

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ _____

The taxation of distributions to shareholders of a corporation is determined under Internal Revenue Code (IRC) section 301.

Specifically, IRC section 301(c)(2) provides that distributions by a corporation from other than current earnings and profits or accumulated earnings and profits is a return of capital distribution to the extent of the shareholder's basis in the stock.

IRC section 301(c)(3) provides that distributions in excess of the shareholder's basis in the stock is a gain from the sale or exchange.

IRC section 316(a)(1) provides that a corporation is to determine current earnings and profits and section 316(a)(2) provides that a corporation is to determine accumulated earnings and profits.

As of the date of the distribution to shareholders on February 18, 2014, Marchex, Inc. did not have current earnings and profits or accumulated earnings and profits.

18 Can any resulting loss be recognized? ▶ _____

No loss can be recognized by the shareholder as a result of the cash distributions made on February 18, 2014.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ _____

Shareholders should take this information into consideration when preparing income tax returns for the 2014 calendar tax year or a fiscal tax year that includes the date of February 18, 2014.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here
Signature ▶  Date ▶ 2/18/2014

Print your name ▶ Divina Segui Title ▶ VP, Financial Reporting, Tax & Compl.

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶				Firm's EIN ▶
	Firm's address ▶				Phone no.