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Table of Contents*Income tax expense*

Income tax benefit (expense) consists of national, provincial, state and local income taxes in our initial target markets and deferred income taxes and changes in related valuation allowance reflecting the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

Our income tax balances are determined and reported using a "separate return" method. Income taxes as presented herein allocate current and deferred income taxes of the parent to us in a manner that is systematic, rational and consistent with the asset and liability method. The sum of the amounts allocated to the Company's carve-out tax provisions may not equal the historical consolidated provision. Under the separate return method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carry forwards.