

ZEVIA LLC UNIT EXCHANGE

If you are a holder of Class B Units of Zevia LLC and desire to exchange them for shares of Class A Common stock of Zevia PBC, please review the materials in this packet. When you are ready to submit your request, please send an unsigned, completed Exchange Notice to equity@zevia.com. Once your Exchange Notice is reviewed, we will send you a DocuSign to e-sign and finalize the Notice.

Should you have any questions, please contact equity@zevia.com.

Enclosed:

- Class B Exchange Policy
- Exchange Notice
- FAQs

ZEVIA LLC

Class B Exchange Policy – Outside Holders

This Class B Exchange Policy (the “Policy”) of Zevia LLC (the “Company”) sets forth the policies of the Company pursuant to which holders of Class B Common Units of the Company and shares of Class B Common Stock of Zevia PBC (collectively, “Exchangeable Units”) who are not employees, directors or affiliates of the Company (“Outside Holders”) are permitted to exchange their Exchangeable Units for Zevia PBC Class A Common Stock and/or cash, at the option of the Company (each, an “Exchange”), pursuant to the Company’s Thirteenth Amended and Restated Limited Liability Company Agreement (the “Agreement”). Capitalized terms that are not defined in this Policy have the meaning given in the Agreement. This Policy is made pursuant to, and supplements the provisions of, Article XII of the Agreement.

- I. **Exchange Dates**. Subject to this Policy and other determinations by the Company, a schedule of approved quarterly Exchange Dates (each, a “Quarterly Exchange Date”) will be released by the Company each January of each calendar year until all Exchangeable Units have been Exchanged. Quarterly Exchange Dates are the only dates on which Exchangeable Units may be Exchanged. A schedule of Quarterly Exchange Dates (“Schedule”) will be posted on the Company’s website at <https://investors.zevia.com> once released. Following is the 2024 Schedule.

2024 EXCHANGE DATES
Friday, March 1, 2024
Friday, June 7, 2024
Friday, September 6, 2024
Friday, December 6, 2024

- II. **Elective Exchange Notice Timing**. As set forth in the Agreement, each holder of Exchangeable Units wishing to Exchange must deliver an Elective Exchange Notice (the “Notice”) at least five (5) business days before the Quarterly Exchange Date indicated on the Notice; *provided* that the Company may specify a different deadline by notice to the holders of Exchangeable Units reasonably in advance of such deadline.
- III. **Minimum Exchangeable Amount**. The Minimum Exchangeable Amount shall be 25% of the Outside Holder’s Exchangeable Units as of January 18, 2022 (the “Initial Holdings”) (or all of the Outside Holder’s outstanding Exchangeable Units if less than 1000 Exchangeable Units) for any Quarterly Exchange Date or such other amount as the Company specifies at the time the Schedule is released.

- IV. **Maximum Exchangeable Amount.** The Maximum Exchangeable Amount shall be 100% of an Outside Holder's Exchangeable Units for any Quarterly Exchange Date or such other amount as the Company specifies at the time the Schedule is released.
- V. **Blackout Dates; Other Restrictions.** Notwithstanding anything to the contrary in this Policy, the Company may prohibit an Exchange by one or more holders of Exchangeable Units under any of the following conditions and determinations made by the Company based on the advice of counsel (which may be external or internal counsel).
- A. **Applicable Law.** If an Exchange is (or is reasonably likely to be) prohibited under applicable law, regulation, or agreement to which the Company or an affiliate is a party, or results in a bona fide lawsuit against the Company or its affiliates, no holder of Exchangeable Units shall be permitted to Exchange those Exchangeable Units.
- B. **Publicly Traded Partnership.** If an Exchange creates a material risk that the Company would be a "publicly traded partnership" under section 7704 of the Code, no holder of Exchangeable Units shall be permitted to Exchange those Exchangeable Units.¹
- C. **Prohibition Under Agreement.** If a holder of Exchangeable Units would be prohibited from holding shares of Class A Common Stock of Zevia PBC under the Agreement, that holder of Exchangeable Units shall not be permitted to Exchange those Exchangeable Units except to the extent the Company determines to settle in cash pursuant to Section 12.3 of the Agreement.
- D. **Other.** The Company may, in its sole discretion, decide to cancel some or all Quarterly Exchange Dates for business reasons or otherwise. In the event of a cancellation of Quarterly Exchange Dates, no holder of Exchangeable Units shall be permitted to Exchange those Exchangeable Units.
- VI. **Exemptions from Policy.** Notwithstanding anything to the contrary in this Policy, the Company may, in its discretion, consider and grant requests from holders of Exchangeable Units for (i) additional Exchange Dates, (ii) Exchanges of less than the Minimum Exchangeable Amount, (iii) Exchanges in excess of the Maximum Exchangeable Amount, or (iv) any other matter with respect to Exchanges (to the extent permitted by the Agreement). Such request must be made in the same manner as an Elective Exchange Notice.

¹ Pursuant to the Agreement, any Exchange that poses a material risk that the Company would become a Publicly Traded Partnership shall be null and void.

VII. **Modification of Policy.** The Company may modify this Policy at any time without notice; *provided* that such modification shall be consistent with the Agreement.

VIII. **Miscellaneous**

- A. **Applicability of Securities Laws.** Nothing in this Policy shall affect, and each Outside Holder of Exchangeable Units shall ensure their compliance with all applicable securities laws and rules.
- B. **Independent Nature of Rights and Obligations.** Nothing in this Policy or in any other agreement or document, nor any action taken by any holder of Exchangeable Units, shall be deemed to constitute the holders of Exchangeable Units as having formed a partnership, an association, a joint venture, or any other kind of entity, or create a presumption that the holders of Exchangeable Units are in any way acting in concert as a group.
- C. **Mandatory Exchanges.** For the avoidance of doubt, nothing in this Policy shall change or otherwise affect in any way the conditions upon which a mandatory Exchange shall occur, as described in, and pursuant to, the Agreement and/or the Tax Receivable Agreement dated July 21, 2021, as amended from time to time.

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ZEVIA LLC
Exchange Notice – Outside Holders

Zevia PBC
15821 Ventura Blvd., Suite 145
Encino, CA 91436
Telephone: (855) 469-3842
E-mail: equity@zevia.com
Attention: Equity Administrator

Zevia LLC
15821 Ventura Blvd., Suite 145
Encino, CA 91436
Telephone: (855) 469-3842
E-mail: equity@zevia.com
Attention: Equity Administrator

The undersigned is a holder of Class B Units of Zevia LLC and shares of Class B Common Stock of Zevia PBC (collectively the “Exchangeable Units”). Reference is hereby made to the Thirteenth Amended and Restated Limited Liability Company Agreement of Zevia LLC, dated as of July 21, 2021 (the “LLC Agreement”), by and among Zevia PBC and the Initial Members. Capitalized terms used but not defined herein shall have the meanings given to them in the LLC Agreement.

The undersigned is proposing to exchange a number of the Exchangeable Units on the proposed Exchange Date indicated below in exchange for either shares of Class A Common Stock to be issued in the undersigned’s name (or the name of its designee) as set forth below or, at the option of Zevia PBC, the Cash Settlement, in accordance with the terms of the LLC Agreement. As permitted by Section 12.1(b)(i) of the LLC Agreement, the Exchange proposed for a proposed Exchange Date may be contingent upon the occurrence of any transaction or event. Any such contingency must be noted in the table below. If a contingency is noted below, the Exchange on the Exchange Date set forth below shall only occur, and such date shall only be an Exchange Date, if the undersigned or the undersigned’s broker provides written email notification to equity@zevia.com (the “Communication”) prior to such date that the Exchange will take place.

Exchanges may be retracted by delivery of a Retraction Notice by the Retraction Deadline as provided in Section 12.1(b)(iii) of the LLC Agreement. If there is a five percent (5%) or greater drop in the reported closing trading price of a share of Class A Common Stock on the New York Stock Exchange after the delivery of an Exchange Notice and prior to 5:00 p.m., Pacific time, on the Business Day immediately prior to the applicable Exchange Date (the “Retraction Deadline”), the undersigned may withdraw or amend this Exchange Notice, in whole or in part, by giving written notice to Zevia PBC at equity@zevia.com at any time prior to the Retraction Deadline (a “Retraction Notice”) specifying the number of the Exchangeable Units as to which the undersigned wants to withdraw this Exchange Notice.

By executing the acknowledgement of this Exchange Notice, (i) Zevia PBC is confirming that it is not electing a Cash Settlement of the Exchange proposed in this Exchange Notice and (ii) Zevia PBC is instructing American Stock Transfer & Trust Company, LLC (“AST”) to complete the Exchange upon receipt of, and in accordance with the instructions given in the Communication.

UNIT HOLDER INFORMATION

Name of Record: _____

Address: _____

Phone #: _____ E-mail Address: _____

Tax Identification Number ("TIN") (or SSN if an individual without a TIN): _____

AST Account #	# of Exchangeable Units Requested to be Exchanged	Exchange Date
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BROKER INFORMATION

Brokerage Name & Contact Person: _____

Phone #: _____ E-mail Address: _____

UNIT EXCHANGE INFORMATION

Name (for Issuance of Class A Common Shares): _____

Mailing Address: _____

Phone #: _____ E-mail Address: _____

Tax Identification Number ("TIN") (or SSN if an individual without a TIN): _____

Contingencies* (if any): _____

INSTRUCTIONS FOR FUTURE TRA PAYMENTS

Bank Name & Contact Person: _____

Address: _____

Phone #: _____ Email Address: _____

Account Name	Account #	ABA Routing #
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* If the undersigned has a contingency listed, the Exchange date will only occur if the undersigned or the undersigned's broker provide the Communication by the deadline set forth above.

The undersigned hereby represents and warrants that:

- (i) the undersigned has all requisite legal capacity and authority to execute and deliver this Exchange Notice and to perform the undersigned's obligations hereunder; and
- (ii) this Exchange Notice constitutes a legal, valid and binding obligation of the undersigned enforceable against it in accordance with its terms, except as enforcement may be limited by equitable principles or by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or limiting creditors' rights generally. The undersigned hereby instructs AST to comply with any Communication by it or its broker, including delivery instructions; and
- (iii) the undersigned is not an employee or director of Zevia PBC or Zevia LLC and is not, and has not been for at least the three-month period ending on the date hereof, an "affiliate" of Zevia PBC or Zevia LLC as that term is used in Rule 144(a)(1) under the Securities Act; and
- (iv) the undersigned acquired the Exchangeable Units in the reclassification of common or preferred units of Zevia LLC in connection with the initial public offering of Zevia PBC. On the dates when undersigned acquired units of Zevia LLC, the undersigned had paid the full purchase price or other consideration for such units to Zevia LLC.
- (v) the undersigned understands that he, she, or it is solely responsible for understanding, and should consult his, her, or its own advisors regarding, the particular financial, legal, and tax consequences of any transactions in the Exchangeable Units and/or Class A Common Stock of Zevia PBC, including the Exchange.

The undersigned hereby irrevocably constitutes and appoints any officer of Zevia LLC or Zevia PBC as the attorney of the undersigned, with full power of substitution and resubstitution in the premises, to do any and all things and to take any and all actions that may be necessary to exchange the Exchangeable Units subject to this Exchange Notice and to deliver to the undersigned the shares of Class A Common Stock or the Cash Settlement to be delivered upon such Exchange.

In reliance on the undersigned's representations above, Zevia hereby instructs AST that the shares of Class A Common Stock issued in the Exchange that is the subject of this notice may be issued without any restrictive legend or stop order relating to such shares or may be removed, and new, unlegended certificates for such shares of Class A Common Stock may be issued pursuant to the broker's instructions.

Signature page follows; remainder of page intentionally left blank.

IN WITNESS WHEREOF, the undersigned, by authority duly given, has caused this Exchange Notice to be executed and delivered by the undersigned or by its duly authorized attorney.

Signed: _____

Name: _____

Title: _____

Date: _____

ACKNOWLEDGED AND AGREED
ZEVIA PBC

Name:
Title:

ZEVIA LLC
Retraction Notice

This Retraction Notice is to retract my Exchange Notice, effectively canceling the Exchange of my Zevia LLC Class B Units as per the below:

UNIT HOLDER INFORMATION

Name of Record: _____

Mailing Address: _____

Telephone: _____ E-mail Address: _____

Tax Identification Number ("TIN") (or SSN if an individual without a TIN): _____

UNIT EXCHANGE INFORMATION

Account Number (where Units are currently held)	Exchange Date
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_____	_____
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I originally requested the Exchange of _____ Exchangeable Units on the Exchange Date indicated above.

I would like to cancel the Exchange of _____ of those Exchangeable Units requested to be Exchanged on the Exchange Date indicated above.

I am confirming that I would like to proceed with the Exchange of _____ Exchangeable Units on the Exchange Date indicated above.

IN WITNESS WHEREOF, the undersigned, by authority duly given, has caused this Retraction Notice to be executed and delivered by the undersigned or by its duly authorized attorney.

Signed: _____

Name: _____

Title: _____

Date: _____

Frequently Asked Questions

This FAQ is for general information only and not intended as legal or tax advice. Each holder should consult its advisors regarding the particular financial, legal and tax consequences of any transactions in Zevia LLC units or Zevia PBC stock.

1. What happened in the corporate reorganization? What is the relationship between Zevia LLC and Zevia PBC?

In order to facilitate the initial public offering (“IPO”), we created a corporation, Zevia PBC, which sits directly above Zevia LLC in our corporate ownership structure. Zevia PBC is the managing member of Zevia LLC, and holds all of the Class A Units in Zevia LLC, representing all of the voting interests in Zevia LLC. All of the operations of the business still remain at Zevia LLC. This is a commonly-used IPO structure when an LLC wants to go public called an “UP-C” IPO.

2. What is the publicly-traded security?

Zevia PBC is the public company, and currently has two classes of stock: Class A Common Stock and Class B Common Stock. The Class A Common Stock trades publicly on the New York Stock Exchange under the ticker symbol “ZVIA.” The Class B Common Stock does not trade publicly.

Zevia LLC is the operating company and subsidiary of Zevia PBC, and currently has two classes of units: Class A Units and Class B Units. Neither class of Zevia LLC’s units trade publicly.

3. As a pre-IPO unitholder of Zevia LLC, what do I own now?

In connection with the IPO, all of the common and preferred series of Zevia LLC units were reclassified into a single class of units and each unit was recapitalized into two Class B Units. For example, if you previously held 10 Class A Preferred Units and 10 Class C Preferred Units of Zevia LLC, you now hold 40 Class B Units that represented the same proportional economic interest in Zevia LLC as of immediately before the IPO.

In addition, each Class B unitholder was also issued one share of Class B Common Stock of Zevia PBC per Class B Unit of Zevia LLC held. These shares of Class B Common Stock of Zevia PBC are non-economic voting shares inseparable from your Class B Units of Zevia LLC. Together, each Class B Unit and share of Class B Common Stock represent the economic and voting interests that correspond to one share of Class A Common Stock of Zevia PBC, and are exchangeable for one share of Class A Common Stock of Zevia PBC (or cash). Exchanges are subject to the provisions of the Thirteenth Amended and Restated Limited Liability Company Agreement of Zevia LLC (the “Zevia LLC Agreement”) and the company policies as in effect from time to time adopted for tax and securities laws compliance and company administrative purposes (any such policy, the “Exchange Policy”). See <https://investors.zevia.com> for the current Exchange Policy for Class B unitholders who are not employees, directors or affiliates of Zevia PBC or Zevia LLC. Class B Unitholders who are employees, directors or affiliates of Zevia PBC or Zevia LLC can request the current Exchange Policy from the Legal department at legal@zevia.com.

You may contact our transfer agent, American Stock Transfer and Trust Company, if you have questions about how many shares of Class B Common Stock or Class B Units you hold.

4. Can I sell my Class B Units or shares of Class B Common Stock?

In general, you cannot transfer Class B Units of Zevia LLC. In order to transfer your interest in each Class B Unit and share of Class B Common Stock, you must exchange those securities for one share of Class A Common Stock of Zevia PBC (or cash). Exchanges are subject to the provisions the Zevia LLC Agreement and the Exchange Policy.

5. Can I move my Class B Units and shares of Class B Common Stock to my brokerage account?

No, because neither of those classes of securities are freely-tradable, they cannot be moved to a brokerage account. However, if they are exchanged for shares of Class A Common Stock (see below), those shares of Class A Common Stock can generally be moved to a brokerage account, assuming you are not an affiliate of Zevia PBC.

6. Can I exchange my Class B Units and corresponding shares of Class B Common Stock for shares of Class A Common Stock of Zevia PBC?

Yes, pursuant to the Zevia LLC Agreement, Class B unitholders are entitled to surrender their Class B Units to Zevia PBC in exchange for an equal number of shares of Class A Common Stock of Zevia PBC. The corresponding shares of Class B Common Stock must also be surrendered to Zevia PBC for no consideration. Exchanges will be subject to the Zevia LLC Agreement (including the right of Zevia PBC to deliver cash instead of shares of Class A Common Stock) and the Exchange Policy.

7. If I exchange my Class B Units of Zevia LLC for shares of Class A Common Stock of Zevia PBC, will there be any restrictions on selling my shares of Class A Common Stock?

Unless you are an affiliate of Zevia PBC, Zevia PBC will generally deliver shares of Class A Common Stock issued in exchange for Class B Units of Zevia LLC and shares of Class B Common Stock of Zevia PBC without restrictive legends.

Technically, any shares of Class A Common Stock received in an exchange will be unregistered shares, and therefore subject to transfer limitations under federal securities laws until such time as they become registered with the Securities and Exchange Commission or are otherwise transferrable under an exemption, such as Rule 144 under the Securities Act of 1933. Pursuant to SEC guidance, as to any units you have held in Zevia LLC for at least six months (including Class B Units and shares of Class B Common Stock received in exchange for your original units of Zevia LLC and shares of Class A Common Stock received in exchange for the foregoing) and are not an affiliate of Zevia, the exemption under Rule 144 is likely available to you. You should consult with your own counsel to determine availability of the Rule 144 exemption to you.

All persons selling shares of Class A Common Stock of Zevia PBC should be aware of insider trading laws. You may also be subject to restrictions or preclearance requirements relating to sales of shares of Class A Common Stock under Zevia PBC's Insider Trading Policy, if you are subject to that policy.

Affiliates of Zevia are subject to limitations on sales under Rule 144, including volume limitations and manner of sale requirements, so affiliates of Zevia will always have restrictive legends on their Zevia interests.

8. Will the shares of Class A Common Stock I receive in an exchange be subsequently registered with the SEC? What is Rule 144?

At this time, Zevia PBC does not have any plans to register any further shares of Class A Common Stock with the SEC. Rule 144 under the Securities Act of 1933 is a rule that permits sale of securities without registration with the SEC when certain conditions are met. For holders of securities of a public company like Zevia PBC who are not affiliates, the primary condition for use of Rule 144 is that at least six months must have passed since the securities were acquired from the issuer or an affiliate of the issuer (this period is referred to as a “holding period.”). Most holders who receive shares of Class A Common Stock upon exchange of Class B Units of Zevia LLC and the corresponding share of Class B stock of Zevia PBC that are not affiliates” of Zevia PBC should meet that holding period requirement and therefore should be able to sell their shares of Class A Common Stock without restriction under Rule 144. You should consult with your own counsel to determine availability of the Rule 144 exemption to you.

Affiliates of Zevia are subject to limitations on sales under Rule 144, including volume limitations and manner of sale requirements, so affiliates of Zevia will always have restrictive legends on their Zevia interests.

While the SEC has not defined “affiliate,” it will generally include officers or directors of a company or shareholders that hold a significant amount of the company’s shares (10% or more). If you are or could be an affiliate, please contact Zevia PBC for more information.

9. Why weren’t my Zevia LLC units included in the IPO?

All holders of Zevia LLC at the time of the IPO were offered the opportunity to sell to Zevia PBC a portion of their interests in Zevia in the IPO. To the extent your interests were not sold it was because you did not respond with an agreement to sell or your expressed interest in selling was in excess of your pro rata share of the amount sold by existing equityholders.

10. What rights do I have as a Class B unitholder and Class B shareholder?

The Class B Units of Zevia LLC that you hold entitle you to share in the economics of Zevia LLC, which may include distributions. They do not entitle you to voting rights in Zevia LLC.

The shares of Class B Common Stock of Zevia PBC that you hold do not have economic value independent of the Class B Units to which they correspond, and may not be sold or otherwise disposed of independently of the corresponding Class B Units. However, your shares of Class B Common Stock of Zevia PBC do entitle you to one vote per share on matters submitted to a vote of Zevia PBC’s shareholders.

Together, each Class B Unit and share of Class B Common Stock correspond to the economic and voting interest of one share of Class A Common Stock of Zevia PBC.

11. What is the Tax Receivable Agreement? How does it affect me?

All current unit holders are a party to the Tax Receivable Agreement (“TRA”). The TRA is an agreement between Zevia PBC, certain unit holders that held their Zevia LLC units through corporations, and the pre-IPO Zevia LLC unitholders, who are referred to as “TRA Holders” in the TRA. If you exchange your Class B Units of Zevia LLC for shares of Class A Common Stock of

Zevia PBC, Zevia PBC may get certain tax benefits. The TRA requires Zevia PBC to compensate you for those tax benefits if and when they are used.

12. What is the Registration Rights Agreement? How does it affect me?

Except for the shares of Class A Common Stock purchased by the underwriters in the IPO and certain shares of Class A Common Stock reserved for issuance under the equity awards, all shares of Class A Common Stock of Zevia PBC are not yet registered with the SEC. The Registration Rights Agreement is designed to help holders that cannot otherwise sell their shares of Class A Common Stock received in an exchange of Class B Units (and the corresponding shares of Class B Common Stock) without restriction under Rule 144 by requiring Zevia PBC to register those securities with the SEC under certain circumstances.

In particular, subject to certain limitations, holders of 10% in the aggregate of Zevia PBC Class A Common Stock or securities convertible into Class A Common Stock (including Zevia Class B Units and the corresponding shares of Class B Common Stock) may, subject to the terms of the Registration Rights Agreement, request that Zevia PBC register a certain amount of Class A Common Stock with the SEC. In addition, if Zevia PBC files a registration statement with the SEC registering securities for sale or at the request of holders, it must give specified holders the right to request registration of their securities.

13. What is the tax impact of exchanging Class B Units and Class B Common Stock for Class A Common Stock of Zevia PBC (or cash)?

The exchange of a Class B Unit of Zevia LLC and the corresponding share of Class B Common Stock of Zevia PBC for a share of Class A Common Stock of Zevia PBC (or cash) is a taxable event for the holder of Zevia LLC Class B Units and the corresponding shares of Class B Common Stock. An individual who elects such an exchange will recognize taxable gains in an amount equal to the difference in value of (x) the shares of Class A Common Stock (or cash) received upon such exchange based upon the fair market value of the shares of Zevia PBC Class A Common Stock received on the date of the exchange (or the amount of cash received in lieu of such shares) and (y) the individual's tax basis in the Class B Units of Zevia LLC. The gains are generally capital gains except to the extent of the value attributable to certain ordinary income assets of Zevia LLC. The IRS has not provided guidance on what price to use as the fair market value of the shares of Class A Common Stock received on the date of the exchange, so most persons choose a reasonable basis to determine the fair market value, such as the opening price on the day of the exchange, the average price on the day of the exchange or the closing price on the day of the exchange. If the shares are sold on the same date of the exchange, the sale price should also be a reasonable choice.

Following the exchange for shares of Class A Common Stock of Zevia PBC, if the shares are not immediately sold, the future sale of shares of Class A Common Stock in the open market will give rise to a taxable loss or additional taxable gain. The amount of this loss or gain will be determined based on the difference between (A) the sale price in the open market and (B) the tax basis as determined when the exchange is completed.

In addition, as noted above, holders of Class B Units of Zevia LLC are beneficiaries of the TRA. By exchanging Class B Units and the corresponding shares of Class B Common Stock for shares of Class A Common Stock, Zevia PBC may realize potential tax benefits from the exchange, resulting in potential payments under the TRA.

14. Why is this a taxable event?

Under existing IRS regulations, when legacy partners exchange their operating partnership LLC units for public company stock, it's treated, for tax purposes, as a taxable sale or exchange of the operating partnership LLC units. Such sale or exchange treatment does not depend on whether the legacy partners choose to sell their newly acquired public company shares.

In the case of a sale or exchange of an interest in a partnership, the selling partner would recognize gain or loss. Such gain or loss is considered to be from the sale or exchange of a capital asset, except as otherwise provided in IRC section 751, relating to unrealized receivables and inventory items. Section 751(a) provides that the amount of any money, or the fair market value (FMV) of any property, received by a selling partner in exchange for all or part of an interest in the partnership attributable to the partnership's unrealized receivables or inventory items (also known as "hot assets") is considered an amount realized from the sale or exchange of property other than a capital asset. Thus, section 751(a) requires a partner to recognize ordinary income on the sale of a partnership interest to the extent of the partner's share of gain attributable to hot assets, including unrealized receivables and inventory.

In general, except in the case of section 1060 applicable partnership interests, if the legacy partners held their LLC interests for more than one-year, favorable long-term capital gain rates should apply.

Please note that the above summary is general in nature, based on current law and certain assumptions, and does not address issues related to the tax circumstances of any particular holder of the Class B Units. This summary is not complete and does not attempt to include any state, local or non-U.S. tax consequences of an exchange of Class B Units and the corresponding shares of Class B Common Stock, and the receipt of rights or payments under the TRA. Furthermore, differences in holders' situations may cause federal, state, and local tax consequences to vary. Please consult with your attorney, accountant, and/or tax advisor for advice concerning your particular circumstances.