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Date:
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LEGEND:

Parent =

Sub 1 =

Sub 2 =

Sub 3 =

Sub 4 =

FSub 1 =

FSub 2 =

FSub 3 =

FSub 4 =

FSub 5 =

FSub 6 =

LLC 1 =

LLC 2 =

GP =

Acquirer =

Acquirer Bidco =

Acquirer Finco =

Business A =

Business B =

Country A =

Country B =

t =

u =

v =

w =

x =

y =

z =

aa =

bb =

cc =

Date 1 =

Date 2 =

Dear :

This letter responds to your July 20, 2011 request for rulings regarding certain federal income tax consequences of a series of transactions. The information submitted in that request and in later correspondence is summarized below.

The rulings contained in this letter are based upon 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 material 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.

FACTS

Parent is the common parent of an affiliated group of corporations that files a consolidated U.S. federal income tax return. Parent is a holding company for a worldwide group of companies (the "Parent Worldwide Group") engaged in Business A.

Parent owns all the issued and outstanding shares of Sub 1; Sub 1 owns all the issued and outstanding shares of Sub 2; Sub 2 owns all the issued and outstanding shares of Sub 3; and Sub 3 owns all the issued and outstanding shares of Sub 4.

Sub 4 owns *t* percent of the single class of outstanding shares of FSub 1, a Country A company classified as an association taxable as a corporation for federal income tax purposes under Treas. Reg. § 301.7701-3.

Sub 2 also owns all the issued and outstanding equity interests in LLC 1, a single-member, limited liability company disregarded as an entity separate from Sub 2 for federal income tax purposes. LLC 1 owns all the issued and outstanding equity interests in LLC 2, a single-member, limited liability company disregarded as an entity separate from Sub 2 for federal income tax purposes. LLC 1 also owns *u* percent of the single class of outstanding equity interests of GP, a general partnership. LLC 2 owns the remaining *v* percent of the single class of outstanding equity interests of GP. GP is disregarded as an entity separate from Sub 2 for federal income tax purposes.

GP and LLC 2 own *x* percent and *y* percent, respectively, of the single class of outstanding shares of FSub 2, a Country B company classified as an association taxable as a corporation for federal income tax purposes under Treas. Reg. § 301.7701-2(b)(8)(i). Because GP and LLC 2 are entities disregarded as separate from Sub 2, Sub 2 is treated as owning *w* percent (sum of *x* percent and *y* percent) of the single class of outstanding shares of FSub 2 for federal income tax purposes. FSub 2 is a holding company that owns a number of direct and indirect subsidiaries. The remaining z percent of FSub 2 is publicly traded on the Country B securities exchange.

Acquirer is a Country B partnership engaged in Business B. Acquirer indirectly owns all of the issued and outstanding shares of Acquirer Finco, a Country B company classified as an association taxable as a corporation for federal income tax purposes under Treas. Reg. § 301.7701-3. Acquirer also indirectly owns all of the issued and outstanding shares of Acquirer BidCo, a Country B company that is disregarded as an entity separate from Acquirer for federal income tax purposes under Treas. Reg. § 301.7701-3.

The Parent Worldwide Group wishes to transfer the assets and operations associated with Business A conducted by FSub 2 and its subsidiaries to Acquirer. An actual asset sale and distribution of proceeds would be cumbersome and inefficient for Country B purposes. Accordingly, the Parent Worldwide Group and Acquirer have agreed to sell the Business A assets and operations of FSub 2 and its subsidiaries to Acquirer in a transaction generally treated as a taxable asset sale for federal income tax purposes.

PROPOSED TRANSACTION

To achieve these business objectives, the Parent Worldwide Group has proposed and partially completed the following steps (collectively, the "Proposed Transaction"):

(1) FSub 1 formed FSub 3, a Country A company, on Date 1 as a wholly owned subsidiary with minimum capital. Effective on formation, FSub 3 elected to be disregarded as an entity separate from FSub 1 for federal income tax purposes. FSub 1 sold all of its interests in FSub 3 to Sub 2 for an amount equal to the contributed capital.

(2) FSub 3 formed on Date 2 with minimum capital FSub 4, a Country B company, which elected, effective upon formation, to be disregarded as an entity separate from Sub 2 for federal income tax purposes.

(3) FSub 4 formed on Date 2 with minimum capital two new Country B companies, FSub 5 and FSub 6. FSub 5 elected, effective upon formation, to be disregarded as an entity separate from Sub 2 for federal income tax purposes. FSub 6 defaulted to corporate status for such purposes.

(4) Sub 2 will subscribe for new shares of FSub 3 in exchange for a note. Sub 2 (through LLC2 and GP) will sell its *w* percent interest in FSub 2 to FSub 3 in exchange for notes that are, in the aggregate, equal in amount to the note issued in exchange for the new FSub 3 shares. The notes will be offset.

(5) FSub 3 will subscribe for new shares of FSub 4 in exchange for a note. FSub 3 will sell *x* percent of the total FSub 2 shares to FSub 4 in exchange for a note of an equal amount. The two notes will be offset.

(6) FSub 4 will transfer *x* percent of the total FSub 2 shares to FSub 5 in exchange for additional FSub 5 shares.

(7) FSub 6 will borrow money from Acquirer Finco sufficient to fund the purchase of the FSub 2 shares held by the public (the "Repurchase Debt"). The Repurchase Debt will be guaranteed by FSub 2 and supported by a charge

over the stock of the direct, wholly owned subsidiary of FSub 2. This borrowing is referred to as the "FSub 6 Financing."

(8) FSub 6 will acquire all *z* percent of FSub 2's shares owned by the public (i.e., all shares not owned by Sub 2 for federal income tax purposes) in exchange for cash at a specified price per share (the "Public Acquisition").

(9) FSub 4 will sell FSub 6 to FSub 2 for a nominal amount (the "FSub 6 Sale"). The FSub 6 Sale will occur no later than aa days after the Public Acquisition.

(10) FSub 6 will elect to be disregarded as an entity separate from FSub 2 for federal income tax purposes (the "FSub 6 Liquidation"), effective after the FSub 6 Sale.

(11) FSub 2 will assume FSub 6's obligations under the Repurchase Debt in exchange for a note (the "FSub 2 Assumption"). (The FSub 6 Financing, the Public Acquisition, the FSub 6 Sale, the FSub 6 Liquidation, and the FSub 2 Assumption are collectively referred to as the "Share Repurchase.")

(12) Many (though not necessarily all) of the remaining FSub 2 regarded subsidiaries will elect, effective prior to the remaining steps, to be disregarded as entities separate from FSub 2 for federal income tax purposes (the "Subsidiary Liquidations").

(13) Following the requisite period of time under Country B law (expected to be approximately bb to cc weeks after Step 8 is implemented), FSub 2 will convert to an eligible entity organized under the laws of Country B for federal income tax purposes (the "FSub 2 Conversion").

(14) FSub 3 will elect to be a corporation for federal income tax purposes (the "FSub 3 Election"), effective after the FSub 2 Conversion.

(15) FSub 2 will elect to be disregarded as an entity separate from FSub 3 for federal income tax purposes (the "FSub 2 Election"), effective after the FSub 3 Election. The FSub 2 Conversion, the FSub 3 Election, and the FSub 2 Election are collectively referred to as the "Reorganization."

(16) FSub 3 will sell (i) all of its FSub 4 shares to Acquirer Bidco, and (ii) all of its direct interests in FSub 2 to Acquirer in exchange for cash (the "Sale"). The cash purchase price paid to FSub 3 under the Sale will be the same per share of FSub 2 stock held by FSub 3, directly or through FSub 4, immediately prior to the Public Acquisition as the price per share paid in the Public Acquisition.

REPRESENTATIONS

The following representations were made with respect to the Reorganization:

(a) Sub 2 will receive solely FSub 3 stock in the Reorganization.

(b) The fair market value of the FSub 3 stock received by Sub 2 in the Reorganization will be approximately equal to the fair market value of the FSub 2 stock surrendered in the exchange.

(c) Immediately after the Reorganization, Sub 2 will own all of the outstanding FSub 3 stock and will own such stock solely by reason of its ownership of FSub 2 stock immediately prior to the Reorganization.

(d) The Repurchase Debt will constitute indebtedness for federal income tax purposes.

(e) Immediately after the Reorganization, except as provided in the following sentence, FSub 3 will hold (through several disregarded entities) all the assets held by FSub 2 immediately prior to the Reorganization. Taking into account (1) the FSub 2 assets used to pay expenses, and (2) the aggregate fair market value of the assets of FSub 3, FSub 4, and FSub 5 (except to the extent attributable to their direct or indirect interest in FSub 2), the total change in the assets of FSub 2 in the Reorganization will be less than one percent of the fair market value of the net assets of FSub 2 immediately prior to the Reorganization. No assets will be distributed in the Reorganization.

(f) At the time of the Reorganization, FSub 2 will not have outstanding any warrants, options, convertible securities, or any other type of right pursuant to which any person could acquire stock in FSub 2.

(g) With regard to the assets deemed transferred from FSub 2 to FSub 3 in the Reorganization, the fair market value of the assets will each equal or exceed the sum of the liabilities (as determined under § 357(d)) assumed by FSub 3.

(h) At all times on and after the effective date of the election to treat FSub 3 as a corporation for federal income tax purposes and prior to its deemed acquisition of the assets of FSub 2 pursuant to the election to treat FSub 2 as disregarded as an entity separate from FSub 3 for such purposes: (i) FSub 3 (directly or through FSub 4 and FSub 5) will have been engaged in no business activity; (ii) FSub 3 will have had no federal income tax attributes (attributes described in § 381(c)); and (iii) FSub 3 will have held (directly or through FSub 4 and FSub 5) no assets, except for holding (a) stock of FSub 2, and (b) a minimal amount of assets if such assets are required for the

purpose of paying FSub 3's, FSub 4's, and FSub 5's incidental expenses or required in order to maintain FSub 3's, FSub 4's, and FSub 5's status as an entity in accordance with applicable law.

(i) All liabilities to which FSub 2 assets are subject at the time of the Reorganization, and all the liabilities of FSub 2 that are properly treated as being assumed by FSub 3 in the Reorganization (as determined under § 357(d)), are liabilities that were incurred by FSub 2 in the ordinary course of its business (or in connection with the Proposed Transaction) and are associated with the assets transferred from FSub 2 to FSub 3.

(j) FSub 2 will be eligible to elect to be treated as a disregarded entity under Treas. Reg. §§ 301.7701-2 and 301.7701-3 and will make such election effective at least one day after FSub 3 is deemed to acquire the shares of FSub 2 pursuant to the election to treat FSub 3 as a corporation for federal income tax purposes.

(k) FSub 3 will be eligible to elect to be treated as an association under Treas. Reg. §§ 301.7701-3, taxable as a corporation for federal income tax purposes.

(l) Sub 2, FSub 2, and FSub 3 will each pay its own expenses incurred in connection with the Reorganization.

(m) FSub 2 is not under the jurisdiction of a court in a Title 11 or similar case within the meaning of § 368(a)(3)(A) of the Code.

(n) There is no plan or intention for FSub 3 to liquidate or to merge into any other corporation.

(o) Immediately prior to the Reorganization, FSub 2 will be a controlled foreign corporation within the meaning of § 957(a).

(p) Immediately after the Reorganization, FSub 3 will be a controlled foreign corporation within the meaning of § 957(a).

(q) At all times before the Reorganization, FSub 2 was and will not be a passive foreign investment company within the meaning of § 1297(a).

(r) Immediately after the Reorganization, FSub 3 will not be a passive foreign investment company within the meaning of § 1297(a).

(s) Sub 2 will be a § 1248 shareholder (within the meaning of Treas. Reg. § 1.367(b)-2(b)) with respect to FSub 2 immediately before, and with respect to FSub 3 immediately after, the Reorganization.

(t) The Reorganization will not be an exchange described in Treas. Reg. § 1.367(b)-4(b)(1)(i), 1.367(b)-4(b)(2)(i), or 1.367(b)-4(b)(3).

(u) The notice requirements of Treas. Reg. § 1.367(b)-1(c)(1) will be satisfied for the Reorganization.

(v) There are no existing gain recognition agreements entered into by Sub 2 in connection with a prior transfer by Sub 2 of stock or securities to FSub 2.

(w) FSub 2 will not immediately before, and FSub 3 will not immediately after, the Reorganization hold any United States real property interests, as defined in § 897(c)(1).

RULINGS

Based solely on the information and representations submitted, we rule as follows with respect to the Proposed Transaction:

1. For federal income tax purposes, the formation of FSub 6 and its deemed liquidation into FSub 2 will be disregarded and the Share Repurchase will be characterized as effecting a redemption by FSub 2 of the shares owned by the public shareholders for cash. Such redemption of FSub 2 stock will be subject to the rules of § 302.

2. The Share Repurchase will not result in a distribution with respect to the stock of FSub 2 to Sub 2. See Rev. Rul. 58-614, 1958-2 C.B. 920.

3. For federal income tax purposes, the Reorganization will be treated as a transfer by FSub 2 of its assets to FSub 3 in exchange for FSub 3 stock and assumption of liabilities followed by FSub 2's distribution of such FSub 3 stock to its sole shareholder, Sub 2. The Reorganization will qualify as a reorganization described in § 368(a)(1)(F). FSub 2 and FSub 3 will each be "a party to a reorganization" within the meaning of § 368(b).

4. No gain or loss will be recognized by FSub 2 upon the transfer of all of its assets to FSub 3 in exchange for FSub 3 stock and the assumption of liabilities (§§ 361(a) and 357(a)).

5. No gain or loss will be recognized by FSub 3 upon the receipt of the FSub 2 assets in exchange for FSub 3 stock (§ 1032(a)).

6. FSub 3's basis in the assets acquired from FSub 2 will be the same as FSub 2's basis in such assets immediately before the Reorganization (§ 362(b)).

7. FSub 3's holding period for the assets acquired from FSub 2 will include the period during which such assets were held by FSub 2 (§ 1223(2)).

8. No gain or loss will be recognized by FSub 2 on the distribution to Sub 2 of the FSub 3 stock (§ 361(c)(1)).

9. No gain or loss will be recognized by Sub 2, as the shareholder of FSub 2, upon the receipt of the stock of FSub 3 in exchange for the stock of FSub 2 (§ 354(a)(1)).

10. Sub 2's basis in each share of FSub 3 stock received in exchange for FSub 2 stock will be equal to the basis of each share of FSub 2 stock treated as exchanged therefor (§ 358(a)(1) and Treas. Reg. § 1.358-2(a)(2)(i)).

11. The holding period for the FSub 3 stock in the hands of Sub 2 will include the period during which Sub 2 held the FSub 2 stock exchanged therefor, provided that the FSub 2 stock is held as a capital asset in the hands of Sub 2 on the date of the exchange (§ 1223(1)).

12. As provided by § 381(a), FSub 3 will succeed to the tax attributes of FSub 2 enumerated in § 381(c).

13. The Sale will be treated as a sale by FSub 3 of its assets (including assets owned by entities that are disregarded as separate from FSub 3 for federal income tax purposes) to Acquirer in exchange for cash and the assumption of FSub 3's liabilities (including liabilities owed by entities that are disregarded as separate from FSub 3 for federal income tax purposes) pursuant to § 1001.

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. In particular, other than as expressly provided above, no rulings have been requested, and no opinion is expressed, regarding whether the Share Repurchase will constitute a sale or exchange pursuant to § 302(a); the consequences of the Sale under § 367, § 1248, or subpart F of the Code; or the qualification of the Subsidiary Liquidations under § 332.

PROCEDURAL STATEMENTS

This ruling letter 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 to the return a statement that provides the date and control number of this letter ruling.

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

Sincerely,

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

cc: