

### **Exhibit 3**

#### **Information Request**

**A. Fast Track Dispute Resolution Procedure - Contingent Liability Cases.** During the ninety (90) day period following its election to participate in the Fast Track Dispute Resolution Procedure - Contingent Liability Cases, the taxpayer will submit to the LMSB examination team assigned to its case the following information and documents related to the purported Section 351 exchange(s), the liability company ("LC"), persons involved in the transactions, and the sale of the LC stock. The taxpayer may submit any additional information or documents it wishes the Internal Revenue Service to consider.

#### **1. Basic Transaction and Organizational Structure:**

- 1.1. Identify the transferor(s) and the transferee corporation(s) that participated in the purported Section 351 transaction or transactions that resulted in the transfer of liabilities by the taxpayer to the LC ("LC transaction").
- 1.1. Describe the stock that was issued to each transferor, including its class, characteristics, rights, preferences, restrictions, and obligations of its holders.
- 1.1. Describe each step of the LC transaction in detail in the order of occurrence providing flowcharts or structural diagrams, if available (creation of such documents would facilitate an earlier understanding of the issue).
- 1.1. Describe the organizational structure of the LC before and after the transaction, providing supporting documentation including but not limited to:
  - 1.1.1. Articles of Incorporation and Amended or Restated Articles.
  - 1.1.2. Recapitalization documents.
  - 1.1.3. All minutes or resolutions of the Board of Directors, Audit or Finance committees, or other approval committees pertaining to the planning, approval or implementation of the recapitalization and LC transaction, including all documents presented to the Board or committees.
  - 1.1.4. Shareholders or Buy-Sell agreements, including amendments.
- 1.1. If the LC was in existence prior to the transaction, describe its business operations and identify its significant assets and shareholders.
  - 1.1.1. Was the LC a member of the taxpayer's consolidated group before the transaction?
  - 1.1.2. Was the LC a member of the taxpayer's consolidated group after the transaction?
- 1.1. State the purported business purpose of the LC transaction(s).
- 1.1. Describe the transactions for which the taxpayer reported a capital loss for the sale of the LC stock.
  - 1.1.1. Identify the purchaser(s) and seller(s) of the stock.
  - 1.1.2. Describe any prior or subsequent relationships of the purchaser(s) and the seller(s) or the taxpayer.
  - 1.1.3. Identify the LC stock that was sold to the purchaser(s).
  - 1.1.4. Identify the capital loss reported on the sale of the LC stock and the taxable years in which the loss is claimed, including amounts carried back and carried forward.
  - 1.1.5. Describe how the taxpayer computed the basis of the LC stock sold.
- 1.1. State the business purpose for the sale of the LC stock by the taxpayer.
- 1.1. Copy of the General Ledger accounts of the taxpayer affected by any part of the contingent liability transaction.
  - 1.1.1. Trace all identified items and amounts as line items on the taxpayer's tax returns.

- 1.1. The names and job titles of officers and other employees of the taxpayer familiar with the LC transactions and subsequent events.
  - 1.10.1. Identify the officers and other employees listed above who are available to meet with the audit team during the audit team's 120-day review period.

**1. Planning and Source of the Transaction:**

- 1.1. Identify the source of the idea of an LC transaction and its structure.
  - 1.1.1. Did the idea to engage in a LC transaction originate with an outside tax advisor to the taxpayer?
  - 1.1.2. Did the idea to engage in a LC transaction originate with an outside business/non-tax advisor to the taxpayer?
  - 1.1.3. Did the idea to engage in a LC transaction originate with the tax department of the taxpayer?
  - 1.1.4. Did the idea to engage in a LC transaction originate in a business unit of the taxpayer?
  - 1.1.5. Identify the principal persons within the taxpayer's organization or outside the company who are the source of the idea.
  - 1.1.6. Identify the principal persons who participated in planning the LC transaction and its structure, including their affiliation and role in the planning process.
  
- 1.1. Copies of any communications, brochures, memoranda or other materials received from or sent to the sources (internal or external to the taxpayer's organization) of the idea of a LC transaction.
  
- 1.1. Describe any studies, analyses, forecasts, projections or other due diligence performed or prepared in connection with planning the LC transaction by any entity involved.
  - 1.1.1. Copy of any reports or documents identified in 2.3.
  
- 1.1. Did the taxpayer receive any tax opinion(s) regarding the transaction?
  - 1.1.1. Identify the author(s) of tax opinion(s).
  - 1.1.2. Identify the source of the tax opinion(s).
  - 1.1.3. Identify when the tax opinion(s) were received.
  - 1.1.4. Who paid the author(s) of the tax opinion(s).
  - 1.1.5. Copy of any engagement letter(s) pertaining to tax opinion(s) received.
  - 1.1.6. Copy of the tax opinion(s).
  
- 1.1. Did the taxpayer receive outside legal, actuarial or other professional opinions or studies regarding non-tax aspects of the LC transaction?
  - 1.1.1. Copies of such opinions or studies.
  - 1.1.2. Copies of engagement agreements pertaining to the scope of the services performed and compensation arrangements.
  
- 1.1. Was the taxpayer subject to confidentiality agreement(s) with its outside tax advisor(s) within the meaning of section 6111(d)?
  - 1.1.1. Copies of such agreement(s).
  
- 1.1. Identify the capital gains that were netted with the stock capital loss.
  - 1.1.1. When were the capital gains transactions completed and gain amount known?

**1. Third-Party Shareholders of the LC:**

- 1.1. How were the third-party shareholders identified or selected to participate in the LC transaction?
  - 1.1.1. Copies of communications with the third party and other materials pertaining to the LC transaction provided to the third party.
  - 1.1.2. Were any third-parties owned directly or indirectly by any person or entity involved in the source or planning of the LC transaction? Identify that ownership relationship.

- 1.1. Was a third-party shareholder organized for the purpose of the LC transaction?
    - 1.1.1.If so, identify the shareholder and who organized it?
  - 1.1. Describe the business activities of the third-party shareholders prior to becoming a shareholder of the LC.
  - 1.1. Did a third-party shareholder, or any affiliate of a third-party shareholder, have any prior relationship with the taxpayer?
    - 1.1.1.Describe the nature of that relationship?
    - 1.1.2.Copy of any agreements pertaining to that relationship.
  - 1.1. Did the taxpayer solicit other persons or entities to be shareholders of the LC that did not become shareholders?
    - 1.1.1.Identify the other persons or entities.
    - 1.1.2.Provide a copy of any correspondence or other solicitation materials.
  - 1.1. Copy of agreements with a third-party shareholder, including but not limited to:
    - 1.1.1.Subscription agreement or other purchase commitment.
    - 1.1.2.Other documents evidencing the purchase of the LC shares, such as buy-sell, purchase or sale agreements.
    - 1.1.3.Other formal or informal arrangements between taxpayer or LC and third party that might offset, in whole or in part, any risks or rights to profits that the third party had in the LC.
  - 1.1. Did the taxpayer and third-party shareholders negotiate over the terms of the stock or the purchase price of the shares issued to them?
    - 1.1.1.Identify the persons who engaged in such negotiations.
    - 1.1.2.Did any third-party shareholder perform a due diligence study or investigation in connection with its purchase? Identify any such shareholders and describe the due diligence performed.
    - 1.1.3.Copies of documents provided to the third party in connection with its due diligence efforts.
  - 1.1. Why did the third party become a shareholder of the LC?
    - 1.1.1.From the taxpayer's perspective, what value did the third-party shareholder add to the LC?
  - 1.1. Did any third-party shareholder have a nonshareholder relationship with the taxpayer or the LC after the transaction?
    - 1.1.1.Describe the nature of that relationship.
    - 1.1.2.Copy of agreements pertaining to that relationship.
  - 1.1. Provide the name, current position, address and telephone number of a primary contact person for each third-party shareholder who has personal knowledge about the third party's participation in the LC transactions or stock sale, and if such person is not currently an employee or representative of the third party, the name of a person who has access to third-party records.
  - 3.11. Are there any restrictions on the ability of the third-party shareholder to sell the stock?
  - 3.12. Did any agreement provide the third-party shareholder with a means of disposing of its stock? If so, provide such agreement or agreements.
  - 3.13. If the price for resale of the stock was subject to some future contingency or valuation, provide any documents showing expectations at, or in advance of, the time of the LC transaction showing the projected sales price.
  - 3.14. Who currently owns the LC stock? If it has been sold or transferred, supply the details of such sale or transfer.
1. **Assets transferred:**
- 1.1. Identify all the assets transferred to the LC by the transferors in the purported Section

351 exchange, including its basis in the hands of the transferor and its fair market value at the time of the transfer.

- 1.1. If the assets transferred consisted of intercompany account or note receivables:
  - 1.1.1. Did the receivable exist prior to planning the LC transaction? If so, describe when and how it originated.
  - 1.1.2. If not, did the taxpayer have a business purpose for the creation of the intercompany receivable? Describe the business purpose and provide documentation supporting that business purpose.
  - 1.1.3. Were any payments made on the receivable to the LC after the LC transaction?
  - 1.1.4. Identify the amounts paid, by whom and when.
  - 1.1.5. Identify how the payments were made, e.g., cash or journal entries.
  - 4.2.6. Supply documentation demonstrating that the obligor was financially capable of making the payments due on any debt instrument contributed to the capital of the LC.
  - 4.2.7. Were any assets transferred to the obligor on any debt instrument contributed to the capital of the LC within 60 days before or after the date on which the obligation was created?

- 1.1. If the assets transferred consisted of cash, describe how the LC utilized the cash.
  - 4.3.1. Were there any side agreements associated with the transfer of cash?
  - 4.3.2. If so, provide copies of any lending agreements, loans, notes, letters of credit or other documents between the LC, taxpayer, or other members of the taxpayer's group.

- 1.1. Copy of documents evidencing the asset, such as
  - 1.1.1. Promissory notes for receivables.
  - 1.1.2. Purchase agreements for other assets owned by a transferor.

- 1.1. Copy of transfer documents, such as
  - 1.1.1. Assignments.
  - 1.1.2. Wire transfers for cash.

- 1.1. Document the basis of all assets transferred that affect the basis of the stock sold.

**1. Nature of Liabilities transferred:**

- 1.1. Specifically identify the liabilities transferred.
  - 1.1. How were the liabilities identified?
    - 1.1.1. Who identified the type of liabilities to be transferred?
    - 1.1.2. Who identified the specific liabilities transferred?
    - 1.1.3. What criteria was used to select the liabilities transferred?
    - 1.1.4. Were all liabilities of the taxpayer of the same nature or type transferred to the LC (e.g., were all environmental liability risks transferred or only selected ones)?
    - 5.2.5. How was the amount of the liabilities to be transferred determined and computed?
  - 1.1. Did the taxpayer perform an in-house valuation of the liabilities?
    - 1.1.1. Who performed the valuation?
    - 1.1.2. Describe the person(s) qualifications to value the liabilities.
    - 1.1.3. Copy of the valuation report, including assumptions, conclusions and worksheets or compilation of the results.
  - 1.1. Did the taxpayer receive third-party valuation(s) of the liabilities to be transferred?
    - 1.1.1. Who performed the valuation?
    - 1.1.2. Describe the person(s) qualifications to value the liabilities.
    - 1.1.3. Copy of the valuation report, including assumptions, conclusions and worksheets or compilation of the results.
  - 1.1. Was the taxpayer studying ways to manage or reduce the liabilities transferred to the LC

before considering whether to engage in the LC transaction?

1.1.1. Who was conducting the study?

1.1.2. Documentary evidence that such study was being performed and when.

1.1. Did the transferred liabilities relate directly to a core business activity of the taxpayer?

1.1.1. Identify the core business activity and the liabilities' relationship to it.

1.1.2. How were the liabilities reported by the transferor for financial reporting purposes prior to the LC transaction?

1.1. Did the taxpayer make subsequent transfers of similar liabilities to the LC?

1.1.1. Describe the subsequent transfers.

1.1. Was the taxpayer required to give notice to and/or obtain approval of a relevant Federal or State regulatory agency with respect to the transfer of the liability?

1.1.1. If so, was such notice given/approval obtained?

1.1.2. Provide copies of the notice(s) and approval(s).

1.1. Was the taxpayer required to give notice to and/or obtain approval of other third parties (e.g., employees, banks, lenders or other creditors, particularly the creditors of the specific liability transferred) with respect to the transfer of the liability?

1.1.1. If so, was such notice given/approval obtained?

1.1.2. Provide copies of the notice(s) and approval(s).

**1. Management of Liabilities transferred:**

1.1. Describe how the liabilities were managed or administered before the LC transaction, including the name and position of the person responsible for overseeing the daily management or administration activities.

1.1. Describe how the management or administration of the liabilities changed after the LC transaction, including the name and position of the person responsible for overseeing the daily management or administration activities.

1.1. Did any of the third-party shareholders play an active and ongoing role in the management and/or administration of the liabilities before or after the LC transaction?

1.1.1. Describe the role played.

1.1.2. Copy of any agreements with third-party shareholders related to the management and/or administration of the liabilities.

1.1. Did the LC engage the services of outside consultants or other professionals in connection with the management or administration of the liabilities?

1.1.1. Identify the consultants or professionals.

1.1.2. Describe the consultants' experience or other qualifications in managing or administering the types of liabilities transferred to the LC.

1.1.3. Describe the services performed.

1.1.4. Copy of any agreements with such consultants or professionals.

1.1. If any liabilities have been paid since the LC transaction, identify the entity that made the actual payments to the creditor?

1.1.1. If any liabilities were actually paid by someone other than the LC, how did the LC record the payments?

**1. Liability Company:**

1.1. Did the LC have any employees or officers?

1.1.1. How many and what services did they perform?

1.1.2. Who paid their compensation, including bonuses?

1.1.3. Were any of these individuals also employees or officers of the taxpayer's affiliated group?

1.1.4. Identify the CEOs or CFOs of the LC since the LC transaction to current.

- 1.1. Did the LC have business operations that were separate from the management and/or administration of the liabilities transferred in the LC transaction?
  - 1.1.1. Describe those operations.
  
- 1.1. Did the LC manage or administer liabilities of parties unrelated to the taxpayer?
  - 1.1.1. Describe.
  
- 1.1. Describe any specific activities of the LC that were intended to reduce or improve management of the liabilities.
  
- 1.1. Did the LC achieve cost savings with respect to the liabilities it assumed?
  - 1.1.1. Identify those savings and provide a computation evidencing the savings.
  
- 1.1. Did the LC transaction confer any non-tax economic, accounting or financial statement benefits for the taxpayer? Describe.
  
- 1.1. Have any of the liabilities been paid, satisfied, written-off or eliminated since transferred to the LC?
  - 1.1.1. Identify the liabilities and amounts, including the taxable year.
  - 1.1.2. Describe how the liability was paid or otherwise satisfied.
  - 1.1.3. If the liability has been written-off by a creditor or eliminated by the taxpayer or LC, explain the circumstances.
  
- 1.1. Did the LC claim deductions or capitalize the payment of any of the liabilities?
  - 1.1.1. Identify the amounts claimed, including the taxable years reported and whether deducted or capitalized.
  
- 1.1. Provide the following documents:
  - 1.1.1. Separate financial statements of the LC since the LC transaction (if such statements are not available, year-end trial balances of the LC).
  - 1.1.2. If the LC was not a member of the taxpayer's consolidated group for federal income tax purposes at any time since the LC transaction, a copy of the LC's separate Forms 1120 for that period.
  - 1.1.3. Copies of minutes of meetings of shareholders and/or board of directors of the LC since the LC transaction.
  - 1.1.4. Copy of General Ledger accounts affected by the contingent liability transaction, payments of liabilities and collections on receivables transferred.

**B. Disclaimer.** In cases not governed by this settlement initiative, the IRS and the Department of Justice will not be limited to seeking the information set forth, described or requested in this Information Request.