt being treated as stock for all U.S. federal income tax purposes, absent a reasonable cause for the failure
- Satisfaction of this requirement does not ensure debt treatment
  - Instruments still need to pass other requirements and traditional debt/equity analysis to be respected as debt
- Effective Date
  - Applies to applicable instruments issued after finalization of the proposed regulations

Contemporaneous Documentation Requirement (cont.)

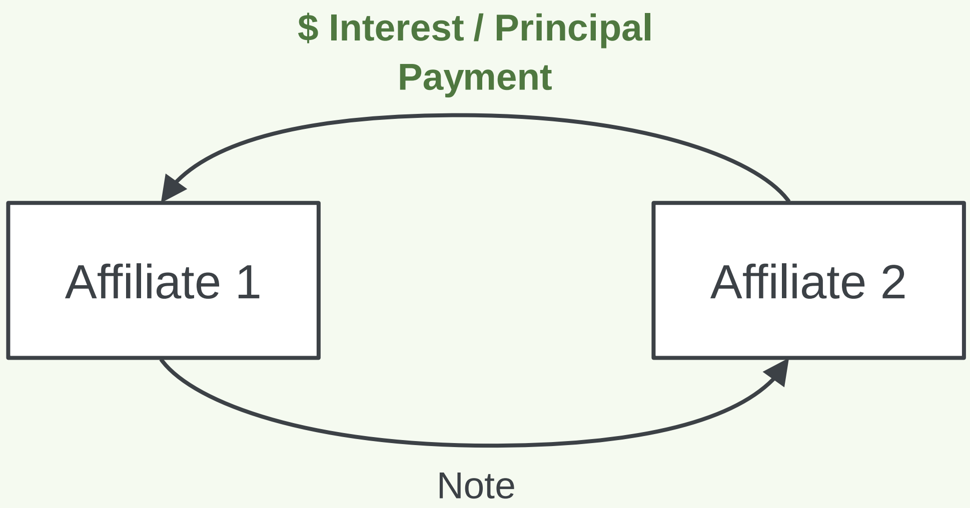
DOCUMENTATION AT TIME OF ISSUANCE



- Within **30** days of issuance:
  - Evidence of unconditional and legally binding obligation to pay a sum certain
  - Evidence indicating holder has rights of a creditor, *e.g.*, rights to trigger EOD or acceleration and a superior right to shareholders to share assets upon dissolution
    - Written loan agreement including the above elements should be sufficient
  - Evidence of a reasonable expectation of repayment, *e.g.*, cash flow projections, financial statements, business forecasts, asset appraisals, debt-equity ratios
    - Much more difficult to provide; extreme compliance burden, potentially impossible to comply with without built-in infrastructure (*e.g.*, transfer pricing 2.0)

Contemporaneous Documentation Requirement (cont.)

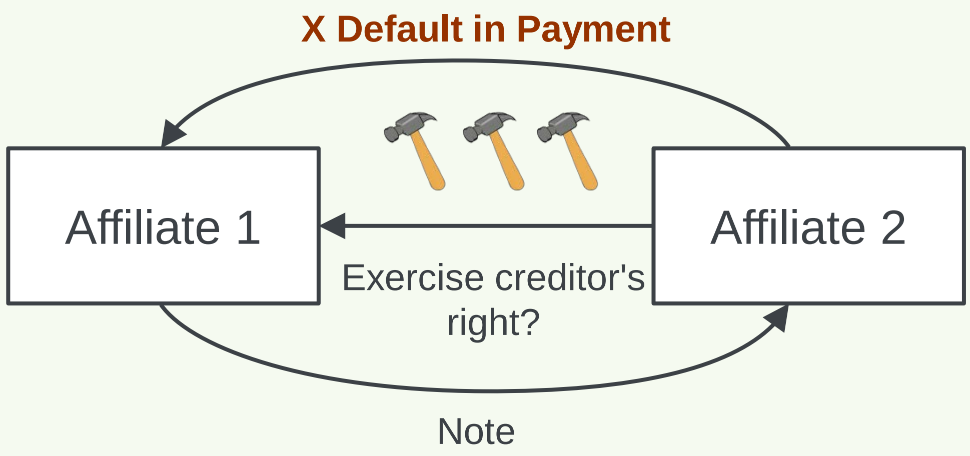
DOCUMENTATION POST-ISSUANCE



- No later than 120 days from payment: Written evidence of <u>a payment of interest or principal</u>, *e.g.*, wire transfer record or bank statement
  - Book entries? Separate bank account for each entity?

Contemporaneous Documentation Requirement (cont.)

DOCUMENTATION POST-ISSUANCE

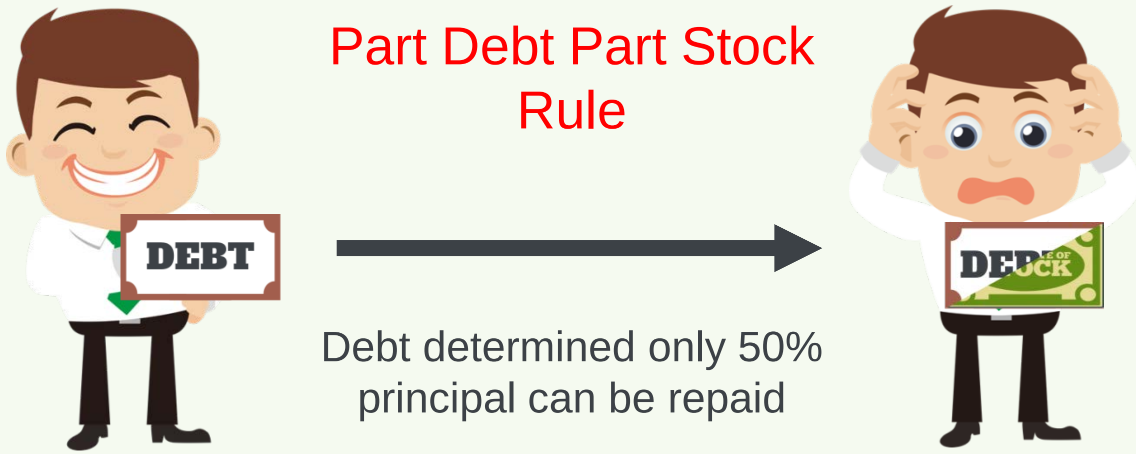


- No later than 120 days of an event of default: Written evidence of holder's reasonable exercise of the diligence and judgment of a creditor upon a failure to pay **or other event of default**

Contemporaneous Documentation Requirement (cont.)

- Additional requirement for revolvers and cash pools:
  - Revolvers: Must include “all relevant enabling documents,” *e.g.*, board of directors’ resolutions, credit agreements, omnibus agreements and security agreements
  - Cash Pools: Must include written documentation governing ongoing operations of the arrangement, including agreements with entities outside the Expanded Group
    - No guidance on documentation needed to satisfy other elements
    - Will one comprehensive agreement among all group members be sufficient?
    - Will parties need to examine standalone creditworthiness each time an amount is drawn down from a cash pool?

Part Debt Part Stock Rule



- Permits the IRS to bifurcate applicable instruments into part debt and part stock
  - Applies to EGIs issued and held by members of a "**Modified Expanded Group**"
  - **Modified Expanded Group**: Expanded Group modified by reducing relationship threshold from 80% to 50%
- Creates leverage for the IRS in settlement
  - Standard of judicial review unclear
- Effective Date
  - Applies to applicable instruments issued after finalization of the proposed regulations

Per Se Stock Rule

SCOPE

- The Per Se Stock Rule applies to debt between members of an Expanded Group
  - Unlike the Documentation Requirement, it applies to all instruments and contractual arrangements that would be treated as debt for tax purposes (not just in form debt)
- It does not apply to debt between members of a U.S. consolidated group
- Applies to debt issued and transactions entered into after April 4, 2016 (more detail below)

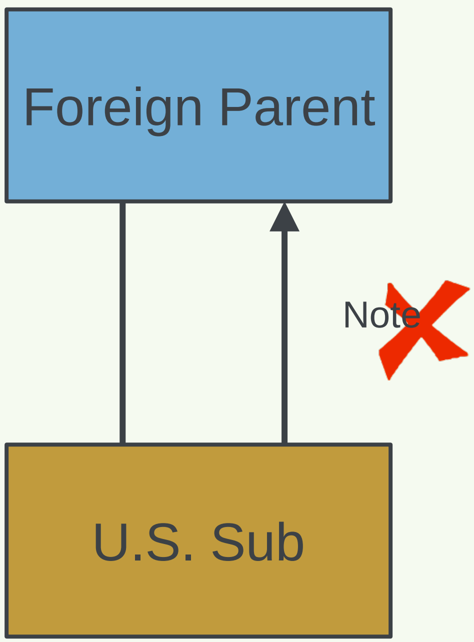
Per Se Stock Rule

GENERAL RULE

- The Per Se Stock Rule consists of:
  - a general rule that targets transaction types
  - a "funding rule" that serves as a backstop to the general rule – but may actually be the most complex and pervasive aspect of the Per Se Stock Rule
- General rule – intercompany debt is generally treated as equity for tax purposes to the extent that it is issued:
  - in a distribution
  - in exchange for stock of a member of the Expanded Group
  - as boot in an intercompany asset reorganization
- In the examples that follow, unless otherwise stated:
  - All corporations are members of the Expanded Group
  - No issuer of a debt instrument has current year E&P
  - There are no other relevant transactions beyond those described

Per Se Stock Rule

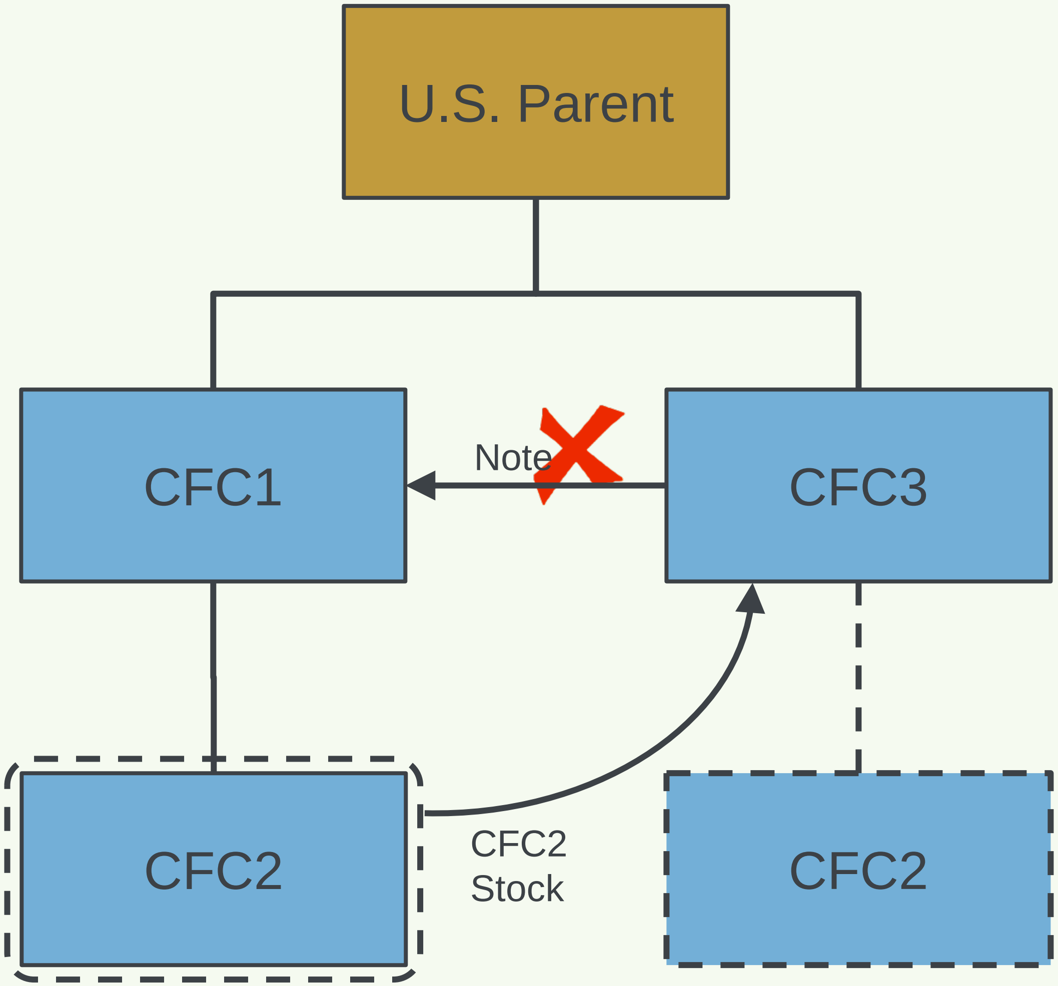
GENERAL RULE (CONT.): NOTE DISTRIBUTION



- U.S. Sub distributes $100 note to Foreign Parent
- U.S. Sub Note treated as stock

Per Se Stock Rule

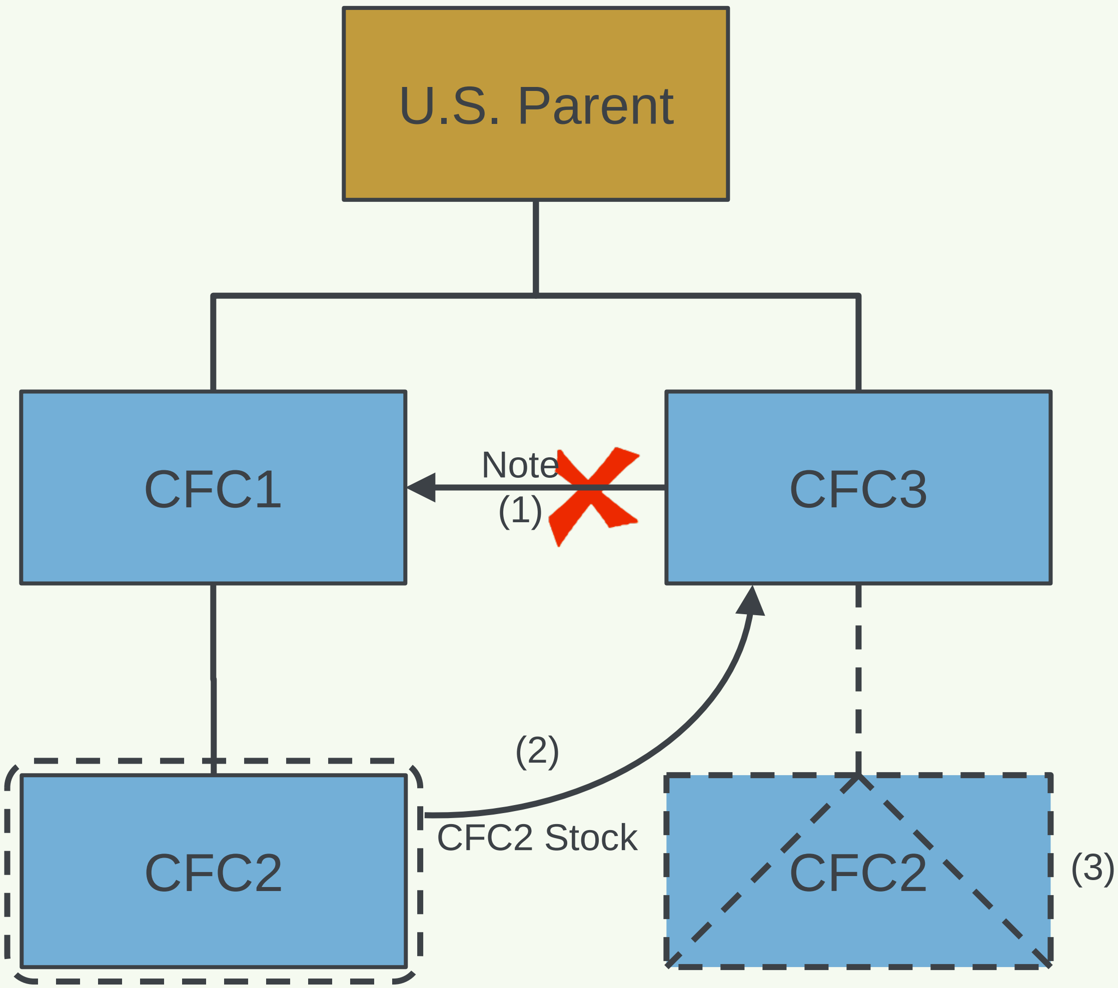
GENERAL RULE (CONT.): STOCK ACQUISITION



- CFC3 acquires stock of CFC2 in exchange for a $100 note
- CFC3 Note treated as stock
  - Section 304 does not apply to the exchange

Per Se Stock Rule

GENERAL RULE (CONT.): ACQUISITIVE ASSET REORGANIZATION



- CFC3 acquires stock of CFC2 in exchange for a $100 note (1 and 2)
- CFC2 elects to be treated as a disregarded entity effective on the day after the date of the transfer, and is deemed to liquidate (3)
- CFC3 Note treated as stock

Per Se Stock Rule

FUNDING RULE

- “Funding rule” – intercompany debt issued in exchange for property is generally treated as stock for tax purposes to the extent it is issued with a “principal purpose” of funding:
  - a distribution of property by the borrower to a member of its expanded group (other than a tax-free distribution of stock in connection with an asset reorganization)
  - an acquisition by the borrower of stock of an expanded group member in exchange for non-stock property
  - an acquisition by the borrower in an intercompany asset reorganization involving boot

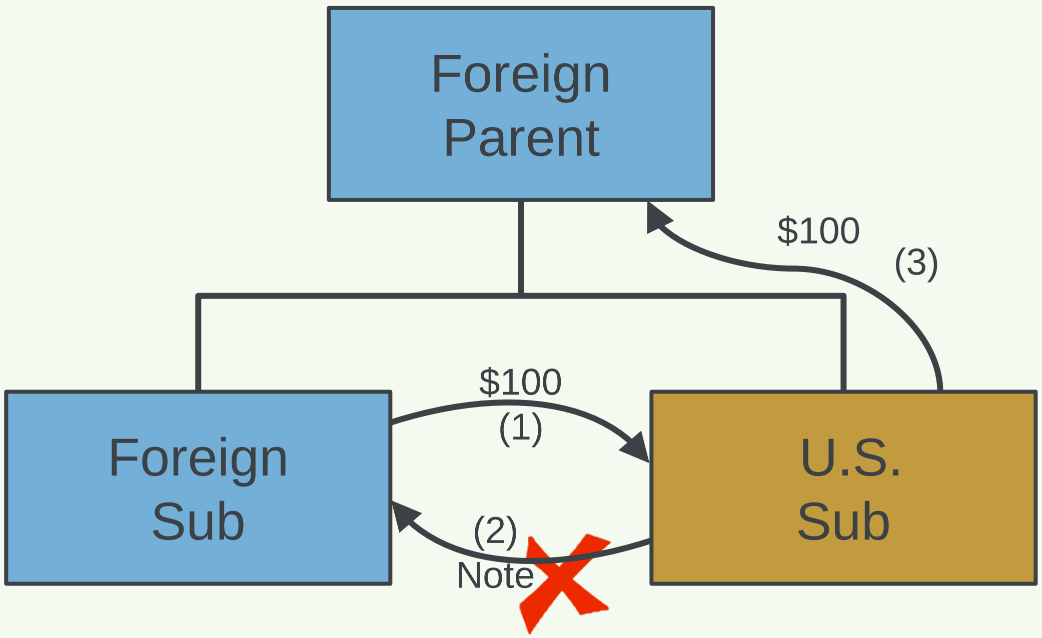
Per Se Stock Rule

FUNDING RULE (CONT.)

- Non-rebuttable presumption
  - Funding rule is subject to a non-rebuttable presumption under which intercompany debt is treated as stock if it is issued within the six-year “blackout period” surrounding one of the specified transactions
  - Intercompany debt issued outside the blackout period is subject to facts and circumstances analysis
  - Almost certainly will interfere with common business practices

Per Se Stock Rule

FUNDING RULE (CONT.): "FUNDED" CASH DISTRIBUTION

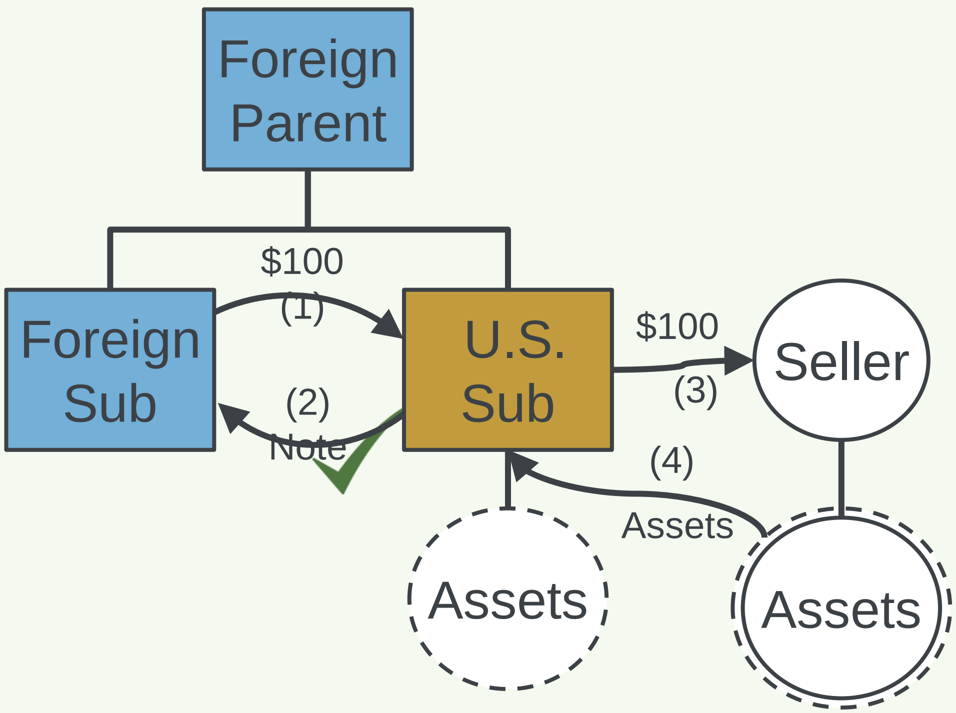


- Foreign Sub lends U.S. Sub $100 in exchange for a note (1 and 2)
- U.S. Sub immediately thereafter distributes $100 to Foreign Parent (3)
- U.S. Sub Note treated as stock

Per Se Stock Rule

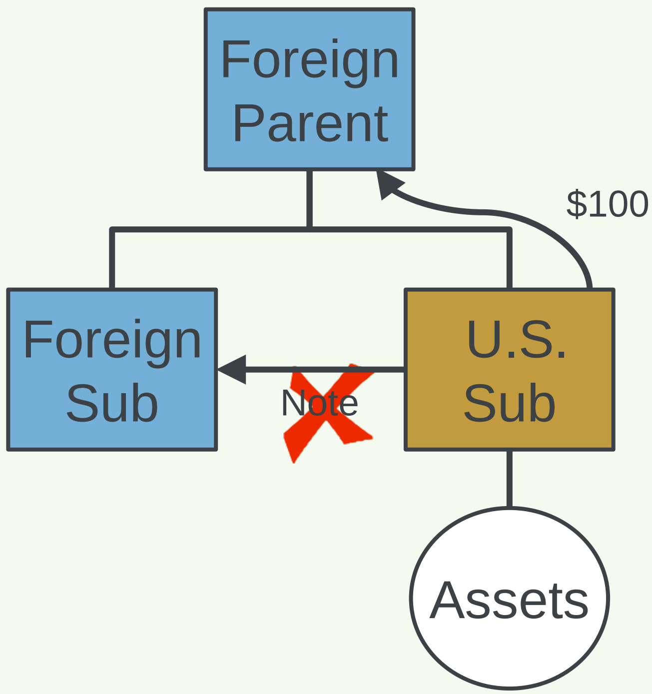
FUNDING RULE (CONT.): NON-REBUTTABLE PRESUMPTION

Year 1



- Foreign Sub lends U.S. Sub $100 in exchange for a note (1 and 2)
- U.S. Sub purchases assets from third party for $100 (3 and 4)
- U.S. Sub Note treated as debt in Year 1

Year 2



- U.S. Sub distributes $100 to Foreign Parent
- U.S. Sub Note treated as stock as of the date of the distribution

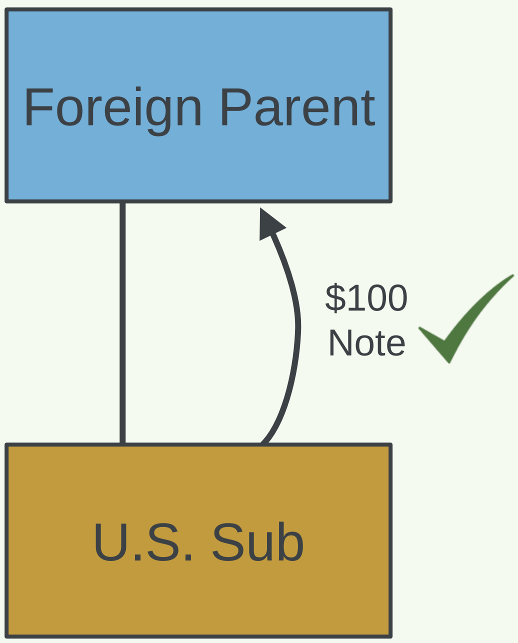
Per Se Stock Rule

EXCEPTIONS

- Two general exceptions
  - Current year E&P
    - Aggregate amount of distributions or acquisitions that would otherwise trigger Per Se Stock Rule is reduced by borrower’s current year E&P
    - By far the most significant of the exceptions (see examples)
  - Threshold exception
    - Debt not treated as stock if expanded group has $50 mm or less of expanded group debt that is subject to recharacterization as stock
- Two additional exceptions to funding rule
  - “Funded acquisitions of subsidiary stock” will not trigger stock treatment
  - Ordinary course exception (very limited)
    - Non-rebuttable presumption for blackout period transactions does not apply to debt instruments that arise in the ordinary course of the borrower’s business in connection with the purchase of property or receipt of services
    - Does not include treasury center activities
    - Does not include market-marking activities (*e.g.*, in debt of Expanded Group members)

Per Se Stock Rule

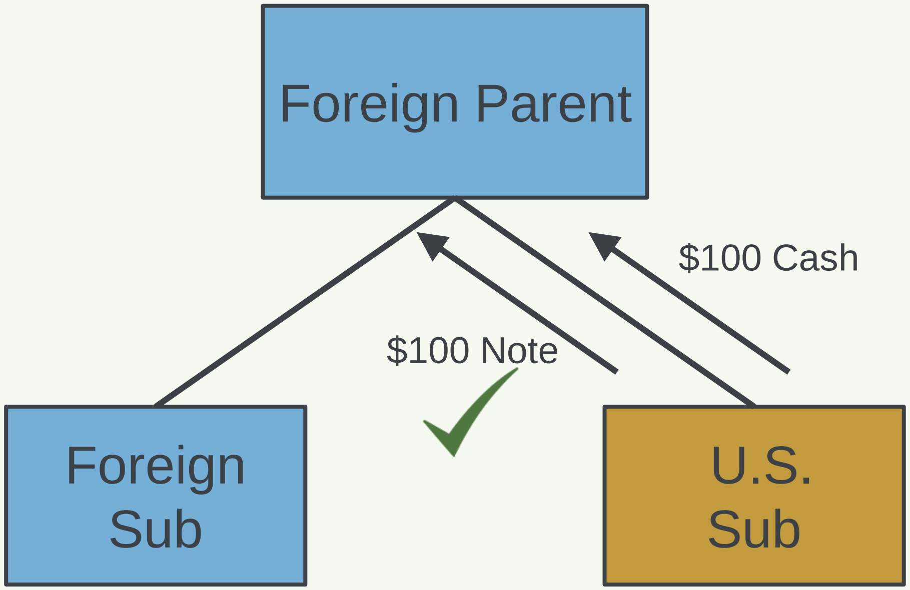
EXCEPTIONS (CONT.): E&P EXCEPTION



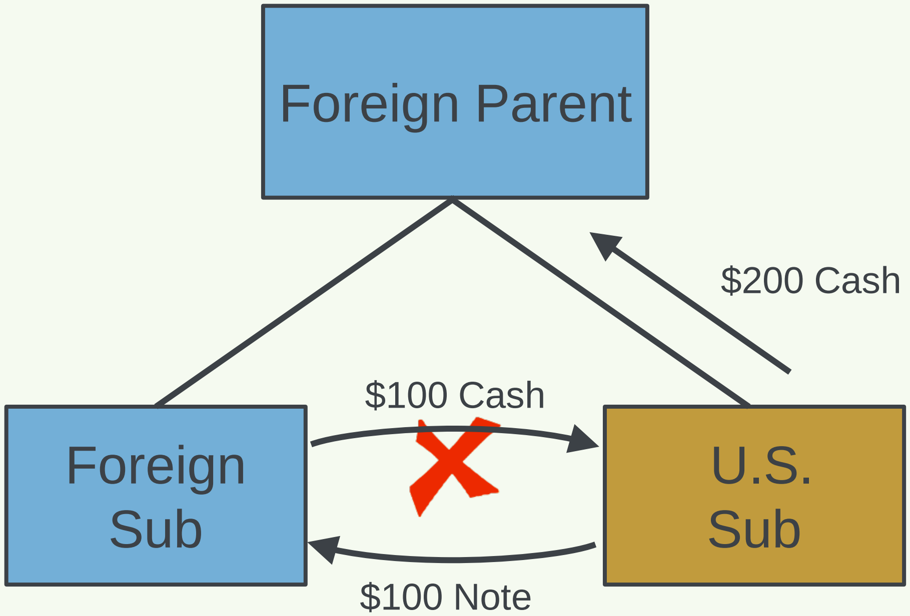
- U.S. Sub has $100 current E&P in year 1
- U.S. Sub distributes a $100 note in year 1
- Note not recharacterized because of current E&P exception

Per Se Stock Rule

EXCEPTIONS (CONT.): INTERSECTION OF E&P EXCEPTION AND OTHER DISTRIBUTIONS



- U.S. Sub has $100 of current E&P in Year 1
- U.S. Sub distributes $100 cash and then a $100 note in Year 1
- Note not recharacterized

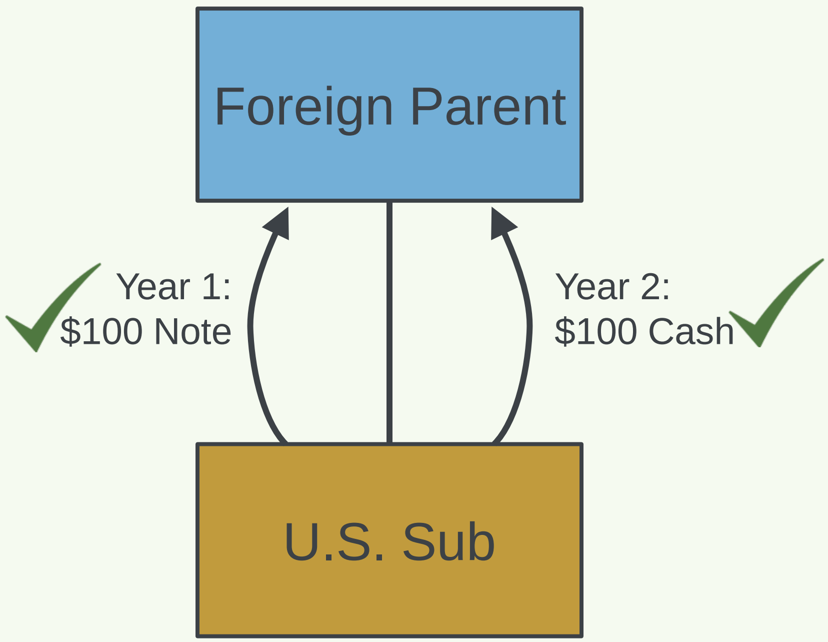


- U.S. Sub has $100 of current E&P in Year 1
- Foreign Sub lends U.S. Sub $100 in exchange for a note in Year 1
- U.S. Sub distributes $200 cash in Year 1
- Note treated as stock because (i) cash distribution ($200) exceeds current E&P ($100) and (ii) existence of funding loan

Per Se Stock Rule

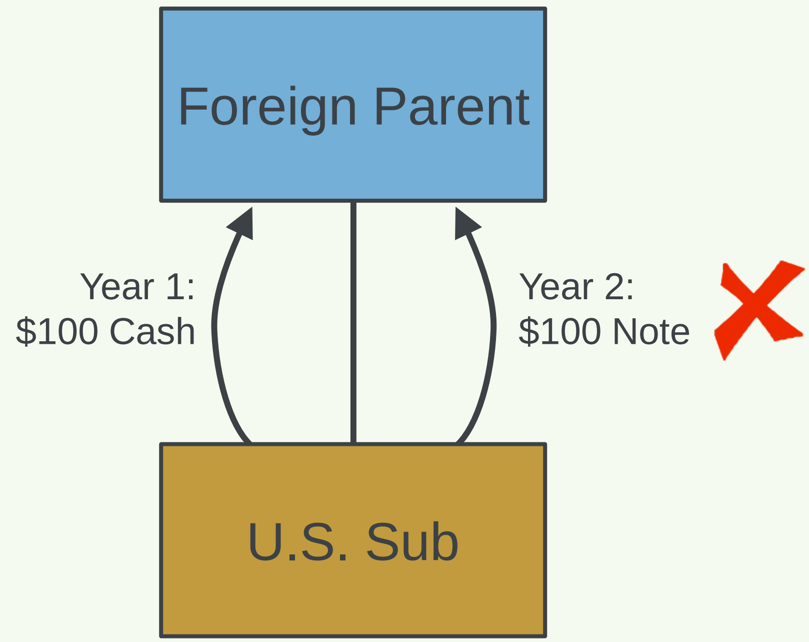
EXCEPTIONS (CONT.): E&P SEQUENCING

Note and E&P in Same Year



- Year 1: U.S. Sub has $100 of current E&P and distributes $100 note
- Year 2: U.S. Sub has no current E&P and distributes $100 cash
- Note not recharacterized because of E&P exception

Note and E&P in Different Years



- Year 1: U.S. Sub has $100 of current E&P and distributes $100 in cash
- Year 2: U.S. Sub has no current E&P and distributes $100 note
- Note treated as stock

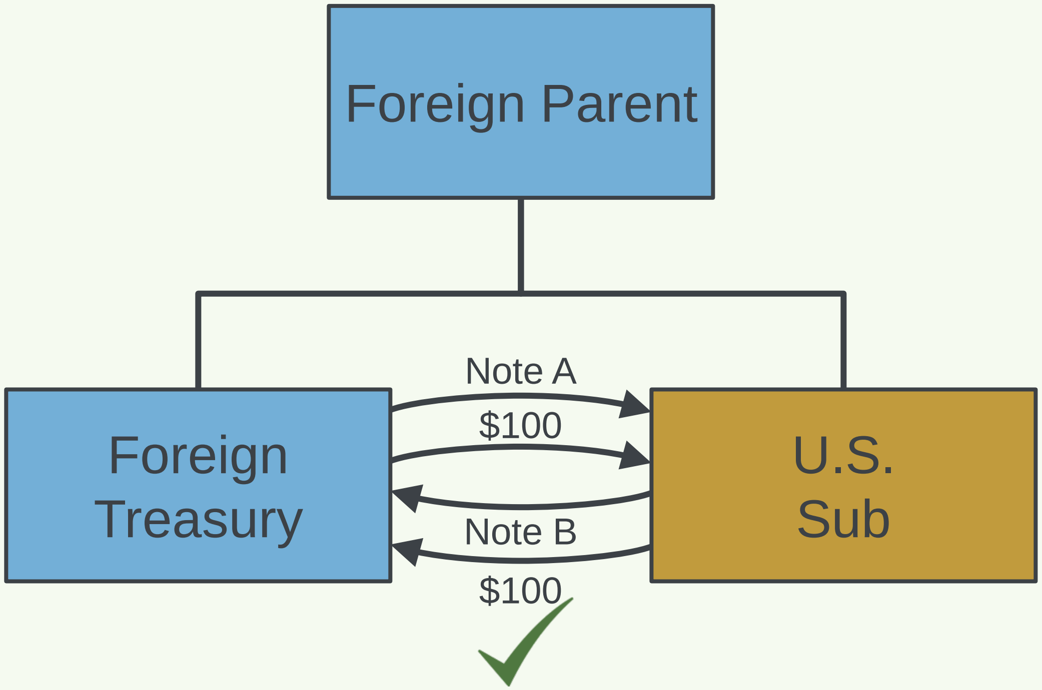
Per Se Stock Rule

REFINANCING CONSIDERATIONS

- Debt issued before April 5, 2016 is not subject to the Per Se Stock Rule
- However any debt issued to refinance grandfathered debt will be subject to the new regime

Per Se Stock Rule

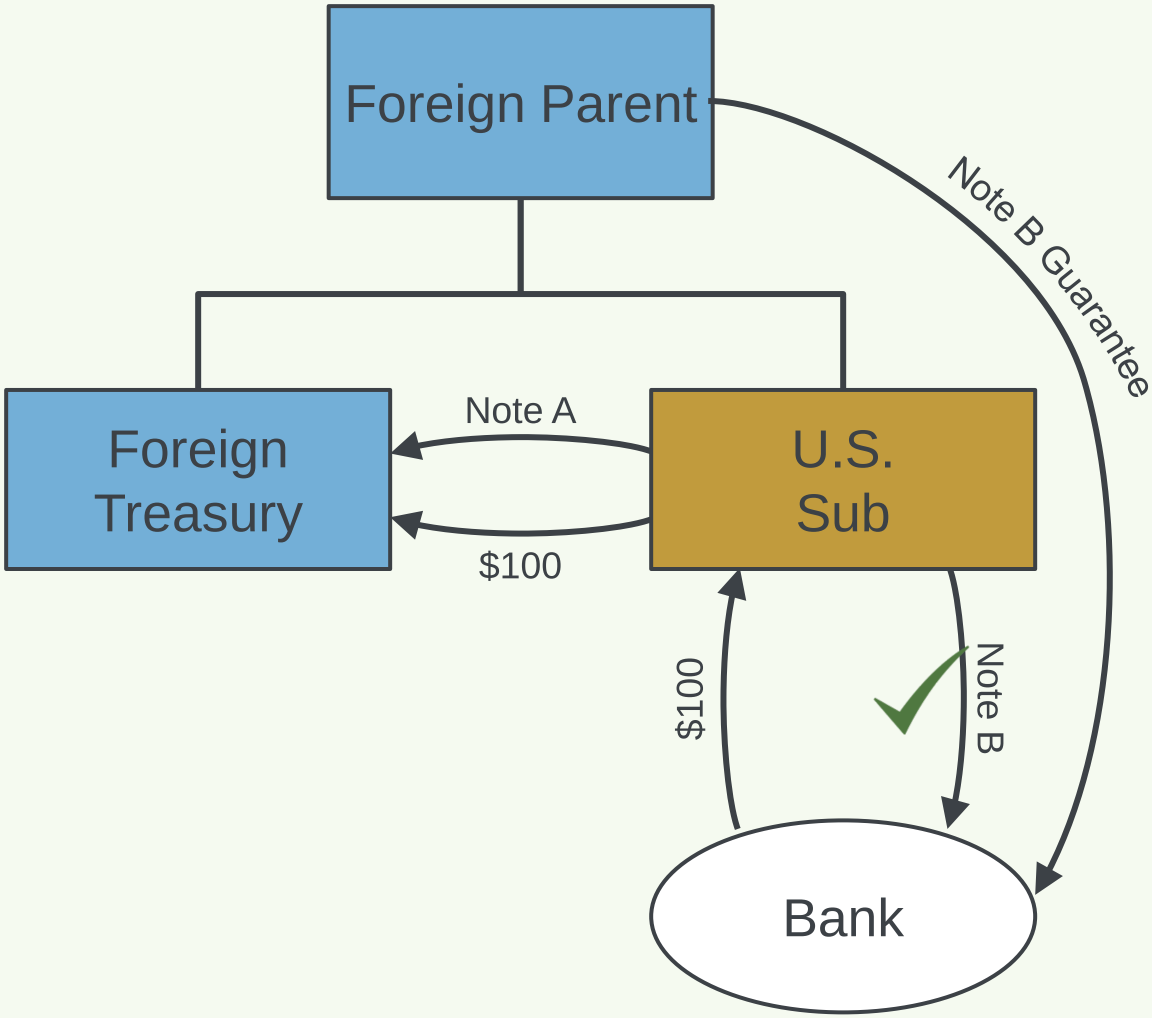
REFINANCING CONSIDERATIONS (CONT.): REFINANCING ON CURRENT TERMS



- Note A is a five-year $100 note that matures on May 1, 2016
- To refinance Note A, U.S. Sub borrows $100 from Foreign Treasury in exchange for Note B, which has the same terms as Note A
- U.S. Sub repays Note A
- Note B treated as debt unless, from April 5, 2016 until April 30, 2019, U.S. Sub makes a specified distribution or acquisition

Per Se Stock Rule

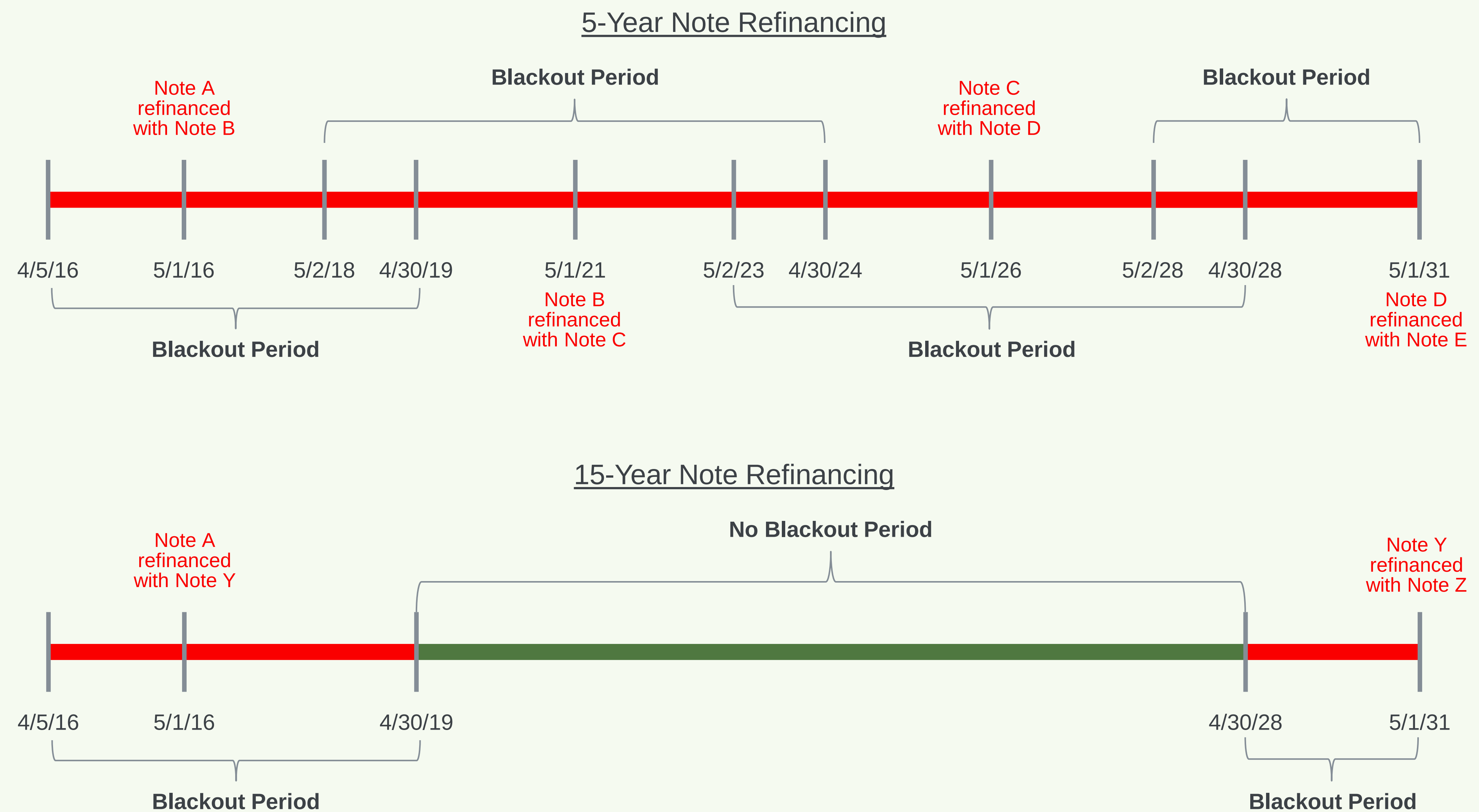
REFINANCING CONSIDERATIONS (CONT.): REFINANCING WITH 3RD PARTY LENDERS



- To refinance Note A, U.S. Sub borrows $100 from Bank in exchange for Note B, which has the same terms as Note A; Foreign Parent guarantees Note B; U.S. Sub is creditworthy on a standalone basis
- U.S. Sub repays Note A
- Note B cannot be treated as stock under proposed regulations regardless of whether U.S. Sub makes a specified distribution or acquisition

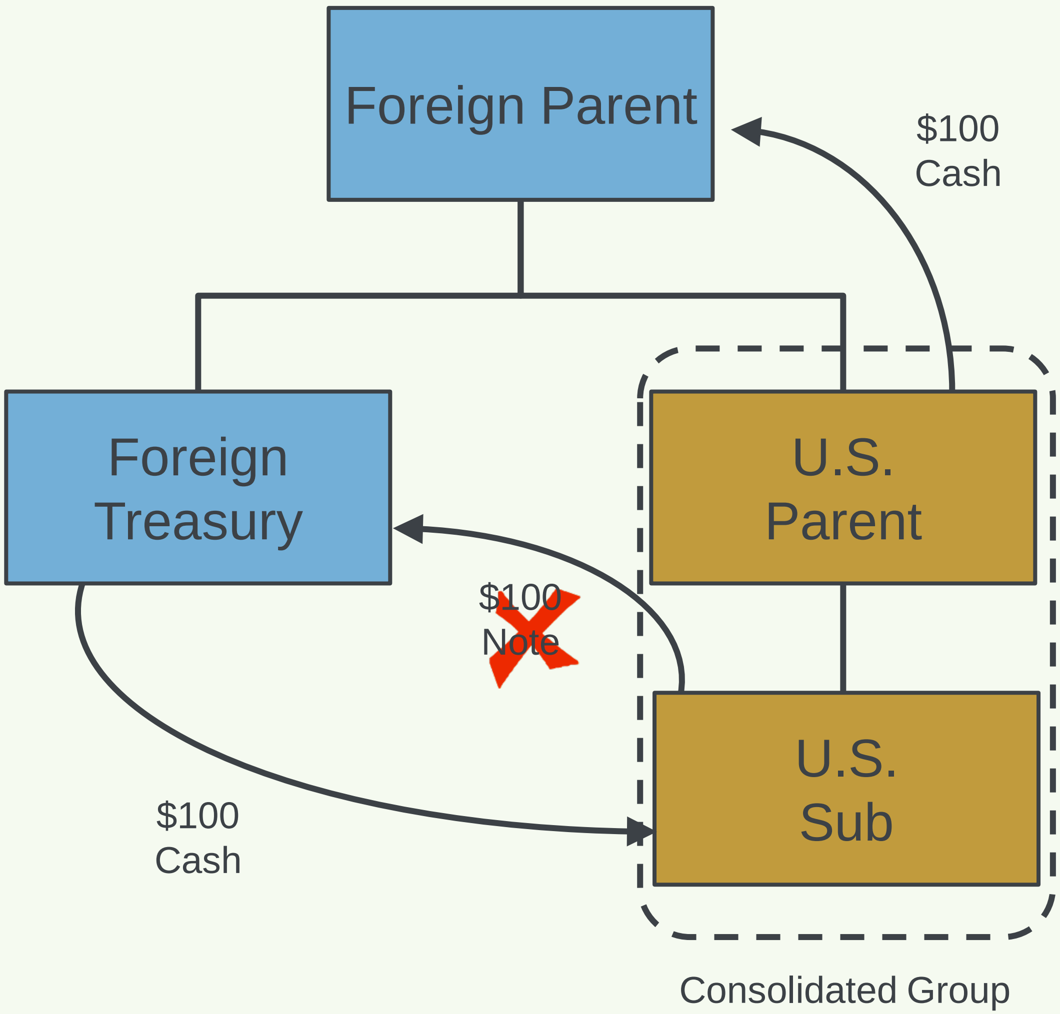
Per Se Stock Rule

REFINANCING CONSIDERATIONS (CONT.): REFINANCING INTO LONGER-DATED DEBT



Per Se Stock Rule

U.S. CONSOLIDATED GROUPS: SINGLE ENTITY TREATMENT



- Year 1: U.S. Sub borrows $100 from Foreign Treasury in exchange for $100 note
- Year 2: U.S. Parent distributes $100 cash to Foreign Parent
- Note is treated as stock in Year 2

Per Se Stock Rule

EFFECTIVE DATE

- Effective based on date proposed regulations were published (unlike Documentation Rule and Part Stock Rule)
  - Applies to debt issued, and "funded" distributions and acquisitions made, **after April 4, 2016**
- Transition rule
  - Debt issued after April 4, 2016 but before the regulations are finalized will be treated as debt until 90 days after the regulations are finalized
- IRS officials have indicated they intend to finalize the regulations by Labor Day

Lawyer Biographies

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Mr. Barr is co-head of Davis Polk's Tax Department. He frequently advises clients on federal income tax matters, including domestic and cross-border mergers, acquisitions and dispositions, joint ventures, spinoffs and splitoffs. He also regularly advises with respect to group structuring, including as to the application of the consolidated return regulations. In addition, he has advised clients as to the tax consequences of bankruptcy, workouts and other restructuring matters.

WORK HIGHLIGHTS

- GE in the strategic realignment of GE Capital
- Lockheed Martin in its pending Reverse Morris Trust combination of its IS&GS business with Leidos
- Comcast in connection with numerous matters, including its proposed divestiture of cable subscribers to Charter, its acquisition of NBCUniversal, the WiMAX joint venture involving Clearwire and Sprint and the acquisition of cable properties from Adelphia, Time Warner Cable and Insight
- NBCUniversal in connection with its sale of its interest in A&E Networks
- AstraZeneca in connection with numerous matters, including the unsolicited bid by Pfizer, its acquisition of MedImmune, the acquisition of Omthera Pharmaceuticals, the expansion of its diabetes collaboration with Bristol-Meyers Squibb through the acquisition of Amylin Pharmaceuticals and the subsequent acquisition of Bristol-Meyers Squibb's interest in that collaboration
- Citigroup in connection with numerous matters, including its $306 billion loss protection agreement with the U.S. government in 2008, its joint venture of the Smith Barney business with Morgan Stanley in 2009, its 2009 $52.5 billion capital realignment and $20.5 billion capital raise, the 2009 termination of the loss protection agreement with the U.S. government and the sale of One Main Financial

Neil Barr (cont.)

PARTNER

- Tyson Foods in its acquisition of Hillshire Brands
- ConAgra in its acquisition of Ralcorp and the sale of its private brands business
- Masco in its spinoff of its installation services business
- Glenn Dubin in the acquisition of Louis Dreyfus Highbridge Energy (now known as Castleton Commodities International)
- Solvay in connection with its acquisition of Cytec, its acquisition of The Chemlogics Group, divestiture of its Eco Services business and the formation of its torrefied biomass joint venture
- PartnerRe in the acquisition of Paris Re and its pending sale to EXOR
- Marsh & McLennan Companies in the sale of Putnam Investments
- Old Lane in its acquisition by Citigroup
- AIG in the leveraged buyout of Kinder Morgan
- JPMorgan Chase in connection with the bankruptcy of the Tribune Company
- The Senior Lenders in connection with Sbarro's Restructuring and Chapter 11 Plan of Reorganization
- Morgan Stanley in connection with the Anthracite Capital bankruptcy

Mr. Barr has also advised asset managers in connection with various tax matters.

RECOGNITION

- Listed as a leading tax lawyer in *Chambers USA: America's Leading Lawyers for Business* and *The Legal 500 (United States)*

OF NOTE

- Speaker, topics relating to corporate, partnership and international taxation

MEMBERSHIPS

- Member, Section of Taxation; Officer, Corporate Tax Committee, American Bar Association (Vice Chair)
- Member, Executive Committee, Taxation Section, New York State Bar Association

Neil Barr (cont.)

PARTNER

PROFESSIONAL HISTORY

- Partner, 2008-present
- Associate, 2000-2008

ADMISSIONS

- State of New York

EDUCATION

- B.S., Finance, University of Virginia, 1997
- J.D., Georgetown University Law Center, 2000
  - Order of the Coif
  - *magna cum laude*
  - Member, *The Tax Lawyer*

Rachel D. Kleinberg

PARTNER

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Ms. Kleinberg is a partner in Davis Polk's Tax Department, practicing in the Menlo Park office. Her practice focuses on advice to corporate and private equity fund clients on mergers and acquisitions, joint ventures, spinoffs and reorganizations, as well as cross-border restructurings. She also has significant experience in the areas of corporate finance and derivatives.

WORK HIGHLIGHTS

Recent Representations

- Aetna on its acquisition of Humana
- Broadcom special committee on Broadcom's acquisition by Avago Technologies
- Micrel on its sale to Microchip
- PricewaterhouseCoopers on its acquisitions of Booz & Company and PRTM
- Convertible notes offerings and related note hedge and warrant transactions for Yahoo!, Molina Healthcare, Workday, ServiceNow and Shutterfly
- Ingram Micro on various transactions, including its acquisition by Tianjin Tianhai to become part of HNA Group

RECOGNITION

Ms. Kleinberg is recognized as a leading tax lawyer in various industry publications:

- *Chambers USA* – Tax: California, Leading Individual
- *International Tax Review* – Women in Tax Leaders

OF NOTE

- Advisory Board, GW Law/IRS 29th Annual Institute on Current Issues in International Taxation
- Frequent speaker on international and corporate tax topics

Rachel D. Kleinberg (cont.)

PARTNER

MEMBERSHIPS

- Vice Chair, Foreign Activities of U.S. Taxpayers Committee of the Section of Taxation, American Bar Association
- Member, International Fiscal Association
- Member, Taxation Section, New York State Bar Association
- Fellow, American Bar Foundation
- Fellow, American College of Tax Counsel

PROFESSIONAL HISTORY

- Partner, 2006-present
- Associate, Davis Polk, 2003-2006
- Associate, Cleary, Gottlieb, Steen & Hamilton, 1999-2003
- Law Clerk, Hon. Norman H. Stahl, U.S. Court of Appeals, First Circuit, 1998-1999

ADMISSIONS

- State of California
- State of New York

EDUCATION

- A.B., English Literature, Harvard College, 1994
  - *magna cum laude*
- J.D., Harvard Law School, 1998
  - *magna cum laude*
- LL.M., Taxation, New York University School of Law, 2004

Michael Mollerus

PARTNER

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Mr. Mollerus is a partner in Davis Polk’s Tax Department. His practice centers on advice to corporate and private equity fund clients on initial public offerings, mergers, acquisitions, spinoffs and other major transactions, including structured financings. Mr. Mollerus’ clients have included many financial institutions and corporate clients, including Delphi Automotive, Emerson, Morgan Stanley, MSCI, PartnerRe, Roche, Reckitt Benckiser, and Shire.

WORK HIGHLIGHTS

M&A

- Markit in connection with its pending merger of equals with IHS
- Morgan Stanley in connection with the sale of its Global Oil Merchanting business to Castleton Commodities International LLC
- PartnerRe in connection with its $6.9 billion acquisition by Exor
- Shire in connection with numerous matters, including its proposed transaction with AbbVie
- Warner Chilcott in connection with numerous matters, including its acquisition by Actavis
- Roche in connection with numerous acquisitions, including its acquisitions of Genentech and InterMune
- Morgan Stanley in connection with numerous matters, including its sale of its interest in TransMontaigne and its disposition of MSCI
- SS&C Technologies Holdings, Inc. in connection with its acquisition of Advent Software

Spinoffs

- Emerson in connection with its announced spinoff of its Network Power business
- Reckitt Benckiser in connection with the tax-free demerger of its pharmaceuticals business
- Morgan Stanley in connection with its spinoff of Discover

Michael Mollerus (cont.)

PARTNER

IPOS and Other Financings

- MSCI in connection with its IPO and various financings
- Kosmos Energy in connection with its IPO and various financings
- Cobalt International Energy in connection with its IPO and various financings
- Delphi Automotive in connection with its IPO and various financings
- Markit in connection with its IPO
- Prosensa in connection with its IPO
- Affimed in connection with its IPO

RECOGNITION

Mr. Mollerus is recognized as a leading tax lawyer in various industry publications:

- *Chambers USA* – Tax: New York, Leading Individual
- *Chambers Global* – Tax: International Tax, Leading Individual
- *Law360* – "Tax MVP of the Year," 2014

OF NOTE

Mr. Mollerus is a frequent speaker on topics relating to corporate, partnership, real estate and international taxation, including most recently:

- Davis Polk IPO Boot Camp: “IPO Readiness: Structure and Tax,” 2015
- Texas Federal Tax Institute: “REIT Spin-offs and Conversions,” 2015
- Webcast: “Corporate Inversions: Where We Are and Where We May Be Going,” 2014
- Southern Federal Tax Institute: “What To Do When Your Client Has Valuable Real Estate Trapped in a C Corporation,” 2014

Michael Mollerus (cont.)

PARTNER

PROFESSIONAL HISTORY

- Partner, 1997-present
- Associate, 1990-1997
- London office, 1992-1994
- Washington DC office, 1990-1992; 1994-1995
- Law Clerk, Hon. Anthony M. Kennedy, U.S. Supreme Court, 1989-1990
- Law Clerk, Hon. Jerry E. Smith, U.S. Court of Appeals, Fifth Circuit, 1988-1989

ADMISSIONS

- State of New York

EDUCATION

- A.B., Harvard College, 1985
  - *magna cum laude*
- J.D., Harvard Law School, 1988
  - *magna cum laude*
  - Editor, *Harvard Law Review*

Po Sit

PARTNER

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Mr. Sit is a member of Davis Polk's Tax Department. He works principally in the areas of derivative products, partnerships, and mergers and acquisitions. For years, he has represented financial institutions primarily in the areas of financial products and derivatives.

RECOGNITION

Mr. Sit is listed as a leading lawyer in *Chambers USA: America's Leading Lawyers for Business*.

OF NOTE

Memberships

- Member, American Bar Association
- Member, New York State Bar Association

PROFESSIONAL HISTORY

- Partner, 1995-present
- Associate, 1988-1995

ADMISSIONS

- State of New York

EDUCATION

- B.B.A., CUNY Bernard M Baruch College, 1985
  - *summa cum laude*
- J.D., Columbia Law School, 1988
  - Harlan Fiske Stone Scholar
  - Member, *Columbia Law Review*