



2014: Spin-offs And Carve-outs New York Stock Exchange

WHAT IS A CARVE-OUT?

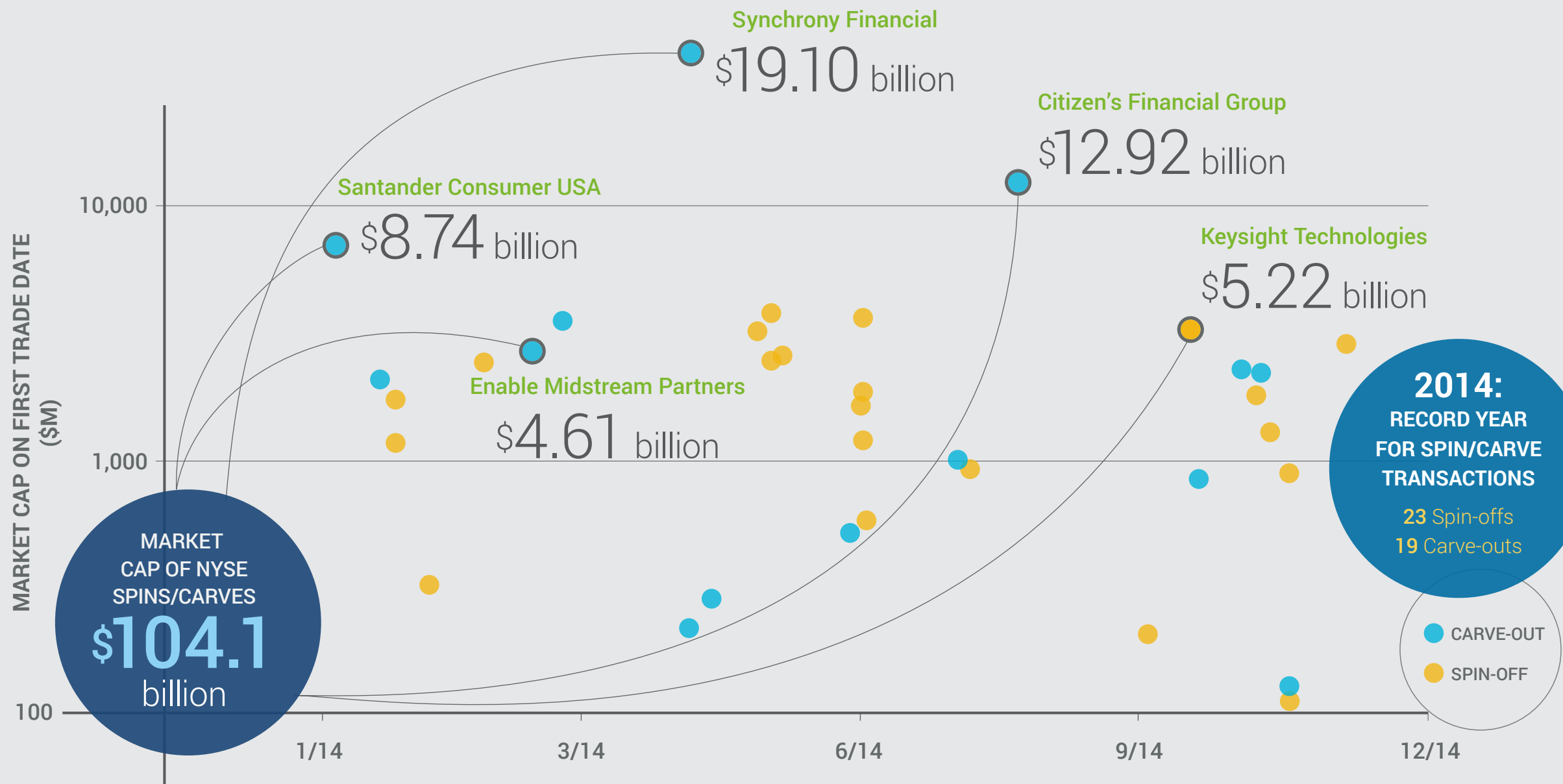
A carve-out occurs when a business sells a public equity stake in one of its business units to new shareholders, partially separating the division from the parent company.

The sale takes place via an IPO and the newly formed company has its own executive leadership board of directors and issues its own financial statements.

WHAT IS A SPIN-OFF?

A spin-off is the creation of an independent company through the distribution of new shares of an existing business or division of a parent company.

A spin-off does not involve the sale of securities to new shareholders. Instead, shareholders of the parent company receive shares in the new company, which they can buy and sell independently, moving forward.



WHY DO COMPANIES SPIN/CARVE?



UNLOCK SHAREHOLDER VALUE

A large body of research indicates a range of short and long-term shareholder benefits due to spin-offs.



SPUR INNOVATION

Once separated from the parent company, newly independent businesses can develop more tailored products and strategies.



INCREASE AUTONOMY

A spin-off confers greater decision-making authority. The new entity can focus on its own management, strategy and resources.