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Date:

February 19, 2010

Parent =

Holdco =

Holdco =

Sub1

Holdco =

Sub 2

DE 1 =

DE 2 =

DE 3 =

Merger =

DE

DE 4 =

DE 5 =

DE 6 =

DE 7 =

DE 8 =

DE 9 =

Sub 1 =

Sub 2 =

Sub 3 =

Sub 4 =

Country A =

Country B =

Country C =

Country D =

Country E =

Country F =

Country
G =

Year 1 =

Year 2 =

Month A

Date 1 =

Date 2 =

Date 3 =

Date 4 =

Note 1 =

aa =

a =

b =

c =

d =

e =

f =

g =

h =

i =

j =

k =

l =

m =

n =

o =

Dear :

This letter responds to your letter dated January 26, 2010, in which you requested rulings regarding certain Federal income tax consequences of a series of completed transactions. The information submitted in that letter and later correspondence is summarized below.

The rulings contained in this letter are based upon information and representations submitted by the taxpayer and accompanied by a penalty of perjury statement executed by an appropriate party. While this office has not verified any of the material submitted in support of the request for rulings, it is subject to verification on examination.

Summary of Facts

Parent is a publicly traded domestic corporation that is the parent of a U.S. consolidated group. Parent directly and indirectly owns various subsidiaries around the world (collectively, the "Parent Group"). During Year 1, Parent caused its indirectly wholly owned subsidiary, Holdco Sub 1, to acquire more than aa% of the outstanding stock of Holdco Sub 2 through a cash tender offer. As a result of this acquisition, there were numerous redundant and overlapping companies within the same line of business and/or jurisdiction. Parent developed an integration plan with the purpose of realigning these companies based on their business activities and jurisdiction of operation. Another goal of the integration plan was to streamline the overall structure by reducing the number of legal entities.

The restructuring plan was designed in two phases. The key objective of Phase I was to create a holding company for the non-U.S. entities and businesses. The holding company structure would be aligned with the business needs for managing the companies, would be tax efficient with respect to future operations, and would facilitate the future movement, realignment, and elimination of foreign entities. Phase II would involve realigning and eliminating foreign entities.

Phase I of the holding company structuring was completed in Month A of Year 2 with a multi-tiered foreign holding company structure holding all of the non-North American businesses. Immediately prior to the beginning of Phase II of the restructuring, the relevant legal structure was as follows.

Parent and members of the Parent Group directly and indirectly owned 100 percent of Holdco, a partnership organized under the laws of the Country A and treated as a corporation for U.S. federal income tax purposes that serves as a foreign holding company. Holdco indirectly owned, through a disregarded entity, 100 percent of the shares of Holdco Sub 1, a company organized under the laws of the Country A and treated as a corporation for U.S. federal income tax purposes. Holdco Sub 1 owned nearly 100 percent of the shares of Holdco Sub 2, a company organized under the laws of the Country A and treated as a corporation for U.S. federal income tax purposes.

The relevant "legacy" Parent entities were owned by Holdco through a disregarded entity. Specifically, Holdco indirectly owned 100 percent of the shares of DE 1, a company organized under the laws of the Country B and treated as a disregarded entity for U.S. federal income tax purposes. DE 1 owned 100 percent of the shares of DE 3, a company organized under the laws of the Country B and treated as a disregarded entity. DE 1 also owned approximately a% of the shares of DE 2, a company organized under the laws of the Country B. The remaining approximately b% of DE 2 was owned by Holdco. Prior to Phase II of the restructuring, DE 2 was treated as a disregarded entity of Holdco for U.S. federal income tax purposes.

Holdco also indirectly owned 100 percent of the shares of Merger DE, a company organized under the laws of the Country A and treated as a disregarded entity for U.S. federal income tax purposes. Merger DE owned the following relevant entities:

- 100 percent of the shares of DE 4, a company organized under the laws of Country C and treated as a disregarded entity for U.S. federal income tax purposes;
- 100 percent of the shares of DE 5, a company organized under the laws of Country D and treated as a disregarded entity for U.S. federal income tax purposes that owned several operating companies, each of which was organized under the laws of Country D and treated as a disregarded entity for U.S. federal income tax purposes. These Country D disregarded operating companies included DE 6 and DE 7, a subsidiary of DE 6;
- 100 percent of DE 8, a company organized under the laws of Country E and treated as a disregarded entity of Holdco for U.S. federal income tax purposes. Holdco holds a nominee interest that represents no economic or beneficial ownership in DE 8 for U.S. federal income tax purposes and was established to satisfy local law requirements necessitating multiple owners;
- c% of the shares of DE 9 a company organized under the laws of Country F and treated as a flow through entity for U.S. federal income tax purposes, the other d% of which was owned by DE 8 (thus, DE 9 was treated as a disregarded entity of Holdco); and
- 100 percent of the shares of several additional Parent European operating companies, each treated as a disregarded entity for U.S. federal income tax purposes, except for two Country G companies that were treated as corporations.

The relevant "legacy" Holdco Sub 2 entities were owned directly or indirectly through one or more disregarded entities by Holdco Sub 2. Specifically, Holdco Sub 2 indirectly owned 100 percent of the shares of Sub 1, a company organized under the laws of Country C and treated as a corporation for U.S. federal income tax purposes. Sub 1 directly owned 100 percent of the shares of Sub 2, a company organized under the laws of Country E and treated as a disregarded entity for U.S. federal income tax purposes. Holdco Sub 2 also indirectly owned 100 percent of the shares of Sub 3, a company organized under the laws of the Country A and treated as a disregarded entity for U.S. federal income tax purposes. Sub 3 owned 100 percent of the shares of Sub 4, a company organized under the laws of the Country A and treated as a disregarded entity for U.S. federal income tax purposes.

Parent and each of its affiliates, including Holdco, Holdco Sub 1, Holdco Sub 2, and Sub 1, has a 52-53 week tax year that ends on Date 1.

Phase II of the restructuring involved the realignment along business and geographic lines of several "legacy" Parent entities that were disregarded entities of Holdco. Immediately prior to Phase II, several of the disregarded entities were indebted to Holdco (the "DEs"). For purposes of this ruling, all references to the DEs include a reference to DE 1, DE 2, DE 3, DE 4, DE 5, DE 6, DE 7, DE 8, and DE 9. Due to the disregarded status of the DEs, such loans were disregarded for U.S. federal income tax purposes (the "DE Debt").

It was intended that as part of Phase II, Holdco, through a disregarded entity, would simultaneously transfer 100 percent of its interests in the DEs and the DE Debt to Holdco Sub 1. As outlined in the Phase II transaction steps below, beginning on Date 2, Holdco, through a disregarded entity, contributed the DEs to Holdco Sub 1 (except as described below), and Holdco Sub 1 subsequently contributed such interests in the DEs to Holdco Sub 2. However, through inadvertence, Holdco did not transfer the DE Debt nor did it transfer its approximate b% interest in DE 2. As a result, for U.S. federal income tax purposes, the DE Debt held by Holdco became regarded as debt owing from Holdco Sub 2 to Holdco, and DE 2 became a regarded partnership with Holdco and Holdco Sub 2 as its partners. While the debt has only existed for a couple of months thus far, Holdco could be viewed for U.S. federal income tax purposes as receiving the DE Debt (*i.e.*, boot) in exchange for a portion of its interest in the DEs, thus causing the transaction to be taxable. In addition, Parent never intended for DE 2 to become regarded as a partnership for U.S. federal income tax purposes. Immediately upon realization of the inadvertence, corrective remedies were sought.

Transaction Steps

Specifically, as part of Phase II of the restructuring, Parent effectuated the following relevant transaction steps (the "Transaction"):

- Step 1: On Date 2, a disregarded entity of Holdco contributed all of its shares in Merger DE and DE 1 to Holdco Sub 1 in exchange for no consideration ("Transfer I").
- Step 2: On Date 2, Holdco Sub 1 contributed all of its shares in Merger DE and DE 1 to Holdco Sub 2 in exchange for no consideration ("Transfer II").
- Step 3: On Date 2, Holdco Sub 2 contributed all of its shares in DE 1 to a disregarded entity in a disregarded transaction.
- Step 4: On Date 2, Holdco Sub 2 contributed all of its shares in Merger DE through a disregarded entity to Sub 3 in a disregarded transaction.

- Step 5: Effective Date 3, Merger DE merged with and into Sub 4 in a disregarded transaction. Immediately thereafter, Sub 4 directly owned 100 percent of DE 4, 100 percent of DE 5, 100 percent of DE 8, and c% of DE 9. DE 5 continued to own, directly or indirectly, 100 percent of DE 6 and DE 7, while DE 8 continued to own the remaining d% of DE 9.
- Step 6: On Date 3, Sub 4 sold all of its shares in DE 5 to Holdco Sub 1 in exchange for a note with a face amount equal to the fair market value of DE 5 ("Note 1") (the "Sale").
- Step 7: On Date 3, Sub 4 sold all of its shares in DE 4, DE 8, and DE 9 (among other entities) to disregarded entities of Holdco Sub 2 in exchange for disregarded notes in disregarded transactions.

Prior to the restructuring, as part of Parent's global treasury function, DE 4, a disregarded entity of Holdco, operated a cash pool (the "Cash Pool"). The Cash Pool centralized the management of and facilitated the efficient deployment of Parent's foreign cash for the "legacy" Parent entities. As part of this operation, Parent's foreign entities (collectively, the "Depositors") would loan cash to DE 4, and DE 4 would record a corresponding liability to the appropriate Depositor. DE 4 would also loan money to related parties as needed and record a corresponding receivable, although this occurred less frequently. DE 4 would transfer its net cash to an interest-bearing account with a third party bank. In connection with operating the Cash Pool, DE 4 generally would earn interest on the spread between the interest rate it received from the third party bank and the lower interest rate it paid to the Depositors. The interest income was treated as earned by Holdco for U.S. federal income tax purposes.

Holdco Sub 2 operated its "legacy" cash pool in a disregarded entity of Sub 1, Sub 2. Parent determined that only one entity would succeed as manager of the cash pool. Parent's Treasury Department determined that it was operationally more efficient to have the cash pool administered out of Sub 2 because Sub 2 had a better Treasury infrastructure (people, systems, etc.) in place to support one large cash pool than DE 4. As a result, on Date 4, to consolidate the "legacy" cash pools, DE 4, which was a DE of Holdco Sub 2 at the time, transferred its Cash Pool to Sub 2, a disregarded entity of Sub 1 in a transaction unrelated to Transfer I, Transfer II, and the Sale ("Transfer III"). The Cash Pool was transferred from Holdco Sub 2 to Sub 1, for U.S. federal income tax purposes, by Sub 2's assuming the obligations and receivables of DE 4 and by DE 4's transferring the net cash from its bank account to Sub 2's bank account.

Transfer I, Transfer II, and Transfer III are collectively referred to herein as the "Transfers." All references to the "Transferors" include a reference to Holdco, Holdco Sub 1, and Holdco Sub 2. In addition, all references to the "Transferees" include a

reference to Holdco Sub 1, Holdco Sub 2, and Sub 1. All references to "Buyer" are to Holdco Sub 1 and all references to "Seller" are to Holdco Sub 2.

Debt Relationships

The DE Debt owed to Holdco that became regarded for U.S. federal income tax purposes as a result of Transfer I included the following obligations:

- An obligation from DE 1 payable to Holdco in the amount of f;
- Obligations from DE 2 and from DE 3 payable to Holdco in the aggregate amount of g;
- An obligation from DE 9 payable to Holdco in the amount of h; and
- An obligation from DE 4 payable to Holdco in the amount of i.

In addition to the DE Debt, four additional notes became regarded as a result of the Sale. These included the following obligations (collectively, the "Country D DE Debt"):

- An obligation from DE 5 payable to DE 4 in the amount of j; and
- An obligation from DE 6 payable to DE 4 in the amount of k;

The DE 5 and DE 6 obligations payable to DE 4 are collectively referred to herein as the "Country D-DE 4 Debt."

- An obligation from DE 6 payable to a disregarded entity of Holdco Sub 2 in the amount of l; and
- An obligation from DE 7 payable to a disregarded entity of Holdco Sub 2 in the amount of m;

The DE 6 and DE 7 obligations payable to disregarded entities of Holdco Sub 2 are collectively referred to herein as the "Country D-Holdco Sub 2 Debt." The Country D-Holdco Sub 2 Debt was regarded debt for U.S. federal income tax purposes prior to the Transaction, with DE 6 and DE 7, disregarded entities of Holdco, as the issuers and disregarded entities of Holdco Sub 2 as the holders. In Transfer II, when DE 5, which directly owned DE 6 and indirectly owned DE 7, was transferred to Holdco Sub 2, the Country D-Holdco Sub 2 Debt was extinguished for U.S. federal income tax purposes. However, as a result of the Sale, in which DE 5 (and thus DE 6 and DE 7) was sold to Holdco Sub 1, the Country D-Holdco Sub 2 Debt was reconstituted for U.S. federal income tax purposes with Holdco Sub 1 as the issuer and Holdco Sub 2 as the holder for U.S. federal income tax purposes.

Finally, certain DEs listed below owed disregarded debt to DE 4 (the "Country B DE Debt"). If DE 4 and these DEs had not been contributed simultaneously in the Transfers, the Country B DE Debt would have become regarded for U.S. federal income tax purposes in the Transaction. The Country B DE Debt included the following obligations:

- An obligation from DE 1 payable to DE 4 in the amount of n; and
- An obligation from DE 3 payable to DE 4 in the amount of o.

Consistent with general business practices between related corporations, certain foreign subsidiaries in the Parent Group provide services to other foreign members of the Parent Group. For example, DE 6 provides management services, and DE 8 provides product sourcing services to the Parent Group. In connection with providing these services in the ordinary course of business, DE 6 and DE 8 charge an arm's length fee based on the level of services provided and based on a percentage of products sourced, respectively. In addition, Holdco owns the intellectual property ("IP") that is used by the foreign members of the Parent Group. Holdco charges an arm's length royalty for the use of its IP that is based on the level of use by each member. The business relationships described herein were put in place prior to the Transaction and continue through the date of this ruling.

Rescission Steps

The following steps were undertaken pursuant to a rescission agreement (the "Rescission Agreement") to rescind a portion of the Phase II transaction steps previously completed (the "Rescission"). The rescission steps were effected prior to the end of Year 2 in which the Transaction occurred.

- Step 1: Through a series of transactions, the Cash Pool was reconstituted back into DE 4. Thus, the current net cash balance was reestablished with DE 4 along with the corresponding obligations and receivables (reversing Transfer III).
- Step 2: In disregarded transactions, the disregarded entities of Holdco Sub 2 transferred their ownership interests in DE 4, DE 8, and DE 9 back to Sub 4 in partial cancellation of the portion of the disregarded notes issued in the original transactions representing the fair market value of their ownership interests in DE 4, DE 8, and DE 9 (reversing Step 7 of the Transaction).
- Step 3: Holdco Sub 1 transferred its ownership interest in DE 5 to Sub 4 in cancellation of Note 1 (reversing Step 6 of the Transaction).

- Step 4: In a disregarded transaction, Sub 4 transferred its ownership interest in DE 4, DE 5, DE 8, and DE 9 through a series of disregarded entities to Holdco Sub 2 (reversing Step 4 of the Transaction with respect to the DEs listed in this Step 4).
- Step 5: In a disregarded transaction, a disregarded entity of Holdco Sub 2 transferred its ownership interest in DE 1 to Holdco Sub 2 (reversing Step 3 of the Transaction).
- Step 6: Holdco Sub 2 transferred its ownership interest in DE 4, DE 5, DE 8, DE 9, and DE 1 to Holdco Sub 1 (reversing Step 2 of the Transaction with respect to the DEs listed in this Step 6).
- Step 7: Holdco Sub 1 transferred its ownership interest in DE 4, DE 5, DE 8, DE 9, and DE 1 to a disregarded entity of Holdco (reversing Step 1 of the Transaction with respect to the DEs listed in this Step 7).

In connection with the Transaction, other disregarded entities of Holdco, in addition to the DEs, were transferred to Holdco Sub 1 and to Holdco Sub 2. However, these disregarded entities were not parties to the DE Debt or Country D DE Debt that became regarded for U.S. federal income tax purposes. Therefore, Parent did not rescind the transfer of these other entities. Certain of these entities were Depositors who had cash on deposit with the Cash Pool, which was transferred from Holdco Sub 2 to Sub 1 for U.S. federal income tax purposes in Transfer III. As a result of the Rescission of the transfer of the Cash Pool in Transfer III and the Rescission of the transfer of DE 4 to Holdco Sub 1 and Holdco Sub 2 in Transfers I and II, respectively, certain immaterial obligations between the Cash Pool operated by DE 4 and Depositors became regarded for U.S. federal income tax purposes.

As discussed above, Parent had intended to transfer the DEs and the DE Debt simultaneously. Parent intends to transfer several of the DEs and the DE Debt (the "Post-Rescission Transaction") to implement Phase II of the restructuring after the effective date of the Rescission in order to achieve the objective set forth above. The Rescission, in which the DEs were distributed by Holdco Sub 2 to Holdco Sub 1 and thereafter by Holdco Sub 1 to Holdco, did not generate any material foreign tax benefit, including any foreign tax credit benefit.

Representations

Parent makes the following representations:

1. The Transfers and Sale occurred and the Rescission was effective during the same taxable year for each of the Transferors, Transferees, Seller, and Buyer (Year 2).

2. The intent and effect of the Rescission Agreement is, and has been, to restore in all material respects the legal and financial arrangements between the Transferors, Transferees, Seller, Buyer, and the DEs that would have existed had the Transfers and Sale not occurred.
3. The Transferors, Transferees, Buyer, and Seller have examined their activities, and the activities of all other regarded entities controlled directly or indirectly by the Transferors, Transferees, Buyer, and Seller between the time of Transfer I and the Rescission (the "Interim Period") and have (i) determined that no activity of any such entity occurred that is materially inconsistent with the Rescission, and (ii) agreed that no activity of any such entity will occur that is materially inconsistent with the Rescission.
4. During the Interim Period, the Transfers and Sale had no legal or material economic consequences to the Transferors or Transferees or to the Buyer or Seller, respectively, or to any other regarded entities controlled directly or indirectly by the Transferors, Transferees, Buyer, or Seller during the Interim Period.
5. The Rescission placed the Transferors and Transferees as well as the Buyer and Seller in the *status quo ante* with respect to the Transfers and Sale, respectively.
6. The Rescission did not involve any party that was not involved in the Transfers or the Sale.
7. The Transferors, Transferees, Buyer, and Seller executed the Rescission Agreement and implemented the Rescission in accordance with the terms of the executed Rescission Agreement.
8. Provided the Rescission is effective to disregard the Transfers and the Sale for U.S. federal income tax purposes, the Transferors and Transferees as well as the Buyer and Seller will file their U.S. federal income tax and information returns for Year 2 as if the Transferors had not transferred the DEs to the Transferees in Transfers I and II, as if the Cash Pool had not been transferred in Transfer III, and as if the Seller had not sold DE 5 to the Buyer in the Sale. In particular, the return of Holdco for Year 2 will reflect that Holdco owned the DEs prior to any Post-Rescission Transaction steps, and all of the Transferors', Transferees', Buyer's, and Seller's material items of income, deduction, gain, and loss will be reflected on each of their respective U.S. federal income tax returns as if the Transfers and the Sale had not occurred.
9. The Transferees made no interest payments with respect to the DE Debt during the Interim Period. Also, the Buyer made no interest payments with respect to

the Country D DE Debt from the time of the Sale through the effective date of the Rescission.

10. The proposed Post-Rescission Transaction will be comprised of a series of transfers that qualify under section 351 or that will occur between disregarded entities for U.S. federal income tax purposes.
11. DE 4 was restored to the same economic position in all material respects that it would have been in had the Transfers never occurred, except for fluctuations in the Cash Pool balances that occurred in the normal course of business.
12. The e% interest in DE 8 owned by Holdco is a nominee interest that represents no economic or beneficial ownership in DE 8 for U.S. federal income tax purposes and was established to satisfy local law requirements necessitating multiple owners.

Rulings

Based solely on the facts submitted and the representations made, we rule that for federal income tax purposes:

- (1) The Transfers and Sale will be disregarded.
- (2) The DEs will be treated as owned by Holdco at all times from the effective date of Transfer I through the effective date of the Rescission.
- (3) The DE Debt and Country D-DE 4 Debt will be treated as disregarded at all times from the effective date of Transfer I through the effective date of the Rescission.
- (4) The Country D-Holdco Sub 2 Debt will be treated as regarded at all times from the effective date of Transfer I through the effective date of the Rescission.
- (5) Note 1 will be disregarded.
- (6) The Cash Pool will be treated as owned by DE 4 at all times from the effective date of Transfer III through the effective date of the Rescission.
- (7) DE 2 will be treated as a disregarded entity at all times from the effective date of Transfer I through the effective date of the Rescission.

Caveat

Except as expressly provided herein, no opinion is expressed or implied concerning the tax consequences of any aspect of any transaction or item discussed or referenced in this letter.

Procedural Statements

This ruling is directed only to the taxpayer requesting it. Section 6110(k)(3) of the Code 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 with this office, a copy of this letter will be sent to your authorized representative.

Sincerely,

Lewis K Brickates
Branch Chief, Branch 4
Associate Chief Counsel (Corporate)