For the attention of Mr Marius Kohl

Administration des Contributions Directes
Bureau d'imposition Sociétés VI
18, Rue du Fort Wedell
L-2982 Luxembourg

16 September 2009

References: AEJE/MAAJ/W1909005M-OAYK

WE Finance and Services (Luxembourg) S.à.r.l. 1996 2412 281
WAALFIN Holding S.A. 1999 4009 454
O’Neill Brand S.à r.l. (LIPCO) not yet incorporated
Surf & Turf S.à r.l. (LuxHoldCo) not yet incorporated

Intellectual Property

Dear Mr Kohl,

In our capacity of tax consultant of the above-mentioned client, we discussed in our meeting dated 29 July 2009, the tax treatment applicable to the transactions foreseen by our client. This letter aims at confirming the conclusions reached during this meeting and will serve as a basis for the preparation of the tax returns of the Luxembourg companies involved.

A. Description of the Group and transactions

1. The WE Group (hereafter “WE”) is an international fashion group with around 330 retail stores in six European countries. It owns around 70 retailing properties in the Netherlands, Belgium and Switzerland. Beside its retailing operations the group has a portfolio of fashion brands which it distributes in Europe and overseas.

2. The WE currently holds the operational companies through a Luxembourg structure composed of two companies, WE Finance and Services (Luxembourg) S.à r.l (hereafter “WE Finance”) held by Waalfin Holding S.A, (hereafter “Waalfin”).

3. There is an intention to consolidate in Luxembourg the licensing activities of WE with the purpose to enhance their management and consequently to transfer the full economic rights of the O’Neill trademarks to Luxembourg.
4. For that purpose, WE will incorporate two fully taxable joint stock companies in Luxembourg, namely O'Neill Brand S.à r.l. (hereafter “LIPCO”) and Surf & Turf S.à r.l. (hereafter “LuxHoldCo”).

5. LIPCO will be 100% financed by equity and jointly owned by LuxHoldCo and Goldman Sachs US. LuxHoldCo will be 100% equity financed and held by Waalfijn. Both LIPCO and LuxHoldCo will have ordinary share capital with share premium; the shares will not be redeemable.

6. Currently, the legal and economic ownership of the O’Neill trademarks is held by a Netherlands Antilles company. As part of the intra-group restructuring, the legal title to the IP will remain with Sisco Textiles NV, a Netherlands Antilles based company, whereas the full economic title/ownership of O’Neill trademarks will be transferred to LIPCO.

7. LIPCO will acquire Team O’Neill International BV and incorporate O’Neill Services BV (both are Netherlands based entities).

8. For your information, you will find enclosed the description of the group in Appendix 1, the current and the envisaged abbreviated structure of the group together with the restructuring step plan in Appendix 2 and the intra-group royalty agreement in Appendix 3.

9. As a result of the group restructuring, royalty income to be accumulated by LIPCO during the first 4 years should amount to approximately EUR 70 million, giving rise to net accumulated profit before tax in the amount of approximately EUR 57 million. More details on the expected business plan (including financial projections of the royalty streams) are provided in Appendix 4.

A.1 O’Neill Trademarks

10. LIPCO will acquire the full economic ownership of the O’Neill trademarks (IP rights) from Sisco Textiles NV for the consideration of EUR 162,994,000. This amount represents the historical cost of acquisition of IP rights by O’Neill Brand NV. As an evaluation of the trademarks based on the discounted cash flow method of the net royalty income performed by the company shows that the acquisition price does not exceed the fair market value of the IP rights transferred, the acquisition price must be considered as arm’s length and will be accounted for accounting and tax purposes.

11. The acquisition will be accepted and accounted against two promissory notes (Note I for an amount of EUR 112,994,000, and Note II for an amount of EUR 50,000,000).

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¹ According to computation performed by the company the value of the trademarks is amounted to EUR 171.1 mln. (Please refer to Appendix 4 for more details).
12. After the acquisition of the full economic ownership of O’Neill trademarks by LIPCO, it will act as a central licensor towards the US Licensees, O’Neill Europe BV (EU), and Non EU/Non US licensees. All licensees will pay royalties to LIPCO.

13. The sub-license agreement presently in force between O’Neill Brand NV as a licensor and O’Neill Europe BV (formerly JSI BV) as a licensee will be transferred to LIPCO, making LIPCO the direct licensor to O’Neill Europe BV. This transaction will be made at arm’s length and hence there will be no adverse tax impact in Luxembourg.

14. Further, O’Neill Trademark BV will assign its contractual position as a licensor under the Non-EU sub-Licence Agreements to LIPCO. There will be no adverse tax consequences in Luxembourg as the transaction will comply with the arm’s length principle.

15. Description of the functions and activities related to O’Neill trademarks and performed by LIPCO are briefly outlined below:

- **Maintenance of IP rights** – including responsibility for protection and overall maintenance of the IP taken by the Director of LIPCO and LIPCO’s supervisory board;
- **Business compliance** – including responsibility for the best possible functioning of the license arrangements and managing those relationship taken by LIPCO’s management team and shareholders;
- **New business through new licensees** – including responsibility for the sales process and targeting new licensees by management and supervisory board of LIPCO;
- **Marketing and updating IP rights** – including responsibility for the management and actual exercise of marketing operations taken by the LIPCO’s Board.

A.2 Tax residency of LIPCO and LuxHoldCo

16. LIPCO and LuxHoldCo would have their statutory seat in Luxembourg. Moreover, they will have their place of central administration in Luxembourg to the extent that their respective shareholders’ meetings and board meetings will be held in Luxembourg, that the main management decisions will be effectively taken in Luxembourg and that their accounting documents will be made available in Luxembourg.

17. Consequently, the companies will be considered to be Luxembourg tax residents within the meaning of article 159 of the LITL and within the meaning of the double tax treaties concluded by Luxembourg. Luxembourg tax residency certificates will therefore be delivered by the Luxembourg tax authorities upon request.
18. In order to perform its activities of managing and licensing O’Neill trademarks, LIPCO will have adequate substance. LIPCO would have full-time and contractual employees to carry out the business functions described in article 16 above, out of its fully functional office space in Luxembourg.

B. Applicable tax regime

B.1 Application of article 50bis LITL

19. The royalties received by LIPCO for the use and the right to exploit the trademarks will benefit from a 80% corporate income tax exemption of its net positive amount as provided by article 50bis (1) of the Luxembourg Income Tax Law (“LITL”).

B.1.1 Qualification of the income

20. According to the administrative circular LIR N°50bis/1 dated 5 March 2009, only income which qualifies as royalty under the definition of the OECD Model Convention and its commentaries may benefit from the 80% exemption provided by 50bis (1) LITL. The payments that would be made to LIPCO are expected to fall under the scope of the definition of royalties given by the OECD Model Convention and its commentaries.

B.1.2 Capitalisation of costs

21. All expenses, if any, connected with the acquisition of the economic rights on the intellectual property which would be deducted prior to the application of the 80% exemption (or which have lead to a negative net income derived from the trademarks) will be shown on the asset side of LIPCO’s tax balance sheet and will be included in its tax profit & loss accounts for the first fiscal year in which royalties will be paid to LIPCO in respect to trademarks (i.e. for the year starting 1 February 2009 to closing 31 January 2010).

B.1.3 O’Neill Trademarks acquired from a non-associated company

22. 50bis (5) LITL contains the condition that the intellectual property right is not acquired from a person who is characterised as an associated company as defined in this provision.

23. O’Neill trademarks will be acquired by LIPCO from Sisco Textiles NV which is not an associated company given that:
   - Sisco Textiles NV does not hold a direct shareholding in the share capital of LIPCO;
   - LIPCO does not hold a direct shareholding in the share capital of Sisco Textiles NV;
   - LIPCO and Sisco Textiles NV do not have a common direct shareholder.
B.1.4 Taxation of Royalties income by LIPCO

24. The net royalty income received by LIPCO as a consideration for the use or the right to use of any copyright on software, patents, trademarks, domain names, models or designs will benefit from an 80% exemption.

25. The net royalty income of LIPCO in relation to the trademarks will be determined as the gross royalty amount received reduced for the amount of all the expenses directly connected with the trademarks royalty income including but not limited to operating costs incurred related to the development of the trademarks, yearly amortisation and potential write-downs.

B.1.5 Disposal of IP

26. LIPCO will hold 100% of the economic rights on the trademarks and will be fully taxable in Luxembourg. Capital gains realised from the disposal of such intellectual property rights, in the future, are also eligible for 80% exemption under paragraph 3 of Article 50bis.

27. Consequently, the net capital gain subject to tax in Luxembourg is equal to 20% of the net capital gain realised plus 80% of the losses realised in relation to the O'Neil IP in the current or previous years.

B.1.6 Net Wealth Tax on LIPCO

28. LIPCO will be subject to the net wealth tax in Luxembourg, computed on the basis of its unitary value as of the closing date of each accounting year. In accordance with paragraph 60a of the Property and Securities Valuation Act (hereafter “Act”) dated 16 October 1934, certain assets may be excluded from the net operating assets. The assets of LIPCO comprising the O'Neill trademarks would be fully exempt from net wealth tax as these are trademarks and comply with the conditions as stipulated in paragraphs 4 and 5 of Article 50bis. Hence, no net wealth tax will be levied (except for minimum tax due for S.à r.l. of 25 Euros).

B.2 Withholding tax exposure on Royalty income

29. LIPCO will receive royalty income from:

- Countries with a Double Tax Treaty (“DTT”) concluded with Luxembourg (e.g. Netherlands, US, Indonesian or Japanese companies); and
- Countries without a Double Tax Treaty concluded with Luxembourg (e.g. Australian company).

30. Where there is no Double Tax Treaty in place or an existing Treaty does not eliminate withholding tax on royalty income, but rather provides for a reduced tax rate, foreign tax credit should be granted to LIPCO in respect of royalties received from abroad, as described below.
B.2.1 Mechanism of the tax credit of the foreign WHT on royalties

31. In accordance with articles 13, 134bis and 134ter of LITL, the tax credit is granted only if the foreign tax is a tax comparable with the Luxembourg corporate tax. This means, inter alia, that the foreign tax must be a national income tax whose rate is not symbolic (i.e. at least 10.5%).

32. Under the country-by-country method, the amount of tax credit available for each country will be determined with respect to the net income (i.e. income minus generally deductible expenses directly connected to the obtaining of the revenue) of the whole foreign sourced income (dividend, interest income, royalty, etc) without distinguishing between the different categories of income but generated in a determined country.

33. The amount of credit available will be limited to the amount of tax that would have been due in Luxembourg, according to calculations based on a formula (broadly net revenue, after foreign withholding tax multiplied by Luxembourg tax rate) country by country. The portion of the foreign tax that is not creditable (based on the formula) will however be generally deductible as described below.

34. LIPCO will only credit foreign taxes against the corporate income tax (which rate is 21.84%, including the contribution to unemployment fund) whereas, based on case law, no tax credit will be available against the municipal income tax (6.75% in Luxembourg city). Therefore, the income tax paid in the source country will be creditable up to 21.84% in Luxembourg.

35. Due to the 80% exemption regime, if the foreign net income is nil or negative, 100% of the foreign tax will be deductible, whereas if it is positive, only up to 20% of the foreign tax would not be deductible from the taxable basis and could be credited against the corporate income tax.

36. The excess tax credit cannot be carried forward to future years.

B.3 Application of the Participation exemption at the level of LIPCO, LuxHoldCo and Waalfin (after its conversion from Holding 29 status into a Soparfi).

B.3.1 Dividends distribution

37. Income realised by LIPCO will be distributed as dividends to its shareholders LuxHoldCo and Goldman Sachs US. Subsequently, dividends received by LuxHoldCo will be distributed to its parent company Waalfin. The dividend distributed by LIPCO to LuxHoldCo and to Goldman Sachs US and by LuxHoldCo to Waalfin will be exempt from Luxembourg withholding tax in accordance with article 147.2 LITL, provided all the conditions regarding participation threshold and holding period set out in article 147 LITL are fulfilled.

38. Dividend income received by LuxHoldCo and LIPCO will be exempt from corporate income tax, provided all the conditions regarding participation threshold and holding period set out in article 166 LITL are fulfilled.
39. Dividend income received by LIPCO from O’Neill Services BV and Team O’Neill BV (both are tax residents in the Netherlands) will be exempt from corporate income tax, as long as the subsidiaries remain fully taxable companies and all the conditions regarding participation threshold and holding period set out in article 166 LITL are fulfilled.

40. Dividend income received by LIPCO from Sisco Textiles NV will be exempt from corporate income tax, as long as the subsidiary remains a fully taxable company and all the conditions regarding participation threshold and holding period set out in article 166 LITL are fulfilled. In this respect we note that Sisco Textiles NV suffers from the normal Netherlands Antilles tax regime (no offshore status) and is taxable at 34.5% corporate income tax.

B.3.2 Net wealth tax

41. LIPCO and LuxHoldCo will be subject to the net wealth tax in Luxembourg at a rate of 0.5%, computed on the basis of its unitary value as of the closing date of each accounting year. In accordance with Paragraph 60a of the Property and Securities Valuation Act dated 16 October 1934, certain assets may be excluded from the net operating assets.

42. LuxHoldCo will be eligible for participation exemption on net wealth tax with respect to its participation in LIPCO, as long as LIPCO remains a fully taxable Luxembourg company and the requirements related to participation threshold are fulfilled.

43. Waalfin will be eligible for participation exemption on net wealth tax with respect to its participation in LuxHoldCo and in Sisco Textile NV, as long as the subsidiaries meet the conditions of Paragraph 60a of the Property and Securities Valuation Act.

44. LIPCO will be eligible for participation exemption on net wealth tax with respect to its participation in O’Neill Services BV and Team O’Neill BV (both are tax residents in the Netherlands), as long as the subsidiaries meet the conditions of Paragraph 60a of the Property and Securities Valuation Act.

B.4 Transfer of LIPCO shares within the restructuring

45. Within the proposed restructuring plan, shares of LIPCO will be subject to the following transfers:

- LIPCO shares will be issued to Inter-Him NV and GS against the Notes;
- Inter-Him NV will use its shares in LIPCO to repay the loan to WE Finance;
- WE Finance will use its shares in LIPCO to repay the loan to Waalfin;
- Waalfin will contribute LIPCO shares to LuxHoldCo.

Please refer to Appendix 2.3 (steps 10, 11.1, 11.2 and 12) for more details.

46. As the above subsequent transfers of LIPCO shares will be executed during a very short period of time (i.e. few weeks), these transfers will be done at the same value without resulting in any gain or loss. No valuation will be performed at each step.
We remain at your disposal should you need any further information and would like to thank you for the attention that you will give to our request.

Yours sincerely,

Alexandre Jaumotte
Partner

Oxana Yaroschuk
Senior Manager

Appendices:

Appendix 1: Description of the Group
Appendix 2: Structure chart – current and envisaged
Appendix 3: Restructuring step plan
Appendix 4: Financial projections
Appendix 5: Intra-group royalty agreements

This tax agreement is based on the facts as presented to PricewaterhouseCoopers S.à r.l. as at the date the advice was given. The agreement is dependent on specific facts and circumstances and may not be appropriate to another party than the one for which it was prepared. This tax agreement was prepared with only the interests WE group and its related Luxembourg entities in mind, and was not planned or carried out in contemplation of any use by any other party. PricewaterhouseCoopers S.à r.l., its partners, employees and or agents, neither owe nor accept any duty of care or any responsibility to any other party, whether in contract or in tort (including without limitation, negligence or breach of statutory duty) however arising, and shall not be liable in respect of any loss, damage or expense of whatever nature which is caused to any other party.
Appendix 1

Description of the Group

1 The Group’s retailing activities emerged in 1962 in the Netherlands with Hij Mannenmode out of a family company which already had been operating as wholesalers for many years. The WE brand name originated from 1999 and the Group’s core activity has grown into a retail chain with 230 stores in six European countries. The Group has incorporated its Luxembourg holding activities in 1997.

2 After a couple of acquisitions, the Group now operates two additional retail formulas and a portfolio of fashion brands:

- Beldona, an upscale lingerie chain with 70 stores in Switzerland which since last year has been started in Austria;
- Setpoint, a men’s fashion chain with 36 stores in the Netherlands;
- Waalwear Men and Waalwear Kids with brand like Bad Boys, Van Girls, Jaguar, Cakewalk, and many more; and
- O’Neil Europe, the producer and distributor of the O’Neil active sportswear and life style products.

3 Under the roof of its Ronstreet Property division, the Group owns 71 mostly retail properties in the following countries:

- 55 in the Netherlands;
- 10 in Belgium; and
- 6 in Switzerland.

4 The Group further operates support companies: two sourcing and merchandizing companies in Hong Kong, a management company in Belgium and a finance company in the Netherlands. It further invests in private equity and holds minority participation on the WE Finance level.
Current Structure Chart

Appendix 2.1

Inter-Him NV

Mockford NV

Sisco Textiles NV

Surf & Turf NV

O’Neill Brand NV

GS Cayman

Surfboard CV

Receivable for
US & Non-EU royalties

98% GP

2% LP

Loan

O’Neill Trademark BV

O’Neill Europe Holding BV

O’Neill Europe BV

Waalfin Sopartfi SA

We Finance SaRL

We International BV

LOGO International BV

Boardco BV

WE Europe BV

WE Belgium BV

WE Luxembourg SA

Team O’Neill International BV

APPENDIX 2.1
Envisaged structure chart

Goldman Sachs US

30.67%

Sisco Textiles NV
(legal owner brand)

69.33%

LUXHOLDCO
(economic owner brand)

30.67%

69.33%

O'Neill Services BV
(new incorporated)

Team O'Neill International BV

We Finance Luxembourg

LOGO International BV

Boardco BV

WE Europe BV

EU royalties

O'Neill Europe Holding BV

WE Belgium BV

O'Neill Europe BV

WE Luxembourg SA (retail company)
Restructuring step plan

1. Incorporation of LIPCO by Inter-Him NV and Goldman Sachs, US.

2. Mockford NV will transfer all shares in Sisco Textiles NV to O’Neill Brand NV by contribution in kind on existing shares.

3. Sisco Textiles NV will transfer all title to the O’Neill trademarks to O’Neill Brand NV in consideration for O’Neill Brand NV taking over all liabilities associated with the O’Neill trademarks from Sisco Textiles NV.

4. O’Neill Brand NV will transfer all title to the O’Neill trademarks back to Sisco Textiles NV for the consideration of EUR 162,994,000 to be settled at Step 7.

5. Sisco Textiles NV will transfer full economic ownership rights to O’Neill trademarks to LIPCO, in exchange for two promissory notes (i.e. Note I for an amount of EUR 112,994,000, and Note II for an amount of EUR 50,000,000 – together “the Notes”)

6. Master IP agreement between O’Neill Brand NV (as licensor) and O’Neill Trademark BV (as licensee) will be terminated. O’Neill trademarks will be assigned to LIPCO in its contractual position (as licensor) under the Non-EU sub-License Agreements (US and Non US/Non EU). Sub-license agreement between O’Neill Trademark BV (licensor) and O’Neill Europe BV (licensee) will be reassigned to LIPCO (as licensor), making LIPCO the direct licensor to O’Neill Europe BV.

7. Sisco Textiles NV will use the Notes to repay EUR 162,994,000 loan to O’Neill Brand NV. As a result, LIPCO will owe EUR 162,994,000 to O’Neill Brand NV.

8. O’Neill Brand NV will distribute the Notes and the entire share capital of Sisco Textiles NV to Mockford NV and GS by way of a distribution from the reserves in the respective proportions of 69.33% and 30.67% (i.e. Note I + 1387 shares and Note II + 613 shares respectively).

9. Mockford NV will distribute from the reserves to Inter-Him NV Note I + 1387 shares Sisco Textiles NV.

10. Inter-Him NV and GS will contribute Note I and Note II respectively to LIPCO against the issue by LIPCO of 6933 shares to Inter-Him NV and 3067 shares to GS. As a result, the Notes cease to exist. Inter-Him and GS will be the owner of 69.33% and 30.67% of LIPCO shares respectively.
11 Prior to the restructuring (i) Inter-Him NV owed to WE Finance, EUR 95,000,000 on account of an intercompany loan, and (ii) WE Finance owed to Waalfin S.A. EUR 95,000,000 on account of an intercompany loan. The shares in LIPCO and Sisco Textiles NV will be used to repay these intercompany loans.

11.1. Inter-Him NV will use its 6933 shares in LIPCO and 1387 shares in Sisco Textiles NV to repay the EUR 95,000,000 loan to WE Finance Sàrl.

11.2. WE Finance Sàrl will use 6933 shares in LIPCO and 1387 shares in Sisco Textiles NV received from Inter-Him NV to repay the EUR 95,000,000 loan to Waalfin SA.

11.3. As a result of these steps, WE Finance Sàrl remains indebted to Inter-Him NV for an amount of € 17,994,000. The remaining debt will be settled within 6 months.

12 Waalfin will incorporate LuxHoldCo by subscribing the share capital in cash and in kind (by contributing its shares in LIPCO). As a final result, the economic owner of the O'Neill trademarks, LIPCO, will be owned by GS for 30.67% and by LuxHoldCo for 69.33%. The legal owner of the O'Neill brand, Sisco Textiles N.V., will also be owned by GS for 30.67% and by Waalfin for 69.33%.

13 LIPCO will incorporate a new company O’Neill Services BV and will acquire from BoardCo BV shares in Team O’Neill International BV for fair market value consideration.
Financial projections – Profits & Loss
<table>
<thead>
<tr>
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<th>07/08</th>
<th>08/09</th>
<th>Budget 09/10</th>
<th>E 10/11</th>
<th>E 11/12</th>
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<td>Revenues</td>
<td>10,475,282</td>
<td>12,329,735</td>
<td>12,709,158</td>
<td>15,617,000</td>
<td>18,719,000</td>
<td>22,526,000</td>
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<td>Royalty O’Neill Ireland</td>
<td>427,923</td>
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<td>Gross Profit</td>
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<td>12,642,235</td>
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<td>Brand management</td>
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<td>Other expenses</td>
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<td>EBITDA - recurring</td>
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<td>One-off registration brand</td>
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<td>Non-recurring marketing</td>
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<td>Other non-recurring</td>
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<td>Total non-recurring expenses</td>
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<td>Net profit before tax</td>
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Appendix 4.2

Financial projections – Royalty streams – Discounted cash flow
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<td>2011</td>
<td>2012</td>
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<td>O'Neill Brand</td>
<td>6 495</td>
<td>6 566</td>
<td>5 572</td>
<td>6 944</td>
<td>8 568</td>
<td>10 304</td>
<td>10 510</td>
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<td></td>
<td>1.09%</td>
<td>-15.34%</td>
<td>24.62%</td>
<td>23.39%</td>
<td>20.26%</td>
<td>2.03%</td>
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<td>O'Neill Trademark (current licensees)</td>
<td>5 508</td>
<td>6 571</td>
<td>7 083</td>
<td>8 416</td>
<td>9 314</td>
<td>10 307</td>
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<tr>
<td></td>
<td>10.30%</td>
<td>7.78%</td>
<td>18.63%</td>
<td>10.67%</td>
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<td>194 639</td>
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<td>162 156</td>
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Enterprise value of operations: 171,115,541

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<td>10.00%</td>
<td>222,896,994</td>
<td>250,208,630</td>
<td>286,624,145</td>
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Intra-group royalty agreements

(to be provided later)
For the attention of Mr Alexander Jaumotte
PricewaterhouseCoopers
400, route d’Esch
B.P. 1443
L - 1014 Luxembourg

Companies involved
WE Finance and services (Luxembourg) S.à.r.l. 1996 2412 281
WAALFIN Holding S.A. 1999 4009 454
O’Neil Brand S.à.r.l. (LIPCO) Not yet incorporated
Surf and Turf S.à.r.l. (LuxHoldCo) Not yet incorporated

Dear Sir,

Further to your letter dated 16 September 2009 and reference AEJE/MAAI/W1909005M-OAYK relating to the transactions that the group WE Group would like to conduct, I find the contents of said letter to be in compliance with current tax legislation and administrative practice.

It is understood that my above confirmation may only be used within the framework of the transactions contemplated by the abovementioned letter and that the principles described in your letter shall not apply ipso facto to other situations.

Le préposé du bureau
d’imposition Sociétés 6
Marius Kohl

18, rue du Fort Wedell
Luxembourg
Tél.: (352) 40.800-3118
Adresse postale
L-2982 Luxembourg
Fax: (352) 40.800-3100
Site Internet
www.impotsdirects.public.lu