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**Legend:**

Distributing 2 =

Distributing 1 =

Controlled 2 =

Controlled 1 =

Sub 1 =

Sub 2 =

Sub 3 =

Sub 4 =

Sub 5 =

Sub 6 =

Sub 7 =

Sub 8 =

Sub 9 =

Sub 10 =

Sub 11 =

Sub 12 =

Sub 13 =

Sub 14 =

LLC 1 =

PS 1 =

PS 2 =

JV 1 =

FSub 1 =

FSub 2 =

FSub 3 =

FSub 4 =

FSub 5 =

FSub 6 =

FSub 7 =

FSub 8 =

FSub 9 =

FSub 10 =

FSub 11 =

New FSub 11 =

FSub 12 =

New FSub 12 =

FSub 13 =

FSub 14 =

FSub 15 =

FDE 1 =

FDE 2 =

FDE 3 =

FDE 4 =

FDE 5 =

FDE 6 =

FDE 7 =

FDE 8 =

FDE 9 =

FDE 10 =

FDE 11 =

Business A =

Business B =

Business C =

Business D =

Business E =

Business F =

Business G =

Transferred  
Businesses =

Retained  
Businesses =

State A =

State B =

State C =

State D =

Country A =

Country B =

Country C =

Country D =

Country E =

Country F =

Country G =

Country H =

Country I =

Date 1 =

Date 2 =

Date 3 =

Date 4 =

Date 5 =

Date 6 =

Date 7 =

Date 8 =

Date 9 =

Date 10 =

Date 11 =

Date 12 =

Date 13 =

Date 14 =

a =

b =

c =

d =

e =

f =

g =

h =

i =

i =

k =

l =

m =

n =

o =

Ruling Request =

FSub 15 Shares =

Short-Term =

Intercompany

Obligations

Distributing 2  
Restricted Stock =

Controlled 2  
Restricted Stock =

Specified  
Trademarks =



Foreign  
Restructuring  
Transactions =

Transactions =

Transaction 1 =

Transaction 2 =

Transaction 3 =

Transaction 4 =

Transaction 5 =

Transaction 6 =

Transaction 7 =

Transaction 8 =

Transaction 9 =

Transaction 10 =

Transaction 11 =

Transaction 12 =

Transaction 13 =

Transaction 14 =

Debt 1 =

Debt 2 =

Debt 3 =

Debt 4 =

Debt 5 =

Debt 6 =

Debt 7 =

Debt 8 =

Post-Distribution  
Trust Transfers =

Working Capital  
Adjustment =

Dear :

This letter responds to your October 28, 2011 letter requesting rulings (the “Rulings”) on certain federal income tax consequences of the Proposed Transaction (defined below). The information provided in that letter 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 penalties of perjury statement executed by an appropriate party. This office has not verified any of the materials submitted in support of the Ruling Request. Verification of the information, representations, and other data may be required as part of the audit process.

In particular, this office has not reviewed any information pertaining to, and has made no determination regarding, whether: (i) the Internal Distribution (as defined in Step (Ixiii)) or External Distribution (as defined in Step (Ixvii)) satisfies the business purpose requirement of § 1.355-2(b) of the Income Tax Regulations; (ii) the Internal Distribution is used principally as a device for the distribution of earnings and profits of Distributing 1, Controlled 1, or both (see § 355(a)(1)(B) of the Internal Revenue Code (the “Code”) and § 1.355-2(d)); (iii) the External Distribution is used principally as a device for the distribution of earnings and profits of Distributing 2, Controlled 2, or both (see § 355(a)(1)(B) and § 1.355-2(d)); (iv) the Internal Distribution is part of a plan (or series of related transactions) pursuant to which one or more persons will acquire directly or indirectly stock representing a 50-percent or greater interest in Distributing 1

or Controlled 1 (see § 355(e)(2)(A)(ii) and § 1.355-7); or (v) the External Distribution is part of a plan (or series of related transactions) pursuant to which one or more persons will acquire directly or indirectly stock representing a 50-percent or greater interest in Distributing 2 or Controlled 2 (see § 355(e)(2)(A)(ii) and § 1.355-7).

### **Summary of Facts**

Distributing 2 is a publicly-traded domestic corporation organized under the laws of State A and the common parent of an affiliated group whose includible corporations join in filing a consolidated federal income tax return (Distributing 2 and its subsidiaries, the “Distributing 2 Group”). Distributing 2 is a widely-held corporation, and no person beneficially owns 5% or more of the stock thereof. The description below reflects the relevant organizational structure immediately before the Proposed Transaction (defined below).

Distributing 2 wholly owns Distributing 1, a domestic corporation organized under the laws of State A. Distributing 1 wholly owns the following domestic corporations: Sub 1, Sub 2, Sub 3, Sub 4, and Sub 5. Each of Sub 2, Sub 3, Sub 4, and Sub 5 is organized under the laws of State A, and Sub 1 is organized under the laws of State B. Distributing 1 also wholly owns the following foreign entities: FSub 1, FDE 1, and FDE 2. FSub 1 is an entity organized under the laws of Country A that is treated as an association taxable as a corporation for federal income tax purposes. FDE 1 is an entity organized under the laws of Country B that is treated as a disregarded entity for federal income tax purposes (a “disregarded entity”), and FDE 2 is an entity organized under the laws of Country C that is treated as a disregarded entity. Distributing 1 also owns Sub 12 (a domestic corporation organized under the laws of State C), which wholly owns Sub 13 (a domestic corporation organized under the laws of State B), which wholly owns Sub 14 (a domestic corporation organized under the laws of State D).

Sub 2 wholly owns FDE 3, an entity organized under the laws of Country D that is treated as a disregarded entity. FDE 3 wholly owns FSub 8, an entity organized under the laws of Country D that is treated as an association taxable as a corporation for federal income tax purposes. FSub 8 wholly owns FSub 10, an entity organized under the laws of Country E that is treated as an association taxable as a corporation for federal income tax purposes.

Sub 1 wholly owns Sub 6, a domestic corporation that is organized under the laws of State A. Sub 6 wholly owns Sub 9, a domestic corporation that is organized under the laws of State A.

Sub 4 wholly owns LLC 1, a domestic limited liability company organized under the laws of State A that is treated as a disregarded entity. Sub 4 also wholly owns Sub 7 and Sub 8, each of which is a domestic corporation organized under the laws of State A.

LLC 1 wholly owns FSub 2 and FDE 4. FSub 2 is an entity organized under the laws of Country F that is treated as an association taxable as a corporation for federal income tax purposes. FSub 2 wholly owns FSub 3, which wholly owns FSub 4; each of FSub 3 and FSub 4 is an entity organized under the laws of Country A that is treated as an association taxable as a corporation for federal income tax purposes. FSub 3 also owns an a% interest in FDE 5, an entity organized under the laws of Country G that is treated as a disregarded entity. FDE 4 is an entity organized under the laws of Country H that is treated as a disregarded entity.

Sub 7 owns b% and Sub 8 owns the remaining c% of the interests in Sub 10, a domestic limited partnership organized under the laws of State A that is treated as an association taxable as a corporation for federal income tax purposes. Sub 10 wholly owns Sub 11, a domestic corporation organized under the laws of State A. Sub 11 owns a d% interest in PS 1, a State A unincorporated joint venture that is treated as a partnership for federal income tax purposes (the “PS 1 Interest”). Parties unrelated to the Distributing 2 Group own the remaining e% interest in PS 1.

FDE 1 wholly owns FSub 5, FSub 6, and FSub 7, each of which is an entity organized under the laws of Country B that is treated as an association taxable as a corporation for federal income tax purposes. FSub 6 owns f% of FSub 9, an entity organized under the laws of Country B that is treated as an association taxable as a corporation for federal income tax purposes. FSub 5 owns the remaining g% of FSub 9. FSub 9 wholly owns each of FSub 11 and FSub 12, each of which is organized under the laws of Country B and treated as an association taxable as a corporation for federal income tax purposes.

In addition, there are other entities owned directly or indirectly by Distributing 2 that are engaging in restructuring transactions in connection with the Proposed Transaction as described in the Ruling Request.

The Distributing 2 Group directly engages in Businesses A, B, C, D, E, F, and G. Members of the Distributing 2 “separate affiliated group” as defined in § 355(b)(3) (the “Distributing 2 SAG”) directly engage in Business A, which is part of Business B. Members of the Distributing 1 “separate affiliated group” as defined in § 355(b)(3) (the “Distributing 1 SAG”) directly engage in Business A. Financial information has been submitted indicating that Business A has had gross receipts and operating expenses representing the active conduct of a trade or business for each of the past five years.

Distributing 2 intends to separate its business activities into two publicly-traded companies. More specifically, in the Proposed Transaction, Distributing 2 will transfer Business D (which includes Business C), most of Business E, Business F, and most of Business G (collectively, the “Transferred Businesses”) to Controlled 2 and its subsidiaries. Distributing 2 will retain Business B (which includes Business A), a portion of Business E, and the portion of Business G that relates to Business B (collectively, the “Retained Businesses”).

Members of the Controlled 1 “separate affiliated group” as defined in § 355(b)(3) (the “Controlled 1 SAG”), which will be part of the Controlled 2 “separate affiliated group” as defined in § 355(b)(3) (the “Controlled 2 SAG”) following the Second Contribution (defined in Step (lxv)) will, as a result of the Proposed Transaction, directly engage in Business C, which is part of Business D. Financial information has been submitted indicating that Business C has had gross receipts and operating expenses representing the active conduct of a trade or business for each of the past five years.

The External Distribution is motivated, in whole or substantial part, by the following corporate business purposes: (i) improving strategic and management “fit and focus”; (ii) providing each business with a more attractive “acquisition currency” and a more attractive equity for equity-based compensation; (iii) eliminating an internal competition for capital between Business B and Business D; and (iv) enhancing the ability of each business to attract, retain, and motivate employees (collectively, the “Corporate Business Purposes”).

Following the External Distribution, Controlled 2 will be a publicly-traded corporation and the common parent of an affiliated group whose includible corporations will join in filing a consolidated federal income tax return (Controlled 2 and its subsidiaries, the “Controlled 2 Group”). Distributing 2 and Controlled 2 will operate as two independent companies with separate boards of directors. Distributing 2 anticipates that none of the directors on Distributing 2’s board after the External Distribution will serve on Controlled 2’s board after the External Distribution. Further, Distributing 2 anticipates that no officer of Distributing 2 after the External Distribution will serve as an officer, employee, or member of the board of Controlled 2 after the External Distribution, and no officer of Controlled 2 after the External Distribution will serve as an officer, employee, or member of the board of Distributing 2 after the External Distribution.

In connection with the Proposed Transaction, Distributing 2 and its affiliates and Controlled 2 and its affiliates will enter into certain agreements and arrangements, including (i) a separation and distribution agreement (the “Separation Agreement”), (ii) an indemnification agreement, (iii) a tax sharing agreement, (iv) an employee matters agreement, (v) a transition services agreement (to provide for certain transitional services for a limited period after the External Distribution), (vi) a transitional employee agreement (relating to transitional services for a limited period before the External Distribution for certain employees who will not be transferred to the Controlled 2 Group until the date of the External Distribution), (vii) an agreement relating to intellectual property (described below), (viii) certain transitional real property agreements (the “Transitional Real Property Agreements”) relating to leases and subleases and certain transitional services with respect to certain real property (together with the transitional services mentioned in (v) and (vi) above, the “Transitional Services”), and (ix) certain other agreements and arrangements necessitated by or facilitative of the Proposed Transaction. In addition, Distributing 2 and Controlled 2 expect to enter into certain commercial agreements (or possibly to maintain certain

existing commercial agreements) and certain other long-term agreements with respect to certain real property, in each case on terms intended to reflect arm's-length negotiation, including arm's-length pricing. Further, following the External Distribution, Distributing 2 expects Controlled 2 to indemnify the Distributing 2 Group for any liability incurred by Distributing 2 in connection with guarantees of indebtedness and letters of credit relating to the Transferred Businesses that are unable to be novated, transferred, or assigned to Controlled 2 prior to the External Distribution, as well as certain other liabilities relating to the Transferred Businesses, and Distributing 2 (and/or Distributing 1) may guarantee certain obligations assumed by Controlled 1 with respect to certain assets relating to the Transferred Businesses. The agreements and arrangements summarized in this paragraph and described in the Ruling Request are collectively referred to as the "Continuing Arrangements."

The intellectual property agreement will govern the separation of software, patents, "know how," trade secrets, and other proprietary information, copyrights, and trademarks of Distributing 2 and its subsidiaries (the "IP"). In addition, the intellectual property agreement will provide for certain cross-licenses with respect to certain IP pursuant to which Distributing 2 (and/or its subsidiaries) will grant Controlled 1 (and/or other subsidiaries of Controlled 2) a perpetual, royalty-free license, subject to certain restrictions and exceptions, to use certain IP owned by the Distributing 2 Group after the External Distribution, and Controlled 2 (and/or its subsidiaries) will grant Distributing 1 (and/or other subsidiaries of Distributing 2) a perpetual, royalty-free license, subject to certain restrictions and exceptions, to use certain IP owned by Controlled 2 and its direct and indirect subsidiaries after the External Distribution (the "IP Licenses"). Further, pursuant to the intellectual property agreement, Distributing 2 (and/or its subsidiaries) will grant Controlled 1 a royalty-free license to use the Specified Trademarks for a transitional period following the External Distribution (the "Trademark License," and together with the IP Licenses, the "Licenses").

### **Proposed Transaction**

The following steps constitute the proposed transaction (the "Proposed Transaction"):

- (i) On Date 1, FSub 9 formed, under the laws of Country B, a new, wholly-owned subsidiary ("New FSub 11") that is treated as an association taxable as a corporation for federal income tax purposes.
- (ii) On Date 2, FSub 7 formed each of FDE 9 and FDE 10 (each with a different name that was thereafter changed) as a new entity under the laws of Country B that made an initial entity classification election to be treated as a disregarded entity.
- (iii) On Date 3, Distributing 1 formed Controlled 1 as a direct, wholly-owned subsidiary, and Distributing 2 formed Controlled 2 as a direct, wholly-owned subsidiary.

Each of Controlled 1 and Controlled 2 has only one class of stock outstanding (the “Controlled 1 Common Stock” and the “Controlled 2 Common Stock,” respectively).

(iv) Prior to Date 4, FSub 11 made a loan to Distributing 1 pursuant to a loan facility (the “Facility”) that had been established on Date 5. Distributing 1 first drew on the Facility on Date 3. On Date 6, Distributing 1 repaid the entire amount due on the Facility in full satisfaction of its obligation to FSub 11.

(v) On Date 7, Controlled 1 formed FSub 14 as a new entity under the laws of Country I that is treated as a corporation for federal income tax purposes. Also on Date 7, FSub 14 formed FSub 15 as a new entity under the laws of Country I that is treated as a corporation for federal income tax purposes.

(vi) On Date 8, FSub 15 formed FDE 8 as a new entity under the laws of Country B that made an initial entity classification election to be treated as a disregarded entity.

(vii) On Date 9, FSub 15 formed each of FDE 6 and FDE 7 as a new entity under the laws of Country I that made an initial entity classification election to be treated as a disregarded entity.

(viii) On Date 10, FSub 9 formed, under the laws of Country B, a new, wholly owned subsidiary (“New FSub 12”) that is treated as an association taxable as a corporation for federal income tax purposes.

(ix) On Date 11, FSub 7 sold all of its interests in each of FDE 9 and FDE 10 to FSub 11 in exchange for cash.

(x) Effective as of Date 12, FSub 8 elected to be treated as a disregarded entity (“Disregarded FSub 8”) (the “FSub 8 Reorganization”).

(xi) Effective as of Date 4, FSub 10 elected to be treated as a disregarded entity (the “FSub 10 Reorganization”).

(xii) Prior to Date 14, FSub 2 elected to be treated as a disregarded entity (“Disregarded FSub 2”) (“Conversion 11”).

(xiii) Effective one day following the effective date of the disregarded entity election associated with Conversion 11, FSub 3 elected to be treated as a disregarded entity (“Disregarded FSub 3”) (“Conversion 12”).

(xiv) Effective one day following the effective date of the disregarded entity election associated with Conversion 12, FSub 4 elected to be treated as a disregarded entity (“Disregarded FSub 4”) (“Conversion 13”).



(xv) FSub 9 will transfer all the shares of FSub 11 stock to New FSub 11 in exchange for New FSub 11 stock.

(xvi) FSub 9 will transfer all the shares of FSub 12 stock to New FSub 12 in exchange for New FSub 12 stock.

(xvii) Disregarded FSub 4 will transfer certain assets relating to the Retained Businesses (including interests in certain subsidiaries of Disregarded FSub 4 and an intercompany receivable) to Sub 4.

(xviii) Disregarded FSub 3 will transfer (a) certain assets relating to the Retained Businesses (including interests in certain subsidiaries of Disregarded FSub 3) to Sub 4 and (b) an  $\underline{a}$ % interest in FDE 5 to Sub 1 LLC (following Conversion 3, which is defined in Step (xxxv)) for no value.

(xix) FSub 11 will elect to be treated as a disregarded entity (“Disregarded FSub 11”) (Steps (i), (xv), and (xix), the “FSub 11 Reorganization”).

(xx) FSub 12 will elect to be treated as a disregarded entity (“Disregarded FSub 12”) (Steps (viii), (xvi), and (xx), the “FSub 12 Reorganization”).

(xxi) FSub 9 will sell certain assets to New FSub 11 in exchange for a note of New FSub 11 (the “New FSub 11 Note”) in an amount intended to be approximately equal to the fair market value of the acquired assets (the “New FSub 11 Acquisitions”).

(xxii) (a) New FSub 12 will purchase shares of New FSub 11 (the “New FSub 11 Purchase”) for an amount in cash equal to the net sales proceeds to be received in the FSub 12 Asset Sale (defined below). (b) New FSub 12 will sell all its shares of Disregarded FSub 12 (the “FSub 12 Transferred Assets”) to Distributing 1 for an amount of cash intended to be approximately equal to the fair market value of the net assets of Disregarded FSub 12 and the assumption of liabilities of Disregarded FSub 12 (the “FSub 12 Asset Sale”). New FSub 12 intends to use the sale proceeds to pay for the New FSub 11 Purchase.

(xxiii) New FSub 11 will sell all its shares of Disregarded FSub 11 (the “FSub 11 Transferred Assets”) to Distributing 1 for an amount of cash intended to be approximately equal to the fair market value of the net assets of Disregarded FSub 11 and the assumption of liabilities of Disregarded FSub 11 (the “FSub 11 Asset Sale”). New FSub 11 intends to use the sale proceeds for one or more of the following purposes: (a) repaying the New FSub 11 Note; (b) lending to affiliates; (c) making subsequent asset purchases (and developing those properties) from affiliates or third parties; and (d) depositing in a bank pooling arrangement that is available to collateralize bank loans to other affiliates for various business activities.

(xxiv) FDE 1 will sell to Distributing 1 all its stock of FSub 7 in exchange for cash.

(xxv) Sub 9 will convert under State A law from a corporation to a limited liability company that will be treated as a disregarded entity (“Sub 9 LLC”) (“Conversion 1”). Sub 9 LLC will transfer all of its assets and liabilities relating to the Transferred Businesses (including its h% interest in JV 1) to Sub 6, or, alternatively, following Conversion 2 (as defined in Step (xxviii)) and Conversion 3 (as defined in Step (xxxv)), directly to Distributing 1.

(xxvi) Sub 3 will convert under State A law from a corporation to a limited liability company that will be treated as a disregarded entity (“Sub 3 LLC”) (“Conversion 4”). Sub 3 LLC will transfer all of its assets and liabilities relating to the Retained Businesses to Distributing 1.

(xxvii) Sub 5 will convert under State A law from a corporation to a limited liability company that will be treated as a disregarded entity (“Sub 5 LLC”) (“Conversion 5”).

(xxviii) Sub 6 will convert under State A law from a corporation to a limited liability company that will be treated as a disregarded entity (“Sub 6 LLC”) (“Conversion 2”). Sub 6 LLC will transfer all of its assets and liabilities relating to the Transferred Businesses (including any assets and liabilities received from Sub 9 in Step (xxv)) to Sub 1 or, alternatively, following Conversion 3 (defined in Step (xxxv)), directly to Distributing 1.

(xxix) Distributing 1 will transfer to Distributing 2 intercompany receivables from FDE4.

(xxx) Sub 4 will convert under State A law from a corporation to a limited liability company that will be treated as a disregarded entity (“Sub 4 LLC”) (the “Sub 4 Reorganization”).

(xxxi) One day after the Sub 4 Reorganization, LLC 1 will transfer all its assets relating to the Transferred Businesses (including its interests in Disregarded FSub 2) to Sub 4 LLC.

(xxxii) Sub 4 LLC will transfer certain assets relating to the Transferred Businesses (including its interests in Disregarded FSub 2) to Distributing 1.

(xxxiii) At least one day following the Sub 4 Reorganization, Sub 7 will convert under State A law from a corporation to a limited liability company that will be treated as a disregarded entity (“Sub 7 LLC”) (the “Sub 7 Reorganization”).

(xxxiv) At least one day following the Sub 4 Reorganization, Sub 8 will convert under State A law from a corporation to a limited liability company that will be treated as a disregarded entity (“Sub 8 LLC”) (the “Sub 8 Reorganization”).

(xxxv) Sub 1 will convert under State B law from a corporation to a limited liability company that will be treated as a disregarded entity (“Sub 1 LLC”) (“Conversion 3,” and together with Conversions 1, 2, 4, 5, 11, 12, and 13, the “Conversions”). Sub 1 LLC will transfer all of its assets and liabilities relating to the Transferred Businesses (including any assets and liabilities received from Sub 6 LLC in Step (xxviii)) to Distributing 1.

(xxxvi) Effective at least one day following the Sub 7 Reorganization and the Sub 8 Reorganization, Sub 10 will elect to be treated as a disregarded entity (“Disregarded Sub 10”) (the “Sub 10 Reorganization”).

(xxxvii) At least one day following the effective date of the Sub 10 Reorganization, Sub 11 will convert under State A law from a corporation to a limited liability company that will be treated as a disregarded entity (“Sub 11 LLC”) (the “Sub 11 Reorganization,” and together with the FSub 8 Reorganization, FSub 10 Reorganization, Sub 4 Reorganization, Sub 7 Reorganization, Sub 8 Reorganization, and Sub 10 Reorganization, the “Upstream Reorganizations,” and individually, an “Upstream Reorganization”).

(xxxviii) Following the Sub 11 Reorganization, the PS 1 Interest will be transferred to Sub 4 LLC.

(xxxix) Distributing 1 will contribute its interest in FDE 2 to Disregarded FSub 12.

(xl) The net receivables and payables of Distributing 1, Sub 4 LLC, and LLC 1 with various entities will be settled.

(xli) Sub 4 LLC will transfer all its remaining assets relating to the Transferred Businesses (including the PS 1 Interest) to Distributing 1.

(xlii) As soon as practicable (but in no event more than *j* days after the Sub 4 Reorganization), Sub 4 LLC will convert under State A law from a limited liability company to a corporation (“New Sub 4”) (the “New Sub 4 Contribution”).

(xlili) After forming FDE 11 as a new entity under the laws of Country I that will make an initial entity classification election to be treated as a disregarded entity, Distributing 1 will contribute all its interests in Disregarded FSub 12 and FDE 11 to Sub 2 (the “Sub 2 Contribution”).

(xliv) FDE 3 will split its interest in Disregarded FSub 8 to carve out a separate *j*% interest (the “Limited Disregarded FSub 8 Interest”) and amend the rights associated with the Limited Disregarded FSub 8 Interest to limit (a) dividends to a fixed percentage

of the investment, and (b) receipts in liquidation to an amount equal to the investment plus a fixed return.

(xiv) FDE 3 will transfer the Limited Disregarded FSub 8 Interest to Distributing 2 in exchange for an amount of cash intended to equal j% of the stated capital of Disregarded FSub 8.

(xlv) Except for Short-Term Intercompany Obligations and obligations incurred pursuant to Continuing Arrangements, any obligations not otherwise settled or resolved in other steps that would result in obligations between the Distributing 2 Group and the Controlled 2 Group immediately following the External Distribution will be settled (the "Remaining Intercompany Obligation Settlement"). All or a portion of the Remaining Intercompany Obligation Settlement may occur earlier or later in the sequence of steps (but still prior to the External Distribution).

(xlvii) In connection with the Internal Distribution, Distributing 1 will contribute certain assets relating to the Transferred Businesses (including assets and liabilities of Business C, Sub 2, Disregarded FSub 2, and Disregarded FSub 11, but excluding FSub 1, FSub 7, and the interest in PS 1, which will be transferred as described in Step (Ixii)) to Controlled 1 in actual or constructive exchange for (a) Controlled 1 Common Stock (maintaining Distributing 1's ownership of 100% of outstanding Controlled 1 stock) and (b) the assumption of liabilities (the "First Distributing 1 Contribution").

(xlviii) Controlled 1 will transfer to FSub 14 all its interests in Disregarded FSub 11 in actual or constructive exchange for FSub 14 stock.

(xlix) FSub 14 will transfer to FSub 15 all its interests in Disregarded FSub 11 in exchange for stock of FSub 15 and a U.S. dollar-denominated note of FSub 15.

(l) Disregarded FSub 8 will sell its k% stock interest in a corporate joint venture to Sub 2 in exchange for cash.

(li) Sub 2 will contribute (a) all its interests in FDE 11, Disregarded FSub 12, and FDE 3, and (b) a foreign currency-denominated note for which FDE 3 is the debtor and Sub 2 is the creditor, to FSub 15 in exchange for the FSub 15 Shares (the "Sub 2/FSub 15 Contribution").

(lii) FSub 15 will transfer to FDE 8 all its interests in Disregarded FSub 11, Disregarded FSub 12, and FDE 3 in actual or constructive exchange for stock of FDE 8 and foreign currency-denominated notes of FDE 8.

(liii) FSub 15 will transfer to FDE 7 the foreign currency-denominated notes of FDE 8 received in Step (lii).

(liv) FSub 15 will transfer to FDE 6 the foreign currency-denominated note of FDE 3 received from Sub 2 in Step (li).

(lv) FDE 8 will transfer to Disregarded FSub 11 all its interests in FSub 12 and FDE 3.

(lvi) In connection with the Internal Distribution, Sub 5 LLC (an entity treated as disregarded from Distributing 1, its sole owner) will transfer all its assets and liabilities relating to the Transferred Businesses directly to Controlled 1.

(lvii) Sub 13 will convert under State B law from a corporation into a limited liability company that will be treated as a disregarded entity ("Sub 13 LLC"). This step may occur earlier in the sequence of steps.

(lviii) Sub 12 will convert under State C law from a corporation into a limited liability company that will be treated as a disregarded entity ("Sub 12 LLC"). This step may occur earlier in the sequence of steps.

(lix) Sub 13 LLC will distribute all its interests in Sub 14 to Sub 12 LLC, which in turn will distribute such interests in Sub 14 to Distributing 1. This step may occur earlier in the sequence of steps, but in all events after the transactions described in Steps (lvii) and (lviii).

(lx) Distributing 1 will contribute cash to Sub 14 and to any other direct or indirect subsidiary to be contributed to Controlled 1 with respect to which Distributing 2 identifies an excess loss account ("ELA") (each such subsidiary, an "ELA Subsidiary") in an amount intended to be sufficient to eliminate such ELA. The contributions will either be made directly, in the case of any ELA Subsidiary directly owned by Distributing 1, or through relevant intermediate entities, in the case of any ELA Subsidiary indirectly owned by Distributing 1. Certain contributions pursuant to this Step (lx) may occur earlier in the sequence of steps, but in all events such contributions will occur before the respective ELA Subsidiary is contributed (directly or indirectly) to Controlled 1.

(lxi) Sub 14 and each ELA Subsidiary will make a loan to an entity that will be a direct or indirect subsidiary of Controlled 1 following the External Distribution. Certain loans pursuant to this Step (lxi) may occur earlier in the sequence of steps.

(lxii) In connection with the Internal Distribution, Distributing 1 will contribute all its remaining assets relating to the Transferred Businesses (including the stock of Sub 14) to Controlled 1 in actual or constructive exchange for (a) Controlled 1 Common Stock (maintaining Distributing 1's ownership of 100% of outstanding Controlled 1 stock) and (b) the assumption of liabilities (the "Second Distributing 1 Contribution" and, together with the First Distributing 1 Contribution and the transfer described in Step (lvi), the "First Contribution"). As a result of the First Contribution, Controlled 1 and members of the Controlled 1 SAG will hold assets and liabilities associated with Business C.

(Ixiii) Distributing 1 will distribute its Controlled 1 Common Stock to Distributing 2 (the “Internal Distribution”).

(Ixiv) In connection with the Second Contribution, Controlled 2 will incur debt (presently intended to be approximately \$1) from unrelated financial institutions or through capital markets transactions (the “Controlled 2 Financing”) to fund the Special Cash Distribution. Controlled 2 will distribute the Special Cash Distribution (defined in Step (Ixv)) to Distributing 2 in the Second Contribution. This step may occur earlier in the sequence of steps.

(Ixv) In connection with the External Distribution, Distributing 2 will contribute to Controlled 2 all the Controlled 1 Common Stock and possibly cash or other assets in actual or constructive exchange for: (a) Controlled 2 Common Stock (representing 100% of outstanding Controlled 2 stock); (b) the assumption of liabilities; and (c) all or a portion of the proceeds of the Controlled 2 Financing (as defined in Step (Ixiv)) (the “Special Cash Distribution”) (collectively, the “Second Contribution”). The Special Cash Distribution will be used as described in Step (Ixviii). The amount of the Special Cash Distribution is presently intended to be approximately \$m, but this amount may be adjusted pursuant to true-up payments between Distributing 2 and Controlled 2 after the External Distribution (the net amount of such payments, the “Working Capital Adjustment”). As a result of the Second Contribution, Controlled 2 and members of the Controlled 2 SAG will hold assets and liabilities associated with Business C.

(Ixvi) Distributing 2 will transfer the Limited Disregarded FSub 8 Interest to FDE 3 in exchange for an amount of cash intended to equal j% of the stated capital of Disregarded FSub 8.

(Ixvii) Distributing 2 will distribute all its Controlled 2 Common Stock pro rata to holders of Distributing 2 common stock (the “External Distribution”). In lieu of distributing any fractional shares of Controlled 2 Common Stock to holders of Distributing 2 common stock, a distribution agent will aggregate fractional shares into whole shares, sell the whole shares in the open market at prevailing market prices, and distribute the aggregate net cash proceeds of the sale pro rata to each holder who otherwise would have been entitled to a fractional share.

(Ixviii) Distributing 2 will use the proceeds of the Special Cash Distribution and any payment from Controlled 2 pursuant to the Working Capital Adjustment as follows: (a) to make cash distributions to Distributing 2 shareholders; (b) to repurchase outstanding Distributing 2 common stock; (c) to repay debt owed by Distributing 2 to unrelated third parties; or (d) a combination of (a) - (c), in each case prior to or within n months following the External Distribution.

## **Representations**

### The Conversions

The following representations have been made regarding each of the Conversions. For purposes of this letter, with respect to each Conversion, (i) "Subsidiary" shall mean the liquidating corporation, and (ii) "Parent" shall mean the corporation receiving the liquidating distribution.

(a) Subsidiary and Parent will adopt a plan of liquidation prior to effecting the Conversion (the "Conversion Plan of Liquidation," and the date on which the Conversion Plan of Liquidation is adopted, the "Conversion Plan Date"), and the Conversion will occur pursuant to or in accordance with the Conversion Plan of Liquidation.

(b) On the Conversion Plan Date, and at all times thereafter until the Conversion is completed, Parent will own 100% of the single outstanding class of Subsidiary stock.

(c) No shares of Subsidiary stock will have been redeemed during the 3 years preceding the Conversion Plan Date.

(d) All transfers from Subsidiary to Parent that are deemed to occur for federal income tax purposes will occur once the Conversion is effective.

(e) As soon as the Conversion is effective, Subsidiary will cease to be a going concern, and it will cease to conduct any activity as a corporation, for federal income tax purposes.

(f) As soon as the Conversion is effective, all of the stock of Subsidiary will be cancelled, and it will cease to exist as a corporation, for federal income tax purposes.

(g) Subsidiary will retain no assets for federal income tax purposes following the Conversion.

(h) Subsidiary will not have acquired assets in any nontaxable transaction at any time, except for (i) acquisitions occurring more than 3 years prior to the Conversion Plan Date, (ii) transactions comprising steps of the Proposed Transaction (with respect to Conversions 2 and 3), (iii) Transaction 1 (with respect to Conversions 2 and 3), (iv) Transaction 2 (with respect to Conversion 3), (v) Transaction 3 (with respect to Conversion 4), (vi) Transaction 4 (with respect to Conversion 5), (vii) Transaction 5 (with respect to Conversion 5), and (viii) Transaction 14 (with respect to Conversion 11).

(i) Except for (i) dispositions in the ordinary course of business, (ii) dispositions occurring more than 3 years prior to the Conversion Plan Date, (iii) transactions comprising steps of the Proposed Transaction (with respect to all Conversions), (iv) Transaction 6 and Transaction 7 (with respect to Conversions 2 and 3), (v) Transaction 8 (with respect to Conversions 2 and 4), (vi) Transaction 9 (with respect to Conversion 3), (vii) Transaction 10 (with respect to Conversions 3 and 4),

(viii) Transaction 11 (with respect to Conversion 4), and (ix) Transaction 12 (with respect to Conversion 5), no assets of Subsidiary have been, or will be, disposed of by either Subsidiary or Parent.

(j) Except with respect to certain Transactions and transactions comprising Steps (xlvii), (lxii), and (lvi) of the Proposed Transaction, the Conversion will not be preceded or followed by the reincorporation in, or transfer or sale to, a recipient corporation (a "Recipient") of any of the businesses or assets of Subsidiary, if persons holding, directly or indirectly, more than 20% in value of the Subsidiary stock (as determined by application of § 318(a) as modified by § 304(c)(3)) also hold, directly or indirectly, more than 20% in value of the stock in Recipient. Controlled 1 has no plan or intention to contribute to any subsidiary of Controlled 1 that is or will be treated as a corporation for federal income tax purposes any assets received in Steps (xlvii), (lxii), or (lvi) that were held by a Subsidiary prior to its respective Conversion.

(k) Prior to the Conversion Plan Date, no assets of Subsidiary will have been distributed in kind, transferred, or sold to Parent, except for (i) transactions occurring in the ordinary course of business, (ii) transactions occurring more than 3 years prior to the Conversion Plan Date, and (iii) Transaction 9 (with respect to Conversion 3).

(l) Subsidiary will report all earned income represented by assets that will be deemed distributed to Parent, such as receivables being reported on a cash basis, unfinished construction contracts, commissions due, etc.

(m) The fair market value of the assets of Subsidiary will exceed its liabilities both at the Conversion Plan Date and immediately prior to the time the Conversion is effective.

(n) There is no intercorporate debt existing between Parent and Subsidiary, except for (i) Debt 1 (with respect to Conversion 2), (ii) Debt 2, Debt 3, and Debt 4 (with respect to Conversion 3), (iii) Debt 5 and Debt 6 (with respect to Conversion 4), and (iv) Debt 7 and Debt 8 (with respect to Conversion 5), and none has been cancelled, forgiven, or discounted except in transactions that occurred more than 3 years prior to the Conversion Plan Date. Any intercorporate debt existing between Parent and Subsidiary immediately prior to the Conversion will be extinguished for federal income tax purposes as a result of the Conversion.

(o) Parent is not an organization that is exempt from federal income tax under § 501 or any other provision of the Code.

(p) All other transactions undertaken contemporaneously with, in anticipation of, in conjunction with, or in any way related to, the proposed liquidation of Subsidiary have been fully disclosed.

(q) With respect to Conversion 1, Conversion 2, Conversion 3, Conversion 4, and Conversion 5: For any intercompany obligations (within the meaning of § 1.1502-



13(g)(2)(ii) that will be transferred in the Conversion for federal income tax purposes, (i) to the extent an intercompany obligation will be extinguished in the Conversion, (A) all of the rights and obligations under the intercompany obligation will be extinguished in an intercompany transaction under § 1.1502-13, (B) all income and deduction amounts with respect to the obligation will have been taken into account before the Conversion, (C) the fair market value of the obligation will approximately equal the face amount thereof, the adjusted issue price thereof, and the creditor's adjusted basis therein, and (D) the debtor's corresponding item and the creditor's intercompany item (after taking into account the special rules of § 1.1502-13(g)(4)(i)(C)) with respect to the obligation will offset in amount, and (ii) taking into account the Rulings that provide for nonrecognition treatment under §§ 332 and 337(a) with respect to each such Conversion, to the extent an intercompany obligation will not be extinguished in the Conversion, the Conversion will be an intercompany transaction under § 1.1502-13 in which no amount of income, gain, deduction, or loss is recognized by the creditor or debtor.

(r) Any intercompany gain with respect to Subsidiary stock will be taken into account upon the deemed liquidation of Subsidiary in the respective Conversion.

(s) With respect to Conversion 11, Conversion 12, and Conversion 13: (i) for any intercompany debt that will be extinguished in the Conversion, the fair market value of the debt will approximately equal the face amount thereof, the adjusted issue price thereof, and the creditor's adjusted basis therein; (ii) Subsidiary will be eligible to elect to be disregarded as an entity separate from its owner under §§ 301.7701-1 through 301.7701-3; (iii) Subsidiary will not distribute any U.S. real property interests (as defined in § 1.897-1(c)) in the Conversion; (iv) the notice requirements of § 1.367(b)-1(c)(1) will be met; and (v) in accordance with § 1.367(b)-3(b)(3), Sub 4 will include in income as a deemed dividend the all earnings and profits amount with respect to its stock of FSub 2, FSub 3, and FSub 4, respectively.

#### The FSub 11 Reorganization and the FSub 11 Asset Sale

The following representations have been made regarding the FSub 11 Reorganization:

(t) FSub 9 will receive solely New FSub 11 stock in the FSub 11 Reorganization.

(u) The fair market value of the New FSub 11 stock received by FSub 9 in the FSub 11 Reorganization will be approximately equal to the fair market value of the FSub 11 stock surrendered in the exchange.

(v) Immediately following the FSub 11 Reorganization, FSub 9 will own all of the outstanding New FSub 11 stock and will own such stock solely by reason of its ownership of FSub 11 stock immediately prior to the FSub 11 Reorganization.

(w) Immediately following the FSub 11 Reorganization and before the earlier of any asset acquisition by New FSub 11 or the FSub 11 Asset Sale, New FSub 11 will possess for federal income tax purposes the same assets and liabilities, except for (i) a nominal amount of assets to facilitate its organization as a corporation, and (ii) any assets used to pay expenses incurred in connection with the FSub 11 Reorganization, as those possessed by FSub 11 immediately prior to the FSub 11 Reorganization. The assets used to pay expenses will be less than one percent of the fair market value of the net assets of FSub 11 immediately prior to the FSub 11 Reorganization. Other than the deemed distribution by FSub 11 of the New FSub 11 stock in exchange for FSub 9's FSub 11 stock in the FSub 11 Reorganization, no assets will be distributed by FSub 11 simultaneously with the FSub 11 Reorganization.

(x) At the time of the FSub 11 Reorganization, FSub 11 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 11.

(y) New FSub 11 has no plan or intention to reacquire any of its stock issued in the FSub 11 Reorganization.

(z) All liabilities to which FSub 11's assets will be subject at the time of the FSub 11 Reorganization, and all the liabilities of FSub 11 that will be properly treated as being assumed by New FSub 11 in the FSub 11 Reorganization (as determined under § 357(d)), will be liabilities that were incurred by FSub 11 in the ordinary course of its business and are associated with the assets transferred from FSub 11 to New FSub 11.

(aa) At the time of the FSub 11 Reorganization, the fair market value of the assets transferred from FSub 11 to New FSub 11 in the FSub 11 Reorganization will exceed the sum of the liabilities (as determined under § 357(d)) assumed by New FSub 11.

(bb) FSub 9, FSub 11, and New FSub 11 will each pay its own expenses incurred in connection with the FSub 11 Reorganization.

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

(dd) At all times prior to acquiring the assets of FSub 11 in the FSub 11 Reorganization: (i) New FSub 11 will have been engaged in no business activity; (ii) New FSub 11 will have had no federal income tax attributes (attributes described in § 381(c)) other than those, if any, related to holding of the assets described in the following clause (iii); and (iii) New FSub 11 will have held no assets (except for a nominal amount of assets to facilitate its organization as a corporation).

(ee) FSub 11 will be eligible to be treated as a disregarded entity under §§ 301.7701-2 and 301.7701-3.

(ff) FSub 11 will not hold any United States real property interests (as defined in § 1.897-1(c)) immediately before the FSub 11 Reorganization.

(gg) The notice requirements of § 1.367(b)-1(c)(1) will be met with respect to the FSub 11 Reorganization.

(hh) Distributing 1 will be a section 1248 shareholder, within the meaning of § 1.367(b)-2(b), with respect to FSub 11 immediately before the FSub 11 Reorganization, and Distributing 1 will be a section 1248 shareholder with respect to New FSub 11 immediately thereafter.

(ii) FSub 11 will be a controlled foreign corporation, within the meaning of § 957(a), immediately before the FSub 11 Reorganization, and New FSub 11 will be a controlled foreign corporation immediately thereafter.

(jj) At all times before the FSub 11 Reorganization, FSub 11 was not a passive foreign investment company ("PFIC") within the meaning of § 1297(a), and New FSub 11 will not be a PFIC immediately after the FSub 11 Reorganization.

(kk) FSub 9 will comply with the requirements of § 1.367(b)-4(d) with respect to subsequent exchanges of New FSub 11 stock received in the FSub 11 Reorganization.

(ll) Immediately prior to the FSub 11 Reorganization, no part of FSub 11's earnings and profits will be comprised of effectively connected earnings and profits (as defined in either § 884(d) or § 884(b)(2)(B)(ii)).

The following representation has been made regarding the FSub 11 Asset Sale:

(mm) None of FSub 11's assets will have a basis materially in excess of value at the time of the FSub 11 Asset Sale, and any loss incurred in connection with the FSub 11 Asset Sale will be deferred under § 267(f).

#### The FSub 12 Reorganization and the FSub 12 Asset Sale

The following representations have been made regarding the FSub 12 Reorganization:

(nn) FSub 9 will receive solely New FSub 12 stock in the FSub 12 Reorganization.

(oo) The fair market value of the New FSub 12 stock received by FSub 9 in the FSub 12 Reorganization will be approximately equal to the fair market value of the FSub 12 stock surrendered in the exchange.

(pp) Immediately following the FSub 12 Reorganization, FSub 9 will own all of the outstanding New FSub 12 stock and will own such stock solely by reason of its ownership of FSub 12 stock immediately prior to the FSub 12 Reorganization.

(qq) Immediately following the FSub 12 Reorganization and before the earlier of the New FSub 11 Purchase or the FSub 12 Asset Sale, New FSub 12 will possess for federal income tax purposes the same assets and liabilities, except for (i) a nominal amount of assets to facilitate its organization as a corporation, and (ii) any assets used to pay expenses incurred in connection with the FSub 12 Reorganization, as those possessed by FSub 12 immediately prior to the FSub 12 Reorganization. The assets of FSub 12 used to pay expenses will be less than one percent of the fair market value of the net assets of FSub 12 immediately prior to the FSub 12 Reorganization. Other than the deemed distribution by FSub 12 of the New FSub 12 stock in exchange for FSub 9's FSub 12 stock in the FSub 12 Reorganization, no assets will be distributed by FSub 12 simultaneously with the FSub 12 Reorganization.

(rr) At the time of the FSub 12 Reorganization, FSub 12 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 12.

(ss) New FSub 12 has no plan or intention to reacquire any of its stock issued in the FSub 12 Reorganization.

(tt) All liabilities to which FSub 12's assets will be subject at the time of the FSub 12 Reorganization, and all the liabilities of FSub 12 that will be properly treated as being assumed by New FSub 12 in the FSub 12 Reorganization (as determined under § 357(d)), will be liabilities that were incurred by FSub 12 in the ordinary course of its business and are associated with the assets transferred from FSub 12 to New FSub 12.

(uu) At the time of the FSub 12 Reorganization, the fair market value of the assets transferred from FSub 12 to New FSub 12 in the FSub 12 Reorganization will exceed the sum of the liabilities (as determined under § 357(d)) assumed by New FSub 12.

(vv) FSub 9, FSub 12, and New FSub 12 will each pay its own expenses incurred in connection with the FSub 12 Reorganization.

(ww) FSub 12 is not under the jurisdiction of a court in a Title 11 or similar case within the meaning of § 368(a)(3)(A).

(xx) At all times prior to acquiring the assets of FSub 12 in the FSub 12 Reorganization: (i) New FSub 12 will have been engaged in no business activity; (ii) New FSub 12 will have had no federal income tax attributes (attributes described in § 381(c)) other than those, if any, related to holding of the assets described in the following clause (iii); and (iii) New FSub 12 will have held no assets (except for a nominal amount of assets to facilitate its organization as a corporation).

(yy) FSub 12 will be eligible to be treated as a disregarded entity under §§ 301.7701-2 and 301.7701-3.

(zz) FSub 12 will not hold any United States real property interests (as defined in § 1.897-1(c)) immediately before the FSub 12 Reorganization.

(aaa) The notice requirements of § 1.367(b)-1(c)(1) will be met with respect to the FSub 12 Reorganization.

(bbb) Distributing 1 will be a section 1248 shareholder, within the meaning of § 1.367(b)-2(b), with respect to FSub 12 immediately before the FSub 12 Reorganization, and Distributing 1 will be a section 1248 shareholder with respect to New FSub 12 immediately thereafter.

(ccc) FSub 12 will be a controlled foreign corporation, within the meaning of § 957(a), immediately before the FSub 12 Reorganization, and New FSub 12 will be a controlled foreign corporation immediately thereafter.

(ddd) At all times before the FSub 12 Reorganization, FSub 12 was not a PFIC within the meaning of § 1297(a), and New FSub 12 will not be a PFIC immediately after the FSub 12 Reorganization.

(eee) FSub 9 will comply with the requirements of § 1.367(b)-4(d) with respect to subsequent exchanges of New FSub 12 stock received in the FSub 12 Reorganization.

(fff) Immediately prior to the FSub 12 Reorganization, no part of FSub 12's earnings and profits will be comprised of effectively connected earnings and profits (as defined in either § 884(d) or § 884(b)(2)(B)(ii)).

The following representation has been made regarding the FSub 12 Asset Sale:

(ggg) None of FSub 12's assets will have a basis materially in excess of value at the time of the FSub 12 Asset Sale, and any loss incurred in connection with the FSub 12 Asset Sale will be deferred under § 267(f).

### The Upstream Reorganizations

The following representations have been made regarding each of the Upstream Reorganizations. For purposes of this letter, with respect to each Upstream Reorganization, (i) "Target" shall mean the corporation transferring its assets, and (ii) "Acquiring" shall mean the corporation acquiring the Target's assets.

(hhh) Acquiring will acquire at least 90% of the fair market value of the net assets and at least 70% of the fair market value of the gross assets held by Target immediately prior to the respective Upstream Reorganization. For purposes of this representation, amounts used by Target to pay its reorganization expenses, amounts paid by Target to shareholders who receive cash or other property, and all redemptions and distributions (except for regular, normal dividends) made by Target immediately preceding the transfer will be included as assets of Target held immediately prior to the respective Upstream Reorganization.

(iii) During the five-year period ending on the date of the respective Upstream Reorganization: (i) no person related (as defined in § 1.368-1(e)(4)) to Acquiring will have acquired Target stock with consideration other than Acquiring stock; (ii) no person related to Acquiring will have acquired or redeemed Target stock with consideration other than Acquiring stock or Target stock; and (iii) no distribution will have been made with respect to the stock of Target, other than ordinary, normal, regular dividend distributions made pursuant to the historic dividend-paying practice of Target, either directly or through any transaction, agreement, or arrangement with any other person.

(jjj) Acquiring has no plan or intention to sell or otherwise dispose of any of the assets of Target that will be deemed to be acquired in the respective Upstream Reorganization, except for dispositions made in the ordinary course of business, transfers set forth in the Proposed Transaction, or transfers described in § 368(a)(2)(C) or § 1.368-2(k).

(kkk) The liabilities of Target that will be deemed to be assumed by Acquiring (within the meaning of § 357(d)) were incurred by Target in the ordinary course of its business (or, in the case of liabilities of Target assumed or deemed assumed by Target (within the meaning of § 357(d)) from a liquidating subsidiary, such liabilities were incurred by such liquidating subsidiary in the ordinary course of its business) and are associated with the assets that will be deemed to be transferred to Acquiring.

(lll) Following the respective Upstream Reorganization, Acquiring will continue, either directly or through one or more members of Acquiring's qualified group (within the meaning of § 1.368-1(d)(4)(ii)), the historic business of Target or will use a significant portion of Target's historic business assets in a business.

(mmm) Acquiring will pay or assume the expenses, if any, of each party incurred in connection with the respective Upstream Reorganization in accordance with the guidelines of Rev. Rul. 73-54, 1973-1 C.B. 189.

(nnn) There is no intercorporate indebtedness existing between Acquiring and Target that was issued or acquired at a discount or that will be settled at a discount.

(ooo) No two parties to the respective Upstream Reorganization are investment companies as defined in § 368(a)(2)(F)(iii) and (iv).

(ppp) The total fair market value of the assets of Target at the time of the respective Upstream Reorganization will exceed the sum of its liabilities as of such time (including any liabilities cancelled, extinguished, or assumed (as determined under § 357(d)) in connection with the respective Upstream Reorganization). The fair market value of the assets of Acquiring will exceed the amount of its liabilities immediately after the respective Upstream Reorganization.

(qqq) Target is not under the jurisdiction of a court in a Title 11 or similar case within the meaning of § 368(a)(3)(A).

(rrr) Items of income, gain, loss, deduction, and credit will be taken into account as required by the applicable intercompany transaction regulations as a result of the respective Upstream Reorganization (see §§ 1.1502-13 and -14 as in effect before the publication of T.D. 8597, 1995-2 C.B. 147, and as currently in effect; § 1.1502-13, as published by T.D. 8597).

(sss) With respect to the Sub 4 Reorganization, the Sub 7 Reorganization, the Sub 8 Reorganization, the Sub 10 Reorganization, and the Sub 11 Reorganization: For any intercompany obligations (within the meaning of § 1.1502-13(g)(2)(ii)) that will be transferred in the respective Upstream Reorganization for federal income tax purposes, (i) to the extent an intercompany obligation will be extinguished in the Upstream Reorganization, (A) all of the rights and obligations under the intercompany obligation will be extinguished in an intercompany transaction under § 1.1502-13, (B) all income and deduction amounts with respect to the obligation will have been taken into account before the respective Upstream Reorganization, (C) the fair market value of the obligation will approximately equal the face amount thereof, the adjusted issue price thereof, and the creditor's adjusted basis therein, and (D) the debtor's corresponding item and the creditor's intercompany item (after taking into account the special rules of § 1.1502-13(g)(4)(i)(C)) with respect to the obligation will offset in amount, and (ii) taking into account the Rulings that provide for nonrecognition treatment under § 361(a) with respect to each such Upstream Reorganization, to the extent an intercompany obligation will not be extinguished, the respective Upstream Reorganization will be an intercompany transaction under § 1.1502-13 in which no amount of income, gain, deduction, or loss is recognized by the creditor or debtor.

(ttt) With respect to any intercompany debt between members of the Distributing 2 Group that will be extinguished in the FSub 8 Reorganization or the FSub 10 Reorganization, the fair market value of the debt will approximately equal the face

amount thereof, the adjusted issue price thereof, and the creditor's adjusted basis therein.

(uuu) With respect to the FSub 8 Reorganization and the FSub 10 Reorganization: (i) the notice requirements of § 1.367(b)-1(c)(1) will be met; (ii) neither FSub 8 nor FSub 10, respectively, will distribute any U.S. real property interests (as defined in § 1.897-1(c)); (iii) FSub 8 and FSub 10, respectively, will be eligible to be treated as a disregarded entity under §§ 301.7701-2 and 301.7701-3; and (iv) Sub 2 will include in income as a deemed dividend the all earnings and profits amount with respect to its stock of FSub 8 and FSub 10, respectively, in accordance with § 1.367(b)-3(b)(3).

(vvv) Sub 2 will comply with the requirements of § 367(a) and (d) that are applicable to Sub 2's transfers to FSub 15 in the Sub 2/FSub 15 Contribution.

(www) No property, other than deemed shares of Acquiring voting stock, will be issued by Acquiring to Target as consideration with respect to the respective Upstream Reorganization.

#### The New Sub 4 Contribution

The following representations have been made regarding the New Sub 4 Contribution:

(xxx) (a) No stock or securities will be issued or deemed to be issued for services rendered to or for the benefit of New Sub 4 in connection with the proposed transaction, and (b) no stock or securities will be issued or deemed to be issued for indebtedness of New Sub 4 that is not evidenced by a security or for interest on indebtedness of New Sub 4 which accrued on or after the beginning of the holding period of Distributing 1 for the debt.

(yyy) The proceeds received in collection of the income items will be included as ordinary income in computing the taxable income of New Sub 4.

(zzz) The patents or patent applications qualify as "property" within the meaning of § 351.

(aaaa) Distributing 1 will transfer all substantial rights in such patents or patent applications within the meaning of § 1235.

(bbbb) Distributing 1 will not retain any significant power, right, or continuing interest, within the meaning of § 1253(b), in the franchises, trademarks, or trade names being transferred.



(cccc) None of the stock to be transferred or deemed transferred is “Section 306 stock” within the meaning of § 306(c).

(dddd) The New Sub 4 Contribution is not the result of the solicitation by a promoter, broker, or investment house.

(eeee) Distributing 1 will not retain any rights in the property transferred or deemed transferred to New Sub 4.

(ffff) The value of the stock deemed to be received in exchange for accounts receivable will be equal to the net value of the accounts transferred, i.e., the face amount of the accounts receivable previously included in income less the amount of the reserve for bad debts.

(gggg) The adjusted basis and the fair market value of the assets deemed transferred by Distributing 1 to New Sub 4 will be equal to or exceed the sum of the liabilities to be assumed by New Sub 4 (within the meaning of § 357(d)).

(hhhh) The liabilities of Distributing 1 deemed to be assumed by New Sub 4 (within the meaning of § 357(d)) were incurred in the ordinary course of business by Sub 4 or its subsidiaries and are associated with the assets to be transferred.

(iiii) Immediately before the New Sub 4 Contribution, there will be no indebtedness between New Sub 4 and Distributing 1 and there will be no indebtedness created in favor of Distributing 1 as a result of the New Sub 4 Contribution.

(jjjj) The deemed transfer and exchange will occur under a plan agreed upon before the transaction in which the rights of the parties are defined.

(kkkk) All exchanges will occur on approximately the same date.

(llll) There is no plan or intention on the part of New Sub 4 to redeem or otherwise reacquire any stock or indebtedness to be issued in the New Sub 4 Contribution.

(mmmm) Taking into account any issuance of additional shares of New Sub 4 stock; any issuance of stock for services; the exercise of any New Sub 4 stock rights, warrants, or subscriptions; a public offering of New Sub 4 stock; and the sale, exchange, transfer by gift, or other disposition of any of the stock of New Sub 4 to be received in the exchange, Distributing 1 will be in “control” of New Sub 4 within the meaning of §§ 368(c) and 1504(a).

(nnnn) Distributing 1 will be deemed to receive stock, securities, or other property approximately equal to the fair market value of the property transferred to New Sub 4.

(oooo) New Sub 4 will remain in existence and retain and use the property transferred to it in a trade or business.

(pppp) There is no plan or intention by New Sub 4 to dispose of the transferred property other than in the normal course of business operations.

(qqqq) Each of the parties to the transaction will pay its own expenses, if any, incurred in connection with the proposed transaction.

(rrrr) New Sub 4 will not be an investment company within the meaning of § 351(e)(1) and § 1.351-1(c)(1)(ii).

(ssss) Distributing 1 is not under the jurisdiction of a court in a Title 11 or similar case (within the meaning of § 368(a)(3)(A)) and the stock or securities deemed to be received in the exchange will not be used to satisfy the indebtedness of such debtor.

(tttt) New Sub 4 will not be a “personal service corporation” within the meaning of § 269A.

(uuuu) There is no plan or intention to dispose of any of the New Sub 4 stock to be held by Distributing 1.

(vvvv) There is no plan or intention to issue additional shares of New Sub 4 stock.

(wwww) Other than any issuance or deemed issuance of New Sub 4 stock, New Sub 4 will not issue any consideration in exchange for the constructive contribution of assets in the New Sub 4 Contribution.

#### The First Contribution and Internal Distribution

The following representations have been made regarding the First Contribution and Internal Distribution:

(xxxx) The indebtedness (including the Short-Term Intercompany Obligations), if any, owed by Controlled 1 (or any of its subsidiaries) to Distributing 1 (or any of its subsidiaries) after the Internal Distribution will not constitute stock or securities.

(yyyy) No part of the consideration to be distributed in the Internal Distribution will be received by any shareholder of Distributing 1 as a creditor, employee, or in any capacity other than that of a shareholder of Distributing 1.

(zzzz) Each of Distributing 1 and Controlled 1 will treat all members of its respective SAG (as defined in § 355(b)(3)(B)) as one corporation in determining

whether it meets the requirements of § 355(b)(2)(A) regarding the active conduct of a trade or business.

(aaaaa) The five years of financial information submitted on behalf of Business A conducted by the Distributing 1 SAG is representative of the present business operations of Business A, and with regard to such business, there have been no substantial operational changes since the date of the last financial statements submitted.

(bbbbb) The five years of financial information submitted on behalf of Business C to be conducted by the Controlled 1 SAG is representative of the present business operations of Business C, and with regard to such business, there have been no substantial operational changes since the date of the last financial statements submitted.

(ccccc) The Distributing 1 SAG neither acquired Business A nor acquired control of an entity conducting Business A during the five-year period ending on the date of the Internal Distribution in a transaction in which gain or loss was recognized (or treated as recognized) in whole or in part, except for Transaction 13. Through the five-year period ending on the date of the Internal Distribution, the Distributing 1 SAG has been the principal owner of the goodwill and significant assets of Business A and will continue to be the principal owner following the Internal Distribution.

(ddddd) The Controlled 1 SAG neither acquired Business C nor acquired control of an entity conducting Business C during the five-year period ending on the date of the Internal Distribution in a transaction in which gain or loss was recognized (or treated as recognized) in whole or in part, except for Transaction 13, the FSub 11 Asset Sale, and the FSub 12 Asset Sale. Through the five-year period ending on the date of the Internal Distribution, the Distributing 1 SAG has been the principal owner of the goodwill and significant assets of Business C, and the Controlled 1 SAG will be the principal owner of such goodwill and significant assets following the Internal Distribution.

(eeeee) Following the Internal Distribution, the Distributing 1 SAG will continue the active conduct of Business A and the Controlled 1 SAG will continue the active conduct of Business C, independently and with their separate employees (except as provided pursuant to the Continuing Arrangements).

(fffff) The Internal Distribution will be carried out for the corporate business purpose of facilitating the External Distribution, which is being carried out for the Corporate Business Purposes. The Internal Distribution is motivated, in whole or in substantial part, by this corporate business purpose.

(ggggg) The Internal Distribution is not being used principally as a device for the distribution of the earnings and profits of Distributing 1 or Controlled 1 or both.

(hhhhh) For purposes of § 355(d), immediately after the Internal Distribution, no person (determined after applying § 355(d)(7)) will hold stock possessing 50% or more of the total combined voting power of all classes of Distributing 1 stock entitled to vote, or 50% or more of the total value of shares of all classes of Distributing 1 stock, that was acquired by purchase (as defined in § 355(d)(5) and (8)) during the five-year period (determined after applying § 355(d)(6)) ending on the date of the Internal Distribution.

(iiii) For purposes of § 355(d), immediately after the Internal Distribution, no person (determined after applying § 355(d)(7)) will hold stock possessing 50% or more of the total combined voting power of all classes of Controlled 1 stock entitled to vote, or 50% or more of the total value of shares of all classes of Controlled 1 stock, that was either (i) acquired by purchase (as defined in § 355(d)(5) and (8)) during the five-year period (determined after applying § 355(d)(6)) ending on the date of the Internal Distribution, or (ii) attributable to distributions on Distributing 1 stock or securities that were acquired by purchase (as defined in § 355(d)(5) and (8)) during the five-year period (determined after applying § 355(d)(6)) ending on the date of the Internal Distribution.

(jjjj) The total fair market value of the assets that Distributing 1 will transfer to Controlled 1 in the First Contribution will exceed the sum of (i) the total liabilities (if any) assumed (within the meaning of § 357(d)) by Controlled 1 in the exchange, (ii) the amount of liabilities (if any) owed to Controlled 1 by Distributing 1 that are discharged or extinguished in the exchange, and (iii) the amount of cash and the fair market value of the property (if any) (other than stock and securities permitted to be received under § 361(a) without the recognition of gain) received by Distributing 1 from Controlled 1 in the exchange. The total fair market value of the assets of Controlled 1 will exceed the amount of its liabilities immediately after the First Contribution.

(kkkkk) The total adjusted bases of the assets transferred to Controlled 1 by Distributing 1 in the First Contribution will equal or exceed the sum of (i) any liabilities assumed (within the meaning of § 357(d)) by Controlled 1, and (ii) the total amount of money and the fair market value of other property (within the meaning of § 361(b)) received by Distributing 1 and transferred by it to its creditors and shareholders as described in the Proposed Transaction. The aggregate fair market value of the assets transferred to Controlled 1 in the First Contribution will equal or exceed the aggregate adjusted basis of those assets.

(lllll) The liabilities (if any) to be assumed (within the meaning of § 357(d)) by Controlled 1 in the First Contribution were incurred in the ordinary course of business and are associated with the assets being transferred.

(mmmmm) Distributing 1 neither accumulated its receivables nor (except pursuant to the elimination or reduction of intercompany balances in connection with the

Proposed Transaction) made extraordinary payment of its payables in anticipation of the Internal Distribution.

(nnnnn) To the extent any transfer in the First Contribution or Internal Distribution is an early disposition of property for which an investment credit has been (or will be) claimed under § 46, the income tax liability for the taxable year in which the investment credit property (including any building to which § 47(d) applies) is transferred will be adjusted pursuant to § 50(a)(1) or (a)(2) (or § 47, as in effect before amendment by Public Law 101-508, Title 11, 104 Stat. 1388, 536(1990), if applicable) to reflect the early disposition of the property.

(ooooo) Except for Short-Term Intercompany Obligations and indebtedness that may be created in the ordinary course of business or in connection with the Continuing Arrangements, no indebtedness will exist between Distributing 1 (or any of its subsidiaries) and Controlled 1 (or any of its subsidiaries) at the time of, or subsequent to, the Internal Distribution. All Short-Term Intercompany Obligations will be settled in the ordinary course of business, and in no event will such obligations be settled later than the date that is n months after the External Distribution. Except for obligations for payables that may be created with respect to Transitional Services, any indebtedness that may be created in the ordinary course of business after the Internal Distribution or in connection with the Continuing Arrangements will be entered into on arm's-length terms.

(ppppp) Immediately before the External Distribution, items of income, gain, loss, deduction, and credit will be taken into account as required by the applicable intercompany transaction regulations (see §§ 1.1502-13 and 1.1502-14 as in effect before the publication of T.D. 8597, 1995-2 C.B. 147, and as currently in effect; § 1.1502-13 as published by T.D. 8597). Further, any excess loss account of a member in the stock of another member that is required to be taken into account by § 1.1502-19 will be included in income immediately before the Internal Distribution. At the time of the Internal Distribution, no member of the Distributing 2 Group is expected to have an excess loss account in the Controlled 1 Common Stock or in the stock of any direct or indirect subsidiary of Controlled 1.

(qqqqq) Payments made in connection with all continuing transactions between Distributing 1 (or any of its subsidiaries) and Controlled 1 (or any of its subsidiaries) following the Internal Distribution will be for fair market value based on terms and conditions arrived at by parties bargaining at arm's length, except for certain payments made in connection with Transitional Services and the Transitional Real Property Agreements, which may be provided at cost or on "all-in cost" or cost-plus pricing terms. The provision of Transitional Services and the leasing or sub-leasing of property under the Transitional Real Property Agreements will not exceed o months, and any services provided (or any leases or sub-leases that extend) beyond this transitional period will be on arm's-length terms.

(rrrrr) No two parties to the transaction are investment companies as defined in § 368(a)(2)(F)(iii) and (iv).

(sssss) The Internal Distribution is not part of a plan or series of related transactions (within the meaning of § 1.355-7) pursuant to which one or more persons will acquire, directly or indirectly, stock representing a 50% or greater interest (within the meaning of § 355(d)(4)) in Distributing 1 or Controlled 1 (including any predecessor or successor of any such corporation).

(ttttt) No person will hold, immediately after the Internal Distribution, a 50% or greater interest in any disqualified investment corporation (as defined in § 355(g)(2)) if such person did not hold such an interest in such corporation immediately before the Internal Distribution (taking into account § 355(g)(3) and (g)(4)).

(uuuuu) Distributing 1 and Controlled 1, and their respective shareholders, will each pay their own expenses, if any, incurred in connection with the Internal Distribution.

(vvvvv) In each case where Distributing 1 will be a section 1248 shareholder, within the meaning of § 1.367(b)-2(b), with respect to a foreign corporation immediately before the First Contribution, Controlled 1 will be a section 1248 shareholder, within the meaning of § 1.367(b)-2(b), with respect to such foreign corporation immediately following the First Contribution.

(wwwww) In each case where a foreign corporation will be a controlled foreign corporation, within the meaning of § 957(a), of Distributing 1 immediately before the First Contribution, such foreign corporation will be a controlled foreign corporation, within the meaning of § 957(a), of Controlled 1 immediately following the First Contribution.

(xxxxx) None of the foreign corporations contributed in the First Contribution was a passive foreign investment company ("PFIC") within the meaning of § 1297(a) at any time before the First Contribution, and none of the foreign corporations contributed in the First Contribution will be a PFIC within the meaning of § 1297(a) immediately following the First Contribution.

(yyyyy) Controlled 1 will comply with the requirements of § 367(a) and (d) that are applicable to Controlled 1's transfer to FSub 14 (including taking into account FSub 14's transfer to FSub 15).

(zzzzz) Sub 2 will comply with § 1503(d) and the regulations thereunder to the extent applicable to the Sub 2/FSub 15 Contribution.

(aaaaa) Distributing 1 will comply with § 1503(d) and the regulations thereunder to the extent applicable to the First Contribution.

### The Second Contribution and External Distribution

The following representations have been made regarding the Second Contribution and External Distribution.

(bbbbbb) The indebtedness (including the Short-Term Intercompany Obligations), if any, owed by Controlled 2 (or any of its subsidiaries) to Distributing 2 (or any of its subsidiaries) after the External Distribution will not constitute stock or securities.

(ccccc) Other than shares of Controlled 2 Restricted Stock received by employees holding Distributing 2 Restricted Stock, no part of the consideration to be distributed in the External Distribution will be received by any shareholder of Distributing 2 as a creditor, employee, or in any capacity other than that of a shareholder of Distributing 2. Any shares of Controlled 2 Restricted Stock distributed in the External Distribution with respect to the Distributing 2 Restricted Stock will not represent more than 20% of the Controlled 2 Common Stock outstanding.

(dddddd) Each of Distributing 2 and Controlled 2 will treat all members of its respective SAG (as defined in § 355(b)(3)(B)) as one corporation in determining whether it meets the requirements of § 355(b)(2)(A) regarding the active conduct of a trade or business.

(eeeeee) The five years of financial information submitted on behalf of Business A conducted by the Distributing 1 SAG, which is part of the Distributing 2 SAG, is representative of the present business operations of Business A, and with regard to such business, there have been no substantial operational changes since the date of the last financial statements submitted.

(ffffff) The five years of financial information submitted on behalf of Business C to be conducted by the Controlled 1 SAG, which will be part of the Controlled 2 SAG following the Second Contribution, is representative of the present business operations of Business C, and with regard to such business, there have been no substantial operational changes since the date of the last financial statements submitted.

(gggggg) The Distributing 2 SAG neither acquired Business A nor acquired control of an entity conducting Business A during the five-year period ending on the date of the External Distribution in a transaction in which gain or loss was recognized (or treated as recognized) in whole or in part, except for Transaction 13. Through the five-year period ending on the date of the External Distribution, the Distributing 2 SAG has been the principal owner of the goodwill and significant assets of Business A and will continue to be the principal owner following the External Distribution.

(hhhhh) The Controlled 2 SAG neither acquired Business C nor acquired control of an entity conducting Business C during the five-year period ending on the

date of the External Distribution in a transaction in which gain or loss was recognized (or treated as recognized) in whole or in part, except for Transaction 13, the FSub 11 Asset Sale, and the FSub 12 Asset Sale. Through the five-year period ending on the date of the External Distribution, the Distributing 2 SAG has been the principal owner of the goodwill and significant assets of Business C, and the Controlled 2 SAG will be the principal owner of such goodwill and significant assets following the Internal Distribution and the Second Contribution.

(iiiiii) Following the External Distribution, the Distributing 2 SAG will continue the active conduct of Business A and the Controlled 2 SAG will continue the active conduct of Business C, independently and with their separate employees (except as provided pursuant to the Continuing Arrangements).

(jjjjjj) The External Distribution will be carried out for the following Corporate Business Purposes: (1) improving strategic and management “fit and focus”; (2) providing each business with a more attractive “acquisition currency” and a more attractive equity for equity-based compensation; (3) eliminating an internal competition for capital between Business B and Business D; and (4) enhancing the ability of each business to attract, retain, and motivate employees. The External Distribution is motivated, in whole or in substantial part, by one or more of these Corporate Business Purposes.

(kkkkkk) The External Distribution is not being used principally as a device for the distribution of the earnings and profits of Distributing 2 or Controlled 2 or both.

(llllll) The receipt by Distributing 2 shareholders of cash in lieu of fractional shares of Controlled 2 Common Stock is solely for the purpose of avoiding the expense and inconvenience to Distributing 2 of issuing fractional shares and does not represent separately bargained for consideration. It is intended that the total cash consideration received by the shareholders of Distributing 2 will not exceed one percent of the total consideration that will be distributed in the External Distribution. It is also intended that no Distributing 2 shareholder will receive cash in an amount equal to or greater than the value of one full share of Controlled 2 Common Stock.

(mmmmmm) For purposes of § 355(d), immediately after the External Distribution, no person (determined after applying § 355(d)(7)) will hold stock possessing 50% or more of the total combined voting power of all classes of Distributing 2 stock entitled to vote, or 50% or more of the total value of shares of all classes of Distributing 2 stock, that was acquired by purchase (as defined in § 355(d)(5) and (8)) during the five-year period (determined after applying § 355(d)(6)) ending on the date of the External Distribution.

(nnnnnn) For purposes of § 355(d), immediately after the External Distribution, no person (determined after applying § 355(d)(7)) will hold stock possessing 50% or more of the total combined voting power of all classes of Controlled



2 stock entitled to vote, or 50% or more of the total value of shares of all classes of Controlled 2 stock, that was either (i) acquired by purchase (as defined in § 355(d)(5) and (8)) during the five-year period (determined after applying § 355(d)(6)) ending on the date of the External Distribution, or (ii) attributable to distributions on Distributing 2 stock or securities that were acquired by purchase (as defined in § 355(d)(5) and (8)) during the five-year period (determined after applying § 355(d)(6)) ending on the date of the External Distribution.

(oooooo) The total fair market value of the assets that Distributing 2 will transfer to Controlled 2 in the Second Contribution will exceed the sum of (i) the total liabilities (if any) assumed (within the meaning of § 357(d)) by Controlled 2 in the exchange, (ii) the amount of liabilities (if any) owed to Controlled 2 by Distributing 2 that are discharged or extinguished in the exchange, and (iii) the amount of cash and the fair market value of the property (if any) (other than stock and securities permitted to be received under § 361(a) without the recognition of gain) received by Distributing 2 from Controlled 2 in the exchange. The total fair market value of the assets of Controlled 2 will exceed the amount of its liabilities immediately after the Second Contribution.

(pppppp) The total adjusted bases of the assets transferred to Controlled 2 by Distributing 2 in the Second Contribution will equal or exceed the sum of (i) any liabilities assumed (within the meaning of § 357(d)) by Controlled 2, and (ii) the total amount of money and the fair market value of other property (within the meaning of § 361(b)) received by Distributing 2 and transferred by it to its creditors and shareholders as described in the Proposed Transaction. The aggregate fair market value of the assets transferred to Controlled 2 in the Second Contribution will equal or exceed the aggregate adjusted basis of those assets.

(qqqqqq) The liabilities (if any) to be assumed (within the meaning of § 357(d)) by Controlled 2 in the Second Contribution were incurred in the ordinary course of business and are associated with the assets being transferred.

(rrrrrr) Distributing 2 neither accumulated its receivables nor (except pursuant to the elimination or reduction of intercompany balances in connection with the Proposed Transaction) made extraordinary payment of its payables in anticipation of the External Distribution.

(ssssss) To the extent any transfer in the Second Contribution or External Distribution is an early disposition of property for which an investment credit has been (or will be) claimed under § 46, the income tax liability for the taxable year in which the investment credit property (including any building to which § 47(d) applies) is transferred will be adjusted pursuant to § 50(a)(1) or (a)(2) (or § 47, as in effect before amendment by Public Law 101-508, Title 11, 104 Stat. 1388, 536(1990), if applicable) to reflect the early disposition of the property.

(tttttt) Except for Short-Term Intercompany Obligations and indebtedness that may be created in the ordinary course of business or in connection with the Continuing Arrangements, no indebtedness will exist between Distributing 2 (or any of its subsidiaries) and Controlled 2 (or any of its subsidiaries) at the time of, or subsequent to, the External Distribution. All Short-Term Intercompany Obligations will be settled in the ordinary course of business, and in no event will such obligations be settled later than the date that is n months after the External Distribution. Except for obligations for payables that may be created with respect to Transitional Services, any indebtedness that may be created in the ordinary course of business after the External Distribution or in connection with the Continuing Arrangements will be entered into on arm's-length terms.

(uuuuuu) Immediately before the External Distribution, items of income, gain, loss, deduction, and credit will be taken into account as required by the applicable intercompany transaction regulations (see §§ 1.1502-13 and 1.1502-14 as in effect before the publication of T.D. 8597, 1995-2 C.B. 147, and as currently in effect; § 1.1502-13 as published by T.D. 8597). Further, any excess loss account of a member in the stock of another member that is required to be taken into account by § 1.1502-19 will be included in income immediately before the External Distribution.

(vvvvvv) Payments made in connection with all continuing transactions between Distributing 2 (or any of its subsidiaries) and Controlled 2 (or any of its subsidiaries) following the External Distribution will be for fair market value based on terms and conditions arrived at by parties bargaining at arm's length, except for certain payments made in connection with Transitional Services and the Transitional Real Property Agreements, which may be provided at cost or on "all-in cost" or cost-plus pricing terms. The provision of Transitional Services and the leasing or sub-leasing of property under the Transitional Real Property Agreements will not exceed o months, and any services provided (or any leases or sub-leases that extend) beyond this transitional period will be on arm's-length terms.

(wwwwww) No two parties to the transaction are investment companies as defined in § 368(a)(2)(F)(iii) and (iv).

(xxxxxx) Distributing 2 will use the proceeds of the Special Cash Distribution and the Working Capital Adjustment as follows: (a) to make cash distributions; (b) to repurchase outstanding Distributing 2 common stock; (c) to repay Distributing 2 debt; or (d) a combination of (a) - (c), in each case prior to or within n months following the External Distribution.

(yyyyyy) The sum of the Distributing 2 debt repaid with the proceeds of the Special Cash Distribution and the Working Capital Adjustment will not exceed the weighted quarterly average of the debt owed by Distributing 2 to unrelated third parties for the twelve-month period ending on the close of business on Date 13, the last

business day before the date on which the proposed divestiture of Business D was first presented to Distributing 2's board of directors.

(zzzzzz) The External Distribution is not part of a plan or series of related transactions (within the meaning of § 1.355-7) pursuant to which one or more persons will acquire, directly or indirectly, stock representing a 50% or greater interest (within the meaning of § 355(d)(4)) in Distributing 2 or Controlled 2 (including any predecessor or successor of any such corporation).

(aaaaaaa) No person will hold, immediately after the External Distribution, a 50% or greater interest in any disqualified investment corporation (as defined in § 355(g)(2)) if such person did not hold such an interest in such corporation immediately before the External Distribution (taking into account § 355(g)(3) and (g)(4)).

(bbbbbbb) Distributing 2 and Controlled 2, and their respective shareholders, will each pay their own expenses, if any, incurred in connection with the External Distribution.

(ccccccc) Distributing 2 has not been and will not be a United States real property holding corporation (as defined in § 897(c)(2)) at any time during the five-year period ending on the date of the External Distribution.

#### Other Representations

(ddddddd) None of the transactions that comprise the Proposed Transaction will include the transfer of stock in any corporation that has been the U.S. transferor, the transferee foreign corporation, or the transferred corporation with respect to any unexpired "gain recognition agreement" within the meaning of §§ 1.367(a)-3 and 1.367(a)-8.

#### **Rulings**

Based solely on the information submitted and the representations set forth above, we rule as follows regarding the Proposed Transaction:

#### The Conversions

(1) Each Conversion will be treated as a distribution by Subsidiary to Parent in complete liquidation under § 332.

(2) No gain or loss will be recognized by Parent on the deemed receipt of the assets and liabilities of Subsidiary pursuant to a Conversion. Section 332(a).

(3) No gain or loss will be recognized by Subsidiary on the deemed distribution of its assets and liabilities to Parent in a Conversion. Section 337(a), (b); § 1.332-7.

(4) Immediately after a Conversion, Parent's basis in each asset deemed received from Subsidiary pursuant to the Conversion will equal the basis of such asset in the hands of Subsidiary immediately before the Conversion. Section 334(b)(1).

(5) Parent's holding period for each asset deemed acquired from Subsidiary in a Conversion will include the period during which such asset was held by Subsidiary. Section 1223(2).

(6) Parent will succeed to and take into account the items of Subsidiary described in § 381(c), subject to the conditions and limitations specified in §§ 367 (with respect to Conversions 11, 12, and 13), 381, 382, 383, and 384 and the regulations thereunder. Sections 381(a) and 1.381(a)-1.

(7) Except to the extent Subsidiary's earnings and profits are reflected in Parent's earnings and profits, and subject to the conditions and limitations of § 367, as applicable, Parent will succeed to and take into account the earnings and profits, or deficit in earnings and profits, of Subsidiary as of the date of a Conversion. Sections 381(c)(2)(A), 1.381(c)(2)-1, and 1.1502-33(a)(2). Subject to the conditions and limitations of § 367, as applicable, any deficit in the earnings and profits of Subsidiary will be used only to offset earnings and profits accumulated after the date of a Conversion. Section 381(c)(2)(B).

(8) Parent will not realize income under § 61(a)(12) or § 1.301-1(m) with respect to the extinguishment of intercompany debt, if any, in a Conversion. See Rev. Rul. 74-54, 1974-1 C.B. 76.

#### The FSub 11 Reorganization and the FSub 11 Asset Sale

(9) For federal income tax purposes, the FSub 11 Reorganization will be treated as a transfer by FSub 11 of its assets to New FSub 11 in exchange for New FSub 11 stock and New FSub 11's assumption of the liabilities of FSub 11, followed by a liquidation of FSub 11 in which the New FSub 11 stock is distributed to FSub 9 in cancellation of its interests in FSub 11. Section 1.367(b)-2(f)(2).

(10) The FSub 11 Reorganization will qualify as a reorganization within the meaning of § 368(a)(1)(F). FSub 11 and New FSub 11 each will be "a party to a reorganization" within the meaning of § 368(b).

(11) No gain or loss will be recognized by FSub 11 on the deemed transfer of all of its assets to New FSub 11 in exchange for New FSub 11 stock and New FSub

11's deemed assumption of FSub 11's liabilities in the FSub 11 Reorganization. Sections 361(a) and 357(a).

(12) No gain or loss will be recognized by New FSub 11 on the deemed receipt of FSub 11's assets in exchange for New FSub 11 stock and New FSub 11's deemed assumption of FSub 11's liabilities in the FSub 11 Reorganization. Section 1032(a).

(13) Immediately after the FSub 11 Reorganization, New FSub 11's basis in each asset deemed acquired from FSub 11 in the FSub 11 Reorganization will equal the basis of such asset in the hands of FSub 11 immediately before the FSub 11 Reorganization. Section 362(b).

(14) New FSub 11's holding period for each asset deemed acquired from FSub 11 in the FSub 11 Reorganization will include the period during which such asset was held by FSub 11. Section 1223(2).

(15) No gain or loss will be recognized by FSub 11 on the deemed distribution to FSub 9 of the New FSub 11 stock in the FSub 11 Reorganization. Section 361(c)(1).

(16) No gain or loss will be recognized by FSub 9 on the deemed receipt of New FSub 11 stock in exchange for FSub 11 stock in the FSub 11 Reorganization. Section 354(a)(1).

(17) Immediately after the FSub 11 Reorganization, FSub 9's basis in the New FSub 11 stock deemed received in exchange for FSub 11 stock in the FSub 11 Reorganization will equal the basis of the FSub 11 stock treated as exchanged therefor. Section 358(a)(1).

(18) FSub 9's holding period for the New FSub 11 stock deemed received in the FSub 11 Reorganization will include the period during which FSub 9 held the FSub 11 stock deemed exchanged therefor, provided that FSub 9 holds the FSub 11 stock as a capital asset on the date of the deemed exchange. Section 1223(1).

(19) The FSub 11 Reorganization will not result in a closing of the tax year, and New FSub 11 will succeed to and take into account the tax attributes of FSub 11 enumerated in § 381(c). Section 381(a) and (b), § 1.367(b)-7 and -9, § 1.381(b)-1(a)(2).

(20) New FSub 11 will recognize gain under § 1001 on the FSub 11 Asset Sale to the extent the fair market value of each of the FSub 11 Transferred Assets exceeds New FSub 11's adjusted basis therein at such time.

(21) As a result of the FSub 11 Asset Sale, Distributing 1 will take a cost basis under § 1012 in the FSub 11 Transferred Assets purchased from New FSub 11.

#### The FSub 12 Reorganization and the FSub 12 Asset Sale

(22) For federal income tax purposes, the FSub 12 Reorganization will be treated as a transfer by FSub 12 of its assets to New FSub 12 in exchange for New FSub 12 stock and New FSub 12's assumption of the liabilities of FSub 12, followed by a liquidation of FSub 12 in which the New FSub 12 stock is distributed to FSub 9 in cancellation of its interests in FSub 12. Section 1.367(b)-2(f)(2).

(23) The FSub 12 Reorganization will qualify as a reorganization within the meaning of § 368(a)(1)(F). FSub 12 and New FSub 12 each will be "a party to a reorganization" within the meaning of § 368(b).

(24) No gain or loss will be recognized by FSub 12 on the deemed transfer of all of its assets to New FSub 12 in exchange for New FSub 12 stock and New FSub 12's deemed assumption of FSub 12's liabilities in the FSub 12 Reorganization. Sections 361(a) and 357(a).

(25) No gain or loss will be recognized by New FSub 12 on the deemed receipt of FSub 12's assets in exchange for New FSub 12 stock and New FSub 12's deemed assumption of FSub 12's liabilities in the FSub 12 Reorganization. Section 1032(a).

(26) Immediately after the FSub 12 Reorganization, New FSub 12's basis in each asset deemed acquired from FSub 12 in the FSub 12 Reorganization will equal the basis of such asset in the hands of FSub 12 immediately before the FSub 12 Reorganization. Section 362(b).

(27) New FSub 12's holding period for each asset deemed acquired from FSub 12 in the FSub 12 Reorganization will include the period during which such asset was held by FSub 12. Section 1223(2).

(28) No gain or loss will be recognized by FSub 12 on the deemed distribution to FSub 9 of the New FSub 12 stock in the FSub 12 Reorganization. Section 361(c)(1).

(29) No gain or loss will be recognized by FSub 9 on the deemed receipt of New FSub 12 stock in exchange for FSub 12 stock in the FSub 12 Reorganization. Section 354(a)(1).

(30) Immediately after the FSub 12 Reorganization, FSub 9's basis in the New FSub 12 stock deemed received in exchange for FSub 12 stock in the FSub 12 Reorganization will equal the basis of the FSub 12 stock treated as exchanged therefor. Section 358(a)(1).

(31) FSub 9's holding period for the New FSub 12 stock deemed received in the FSub 12 Reorganization will include the period during which FSub 9 held the FSub 12 stock deemed exchanged therefor, provided that FSub 9 holds the FSub 12 stock as a capital asset on the date of the deemed exchange. Section 1223(1).

(32) The FSub 12 Reorganization will not result in a closing of the tax year, and New FSub 12 will succeed to and take into account the tax attributes of FSub 12 enumerated in § 381(c). Section 381(a) and (b), § 1.367(b)-7 and -9, § 1.381(b)-1(a)(2).

(33) New FSub 12 will recognize gain under § 1001 on the FSub 12 Asset Sale to the extent the fair market value of each of the FSub 12 Transferred Assets exceeds New FSub 12's adjusted basis therein at such time.

(34) As a result of the FSub 12 Asset Sale, Distributing 1 will take a cost basis under § 1012 in the FSub 12 Transferred Assets purchased from New FSub 12.

### The Upstream Reorganizations

(35) For federal income tax purposes, each Upstream Reorganization will be treated as a transfer by Target of substantially all of its assets to Acquiring solely in exchange for Acquiring voting stock and Acquiring's assumption of Target's liabilities, followed by the distribution by Target of the Acquiring voting stock to Acquiring in complete liquidation.

(36) The deemed transfer by Target of substantially all of its assets to Acquiring solely in exchange for Acquiring voting stock and Acquiring's assumption of Target's liabilities, followed by the deemed distribution by Target of the Acquiring voting stock to Acquiring in complete liquidation, will qualify as a reorganization under § 368(a)(1)(C). Each Upstream Reorganization will not be disqualified or recharacterized by reason of the subsequent transfers set forth in the Proposed Transaction. Section 368(a)(2)(C); § 1.368-2(k). Target and Acquiring each will be a "party to a reorganization" within the meaning of § 368(b).

(37) No gain or loss will be recognized by Target on the deemed transfer of substantially all of its assets to Acquiring solely in exchange for shares of Acquiring voting stock and Acquiring's deemed assumption of Target's liabilities in an Upstream Reorganization. Sections 361(a), 357(a).

(38) No gain or loss will be recognized by Target on the deemed distribution of Acquiring voting stock to Acquiring in an Upstream Reorganization. Section 361(c).

(39) No gain or loss will be recognized by Acquiring on the deemed receipt of Target's assets solely in exchange for Acquiring voting stock and Acquiring's deemed assumption of Target's liabilities in an Upstream Reorganization. Section 1032(a).

(40) Immediately after an Upstream Reorganization, Acquiring's basis in each asset deemed acquired from Target in the Upstream Reorganization will equal the basis of such asset in the hands of Target immediately before the Upstream Reorganization. Section 362(b).

(41) Acquiring's holding period for each asset deemed acquired from Target in an Upstream Reorganization will include the period during which such asset was held by Target. Section 1223(2).

(42) No gain or loss will be recognized by Acquiring on the deemed receipt of Acquiring voting stock solely in exchange for Target stock in an Upstream Reorganization. Section 354(a)(1).

(43) The taxable year of Target will end on the effective date of the closing of the respective Upstream Reorganization. Acquiring will succeed to and take into account the items of Target described in § 381(c), subject to the provisions and limitations specified in §§ 367 (with respect to the FSub 8 and FSub 10 Reorganizations), 381, 382, 383, and 384 and the regulations thereunder. Section 381(a) and (b); § 1.381(a)-1.

(44) Acquiring will not realize income under § 61(a)(12) or § 1.301-1(m) with respect to the extinguishment of intercompany debt, if any, in an Upstream Reorganization. See Rev. Rul. 74-54, 1974-1 C.B. 76.

#### The New Sub 4 Contribution

(45) For federal income tax purposes, the New Sub 4 Contribution will be treated as the transfer by Distributing 1 of the assets and liabilities remaining in Sub 4 LLC after Step (xli) of the Proposed Transaction to New Sub 4 in deemed exchange for New Sub 4 stock.

(46) No gain or loss will be recognized by Distributing 1 on the deemed transfer of assets and liabilities by Distributing 1 to New Sub 4 in exchange for New Sub 4 stock in the New Sub 4 Contribution. Sections 351(a) and 357(a).

(47) No gain or loss will be recognized by New Sub 4 on the deemed receipt of assets and liabilities from Distributing 1 in exchange for New Sub 4 stock in the New Sub 4 Contribution. Section 1032(a).

(48) Immediately after the New Sub 4 Contribution, Distributing 1's aggregate basis in the New Sub 4 stock deemed received in the New Sub 4 Contribution will equal its aggregate basis in the property deemed contributed to New Sub 4 in the New Sub 4 Contribution, decreased by the amount of liabilities (other than liabilities described in § 357(c)(3)) deemed assumed by New Sub 4 in the New Sub 4 Contribution. Section 358(a) and (d).



(49) Immediately after the New Sub 4 Contribution, New Sub 4's basis in each asset deemed received from Distributing 1 in the New Sub 4 Contribution will equal the basis of such asset in the hands of Distributing 1 immediately before the New Sub 4 Contribution. Section 362(a).

(50) Distributing 1's holding period for the New Sub 4 stock deemed received in the New Sub 4 Contribution will include the period during which Distributing 1 held the property deemed contributed to New Sub 4, provided that Distributing 1 holds such property as a capital asset on the date of the New Sub 4 Contribution. Section 1223(1).

(51) New Sub 4's holding period for each asset deemed received from Distributing 1 in the New Sub 4 Contribution will include the period during which such asset was held by Distributing 1. Section 1223(2).

#### The First Contribution and Internal Distribution

(52) The First Contribution followed by the Internal Distribution will qualify as a reorganization within the meaning of § 368(a)(1)(D). Distributing 1 and Controlled 1 each will be "a party to a reorganization" within the meaning of § 368(b).

(53) No gain or loss will be recognized by Distributing 1 on the First Contribution. Sections 357(a) and 361(a).

(54) No gain or loss will be recognized by Controlled 1 on the First Contribution. Section 1032(a).

(55) Immediately after the First Contribution, Controlled 1's basis in each asset received from Distributing 1 in the First Contribution will equal the basis of such asset in the hands of Distributing 1 immediately before the First Contribution. Section 362(b).

(56) Controlled 1's holding period for each asset received from Distributing 1 in the First Contribution will include the period during which such asset was held by Distributing 1. Section 1223(2).

(57) No gain or loss will be recognized by Distributing 1 on the distribution to Distributing 2 of Controlled 1 Common Stock in the Internal Distribution. Section 361(c).

(58) No gain or loss will be recognized by Distributing 2 (and no amount will be includible in its income) on the receipt of Controlled 1 Common Stock in the Internal Distribution. Section 355(a)(1). Section 355(a)(3)(B) will not treat as "other property" any part of the Controlled 1 Common Stock deemed issued by Controlled 1 to Distributing 1 in exchange for the Licenses transferred to Controlled 1 in the First Contribution.

(59) The basis of the Distributing 1 stock and the Controlled 1 Common Stock in the hands of Distributing 2 immediately after the Internal Distribution will be the same as the basis of the Distributing 1 stock held by Distributing 2 immediately before the Internal Distribution, allocated between the stock of Distributing 1 and Controlled 1 in proportion to the fair market value of each in accordance with § 358(a)(1) and § 1.358-2(a)(2). Section 358(b)(2), (c).

(60) Distributing 2's holding period for the Controlled 1 Common Stock received in the Internal Distribution will include the period during which Distributing 2 held the Distributing 1 stock on which the Internal Distribution is made, provided that Distributing 2 holds such Distributing 1 stock as a capital asset on the date of the Internal Distribution. Section 1223(1).

(61) Earnings and profits will be allocated between Distributing 1 and Controlled 1 in accordance with § 312(h), § 1.312-10(a) and (c), and § 1.1502-33(f)(2).

(62) Except for purposes of § 355(g), any asset transfers or other payments between Distributing 1 or its grantor trusts and Controlled 1 or its grantor trusts pursuant to the Post-Distribution Trust Transfers, and any payments between Distributing 1 (or its affiliates) and Controlled 1 (or its affiliates) under any of the Continuing Arrangements regarding liabilities, indemnities, or other obligations that (i) have arisen or will arise for a taxable period ending on or before the Internal Distribution and (ii) will not become fixed and ascertainable until after the Internal Distribution, will be treated as occurring before the Internal Distribution. See *Arrowsmith v. Commissioner*, 344 U.S. 6 (1952) (tax character of later transaction will derive from earlier, related transaction); Rev. Rul. 83-73, 1983-1 C.B. 84; Rev. Rul. 2002-1, 2002-1 C.B. 268.

(63) The earnings and profits of each controlled foreign corporation (within the meaning of § 957(a)) transferred by Distributing 1 to Controlled 1 in the First Contribution, to the extent attributable to Distributing 1 under §§ 1.1248-2 or 1.1248-3 (whichever is applicable), that were accumulated in tax years of such controlled foreign corporation beginning after December 31, 1962 and during the period in which each such corporation was a controlled foreign corporation, will be attributable to such stock held by Controlled 1. Section 1.1248-1(a)(1).

#### The Second Contribution and External Distribution

(64) The Second Contribution (including the receipt of the Special Cash Distribution and any payment by Controlled 2 to Distributing 2 pursuant to the Working Capital Adjustment) followed by the External Distribution will qualify as a reorganization within the meaning of § 368(a)(1)(D). Distributing 2 and Controlled 2 each will be "a party to a reorganization" within the meaning of § 368(b).

(65) Provided that the proceeds of the Special Cash Distribution and the amount of any payment by Controlled 2 to Distributing 2 pursuant to the Working Capital

Adjustment are used as described above, no gain or loss will be recognized by Distributing 2 (and no amount will be includible in its income) on the Second Contribution (including the receipt of the Special Cash Distribution and any payment by Controlled 2 to Distributing 2 pursuant to the Working Capital Adjustment). Sections 357(a) and 361(a) and (b).

(66) No gain or loss will be recognized by Controlled 2 on the Second Contribution. Section 1032(a).

(67) Immediately after the Second Contribution, Controlled 2's basis in each asset received from Distributing 2 in the Second Contribution will equal the basis of such asset in the hands of Distributing 2 immediately before the Second Contribution. Section 362(b).

(68) Controlled 2's holding period for each asset received from Distributing 2 in the Second Contribution will include the period during which such asset was held by Distributing 2. Section 1223(2).

(69) No gain or loss will be recognized by Distributing 2 on the distribution to its shareholders of Controlled 2 Common Stock in the External Distribution. Section 361(c).

(70) No gain or loss will be recognized by Distributing 2's shareholders (and no amount will be includible in their income) on the receipt of Controlled 2 Common Stock in the External Distribution. Section 355(a)(1).

(71) The basis of the Distributing 2 common stock and the Controlled 2 Common Stock in the hands of each Distributing 2 shareholder immediately after the External Distribution (including any fractional share interest in Controlled 2 Common Stock to which the shareholder may be entitled) will be the same as the basis of the Distributing 2 common stock held by such Distributing 2 shareholder immediately before the External Distribution, allocated between the stock of Distributing 2 and Controlled 2 in proportion to the fair market value of each in accordance with § 358(a)(1) and § 1.358-2(a)(2). Section 358(b)(2), (c).

(72) The holding period for the Controlled 2 Common Stock received by each Distributing 2 shareholder in the External Distribution (including any fractional share interest in Controlled 2 Common Stock to which the shareholder may be entitled) will include the period during which such shareholder held the Distributing 2 common stock on which the External Distribution is made, provided that such shareholder holds such Distributing 2 common stock as a capital asset on the date of the External Distribution. Section 1223(1).

(73) Earnings and profits will be allocated between Distributing 2 and Controlled 2 in accordance with § 312(h), § 1.312-10(a) and (c), and § 1.1502-33(e)(3).

(74) The receipt by Distributing 2 shareholders of cash in lieu of fractional shares of Controlled 2 Common Stock will be treated for federal income tax purposes as if the fractional shares had been distributed to the Distributing 2 shareholders as part of the External Distribution and then had been disposed of by such shareholders for the amount of such cash in a sale or exchange. The gain (or loss) recognized, if any (determined using the bases allocated to the fractional shares in Ruling (71)), will be treated as capital gain (or loss), provided the stock is held as a capital asset by the selling shareholder. Sections 1001 and 1221. Such gain or loss will be short-term or long-term capital gain (or loss) (determined using the holding period provided in Ruling (72)).

(75) Except for purposes of § 355(g), payments between Distributing 2 and Controlled 2 pursuant to the Working Capital Adjustment, and any payments between Distributing 2 (or its affiliates) and Controlled 2 (or its affiliates) under any of the Continuing Arrangements regarding liabilities, indemnities, or other obligations that (i) have arisen or will arise for a taxable period ending on or before the External Distribution and (ii) will not become fixed and ascertainable until after the External Distribution, will be treated as occurring before the External Distribution. See Arrowsmith v. Commissioner, 344 U.S. 6 (1952) (tax character of later transaction will derive from earlier, related transaction); Rev. Rul. 83-73, 1983-1 C.B. 84; Rev. Rul. 2002-1, 2002-1 C.B. 268.

(76) Following the External Distribution, Controlled 2 will not be a successor to Distributing 2 for purposes of § 1504(a)(3); therefore, Controlled and its direct and indirect subsidiaries that are “includible corporations” (under § 1504(b)) and satisfy the ownership requirements of § 1504(a)(2) will be members of an affiliated group of corporations entitled to file a consolidated federal income tax return with Controlled 2 as the common parent immediately following the External Distribution.

### Caveats

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 or any other restructuring activity not specifically described above. We express no opinion about the tax treatment of the Proposed Transaction under other provisions of the Code and regulations or the tax treatment of any condition existing at the time of, or effect resulting from, the Proposed Transactions that is not specifically covered by the above Rulings. In particular, no opinion is expressed or implied regarding:

- (i) Whether the Internal Distribution or the External Distribution satisfies the business purpose requirement of § 1.355-2(b);
- (ii) Whether the Internal Distribution is being used principally as a device for the distribution of the earnings and profits of Distributing 1, Controlled 1, or both (see § 355(a)(1)(B) and § 1.355-2(d));
- (iii) Whether the External Distribution is being used principally as a device for the distribution of the earnings and profits of Distributing 2, Controlled 2, or both (see § 355(a)(1)(B) and § 1.355-2(d));
- (iv) Whether the Internal Distribution or the External Distribution and any acquisition or acquisitions are part of a plan (or series of related transactions) under § 355(e)(2)(A)(ii);
- (v) The federal income tax consequences of the loan from FSub 11 to Distributing 1 in Step (iv), the creditability of any foreign taxes paid or accrued by FSub 11, or the extent to which § 960(c) limits the amount of such foreign taxes that are deemed paid under § 902 by reason of § 960(a);
- (vi) Whether the transfer of the Licenses in the First Contribution constitutes a transfer of property (see Rev. Rul. 69-156, 1969-1 C.B. 101);
- (vii) The federal income tax consequences of the Transactions, including the tax consequences under Subchapter K of any aspect of Transaction 13;
- (viii) The federal income tax consequences of the Foreign Restructuring Transactions;
- (ix) The federal income tax consequences under Subchapter K of (A) any aspect of FDE 3's transfer of the Limited Disregarded FSub 8 Interest to Distributing 2 in exchange for cash in Step (xiv) (including whether a partnership for federal tax purposes is created), (B) Sub 15's transfer to

FDE 8 of all its interests in FDE 3 in Step (lii) (including but not limited to the application of §§ 708(b)(1)(B), 751, and 752 (see Rev. Rul. 84-53, 1984-1 C.B. 159), and whether a partnership for federal tax purposes is created), or (C) Distributing 2's transfer of the Limited Disregarded FSub 8 Interest to FDE 3 in exchange for cash in Step (lxvi) (see Rev. Rul. 99-6, 1999-1 C.B. 432, and Rev. Rul. 84-111, 1984-2 C.B. 88);

- (x) The federal income tax consequences under Subchapter K of any aspect of Distributing 2's deemed transfer of its interest in PS 2 as a result of the New Sub 4 Contribution in Step (xliv), including but not limited to §§ 708(b)(1)(B), 751, and 752 (see Rev. Rul. 84-53, 1984-1 C.B. 159);
- (xi) The federal income tax treatment of any captive insurance arrangements;
- (xii) Whether income, gain, or loss will be recognized upon settlement of any Short-Term Intercompany Obligations, any indebtedness that may be created in the ordinary course of business, or any indebtedness created in connection with the Continuing Arrangements; and/or
- (xiii) The potential application of § 482 to any continuing transactions between Distributing 2 (or an affiliate thereof) and Controlled 2 (or an affiliate thereof) that will be performed at cost or on an "all-in cost" or a "cost-plus" basis.

### **Procedural Statements**

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

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

In accordance with the power of attorney on file in this office, a copy of this letter ruling is being sent to your authorized representatives.

Sincerely,

Mark S. Jennings  
Branch Chief, Branch 1  
Office of Associate Chief Counsel (Corporate)

cc: