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Department of the Treasury

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CC:CORP:04

PLR-124221-09

Date:

December 11, 2009

Legend

Foreign Holdings =

F1(DE) =

F2(DE) =

F3(CO) =

F4(CO) =

F4(DE) =

U.S. Sub 1 =

PLR-124221-09

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U.S. Sub 2 =

U.S. Sub 3 =

Sub X =

Sub X LLC =

FSub X =

U.S. Parent =

Acquiring =

Acquiring Sub LLC =

Target =

Country A =

Country B =

Country C =

Date 1 =

a =

b =

c =

d =

e =

Dear :

This letter responds to your May 1, 2009 request for rulings regarding certain Federal income tax consequences of a series of transactions (collectively, the "Restructuring Transaction"). The information submitted in that request and in later correspondence is summarized below.

The rulings contained in this letter are based on facts and representations submitted by the taxpayer and accompanied by a penalty of perjury statement executed by an appropriate party. This office has not verified any of the materials submitted in support of the request for rulings. Verification of the information, representations, and other data may be required as part of the audit process.

Summary of Facts

Immediately before the Restructuring Transaction (described below), Foreign Holdings was a Country A entity classified as a partnership for U.S. Federal income tax purposes. Foreign Holdings owned all of the equity interests in both F3(CO), a Country A entity classified as a corporation for U.S. Federal income tax purposes, and F1(DE), a Country A entity disregarded for U.S. Federal income tax purposes.

F3(CO) was a holding company whose sole asset was all of the stock in Sub X, a separate return U.S. corporation. Sub X owned all of the equity interests in both Sub X LLC, a U.S. limited liability company (the "LLC") disregarded for U.S. Federal income tax purposes, and FSub X, a Country B entity classified as a corporation for U.S. Federal income tax purposes.

F1(DE) was a holding company whose sole asset was all of the equity interests in F2(DE), a Country A entity disregarded for U.S. Federal income tax purposes. F2(DE) was a holding company whose sole asset was all of the equity interests in F4(CO), a Country C entity classified as a corporation for U.S. Federal income tax purposes. F4(CO) owned all of the stock in U.S. Parent, a U.S. corporation and the common parent of an affiliated group whose includible corporations join in filing a consolidated Federal income tax return (the "U.S. Group"). F4(CO) also owned (i) all of

the equity interests in several foreign entities, (ii) a note from U.S. Parent in the amount of \$a, and (iii) F2(DE)'s U.S. and foreign intellectual property (the "U.S. F2(DE) IP" and the "Foreign F2(DE) IP," respectively). The U.S. F2(DE) IP was worth \$b.

F3(CO), F1(DE), and F2(DE) all are holding companies. Their only significant assets were equity interests in entities that are members of the Foreign Holdings worldwide group.

U.S. Parent owned all of the stock in Acquiring, a member of the U.S. Group. Acquiring owned all of the equity interests in Acquiring Sub LLC, a U.S. LLC disregarded for U.S. Federal income tax purposes, and a chain of foreign corporations.

Restructuring Transaction

For what are represented to be valid business reasons, Foreign Holdings desired to consolidate the multiple U.S. groups into one multinational U.S.-based group. Therefore, Foreign Holdings and its subsidiaries executed the following steps on Date 1 pursuant to a single plan (the "Restructuring Transaction"):

- (i) Acquiring formed with nominal capital a transitory, domestic merger corporation (the "MergeCo") to facilitate its later acquisition of Target, the common parent of an unrelated consolidated group.
- (ii) F4(CO) contributed the U.S. Parent note to U.S. Parent's capital.
- (iii) F4(CO) formed with nominal capital a new subsidiary (the "New FSub Holdco"), a Country A entity classified as a corporation for U.S. Federal income tax purposes.
- (iv) F4(CO) contributed to U.S. Parent the U.S. F2(DE) IP, and contributed to New FSub Holdco the equity interests in its foreign entities as well as the Foreign F2(DE) IP.
- (v) Foreign Holdings contributed all of the equity interests in F3(CO) to F1(DE), which in turn contributed them to F2(DE).
- (vi) F2(DE) contributed all of the equity interests in F4(CO) to F3(CO) (the "F4(CO) Stock Acquisition").
- (vii) Effective Date 1, F1(DE) domesticated into the U.S. (the "F1(DE) Domestication"), becoming a U.S. corporation (the "U.S. Sub 1").
- (viii) Effective Date 1, F2(DE) domesticated into the U.S. (the "F2(DE) Domestication"), becoming a U.S. corporation (the "U.S. Sub 2").

- (ix) Effective Date 1, F3(CO) domesticated into the U.S. and changed its name (the “F3(CO) Domestication”), becoming a U.S. corporation (the “U.S. Sub 3”).
- (x) F4(CO) elected to be classified as disregarded for U.S. Federal income tax purposes (the “F4(DE)”, and the “F4(CO) Asset Acquisition”), causing U.S. Sub 3 to be treated for U.S. Federal income tax purposes as directly owning the F4(CO) assets, including all of the stock of U.S. Parent. The fair market value of the U.S. Parent stock (even without taking into account F4(CO)’s prior contributions to U.S. Parent’s capital) exceeded the aggregate fair market value of all of U.S. Sub 3’s other assets.
- (xi) Acquiring directly borrowed \$d from an unrelated bank, and it received \$c from Foreign Holdings through a series of equity contributions down the corporate chain.
- (xii) Acquiring acquired all of the stock of Target by MergeCo merging into Target and the former Target shareholders receiving \$e.

Representations

The following representations have been made with respect to the Restructuring Transaction:

- (a) All the steps of the Restructuring Transaction were pursuant to a single plan, and this plan did not include any future steps.
- (b) Immediately after the Restructuring Transaction, more than 50% of the value of the equity of U.S. Sub 1 was attributable to the value of the U.S. Parent stock, measured without taking into account any increase in value of the U.S. Parent stock resulting from Steps (ii) and (iv) of the Restructuring Transaction (as well as taking into account any such increase in value).
- (c) At the time of the F2(DE) Domestication, F2(DE) had no accumulated earnings and profits.
- (d) As of the beginning of Date 1, the fair market value of the U.S. Parent stock immediately before the Restructuring Transaction exceeded the sum of (i) the fair market value of all of F4(CO)’s other assets, plus (ii) the fair market value of the stock of F3(CO).

Rulings

Based solely on the information submitted and the representations set forth above, we rule as follows with respect to the Restructuring Transaction:

(1) The U.S. Group is treated as remaining in existence immediately following the Restructuring Transaction, with U.S. Sub 1 as the new common parent of the continuing U.S. Group. Rev. Rul. 82-152, 1982-2 C.B. 205.

(2) Every corporation that was a member of the U.S. Group on the day preceding Date 1 must continue to be included in the consolidated return for the U.S. Group following the Restructuring Transaction. Reg. §1.1502-75(d)(1).

Caveats

We express no opinion on the tax effect of the Restructuring Transaction under any other provision of the Code or regulations, or the tax effect of any condition existing at the time of, or effect resulting from, the Restructuring Transaction that is not specifically covered by the rulings set forth above.

Procedural Statements

This ruling is directed only to the taxpayer who requested it. Section 6110(k)(3) provides that it may not be used or cited as precedent.

A copy of this letter must be attached to any income tax return to which it is relevant. Alternatively, taxpayers filing their returns electronically may satisfy this requirement by attaching a statement to their return that provides the date and control number of the letter ruling.

In accordance with the Power of Attorney on file in this office, a copy of this letter is being sent your authorized representative.

Sincerely,

Lawrence M. Axelrod
Special Counsel
Office of Associate Chief Counsel
(Corporate)