

Internal Revenue Service

Department of the Treasury
Washington, DC 20224

Number: **201216026**
Release Date: 4/20/2012
Index Number: 338.02-00

Third Party Communication: None
Date of Communication: Not Applicable
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, ID No.
Telephone Number:

Refer Reply To:
CC:CORP:B02
PLR-143732-11
Date:
January 12, 2012

Legend

Parent =

S1 =

S2 =

S3 =

S4 =

S5 =

Target =

Country X =

Country Y =

Business 1 =

Business 2 =

Exchanges =

a% =

b% =

c% =

d% =

e% =

f% =

g% =

h% =

i% =

j% =

k =

Date 1 =

Date 2 =

Date 3 =

Date 4 =

Date 5 =

Dear :

This letter responds to a letter from your authorized representatives dated October 18, 2011, requesting a ruling that the Acquisition Transaction (defined below) qualifies as a qualified stock purchase within the meaning of section 338(d)(3) of the Internal Revenue Code and that the Parent Affiliated Group (defined below) may make a section 338(g) election.

Parent is the common parent of an affiliated group of corporations filing a consolidated U.S. federal income tax return and the parent of a worldwide group of corporations (Parent Affiliated Group). The Parent Affiliated Group is engaged in Business 1. The stock of Parent is publicly traded.

Parent owns all of the stock of S1. S1 owns all of the stock of S2 and S3. P owns a% and S2 owns b% of the stock of S4. S3 owns all of the stock of S5. S1, S2 and S3 are each domestic corporations. S4 is an entity incorporated under the laws of Country Y and is classified as a corporation for US federal income tax purposes. S1, S2, S3 and S4 are members of the Parent Affiliated Group. S5 is an entity incorporated under the laws of Country X that elected to be classified as an entity disregarded as separate from S3 for U.S. federal tax purposes.

Target is a publicly traded entity under the laws of Country Y. Target is classified as a corporation for U.S. federal tax purposes and is engaged in Business 2. The stock of Target is publicly traded on Exchanges in Country Y.

On Date 1, S3 (through S5) and S4 entered into an agreement with certain shareholders of Target to acquire c% of the stock of Target for cash. The agreement closed on Date 4. On Date 2, S3 (through S5) and S4 made a public offering to acquire up to an additional d% of Target stock as required by the laws of Country Y. S3 (through S5) and S4 acquired the additional Target stock for cash on Date 3. As a result of the two stock acquisitions (Acquisition Transaction), the Parent Affiliated Group acquired e% (more than 80%) of Target stock as of Date 4. Specifically, S3 (through S5) owns approximately f% and S4 owns approximately g% of the shares of Target stock.

Under Country Y securities law, a publicly traded company must maintain at least an i% public shareholding. If a shareholder owns more than j% (less than 80%), but less than all, of the stock of a company listed on one of the Exchanges, Country Y law requires the shareholder to acquire all or nearly all (determined by a formula) of the shares of the company, or to sell shares of the company to maintain an i% public shareholding. The shareholder must comply with Country Y law within k months from the date it first acquires more than j% of the company (the k-month period). Otherwise, the shareholder will be forced to sell shares of the company and may be subject to other fines and sanctions.

The Parent Affiliated Group must comply with Country Y's law by acquiring all or nearly all of, or selling, shares of Target before the k-month period expires on Date 5. Currently, the Parent Affiliated Group does not have or expect to have the financial capacity to acquire all or nearly all of Target stock within the k-month period to comply with the Country Y law. Instead, the Parent Affiliated Group proposes selling h% of its Target stock to unrelated persons ("Minority Stock Sale"). The stock will be sold just before Date 5 at the then fair market value, which will return Target to a minimum i%

public shareholding. When it has the financial capacity to do so, the Parent Affiliated Group intends to acquire all the Target stock.

Parent makes the following representations with respect to the Acquisition Transaction and the Minority Stock Sale:

- (a) Pursuant to the Acquisition Transaction, the Parent Affiliated Group acquired stock of Target meeting the requirements of section 1504(a)(2) by purchase (as defined in section 338(d)(3)).
- (b) The amount of consideration paid for Target stock in the Acquisition Transaction was approximately equal to the fair market value of Target stock acquired.
- (c) At the time of the Acquisition Transaction, other than any obligation to comply with Country Y law, Target did not have outstanding any warrants, options, convertible securities, or any other type of right pursuant to which any person could acquire stock in Target such that the Parent Affiliated Group would cease to own Target stock meeting the requirements of section 1504(a)(2).
- (d) The Parent Affiliated Group currently has, and at all times prior to the Minority Stock Sale will have, all of the benefits and burdens of ownership of Target stock acquired in the Acquisition Transaction.

Based solely on the information submitted and the representations provided, we rule as follows:

- (1) Notwithstanding the proposed Minority Stock Sale, the Acquisition Transaction constitutes a qualified stock purchase within the meaning of section 338(d)(3).
- (2) The Parent Affiliated Group will be eligible to make an election under section 338(g) with respect to the Parent Affiliated Group's qualified stock purchase of Target.

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.

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.

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.

In accordance with the Power of Attorney on file with this office, copies of this letter are being sent to your authorized representatives.

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.

Sincerely,

Rebecca O. Burch
Assistant Branch Chief, Branch 5
Office of Associate Chief Counsel
(Corporate)

cc: