

Internal Revenue Service

Department of the Treasury
Washington, DC 20224

Number: **201240017**

Release Date: 10/5/2012

Index Number: 312.09-00, 332.00-00, 351.00-00, 355.01-00, 368.00-00, 904.05-00

Third Party Communication: None
Date of Communication: Not Applicable
Person To Contact: , ID No.

Telephone Number:

Refer Reply To:
CC:CORP:B03
PLR-149071-11
Date:
April 12, 2012

Legend:

Distributing 9 =

Distributing 8 =

Distributing 7 =

Distributing 6 =

Distributing 5 =

Distributing 4 =

Distributing 3 =

Distributing 2 =

Distributing 1 =

Controlled 11 =

FSub 1 =

FSub 2 =

FSub 3 =

FSub 4 =

FSub 5 =

FSub 6 =

FSub 7 =

FSub 8 =

FSub 9 =

FSub 10 =

FSub 11 =

FSub 12 =

FSub 13 =

FSub 14 =

FSub 15 =

FSub 16 =

FSub 17 =

FSub 18 =

FSub 19 =

FSub 20 =

FSub 21 =

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 =

Sub 15 =

Sub 16 =

LLC 1 =

LLC 2 =

LLC 3 =

LLC 4 =

LLC 5 =

LLC 6 =

LLC 7 =

LP =

Business A =

Business B =

Business C =

a =

b =

c =

d =

e =

f =

g =

h =

i =

j =

k =

l =

m =

n =

o =

p =

q =

r =

s =

t =

u =

v =

w =

x =

y =

z =

aa =

State A =

State B =

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7

State C =

State D =

State E =

State F =

Country A =

Country B =

Country C =

Country D =

Separation Purposes =

Integration Purpose =

Prior Transactions =

Distributing 3 Debt =

Sub 4 Debt =

Sub 10 Debt =

Distributing 4 Debt =

Distributing 9 Debt =

Property =

Retained Assets =

Distributing 6 Interest =

Target =

Date =

Dear :

This letter responds to your representative's letter dated November 23, 2011, requesting rulings on certain federal income tax consequences of a series of proposed transactions. Additional information was submitted in letters dated January 6, 2012, January 24, 2012, February 14, 2012, March 15, 2012, March 20, 2012, April 3, 2012, and April 10, 2012. The material information submitted for consideration 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 request for rulings. Verification of the information, representations, and other data may be required as part of the audit process.

Moreover, no determination has been made regarding whether any of Distributions 1 through 18 (as defined below): (i) satisfies the business purpose requirement of § 1.355-2(b) of the Income Tax Regulations; (ii) is used principally as a device for the distribution of the earnings and profits of the distributing corporation or the controlled corporation or both (see § 355(a)(1)(B) of the Internal Revenue Code and § 1.355-2(d)); or (iii) 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 the distributing corporation or the controlled corporation (see § 355(e) and § 1.355-7).

SUMMARY OF THE FACTS

Distributing 9 is a publicly-traded Country A corporation. Distributing 9 is a holding company engaged through its affiliates in Business A, Business B, and Business C. Distributing 9 wholly owns Distributing 8 and Controlled 11.

Distributing 8 wholly owns Distributing 2 and FSub 1. Distributing 8 also owns (i) a percent of the stock of FSub 21, (b) b percent of the stock of FSub 6, and (iii) c percent of the stock of FSub 18. FSub 1, which is disregarded as an entity separate from its owner for U.S. federal tax purposes (a “disregarded entity”), is a shell company that has had no assets, other than required nominal capital, or activities since its formation.

Distributing 2 wholly owns (i) FSub 2, a disregarded entity, (ii) FSub 3, (iii) FSub 4, (iv) FSub 5, (v) Distributing 1, (vi) Distributing 7, and (vii) Sub 1. In addition, Distributing 2 owns (i) d percent of the stock of Sub 2, (ii) e percent of the stock of Distributing 6, (iii) f percent of the common stock of Distributing 3, (iv) g percent of the stock of FSub 6, (v) h percent of the stock of FSub 11, (vi) i percent of the stock of Sub 9, and (vii) j percent of the stock of FSub 18.

FSub 2 wholly owns (i) FSub 7, (ii) FSub 8, and (iii) FSub 9.

Sub 2 wholly owns LLC 1, a disregarded entity.

FSub 5 wholly owns FSub 10. FSub 10 owns the Property.

Distributing 6 wholly owns Distributing 5 and owns k percent of the issued and outstanding common stock of Distributing 3.

Distributing 5 wholly owns Distributing 4 and owns (i) l percent of the common stock and all of the preferred stock of Distributing 3, (ii) the Distributing 3 Debt, and (iii) m percent of the stock of Sub 10.

Distributing 3 is engaged, indirectly, in Business A and Business C, and is the common parent of an affiliated group of corporations that elects to file consolidated U.S. federal income tax returns. Distributing 3 wholly owns Sub 3. Sub 3 wholly owns Sub 4 and Sub 5. Sub 4 is engaged directly in Business A and Business C.

Distributing 4 is engaged, indirectly, in Business B and Business C, and is the common parent of an affiliated group of corporations that elects to file consolidated U.S. federal income tax returns. Distributing 4 wholly owns (i) LLC 2, a disregarded entity, (ii) LLC 3, a disregarded entity, (iii) LLC 4, a disregarded entity, (iv) Sub 6, and (v) Sub 8. In addition, Distributing 4 owns (i) n percent of the stock of FSub 11, (ii) o percent of the stock of Sub 2, and (iii) p percent of the stock of FSub 14. Distributing 4 also wholly owns a number of domestic and foreign entities engaged, directly and indirectly, in Business B (the "Business B Subsidiaries").

LLC 3 owns q percent of the stock of FSub 13. LLC 4 wholly owns FSub 12 and FSub 20, a disregarded entity, and r percent of the stock of FSub 15. FSub 20 owns r percent of the stock of FSub 19. FSub 11 and FSub 12 own s percent and t percent, respectively, of the issued and outstanding stock of Distributing 6.

Sub 6 owns (i) u percent of the stock of FSub 13, (ii) v percent of the stock of FSub 15, and (iii) p percent of the stock of FSub 16.

LLC 2 wholly owns LLC 6, a disregarded entity, and owns (i) w percent of the stock of Sub 9 and (ii) x percent of the stock of Sub 10.

Sub 9 wholly owns (i) Sub 7, (ii) Sub 11, (iii) Sub 12, and (iv) Sub 13. Sub 7 wholly owns Sub 14 and owns u percent of the stock of FSub 14. Sub 11 wholly owns LLC 7, a disregarded entity. Sub 14 wholly owns Sub 15. Sub 7, Sub 11, Sub 12, Sub 14, Sub 15, and LLC 7, are engaged, directly or indirectly, in Business B. Sub 9 and Sub 13 are engaged, directly and indirectly, in Business C.

Sub 10 wholly owns Sub 16. Sub 16 wholly owns LLC 5, a disregarded entity. Sub 16 also owns approximately q percent of the interests in LP.

LLC 5 owns (i) the remaining interests in LP, (ii) v percent of the stock of FSub 16, (iii) v percent of the stock of FSub 17, (iv) v percent of the stock of FSub 18, and (v) v percent of the stock of FSub 19. The remaining stock of FSub 17 is owned by FSub 19.

FSub 17 owns p percent of the stock of FSub 21. Sub 10 and its direct and indirect subsidiaries, other than FSub 17 and FSub 21, are engaged in Business C. FSub 17 is engaged, directly and indirectly, in Business B.

Financial information has been submitted indicating that each of Business A (as conducted by Distributing 1, Sub 4, and Distributing 7), Business B (as conducted by LLC 7), and Business C (as conducted by Distributing 1, Sub 4, LP, FSub 7, and

Distributing 7) has, in each case, had gross receipts and operating expenses representative of the active conduct of a trade or business for each of the past five years.

PROPOSED TRANSACTIONS

The following steps are proposed:

- (i) Controlled 11 will re-domicile to Country A.
- (ii) A number of dormant subsidiaries will merge or liquidate into Distributing 2, Distributing 5, Distributing 3, Sub 4, Sub 5, Distributing 4, Sub 11, Sub 14, and Sub 16.
- (iii) FSub 12 will sell its $t\%$ interests in Distributing 6 to Distributing 2 at fair market value in exchange for cash.
- (iv) Distributing 2 will sell the Distributing 6 Interest to FSub 11 in exchange for a note (the "FSub 11 Note"). FSub 11 will then immediately sell its $u\%$ interest in Distributing 6 and the Distributing 6 Interest to Distributing 2 in exchange for cash equal to the fair market value of the $u\%$ interest in Distributing 6 and satisfaction of the FSub 11 Note. After Distributing 6 is a wholly owned subsidiary of Distributing 2, Distributing 6 will cancel for no consideration a portion of its shares held by Distributing 2 represented by the Distributing 6 Interest and the $s\%$ interest in Distributing 6 as part of a plan that includes the sale and repurchase of the Distributing 6 Interest.
- (v) LLC 5 will sell its share of FSub 16 to Sub 6 for fair market value in exchange for cash. Within 180 days after such sale, Sub 6 will sell a share of FSub 16 to an entity engaged in Business B for fair market value.
- (vi) FSub 16 will elect under § 301.7701-3 to be treated as a disregarded entity.
- (vii) LLC 5 will sell its minority interest in FSub 18 to Distributing 2 for fair market value in exchange for cash.
- (viii) Distributing 2 will distribute its minority interest in FSub 6, which has no value, to Distributing 8, and Distributing 8 will contribute all but one share of FSub 6 stock to a newly-formed Country B company. Distributing 8 will contribute the remaining share of FSub 6 stock to a newly-formed, wholly-owned Country B subsidiary ("Controlled 10").
- (ix) LLC 5 will sell its minority interest in FSub 19 to a direct or indirect subsidiary of Distributing 4 engaged in Business B for fair market value in exchange for cash.

- (x) Distributing 8 will sell its minority interest in FSub 21 to a direct or indirect subsidiary of Distributing 4 engaged in Business B for fair market value in exchange for cash.
- (xi) Sub 6 will sell its minority interest in FSub 15 to LLC 4 for fair market value in exchange for cash.
- (xii) Distributing 4 will contribute its majority interest in FSub 14 to Sub 8 in exchange for shares.
- (xiii) Sub 6 will sell its minority interest in FSub 13 to LLC 3 for fair market value in exchange for cash.
- (xiv) Distributing 1 will form a new corporation under the laws of Country C (“Controlled 1”) and contribute thereto Distributing 1’s assets associated with Business A in exchange for stock of Controlled 1 and the assumption by Controlled 1 of the liabilities associated with Distributing 1’s Business A (“Contribution 1”).
- (xv) Distributing 1 will distribute all of the issued and outstanding stock of Controlled 1 to Distributing 2 (“Distribution 1”).
- (xvi) Distributing 2 will form a new State A corporation (“Controlled 6”) and will contribute thereto the stock of Controlled 1 in exchange for stock of Controlled 6, immediately after which Controlled 1 will convert under Country C law to an eligible entity for U.S. federal tax purposes and elect under § 301.7701-3 to be treated as a disregarded entity (“Reorganization 1”).
- (xvii) Sub 3 will merge into Distributing 3 pursuant to State A law, with Distributing 3 surviving (“Liquidation 1”).
- (xviii) Distributing 5 will transfer a portion of the Distributing 3 Debt to Distributing 3 in exchange for additional Distributing 3 common stock of equal value.
- (xix) Distributing 5 will distribute all of its stock of Distributing 3 to Distributing 6.
- (xx) Distributing 6 will distribute all of its stock of Distributing 3 to Distributing 2.
- (xxi) Distributing 2 will distribute all of the issued and outstanding stock of Distributing 3 to Distributing 8 (“Distribution 2”).
- (xxii) Sub 4 will form a new State A limited liability company that is a disregarded entity (“LLC 8”) and contribute thereto Sub 4’s assets associated with Business A in exchange for interests in LLC 8 and the assumption by LLC 8 of the liabilities associated with Sub 4’s Business A.

- (xxiii) Distributing 3 will form a new State A corporation (“Sub 17”) and contribute thereto all of the issued and outstanding stock of Sub 4, immediately after which Sub 4 will convert to a State A limited liability company that is a disregarded entity (“Reorganization 2”).
- (xxiv) Sub 4 will distribute all of the issued and outstanding interests in LLC 8 to Sub 17.
- (xxv) Sub 17 will transfer all of the issued and outstanding interests in Sub 4 and certain Business A property to Distributing 3 in exchange for an amount of stock of Distributing 3 constituting control within the meaning of § 368(c) (“Contribution 2”).
- (xxvi) Distributing 3 will form a new State A corporation (“Controlled 2”) and contribute thereto all of the issued and outstanding interests in Sub 4 and all of the issued and outstanding stock of Sub 5, and all of Distributing 3’s other Business C assets, in exchange for stock of Controlled 2 and the assumption by Controlled 2 of Distributing 3’s liabilities associated with Business C (“Contribution 3”).
- (xxvii) Distributing 3 will distribute all of the issued and outstanding stock of Controlled 2 to Distributing 8 in redemption of stock of Distributing 3 (“Distribution 3”).
- (xxviii) Sub 16 will convert to a State B limited liability company that is a disregarded entity (“Liquidation 2”).
- (xxix) Sub 10 will redeem its stock held by Distributing 5 for fair market value in exchange for cash and thereafter convert to a State A limited liability company that is a disregarded entity (“Liquidation 3”).
- (xxx) LLC 5 will sell all of its interests in FSub 17 to a newly formed State A limited liability company that will be owned by Sub 16 and that will be a disregarded entity (“LLC 9”) for fair market value in exchange for cash.
- (xxxi) All of the interests in LLC 9 will be distributed (i) by Sub 16 to Sub 10, (ii) by Sub 10 to LLC 2, and (iii) by LLC 2 to Distributing 4.
- (xxxii) Sub 15 will convert to a State C limited liability company that is a disregarded entity (“Liquidation 4”).
- (xxxiii) Sub 14 will convert to a State D limited liability company that is a disregarded entity (“Liquidation 5”).
- (xxxiv) Sub 7 will convert to a State E limited liability company that is a disregarded entity (“Liquidation 6”).

- (xxxv) Sub 11 will convert to a State A limited liability company that is a disregarded entity (“Liquidation 7”).
- (xxxvi) Sub 13 will convert to a State F limited liability company that is a disregarded entity.
- (xxxvii) Sub 9 will distribute cash to Distributing 2 and Sub 9’s remaining assets to LLC 2 (a disregarded entity owned by Distributing 4) in complete liquidation (“Liquidation 8”).
- (xxxviii) LLC 5 will sell all of its remaining assets associated with Business B to LLC 6 for fair market value in exchange for cash and the assumption of liabilities.
- (xxxix) LLC 2 will distribute all of the interests in LLC 6, Sub 11, and Sub 7 and all of the issued and outstanding stock of Sub 12 to Distributing 4.
- (xl) Distributing 4 will form a new State A corporation (“Controlled 3”) and contribute thereto all of the issued and outstanding stock or interests in LLC 6, Sub 7, Sub 8, Sub 11, Sub 12, LLC 9, and the Business B Subsidiaries in exchange for stock of Controlled 3, securities of Controlled 3, and the assumption by Controlled 3 of Distributing 4’s liabilities associated with Business B (“Contribution 4”).
- (xli) Distributing 4 will distribute all of the issued and outstanding stock and securities of Controlled 3 to Distributing 5 (“Distribution 4”).
- (xlii) Distributing 5 will form a new State A corporation (“Controlled 4”) and contribute thereto all of the issued and outstanding stock of Distributing 4, immediately after which Distributing 4 will convert to a State A limited liability company that is a disregarded entity (“Reorganization 3”).
- (xlili) FSub 2 will sell all of the issued and outstanding stock of FSub 7 to Distributing 5 for fair market value in exchange for cash.
- (xliv) FSub 7 will elect under § 301.7701-3 to be treated as a disregarded entity.
- (xlv) FSub 3 will elect under § 301.7701-3 to be treated as a disregarded entity.
- (xlvi) FSub 2 will sell all of the issued and outstanding stock of FSub 9 to Distributing 9 in exchange for cash, after which FSub 9 will elect under § 301.7701-3 to be treated as a disregarded entity.
- (xlvii) Distributing 5 will distribute all of the issued and outstanding stock of Controlled 4 to Distributing 6 (“Distribution 5”).

- (xlviii) Distributing 6 will distribute all of the issued and outstanding stock of Controlled 4 to Distributing 2 (“Distribution 6”).
- (xlix) Controlled 4 will merge with and into Sub 1 pursuant to State A law, with Sub 1 surviving (“Reorganization 4”).
- (l) Controlled 2 will merge with and into Sub 1 pursuant to State A law, with Sub 1 surviving (“Reorganization 5”). Distributing 8 will receive solely Distributing 2 stock in Reorganization 5, which will be issued or deemed issued directly by Distributing 2 to Distributing 8.
- (li) Sub 1 will transfer all of the assets acquired from Controlled 2 in Step (l) to Distributing 4.
- (lii) Sub 2 will distribute all of the issued and outstanding interests in LLC 1 to Distributing 2.
- (liii) FSub 4 will elect under § 301.7701-3 to be treated as a disregarded entity.
- (liv) Distributing 5 will form a new company under the laws of Country A (“Controlled 5”) and contribute thereto all of Distributing 5’s assets associated with Business B, including all of the stock and securities of Controlled 3, in exchange for stock of Controlled 5 and the assumption by Controlled 5 of Distributing 5’s liabilities associated with Business B (“Contribution 5”). Controlled 5 will be treated as a corporation for U.S. federal tax purposes.
- (lv) Distributing 5 will transfer to Controlled 6 all of Distributing 5’s assets associated with Business A, including a portion of the Distributing 3 Debt remaining after Step (xviii), in exchange for an amount of stock of Controlled 6 constituting control within the meaning of § 368(c) and the assumption by Controlled 6 of Distributing 5’s liabilities associated with Business A (“Contribution 6”).
- (lvi) Distributing 5 will distribute to Distributing 6 all of the issued and outstanding stock of Controlled 5 and all of its stock of Controlled 6 (“Distribution 7” and “Distribution 8,” respectively) and a portion of the Distributing 3 Debt.
- (lvii) Distributing 6 will form a new company under the laws of Country A (“Controlled 7”) and contribute thereto all of the issued and outstanding stock of Controlled 5 in exchange for stock of Controlled 7 and the assumption by Controlled 7 of Distributing 6’s liabilities associated with Business B (“Contribution 7”). Controlled 7 will be treated as a corporation for U.S. federal tax purposes. Distributing 6 will contribute the portion of the Distributing 3 Debt received in Step (lvi) to Controlled 6.

- (lviii) Distributing 6 will distribute all of the issued and outstanding stock of Controlled 7 and all of its stock of Controlled 6 to Distributing 2 (“Distribution 9” and “Distribution 10,” respectively).
- (lix) FSub 10 will convert under the laws of Country A to an eligible entity for U.S. federal tax purposes and will elect under § 301.7701-3 to be treated as a disregarded entity.
- (lx) FSub 10 will distribute substantially all of the rights to the Property to FSub 5. FSub 5 will then distribute the Property received from FSub 10 to Distributing 2.
- (lxi) Controlled 6 or one of its affiliates will purchase the Property from Distributing 2 in exchange for a short-term note.
- (lxii) Distributing 2 will form a new company under the laws of Country B (“Controlled 8”) and contribute thereto all of Distributing 2’s assets associated with Business B, other than the Retained Assets, in exchange for stock of Controlled 8 and the assumption by Controlled 8 of Distributing 2’s liabilities associated with Business B (the “Business B Contribution”). Prior to Distribution 17, described below, Distributing 2 will sell the Retained Assets to Controlled 8 at fair market value in exchange for cash transferred by Distributing 2 to Controlled 8 in the Business B Contribution (such sale, together with the Business B Contribution, “Contribution 8”). Prior to Contribution 8, Distributing 2 will have sold a portion of its Business B assets to various affiliates engaged in Business B at fair market value in exchange for cash. Controlled 8 will be treated as a corporation for U.S. federal tax purposes.
- (lxiii) Distributing 2 will distribute all of the issued and outstanding stock of Controlled 8, Controlled 6, and Distributing 7 to Distributing 8 (“Distribution 11,” “Distribution 12,” and “Distribution 13,” respectively).
- (lxiv) Distributing 8 will contribute to Controlled 10 all of Distributing 8’s assets associated with Business B in exchange for stock of Controlled 10 and the assumption by Controlled 10 of Distributing 8’s liabilities associated with Business B (“Contribution 9”).
- (lxv) Distributing 8 will contribute to Controlled 6 all of Distributing 8’s assets associated with Business A, including all of its Distributing 3 stock, in exchange for stock of Controlled 6 (the “Distributing 8 Business A Contribution”).
- (lxvi) Distributing 7 will recapitalize its capital stock into common stock (the “Distributing 7 Common Stock”) and redeemable preferred stock (the “Distributing 7 Preferred Stock”). The Distributing 7 Preferred Stock will have a value equal to the value of Distributing 7’s Business C.

- (I xvii) Distributing 8 will form a new corporation under the laws of Country D (“Controlled 9”) and contribute thereto the Distributing 7 Preferred Stock (the “Controlled 9 Formation”).
- (I xviii) Controlled 6 will form a new corporation under State A law (“Sub 18”).
- (I xix) Distributing 8 will contribute the Distributing 7 Common Stock directly to Sub 18 pursuant to an agreement under which Sub 18 will issue interests to Controlled 6 and Controlled 6 will issue shares of stock to Distributing 8.
- (I xx) Distributing 7 will transfer its assets associated with Business C to Controlled 9 in exchange for redeemable preferred stock of Controlled 9 (the “Controlled 9 Preferred Stock”) and the assumption by Controlled 9 of Distributing 7’s liabilities associated with Business C equal to the value of Distributing 7’s Business C (collectively, the “Controlled 9 Preferred Issuance”).
- (I xxi) Distributing 7 and Controlled 9 will redeem the Distributing 7 Preferred Stock and the Controlled 9 Preferred Stock, respectively, in exchange for notes (the notes the “Distributing 7 Note” and the “Controlled 9 Note,” and the redemptions together the “Country D Preferred Redemptions”).
- (I xxii) The Distributing 7 Note and the Controlled 9 Note will be set off against each other in complete cancellation of the notes (the “Country D Note Setoff”). The Controlled 9 Formation, the Controlled 9 Preferred Issuance, the Country D Preferred Redemptions, and the Country D Note Setoff are referred to as (“Contribution 11” and “Distribution 14”).
- (I xxiii) Distributing 8 will contribute cash to FSub 1 and then will contribute all of the issued and outstanding interests in FSub 1 to Controlled 6. This Step, together with the deemed transfer of the Distributing 7 Common Stock by Distributing 8 to Controlled 6 in Step (I xix) and the Distributing 8 Business A Contribution, is “Contribution 10.”
- (I xxiv) Distributing 8 will distribute all of the issued and outstanding stock of Controlled 10 and Controlled 6 to Distributing 9 (“Distribution 15” and “Distribution 16,” respectively). It is anticipated that, prior to Distributions 15 and 16, Distributing 8 will transfer the Distributing 9 Debt and potentially a newly issued Distributing 8 note to Distributing 9 in redemption of Distributing 8 shares.
- (I xxv) Distributing 9 will contribute to Controlled 11 all of Distributing 9’s assets associated with Business B and will waive a payable owed to Distributing 9 by Controlled 11 in exchange for stock of Controlled 11 and the assumption by Controlled 11 of Distributing 9’s liabilities associated with Business B (“Contribution 12”).

- (lxxvi) Controlled 6 will borrow up to \$z pursuant to an issuance of public debt. Controlled 6 will lend a portion of the proceeds to Distributing 3 or an affiliate of Controlled 6, which will use those proceeds to repay any remaining Distributing 3 Debt or debt of an affiliate of Controlled 6, as applicable, held by Distributing 5. Controlled 6 or one of its affiliates will use all or a portion of the remaining proceeds to repay the short-term note issued in Step (lxi).
- (lxxvii) Distributing 9 will distribute all of the issued and outstanding stock of Controlled 11 and Controlled 6 pro rata to Distributing 9's shareholders ("Distribution 17" and "Distribution 18," respectively).
- (lxxviii) Immediately following Distribution 17, the Controlled 11 group will acquire all of the issued and outstanding stock of Target (the "Acquisition"). In connection with the Acquisition, the former Target shareholders will receive in the aggregate aa% of the issued and outstanding stock of Controlled 11.

REPRESENTATIONS

The following representations have been made with respect to Contribution 1 and Distribution 1:

- (a¹) The total adjusted basis of the assets transferred to Controlled 1 by Distributing 1 in Contribution 1 will equal or exceed the sum of any liabilities assumed (within the meaning of § 357(d)) by Controlled 1.
- (a²) The total fair market value of the assets transferred to Controlled 1 in Contribution 1 will exceed the sum of (i) the amount of any liabilities assumed (within the meaning of § 357(d)) by Controlled 1 in the exchange, (ii) the amount of any liabilities owed to Controlled 1 by Distributing 1 that are discharged or extinguished in connection with the exchange, and (iii) the amount of cash and the fair market value of any other property (other than stock and securities permitted to be received under § 361(a) without recognition of gain) received by Distributing 1 in the exchange. The fair market value of the assets of Controlled 1 will exceed the amount of Controlled 1's liabilities immediately after Contribution 1.
- (a³) The total fair market value of the assets transferred to Controlled 1 by Distributing 1 in Contribution 1 will equal or exceed the aggregate adjusted basis of the transferred assets.
- (a⁴) Any liabilities assumed (within the meaning of § 357(d)) by Controlled 1 in Contribution 1 will have been incurred in the ordinary course of business and will be associated with the assets transferred.

- (a⁵) No part of the consideration to be distributed by Distributing 1 will be received by a shareholder as a creditor, employee, or in any capacity other than that of a shareholder of Distributing 1.
- (a⁶) Except for expenses that are “solely and directly related” (within the meaning of Rev. Rul. 73-54, 1973-1 C.B. 187) to Distribution 1, all of which will be paid initially by LLC 2 and subject to reimbursement by the appropriate Distributing 9 affiliates, each of the parties to Distribution 1 will pay its own expenses, if any, incurred in connection with Distribution 1.
- (a⁷) The five years of financial information submitted on behalf of Business C conducted by the Distributing 1 separate affiliated group, as defined in § 355(b)(3)(B) (“SAG”), is representative of the present business operations of such business, and, with regard to such business, there have been no substantial operational changes since the date of the last financial statements submitted.
- (a⁸) Neither Business C conducted by the Distributing 1 SAG nor control of an entity conducting such business was acquired during the five-year period ending on the date of Distribution 1 in a transaction in which gain or loss was recognized in whole or in part. Throughout the five-year period ending on the date of Distribution 1, the Distributing 1 SAG has been the principal owner of the goodwill and significant assets of such business and will continue to be such owner following Distribution 1.
- (a⁹) 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 such business, and, with regard to such business, there have been no substantial operational changes since the date of the last financial statements submitted.
- (a¹⁰) Neither Business A conducted by the Distributing 1 SAG nor control of an entity conducting such business was acquired during the five-year period ending on the date of Distribution 1 in a transaction in which gain or loss was recognized in whole or in part. Throughout the five-year period ending on the date of Distribution 1, the Distributing 1 SAG has been the principal owner of the goodwill and significant assets of such business. The Controlled 1 SAG or its successor will be the principal owner of the goodwill and significant assets of such business following Distribution 1.
- (a¹¹) Following Distribution 1, the Distributing 1 SAG will continue the active conduct of Business C, independently and with its separate employees.
- (a¹²) Following Distribution 1, the Controlled 1 SAG or its successor will continue the active conduct of Business A, independently and with its separate employees.

- (a¹³) Distribution 1 is not being used principally as a device for the distribution of the earnings and profits of Distributing 1 or Controlled 1 or both.
- (a¹⁴) Distribution 1 is being carried out for the Separation Purposes. Distribution 1 is motivated, in whole or substantial part, by one or more of the Separation Purposes.
- (a¹⁵) No intercorporate debt will exist between Distributing 1 and Controlled 1 at the time of, or subsequent to, Distribution 1.
- (a¹⁶) Payments made in connection with all continuing transactions, if any, between Distributing 1 and Controlled 1 will be for fair market value based on terms and conditions arrived at by the parties bargaining at arm's length.
- (a¹⁷) No two parties to the transaction are investment companies as defined in § 368(a)(2)(F)(iii) and (iv).
- (a¹⁸) For purposes of § 355(d), immediately after Distribution 1, no person (determined after applying the aggregation rules of § 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of Distributing 1 stock entitled to vote or 50 percent 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 Distribution 1.
- (a¹⁹) For purposes of § 355(d), immediately after Distribution 1, no person (determined after applying the aggregation rules of § 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of Controlled 1 stock entitled to vote or 50 percent 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 Distribution 1 or (ii) attributable to distributions on 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 Distribution 1.
- (a²⁰) Distribution 1 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-percent or greater interest (within the meaning of § 355(d)(4)) in either Distributing 1 or Controlled 1 (including any predecessor or successor of Distributing 1 or Controlled 1).
- (a²¹) Immediately after the transaction (taking into account § 355(g)(4)), either (i) no person will hold a 50-percent or greater interest (within the meaning of § 355(g)) in the stock of Distributing 1 or Controlled 1, who did not hold such an

interest immediately before Distribution 1, or (ii) neither Distributing 1 nor Controlled 1 will be a disqualified investment corporation (within the meaning of § 355(g)(2)).

- (a²²) Neither Distributing 1 nor Controlled 1 has been a United States real property holding corporation (within the meaning of § 897(c)(2)) (“USRPHC”) at any time during the five-year period ending on the date of Distribution 1, and neither Distributing 1 nor Controlled 1 will be a USRPHC immediately after Distribution 1.
- (a²³) Neither Distributing 1 nor Controlled 1 will be a controlled foreign corporation (within the meaning of § 957(a)) (a “CFC”) or a passive foreign investment company (within the meaning of § 1297(a)) (“PFIC”) before or after Distribution 1.

The following representations have been made with respect to Reorganization 1:

- (b¹) Distributing 2 will receive solely Controlled 6 stock in Reorganization 1.
- (b²) The fair market value of the Controlled 6 stock received by Distributing 2 in Reorganization 1 will be approximately equal to the fair market value of the Controlled 1 stock surrendered in the exchange.
- (b³) Immediately following Reorganization 1, Distributing 2 will own all of the outstanding Controlled 6 stock and will own such stock solely by reason of its ownership of Controlled 1 stock immediately prior to Reorganization 1.
- (b⁴) Immediately following Reorganization 1, Controlled 6 will possess the same assets and liabilities, except for assets used to pay expenses incurred in connection with Reorganization 1, as those possessed by Controlled 1 immediately prior to Reorganization 1. The assets used to pay expenses will be less than one percent of the fair market value of the net assets of Controlled 1 immediately prior to Reorganization 1.
- (b⁵) At the time of Reorganization 1, Controlled 1 will not have outstanding any warrants, options, convertible securities, or any other type of right pursuant to which any person could acquire stock in Controlled 1.
- (b⁶) At all times prior to acquiring the assets of Controlled 1 in Reorganization 1: (i) Controlled 6 will have been engaged in no business activity; (ii) Controlled 6 will have had no federal income tax attributes (including attributes described in § 381(c)); and (iii) Controlled 6 will have held no assets (except for minimal assets necessary to maintain its corporate existence in accordance with applicable law).

- (b⁷) All liabilities to which Controlled 1's assets will be subject at the time of Reorganization 1, and all the liabilities of Controlled 1 that will be properly treated as being assumed (as determined under § 357(d)) by Controlled 6 in Reorganization 1 will be liabilities that were incurred by Controlled 1 in the ordinary course of its business and are associated with the assets transferred from Controlled 1 to Controlled 6.
- (b⁸) Except for expenses that are "solely and directly related" (within the meaning of Rev. Rul. 73-54, 1973-1 C.B. 187) to Reorganization 1, all of which will be paid initially by LLC 2 and subject to reimbursement by the appropriate Distributing 9 affiliates, Distributing 2, Controlled 1, and Controlled 6 will each pay its own expenses incurred in connection with Reorganization 1.
- (b⁹) Controlled 1 is not under the jurisdiction of a court in a Title 11 or similar case within the meaning of § 368(a)(3)(A).
- (b¹⁰) Controlled 1 will not be a CFC immediately before Reorganization 1.
- (b¹¹) Controlled 1 will not have been a USRPHC at any time during the five-year period ending on the date of Reorganization 1 and will not be a USRPHC immediately after Reorganization 1. On the date of Reorganization 1, Controlled 1 will not own any U.S. real property interests as defined in § 897(c)(1) and § 1.897-1(c)(1).
- (b¹²) Distributing 2 will not be an exchanging shareholder as defined in § 1.367(b)-3(b)(1) at the time of Reorganization 1.
- (b¹³) Distributing 2 will not be a United States person as defined in § 7701(a)(30) at the time of Reorganization 1.

The following representations have been made with respect to Liquidation 1:

- (c¹) Distributing 3, on the date of adoption of the plan of Liquidation 1 (the "Liquidation 1 Plan Date"), and at all times thereafter until Liquidation 1 is completed, will own all of the sole outstanding class of Sub 3 stock.
- (c²) No shares of Sub 3 stock will have been redeemed during the three years preceding the Liquidation 1 Plan Date.
- (c³) Liquidation 1 will take place within a single taxable year of Sub 3.
- (c⁴) As soon as the first liquidating distribution has been made, Sub 3 will cease to be a going concern and its activities will be limited to winding up its affairs, paying its debts, and distributing its remaining assets to Distributing 3.
- (c⁵) Sub 3 will retain no assets following Liquidation 1.

- (c⁶) Except (i) pursuant to the Prior Transactions and (ii) for acquisitions occurring more than three years prior to the Liquidation 1 Plan Date, Sub 3 will not have acquired assets in any nontaxable transaction at any time.
- (c⁷) No assets of Sub 3 have been, or will be, disposed of by either Sub 3 or Distributing 3, except pursuant to (i) dispositions in the ordinary course of business, (ii) dispositions occurring more than three years prior to the Liquidation 1 Plan Date, and (iii) Contribution 3.
- (c⁸) Liquidation 1 will not be preceded or followed by the reincorporation, transfer, or sale by Distributing 3 of all or a part of the business assets of Sub 3 to another corporation (i) that is the alter ego of Sub 3 and (ii) that, directly or indirectly, will be owned more than 20 percent in value by persons holding directly or indirectly more than 20 percent in value of the stock of Sub 3, except for Contribution 3. For purposes of this representation, ownership will be determined by application of the constructive ownership rules of § 318(a), as modified by § 304(c)(3).
- (c⁹) Prior to the Liquidation 1 Plan Date, no assets of Sub 3 will have been distributed in kind, transferred, or sold to Distributing 3, except for (i) transactions occurring in the normal course of business and (ii) transactions occurring more than three years prior to the Liquidation 1 Plan Date.
- (c¹⁰) Sub 3 will report all earned income represented by assets that will be distributed to Distributing 3, such as receivables being reported on a cash basis, unfinished construction contracts, commissions due, etc.
- (c¹¹) The fair market value of the assets of Sub 3 will exceed its liabilities both at the Liquidation 1 Plan Date and immediately prior to the effective time of Liquidation 1.
- (c¹²) There is no intercorporate debt existing between Sub 3 and Distributing 3 and none has been cancelled, forgiven, or discounted, except for transactions that occurred more than three years prior to the Liquidation 1 Plan Date.
- (c¹³) Distributing 3 is not an organization that is exempt from U.S. federal income tax under § 501 or any other provision of the Code.
- (c¹⁴) All other transactions undertaken contemporaneously with, in anticipation of, in conjunction with, or in any way related to, Liquidation 1 have been fully disclosed.

The following representations have been made with respect to Distribution 2:

- (d¹) No part of the consideration to be distributed by Distributing 2 will be received by a shareholder as a creditor, employee, or in any capacity other than that of a shareholder of Distributing 2.
- (d²) Except for expenses that are “solely and directly related” (within the meaning of Rev. Rul. 73-54, 1973-1 C.B. 187) to Distribution 2, all of which will be paid initially by LLC 2 and subject to reimbursement by the appropriate Distributing 9 affiliates, each of the parties to Distribution 2 will pay its own expenses, if any, incurred in connection with Distribution 2.
- (d³) The five years of financial information submitted on behalf of Business C conducted by the Distributing 2 SAG is representative of the present business operations of such business, and, with regard to such business, there have been no substantial operational changes since the date of the last financial statements submitted.
- (d⁴) Neither Business C conducted by the Distributing 2 SAG nor control of an entity conducting such business was acquired by the Distributing 2 SAG during the five-year period ending on the date of Distribution 2 in a transaction in which gain or loss was recognized in whole or in part. Throughout the five-year period ending on the date of Distribution 2, the Distributing 2 SAG has been the principal owner of the goodwill and significant assets of such business and will continue to be such owner following Distribution 2.
- (d⁵) The five years of financial information submitted on behalf of Business A conducted by the Distributing 3 SAG is representative of the present business operations of such business, and, with regard to such business, there have been no substantial operational changes since the date of the last financial statements submitted.
- (d⁶) Neither Business A conducted by the Distributing 3 SAG nor control of an entity conducting such business was acquired during the five-year period ending on the date of Distribution 2 in a transaction in which gain or loss was recognized in whole or in part. Throughout the five-year period ending on the date of Distribution 2, the Distributing 3 SAG has been the principal owner of the goodwill and significant assets of such business and will continue to be such owner following Distribution 2.
- (d⁷) Following Distribution 2, the Distributing 2 SAG will continue the active conduct of Business C, independently and with its separate employees.
- (d⁸) Following Distribution 2, the Distributing 3 SAG will continue the active conduct of Business A, independently and with its separate employees.

- (d⁹) Distribution 2 is not being used principally as a device for the distribution of the earnings and profits of Distributing 2 or Distributing 3 or both.
- (d¹⁰) Distribution 2 is being carried out for the Separation Purposes. Distribution 2 is motivated, in whole or substantial part, by one or more of the Separation Purposes.
- (d¹¹) No intercorporate debt will exist between Distributing 2 and Distributing 3 at the time of, or subsequent to, Distribution 2.
- (d¹²) Payments made in connection with all continuing transactions, if any, between Distributing 2 and Distributing 3 will be for fair market value based on terms and conditions arrived at by the parties bargaining at arm's length.
- (d¹³) For purposes of § 355(d), immediately after Distribution 2, no person (determined after applying the aggregation rules of § 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of Distributing 2 stock entitled to vote or 50 percent 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 Distribution 2.
- (d¹⁴) For purposes of § 355(d), immediately after Distribution 2, no person (determined after applying the aggregation rules of § 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of Distributing 3 stock entitled to vote or 50 percent or more of the total value of shares of all classes of Distributing 3 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 Distribution 2 or (ii) attributable to distributions on 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 Distribution 2.
- (d¹⁵) Distribution 2 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-percent or greater interest (within the meaning of § 355(d)(4)) in either Distributing 2 or Distributing 3 (including any predecessor or successor of Distributing 2 or Distributing 3).
- (d¹⁶) Immediately after the transaction (taking into account § 355(g)(4)), either (i) no person will hold a 50-percent or greater interest (within the meaning of § 355(g)) in the stock of Distributing 2 or Distributing 3, who did not hold such an interest immediately before Distribution 2, or (ii) neither Distributing 2 nor Distributing 3 will be a disqualified investment corporation (within the meaning of § 355(g)(2)).

(d¹⁷) Neither Distributing 2 nor Distributing 3 has been a USRPHC at any time during the five-year period ending on the date of Distribution 2, and neither Distributing 2 nor Distributing 3 will be a USRPHC immediately after Distribution 2.

(d¹⁸) Distributing 2 will not be a CFC or a PFIC before or after Distribution 2.

The following representations have been made with respect to Reorganization 2:

(e¹) Distributing 3 will receive solely Sub 17 stock in Reorganization 2.

(e²) The fair market value of the Sub 17 stock received by Distributing 3 in Reorganization 2 will be approximately equal to the fair market value of the Sub 4 stock surrendered in the exchange.

(e³) Immediately following Reorganization 2, Distributing 3 will own all of the outstanding Sub 17 stock and will own such stock solely by reason of its ownership of Sub 4 stock immediately prior to Reorganization 2.

(e⁴) Immediately following Reorganization 2, Sub 17 will possess the same assets and liabilities, except for assets used to pay expenses incurred in connection with Reorganization 2, as those possessed by Sub 4 immediately prior to Reorganization 2. The assets used to pay expenses will be less than one percent of the fair market value of the net assets of Sub 4 immediately prior to Reorganization 2. No assets will be distributed in Reorganization 2.

(e⁵) At the time of Reorganization 2, Sub 4 will not have outstanding any warrants, options, convertible securities, or any other type of right pursuant to which any person could acquire stock in Sub 4.

(e⁶) At all times prior to acquiring the assets of Sub 4 in Reorganization 2: (i) Sub 17 will have been engaged in no business activity; (ii) Sub 17 will have had no federal income tax attributes (including attributes described in § 381(c)); and (iii) Sub 17 will have held no assets (except for minimal assets necessary to maintain its corporate existence in accordance with applicable law).

(e⁷) All liabilities to which Sub 4's assets will be subject at the time of Reorganization 2, and all the liabilities of Sub 4 that will be properly treated as being assumed (as determined under § 357(d)) by Sub 17 in Reorganization 2 will be liabilities that were incurred by Sub 4 in the ordinary course of its business and are associated with the assets transferred from Sub 4 to Sub 17.

(e⁸) Except for expenses that are "solely and directly related" (within the meaning of Rev. Rul. 73-54, 1973-1 C.B. 187) to Reorganization 2, all of which will be paid initially by LLC 2 and subject to reimbursement by the appropriate Distributing 9

affiliates, Distributing 3, Sub 4, and Sub 17 will each pay its own expenses incurred in connection with Reorganization 2.

- (e⁹) Sub 4 is not under the jurisdiction of a court in a Title 11 or similar case within the meaning of § 368(a)(3)(A).

The following representations have been made with respect to Contribution 2:

- (f¹) No stock or securities will be issued for services rendered to or for the benefit of Distributing 3 in connection with Contribution 2 and no stock or securities will be issued for indebtedness of Distributing 3.
- (f²) None of the stock to be transferred in Contribution 2 is “section 306 stock” within the meaning of § 306(c).
- (f³) The transfer is not the result of the solicitation by a promoter, broker, or investment house.
- (f⁴) Sub 17 will not retain any rights in the property transferred to Distributing 3.
- (f⁵) The total adjusted basis of the property to be transferred by Sub 17 to Distributing 3 in Contribution 2 will equal or exceed the sum of the liabilities to be assumed (within the meaning of § 357(d)) by Distributing 3.
- (f⁶) The total fair market value of the assets transferred to Distributing 3 in Contribution 2 will exceed the sum of: (i) the amount of any liabilities assumed (within the meaning of § 357(d)) by Distributing 3 in the exchange, (ii) the amount of any liabilities owed to Distributing 3 by Sub 17 that are discharged or extinguished in connection with the exchange, and (iii) the amount of cash and the fair market value of any other property (other than stock permitted to be received under § 351(a) without recognition of gain) received by Sub 17 in the exchange. The fair market value of the assets of Distributing 3 will exceed the amount of its liabilities immediately after Contribution 2.
- (f⁷) The liabilities of Sub 17 to be assumed (within the meaning of § 357(d)) by Distributing 3 will have been incurred in the ordinary course of business and will be associated with the assets transferred.
- (f⁸) The aggregate fair market value of the property to be transferred by Sub 17 to Distributing 3 in Contribution 2 will equal or exceed Sub 17’s aggregate adjusted basis in such property.
- (f⁹) Other than the Sub 4 Debt, there is no indebtedness between Distributing 3 and Sub 17 and there will be no indebtedness created in favor of Sub 17 as a result of Contribution 2.

- (f¹⁰) The transfers and exchanges will occur under a plan agreed upon before the transaction in which the rights of the parties are defined.
- (f¹¹) All exchanges will occur on approximately the same date.
- (f¹²) There is no plan or intention on the part of Distributing 3 to redeem or otherwise reacquire any stock to be issued in Contribution 2.
- (f¹³) Taking into account any issuance of additional shares of Distributing 3 stock; any issuance of stock for services; the exercise of any Distributing 3 stock rights, warrants, or subscriptions; a public offering of Distributing 3 stock; and the sale, exchange, transfer by gift, or other disposition of any of the stock of Distributing 3 to be received in Contribution 2, Sub 17 will be in “control” of Distributing 3 within the meaning of § 368(c).
- (f¹⁴) Sub 17 will receive stock of Distributing 3 with a value approximately equal to the fair market value of the property transferred to Distributing 3.
- (f¹⁵) Except as described herein, there is no plan or intention by Distributing 3 to dispose of the transferred property other than in the normal course of business operations.
- (f¹⁶) Distributing 3 will remain in existence and, except as described herein, will retain and use the property transferred to it in a trade or business.
- (f¹⁷) Except for expenses that are “solely and directly related” (within the meaning of Rev. Rul. 73-54, 1973-1 C.B. 187) to Contribution 2, all of which will be paid initially by LLC 2 and subject to reimbursement by the appropriate Distributing 9 affiliates, each of the parties to Contribution 2 will pay its own expenses, if any, incurred in connection with Contribution 2.
- (f¹⁸) Distributing 3 will not be an investment company within the meaning of § 351(e)(1) and § 1.351-1(c)(1)(ii).
- (f¹⁹) Sub 17 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 received in the exchange will not be used to satisfy the indebtedness of such debtor.
- (f²⁰) Distributing 3 will not be a “personal service corporation” within the meaning of § 269A.
- (f²¹) The assets transferred in Contribution 2 represent less than 80 percent of the total value of Distributing 3 prior to Contribution 2.

The following representations have been made with respect to Contribution 3 and Distribution 3:

- (g¹) The total adjusted basis of the assets transferred to Controlled 2 by Distributing 3 in Contribution 3 will equal or exceed the sum of any liabilities assumed (within the meaning of § 357(d)) by Controlled 2.
- (g²) The total fair market value of the assets transferred to Controlled 2 in Contribution 3 will exceed the sum of (i) the amount of any liabilities assumed (within the meaning of § 357(d)) by Controlled 2 in the exchange, (ii) the amount of any liabilities owed to Controlled 2 by Distributing 3 that are discharged or extinguished in connection with the exchange, and (iii) the amount of cash and the fair market value of any other property (other than stock and securities permitted to be received under § 361(a) without recognition of gain) received by Distributing 3 in the exchange. The fair market value of the assets of Controlled 2 will exceed the amount of Controlled 2's liabilities immediately after Contribution 3.
- (g³) The total fair market value of the assets transferred to Controlled 2 by Distributing 3 in Contribution 3 will equal or exceed the aggregate adjusted basis of the transferred assets.
- (g⁴) Any liabilities assumed (within the meaning of § 357(d)) by Controlled 2 in Contribution 3 will have been incurred in the ordinary course of business and will be associated with the assets transferred.
- (g⁵) The fair market value of the Controlled 2 shares to be received by Distributing 8 will be approximately equal to the fair market value of the Distributing 3 shares surrendered by Distributing 8 in the exchange.
- (g⁶) No part of the consideration to be distributed by Distributing 3 will be received by a shareholder as a creditor, employee, or in any capacity other than that of a shareholder of Distributing 3.
- (g⁷) Except for expenses that are "solely and directly related" (within the meaning of Rev. Rul. 73-54, 1973-1 C.B. 187) to Distribution 3, all of which will be paid initially by LLC 2 and subject to reimbursement by the appropriate Distributing 9 affiliates, each of the parties to Distribution 3 will pay its own expenses, if any, incurred in connection with Distribution 3.
- (g⁸) The five years of financial information submitted on behalf of Business A conducted by the Distributing 3 SAG is representative of the present business operations of such business, and, with regard to such business, there have been no substantial operational changes since the date of the last financial statements submitted.
- (g⁹) Neither Business A conducted by the Distributing 3 SAG nor control of an entity conducting such business was acquired during the five-year period ending on

the date of Distribution 3 in a transaction in which gain or loss was recognized in whole or in part. Throughout the five-year period ending on the date of Distribution 3, the Distributing 3 SAG has been the principal owner of the goodwill and significant assets of such business and will continue to be such owner following Distribution 3.

- (g¹⁰) The five years of financial information submitted on behalf of Business C conducted by the Distributing 3 SAG is representative of the present business operations of such business, and, with regard to such business, there have been no substantial operational changes since the date of the last financial statements submitted.
- (g¹¹) Neither Business C conducted by the Distributing 3 SAG nor control of an entity conducting such business was acquired during the five-year period ending on the date of Distribution 3 in a transaction in which gain or loss was recognized in whole or in part. Throughout the five-year period ending on the date of Distribution 3, the Distributing 3 SAG has been the principal owner of the goodwill and significant assets of such business. The Controlled 2 SAG or its successor will be the principal owner of the goodwill and significant assets of such business following Distribution 3.
- (g¹²) Following Distribution 3, the Distributing 3 SAG will continue the active conduct of Business A, independently and with its separate employees.
- (g¹³) Following Distribution 3, the Controlled 2 SAG or its successor will continue the active conduct of Business C, independently and with its separate employees.
- (g¹⁴) Distribution 3 is not being used principally as a device for the distribution of the earnings and profits of Distributing 3 or Controlled 2 or both.
- (g¹⁵) Distribution 3 is being carried out for the Separation Purposes. Distribution 3 is motivated, in whole or substantial part, by one or more of the Separation Purposes.
- (g¹⁶) No intercorporate debt will exist between Distributing 3 and Controlled 2 at the time of, or subsequent to, Distribution 3.
- (g¹⁷) Payments made in connection with all continuing transactions, if any, between Distributing 3 and Controlled 2 will be for fair market value based on terms and conditions arrived at by the parties bargaining at arm's length.
- (g¹⁸) No two parties to the transaction are investment companies as defined in § 368(a)(2)(F)(iii) and (iv).

- (g¹⁹) For purposes of § 355(d), immediately after Distribution 3, no person (determined after applying the aggregation rules of § 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of Distributing 3 stock entitled to vote or 50 percent or more of the total value of shares of all classes of Distributing 3 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 Distribution 3.
- (g²⁰) For purposes of § 355(d), immediately after Distribution 3, no person (determined after applying the aggregation rules of § 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of Controlled 2 stock entitled to vote or 50 percent 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 Distribution 3 or (ii) attributable to distributions on Distributing 3 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 Distribution 3.
- (g²¹) Distribution 3 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 (other than persons described in § 355(e)(2)(C)) will acquire directly or indirectly stock representing a 50-percent or greater interest (within the meaning of § 355(d)(4)) in either Distributing 3 or Controlled 2 (including any predecessor or successor of Distributing 3 or Controlled 2).
- (g²²) Immediately after the transaction (taking into account § 355(g)(4)), either (i) no person will hold a 50-percent or greater interest (within the meaning of § 355(g)) in the stock of Distributing 3 or Controlled 2, who did not hold such an interest immediately before Distribution 3, or (ii) neither Distributing 3 nor Controlled 2 will be a disqualified investment corporation (within the meaning of § 355(g)(2)).
- (g²³) Immediately before Distribution 3, 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, Distributing 3's excess loss account, if any, with respect to its shares of stock of Controlled 2, or any direct or indirect subsidiary of Controlled 2, will be included in income immediately before Distribution 3 (see § 1.1502-19).
- (g²⁴) Neither Distributing 3 nor Controlled 2 has been a USRPHC at any time during the five-year period ending on the date of Distribution 3, and neither Distributing 3 nor Controlled 2 will be a USRPHC immediately after Distribution 3.

The following representations have been made with respect to Liquidation 2:

- (h¹) Sub 10, on the date of adoption of the plan of Liquidation 2 (the “Liquidation 2 Plan Date”), and at all times thereafter until Liquidation 2 is completed, will own all of the sole outstanding class of Sub 16 stock.
- (h²) No shares of Sub 16 stock will have been redeemed during the three years preceding the Liquidation 2 Plan Date.
- (h³) Liquidation 2 will take place within a single taxable year of Sub 16.
- (h⁴) Except (i) pursuant to the Prior Transactions and (ii) for acquisitions occurring more than three years prior to the Liquidation 2 Plan Date, Sub 16 will not have acquired assets in any nontaxable transaction at any time.
- (h⁵) No assets of Sub 16 have been, or will be, disposed of by either Sub 16 or Sub 10, except for (i) dispositions in the ordinary course of business, (ii) dispositions occurring more than three years prior to the Liquidation 2 Plan Date, and (iii) dispositions pursuant to the proposed transactions.
- (h⁶) Liquidation 2 will not be preceded or followed by the reincorporation, transfer, or sale of all or a part of the business assets of Sub 16 to another corporation (i) that is the alter ego of Sub 16 and (ii) that, directly or indirectly, will be owned more than 20 percent in value by persons holding directly or indirectly more than 20 percent in value of the stock of Sub 16. For purposes of this representation, ownership will be determined by application of the constructive ownership rules of § 318(a), as modified by § 304(c)(3).
- (h⁷) Prior to the Liquidation 2 Plan Date, no assets of Sub 16 will have been distributed in kind, transferred, or sold to Sub 10, except for (i) transactions occurring in the normal course of business and (ii) transactions occurring more than three years prior to the Liquidation 2 Plan Date.
- (h⁸) Sub 16 will report all earned income represented by assets that will be distributed to Sub 10, such as receivables being reported on a cash basis, unfinished construction contracts, commissions due, etc.
- (h⁹) The fair market value of the assets of Sub 16 will exceed its liabilities both at the Liquidation 2 Plan Date and immediately prior to the effective time of Liquidation 2.
- (h¹⁰) Except for the Sub 10 Debt, there is no intercorporate debt existing between Sub 16 and Sub 10 and none has been cancelled, forgiven, or discounted, except for transactions that occurred more than three years prior to the Liquidation 2 Plan Date.

- (h¹¹) Sub 10 is not an organization that is exempt from U.S. federal income tax under § 501 or any other provision of the Code.
- (h¹²) All other transactions undertaken contemporaneously with, in anticipation of, in conjunction with, or in any way related to, Liquidation 2 have been fully disclosed.

The following representations have been made with respect to Liquidation 3:

- (i¹) Distributing 4 (through LLC 2), on the date of adoption of the plan of Liquidation 3 (the "Liquidation 3 Plan Date"), and at all times thereafter until Liquidation 3 is completed, will own at least 80 percent of the single outstanding class of Sub 10 stock.
- (i²) Except pursuant to the Prior Transactions, no shares of Sub 10 stock will have been redeemed during the three years preceding the Liquidation 3 Plan Date.
- (i³) Liquidation 3 will take place within a single taxable year of Sub 10.
- (i⁴) Except (i) pursuant to the Prior Transactions and (ii) for acquisitions occurring more than three years prior to the Liquidation 3 Plan Date, Sub 10 will not have acquired assets in any nontaxable transaction at any time.
- (i⁵) No assets of Sub 10 have been, or will be, disposed of by either Sub 10 or Distributing 4 (through LLC 2), except for (i) dispositions in the ordinary course of business, (ii) dispositions occurring more than three years prior to the Liquidation 3 Plan Date, and (iii) dispositions pursuant to the proposed transactions.
- (i⁶) Liquidation 3 will not be preceded or followed by the reincorporation, transfer, or sale of all or a part of the business assets of Sub 10 to another corporation (i) that is the alter ego of Sub 10 and (ii) that, directly or indirectly, will be owned more than 20 percent in value by persons holding directly or indirectly more than 20 percent in value of the stock of Sub 10. For purposes of this representation, ownership will be determined by application of the constructive ownership rules of § 318(a), as modified by § 304(c)(3).
- (i⁷) Prior to the Liquidation 3 Plan Date, no assets of Sub 10 will have been distributed in kind, transferred, or sold to Distributing 4 (through LLC 2), except for (i) transactions occurring in the normal course of business and (ii) transactions occurring more than three years prior to the Liquidation 3 Plan Date.

- (i⁸) Sub 10 will report all earned income represented by assets that will be distributed to Distributing 4 (through LLC 2), such as receivables being reported on a cash basis, unfinished construction contracts, commissions due, etc.
- (i⁹) The fair market value of the assets of Sub 10 will exceed its liabilities both at the Liquidation 3 Plan Date and immediately prior to the effective time of Liquidation 3.
- (i¹⁰) There is no intercorporate debt existing between Sub 10 and Distributing 4 and none has been cancelled, forgiven, or discounted, except for transactions that occurred more than three years prior to the Liquidation 3 Plan Date.
- (i¹¹) Distributing 4 is not an organization that is exempt from U.S. federal income tax under § 501 or any other provision of the Code.
- (i¹²) All other transactions undertaken contemporaneously with, in anticipation of, in conjunction with, or in any way related to, Liquidation 3 have been fully disclosed.

The following representations have been made with respect to Liquidation 4:

- (j¹) Sub 14, on the date of adoption of the plan of Liquidation 4 (the "Liquidation 4 Plan Date"), and at all times thereafter until Liquidation 4 is completed, will own all of the sole outstanding class of Sub 15 stock.
- (j²) No shares of Sub 15 stock will have been redeemed during the three years preceding the Liquidation 4 Plan Date.
- (j³) Liquidation 4 will take place within a single taxable year of Sub 15.
- (j⁴) Sub 15 will not have acquired assets in any nontaxable transaction at any time, except for acquisitions occurring more than three years prior to the Liquidation 4 Plan Date.
- (j⁵) No assets of Sub 15 have been, or will be, disposed of by either Sub 15 or Sub 14, except for (i) dispositions in the ordinary course of business, (ii) dispositions occurring more than three years prior to the Liquidation 4 Plan Date, and (iii) dispositions pursuant to the proposed transactions.
- (j⁶) Liquidation 4 will not be preceded or followed by the reincorporation, transfer, or sale of all or a part of the business assets of Sub 15 to another corporation (i) that is the alter ego of Sub 15 and (ii) that, directly or indirectly, will be owned more than 20 percent in value by persons holding directly or indirectly more than 20 percent in value of the stock of Sub 15, except for Contribution 4. For purposes of this representation, ownership will be determined by application of the constructive ownership rules of § 318(a), as modified by § 304(c)(3).

- (j⁷) Prior to the Liquidation 4 Plan Date, no assets of Sub 15 will have been distributed in kind, transferred, or sold to Sub 14, except for (i) transactions occurring in the normal course of business and (ii) transactions occurring more than three years prior to the Liquidation 4 Plan Date.
- (j⁸) Sub 15 will report all earned income represented by assets that will be distributed to Sub 14, such as receivables being reported on a cash basis, unfinished construction contracts, commissions due, etc.
- (j⁹) The fair market value of the assets of Sub 15 will exceed its liabilities both at the Liquidation 4 Plan Date and immediately prior to the effective time of Liquidation 4.
- (j¹⁰) There is no intercorporate debt existing between Sub 15 and Sub 14 and none has been cancelled, forgiven, or discounted, except for transactions that occurred more than three years prior to the Liquidation 4 Plan Date.
- (j¹¹) Sub 14 is not an organization that is exempt from U.S. federal income tax under § 501 or any other provision of the Code.
- (j¹²) All other transactions undertaken contemporaneously with, in anticipation of, in conjunction with, or in any way related to, Liquidation 4 have been fully disclosed.

The following representations have been made with respect to Liquidation 5:

- (k¹) Sub 7, on the date of adoption of the plan of Liquidation 5 (the "Liquidation 5 Plan Date"), and at all times thereafter until Liquidation 5 is completed, will own all of the sole outstanding class of Sub 14 stock.
- (k²) No shares of Sub 14 stock will have been redeemed during the three years preceding the Liquidation 5 Plan Date.
- (k³) Liquidation 5 will take place within a single taxable year of Sub 14.
- (k⁴) Except (i) pursuant to the Prior Transactions and (ii) for acquisitions occurring more than three years prior to the Liquidation 5 Plan Date, Sub 14 will not have acquired assets in any nontaxable transaction at any time.
- (k⁵) No assets of Sub 14 have been, or will be, disposed of by either Sub 14 or Sub 7, except for (i) dispositions in the ordinary course of business, (ii) dispositions occurring more than three years prior to the Liquidation 5 Plan Date, and (iii) dispositions pursuant to the proposed transactions.
- (k⁶) Liquidation 5 will not be preceded or followed by the reincorporation, transfer, or sale of all or a part of the business assets of Sub 14 to another corporation

- (i) that is the alter ego of Sub 14 and (ii) that, directly or indirectly, will be owned more than 20 percent in value by persons holding directly or indirectly more than 20 percent in value of the stock of Sub 14, except for Contribution 4. For purposes of this representation, ownership will be determined by application of the constructive ownership rules of § 318(a), as modified by § 304(c)(3).
- (k⁷) Prior to the Liquidation 5 Plan Date, no assets of Sub 14 will have been distributed in kind, transferred, or sold to Sub 7, except for (i) transactions occurring in the normal course of business and (ii) transactions occurring more than three years prior to the Liquidation 5 Plan Date.
- (k⁸) Sub 14 will report all earned income represented by assets that will be distributed to Sub 7, such as receivables being reported on a cash basis, unfinished construction contracts, commissions due, etc.
- (k⁹) The fair market value of the assets of Sub 14 will exceed its liabilities both at the Liquidation 5 Plan Date and immediately prior to the effective time of Liquidation 5.
- (k¹⁰) There is no intercorporate debt existing between Sub 14 and Sub 7 and none has been cancelled, forgiven, or discounted, except for transactions that occurred more than three years prior to the Liquidation 5 Plan Date.
- (k¹¹) Sub 7 is not an organization that is exempt from U.S. federal income tax under § 501 or any other provision of the Code.
- (k¹²) All other transactions undertaken contemporaneously with, in anticipation of, in conjunction with, or in any way related to, Liquidation 5 have been fully disclosed.

The following representations have been made with respect to Liquidation 6:

- (l¹) Sub 9, on the date of adoption of the plan of Liquidation 6 (the “Liquidation 6 Plan Date”), and at all times thereafter until Liquidation 6 is completed, will own all of the sole outstanding class of Sub 7 stock.
- (l²) No shares of Sub 7 stock will have been redeemed during the three years preceding the Liquidation 6 Plan Date.
- (l³) Liquidation 6 will take place within a single taxable year of Sub 7.
- (l⁴) Except (i) pursuant to the Prior Transactions and (ii) for acquisitions occurring more than three years prior to the Liquidation 6 Plan Date, Sub 7 will not have acquired assets in any nontaxable transaction at any time.

- (l⁵) No assets of Sub 7 have been, or will be, disposed of by either Sub 7 or Sub 9, except for (i) dispositions in the ordinary course of business, (ii) dispositions occurring more than three years prior to the Liquidation 6 Plan Date, and (iii) dispositions pursuant to the proposed transactions.
- (l⁶) Liquidation 6 will not be preceded or followed by the reincorporation, transfer, or sale of all or a part of the business assets of Sub 7 to another corporation (i) that is the alter ego of Sub 7 and (ii) that, directly or indirectly, will be owned more than 20 percent in value by persons holding directly or indirectly more than 20 percent in value of the stock of Sub 7, except for Contribution 4. For purposes of this representation, ownership will be determined by application of the constructive ownership rules of § 318(a), as modified by § 304(c)(3).
- (l⁷) Prior to the Liquidation 6 Plan Date, no assets of Sub 7 will have been distributed in kind, transferred, or sold to Sub 9, except for (i) transactions occurring in the normal course of business and (ii) transactions occurring more than three years prior to the Liquidation 6 Plan Date.
- (l⁸) Sub 7 will report all earned income represented by assets that will be distributed to Sub 9, such as receivables being reported on a cash basis, unfinished construction contracts, commissions due, etc.
- (l⁹) The fair market value of the assets of Sub 7 will exceed its liabilities both at the Liquidation 6 Plan Date and immediately prior to the effective time of Liquidation 6.
- (l¹⁰) There is no intercorporate debt existing between Sub 7 and Sub 9 and none has been cancelled, forgiven, or discounted, except for transactions that occurred more than three years prior to the Liquidation 6 Plan Date.
- (l¹¹) Sub 9 is not an organization that is exempt from U.S. federal income tax under § 501 or any other provision of the Code.
- (l¹²) All other transactions undertaken contemporaneously with, in anticipation of, in conjunction with, or in any way related to, Liquidation 6 have been fully disclosed.

The following representations have been made with respect to Liquidation 7:

- (m¹) Sub 9, on the date of adoption of the plan of Liquidation 7 (the “Liquidation 7 Plan Date”), and at all times thereafter until Liquidation 7 is completed, will own all of the sole outstanding class of Sub 11 stock.
- (m²) No shares of Sub 11 stock will have been redeemed during the three years preceding the Liquidation 7 Plan Date.

- (m³) Liquidation 7 will take place within a single taxable year of Sub 11.
- (m⁴) Except (i) pursuant to the Prior Transactions and (ii) for acquisitions occurring more than three years prior to the Liquidation 7 Plan Date, Sub 11 will not have acquired assets in any nontaxable transaction at any time.
- (m⁵) No assets of Sub 11 have been, or will be, disposed of by either Sub 11 or Sub 9, except for (i) dispositions in the ordinary course of business, (ii) dispositions occurring more than three years prior to the Liquidation 7 Plan Date, and (iii) dispositions pursuant to the proposed transactions.
- (m⁶) Liquidation 7 will not be preceded or followed by the reincorporation, transfer, or sale of all or a part of the business assets of Sub 11 to another corporation (i) that is the alter ego of Sub 11 and (ii) that, directly or indirectly, will be owned more than 20 percent in value by persons holding directly or indirectly more than 20 percent in value of the stock of Sub 11, except for Contribution 4. For purposes of this representation, ownership will be determined by application of the constructive ownership rules of § 318(a), as modified by § 304(c)(3).
- (m⁷) Prior to the Liquidation 7 Plan Date, no assets of Sub 11 will have been distributed in kind, transferred, or sold to Sub 9, except for (i) transactions occurring in the normal course of business and (ii) transactions occurring more than three years prior to the Liquidation 7 Plan Date.
- (m⁸) Sub 11 will report all earned income represented by assets that will be distributed to Sub 9, such as receivables being reported on a cash basis, unfinished construction contracts, commissions due, etc.
- (m⁹) The fair market value of the assets of Sub 11 will exceed its liabilities both at the Liquidation 7 Plan Date and immediately prior to the effective time of Liquidation 7.
- (m¹⁰) There is no intercorporate debt existing between Sub 11 and Sub 9 and none has been cancelled, forgiven, or discounted, except for transactions that occurred more than three years prior to the Liquidation 7 Plan Date.
- (m¹¹) Sub 9 is not an organization that is exempt from U.S. federal income tax under § 501 or any other provision of the Code.
- (m¹²) All other transactions undertaken contemporaneously with, in anticipation of, in conjunction with, or in any way related to, Liquidation 7 have been fully disclosed.

The following representations have been made with respect to Liquidation 8:

- (n¹) Distributing 4 (through LLC 2), on the date of adoption of the plan of Liquidation 8 (the “Liquidation 8 Plan Date”), and at all times thereafter until Liquidation 8 is completed, will own at least 80 percent of the single outstanding class of Sub 9 stock.
- (n²) Except pursuant to the Prior Transactions, no shares of Sub 9 stock will have been redeemed during the three years preceding the Liquidation 8 Plan Date.
- (n³) Liquidation 8 will take place within a single taxable year of Sub 9.
- (n⁴) As soon as the first liquidating distribution has been made, Sub 9 will cease to be a going concern and its activities will be limited to winding up its affairs, paying its debts, and distributing its remaining assets to Distributing 4 (through LLC 2).
- (n⁵) Sub 9 will retain no assets following Liquidation 8.
- (n⁶) Except (i) pursuant to the Prior Transactions and (ii) for acquisitions occurring more than three years prior to the Liquidation 8 Plan Date, Sub 9 will not have acquired assets in any nontaxable transaction at any time.
- (n⁷) No assets of Sub 9 have been, or will be, disposed of by either Sub 9 or Distributing 4 (through LLC 2), except for (i) dispositions in the ordinary course of business, (ii) dispositions occurring more than three years prior to the Liquidation 8 Plan Date, and (iii) dispositions pursuant to the proposed transactions.
- (n⁸) Liquidation 8 will not be preceded or followed by the reincorporation, transfer, or sale of all or a part of the business assets of Sub 9 to another corporation (i) that is the alter ego of Sub 9 and (ii) that, directly or indirectly, will be owned more than 20 percent in value by persons holding directly or indirectly more than 20 percent in value of the stock of Sub 9, except for Contribution 4. For purposes of this representation, ownership will be determined by application of the constructive ownership rules of § 318(a), as modified by § 304(c)(3).
- (n⁹) Prior to the Liquidation 8 Plan Date, no assets of Sub 9 will have been distributed in kind, transferred, or sold to Distributing 4 (through LLC 2), except for (i) transactions occurring in the normal course of business and (ii) transactions occurring more than three years prior to the Liquidation 8 Plan Date.
- (n¹⁰) Sub 9 will report all earned income represented by assets that will be distributed to Distributing 4 (through LLC 2), such as receivables being reported on a cash basis, unfinished construction contracts, commissions due, etc.

- (n¹¹) The fair market value of the assets of Sub 9 will exceed its liabilities both at the Liquidation 8 Plan Date and immediately prior to the effective time of Liquidation 8.
- (n¹²) There is no intercorporate debt existing between Sub 9 and Distributing 4 and none has been cancelled, forgiven, or discounted, except for transactions that occurred more than three years prior to the Liquidation 8 Plan Date.
- (n¹³) Distributing 4 is not an organization that is exempt from U.S. federal income tax under § 501 or any other provision of the Code.
- (n¹⁴) All other transactions undertaken contemporaneously with, in anticipation of, in conjunction with, or in any way related to, Liquidation 8 have been fully disclosed.

The following representations have been made with respect to Contribution 4 and Distribution 4:

- (o¹) The total adjusted basis of the assets transferred to Controlled 3 by Distributing 4 in Contribution 4 will equal or exceed the sum of any liabilities assumed (within the meaning of § 357(d)) by Controlled 3.
- (o²) The total fair market value of the assets transferred to Controlled 3 in Contribution 4 will exceed the sum of (i) the amount of any liabilities assumed (within the meaning of § 357(d)) by Controlled 3 in the exchange, (ii) the amount of any liabilities owed to Controlled 3 by Distributing 4 that are discharged or extinguished in connection with the exchange, and (iii) the amount of cash and the fair market value of any other property (other than stock and securities permitted to be received under § 361(a) without recognition of gain) received by Distributing 4 in the exchange. The fair market value of the assets of Controlled 3 will exceed the amount of Controlled 3's liabilities immediately after Contribution 4.
- (o³) The total fair market value of the assets transferred to Controlled 3 by Distributing 4 in Contribution 4 will equal or exceed the aggregate adjusted basis of the transferred assets.
- (o⁴) Any liabilities assumed (within the meaning of § 357(d)) by Controlled 3 in Contribution 4 will have been incurred in the ordinary course of business and will be associated with the assets transferred.
- (o⁵) No part of the consideration to be distributed by Distributing 4 will be received by a shareholder as a creditor, employee, or in any capacity other than that of a shareholder of Distributing 4.

- (o⁶) Except for expenses that are “solely and directly related” (within the meaning of Rev. Rul. 73-54, 1973-1 C.B. 187) to Distribution 4, all of which will be paid initially by LLC 2 and subject to reimbursement by the appropriate Distributing 9 affiliates, each of the parties to Distribution 4 will pay its own expenses, if any, incurred in connection with Distribution 4.
- (o⁷) The five years of financial information submitted on behalf of Business C conducted by LP is representative of the present business operations of such business, and, with regard to such business, there have been no substantial operational changes since the date of the last financial statements submitted.
- (o⁸) Neither Business C conducted by LP nor control of an entity conducting such business was acquired during the five-year period ending on the date of Distribution 4 in a transaction in which gain or loss was recognized in whole or in part. Throughout the five-year period ending on the date of Distribution 4, LP has been the principal owner of the goodwill and significant assets of such business. The Distributing 4 SAG or its successor will be the principal owner of the goodwill and significant assets of such business following Distribution 4.
- (o⁹) The five years of financial information submitted on behalf of Business B conducted by the Distributing 4 SAG is representative of the present business operations of such business, and, with regard to such business, there have been no substantial operational changes since the date of the last financial statements submitted.
- (o¹⁰) Neither Business B conducted by the Distribution 4 SAG nor control of an entity conducting such business was acquired during the five-year period ending on the date of Distribution 4 in a transaction in which gain or loss was recognized in whole or in part. Throughout the five-year period ending on the date of Distribution 4, the Distributing 4 SAG has been the principal owner of the goodwill and significant assets of such business. The Controlled 3 SAG will be the principal owner of the goodwill and significant assets of such business following Distribution 4.
- (o¹¹) Following Distribution 4, the Distributing 4 SAG or its successor will continue the active conduct of Business C, independently and with its separate employees.
- (o¹²) Following Distribution 4, the Controlled 3 SAG will continue the active conduct of Business B, independently and with its separate employees.
- (o¹³) Distribution 4 is not being used principally as a device for the distribution of the earnings and profits of Distributing 4 or Controlled 3 or both.

- (o¹⁴) Distribution 4 is being carried out for the Separation Purposes. Distribution 4 is motivated, in whole or substantial part, by one or more of the Separation Purposes.
- (o¹⁵) No intercorporate debt will exist between Distributing 4 and Controlled 3 at the time of, or subsequent to, Distribution 4.
- (o¹⁶) Payments made in connection with all continuing transactions, if any, between Distributing 4 and Controlled 3 will be for fair market value based on terms and conditions arrived at by the parties bargaining at arm's length.
- (o¹⁷) No two parties to the transaction are investment companies as defined in § 368(a)(2)(F)(iii) and (iv).
- (o¹⁸) For purposes of § 355(d), immediately after Distribution 4, no person (determined after applying the aggregation rules of § 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of Distributing 4 stock entitled to vote or 50 percent or more of the total value of shares of all classes of Distributing 4 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 Distribution 4.
- (o¹⁹) For purposes of § 355(d), immediately after Distribution 4, no person (determined after applying the aggregation rules of § 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of Controlled 3 stock entitled to vote or 50 percent or more of the total value of shares of all classes of Controlled 3 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 Distribution 4 or (ii) attributable to distributions on Distributing 4 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 Distribution 4.
- (o²⁰) Distribution 4 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 (other than persons described in § 355(e)(2)(C)) will acquire directly or indirectly stock representing a 50-percent or greater interest (within the meaning of § 355(d)(4)) in either Distributing 4 or Controlled 3 (including any predecessor or successor of Distributing 4 or Controlled 3).
- (o²¹) Immediately after the transaction (taking into account § 355(g)(4)), either (i) no person will hold a 50-percent or greater interest (within the meaning of § 355(g)) in the stock of Distributing 4 or Controlled 3, who did not hold such an interest immediately before Distribution 4, or (ii) neither Distributing 4 nor

Controlled 3 will be a disqualified investment corporation (within the meaning of § 355(g)(2)).

- (o²²) Immediately before Distribution 4, 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, Distributing 4's excess loss account, if any, with respect to its shares of stock of Controlled 3, or any direct or indirect subsidiary of Controlled 3, will be included in income immediately before Distribution 4 (see § 1.1502-19).
- (o²³) Neither Distributing 4 nor Controlled 3 has been a USRPHC at any time during the five-year period ending on the date of Distribution 4, and neither Distributing 4 nor Controlled 3 will be a USRPHC immediately after Distribution 4.
- (o²⁴) Distributing 4 will be a § 1248 shareholder, within the meaning of § 1.367(b)-2(b), with respect to each of FSub 17 and FSub 21 immediately before Contribution 4, and Controlled 3 will be a § 1248 shareholder with respect to each of FSub 17 and FSub 21 immediately thereafter.
- (o²⁵) FSub 17 and FSub 21 will be CFCs immediately before and after Contribution 4.

The following representations have been made with respect to Reorganization 3:

- (p¹) Distributing 5 will receive solely Controlled 4 stock in Reorganization 3.
- (p²) The fair market value of the Controlled 4 stock received by Distributing 5 in Reorganization 3 will be approximately equal to the fair market value of the Distributing 4 stock surrendered in the exchange.
- (p³) Immediately following Reorganization 3, Distributing 5 will own all of the outstanding Controlled 4 stock and will own such stock solely by reason of its ownership of Distributing 4 stock immediately prior to Reorganization 3.
- (p⁴) Immediately following Reorganization 3, Controlled 4 will possess the same assets and liabilities, except for assets used to pay expenses incurred in connection with Reorganization 3, as those possessed by Distributing 4 immediately prior to Reorganization 3. The assets used to pay expenses will be less than one percent of the fair market value of the net assets of Distributing 4 immediately prior to Reorganization 3.

- (p⁵) At the time of Reorganization 3, Distributing 4 will not have outstanding any warrants, options, convertible securities, or any other type of right pursuant to which any person could acquire stock in Distributing 4.
- (p⁶) At all times prior to acquiring the assets of Distributing 4 in Reorganization 3: (i) Controlled 4 will have been engaged in no business activity; (ii) Controlled 4 will have had no federal income tax attributes (including attributes described in § 381(c)); and (iii) Controlled 4 will have held no assets (except for minimal assets necessary to maintain its corporate existence in accordance with applicable law).
- (p⁷) All liabilities to which Distributing 4's assets will be subject at the time of Reorganization 3, and all the liabilities of Distributing 4 that will be properly treated as being assumed (as determined under § 357(d)) by Controlled 4 in Reorganization 3 will be liabilities that were incurred by Distributing 4 in the ordinary course of its business and are associated with the assets transferred from Distributing 4 to Controlled 4.
- (p⁸) Except for expenses that are "solely and directly related" (within the meaning of Rev. Rul. 73-54, 1973-1 C.B. 187) to Reorganization 3, all of which will be paid initially by LLC 2 and subject to reimbursement by the appropriate Distributing 9 affiliates, Distributing 5, Distributing 4, and Controlled 4 will each pay its own expenses incurred in connection with Reorganization 3.
- (p⁹) Distributing 4 is not under the jurisdiction of a court in a Title 11 or similar case within the meaning of § 368(a)(3)(A).

The following representations have been made with respect to Distribution 5:

- (q¹) No part of the consideration to be distributed by Distributing 5 will be received by a shareholder as a creditor, employee, or in any capacity other than that of a shareholder of Distributing 5.
- (q²) Except for expenses that are "solely and directly related" (within the meaning of Rev. Rul. 73-54, 1973-1 C.B. 187) to Distribution 5, all of which will be paid initially by LLC 2 and subject to reimbursement by the appropriate Distributing 9 affiliates, each of the parties to Distribution 5 will pay its own expenses, if any, incurred in connection with Distribution 5.
- (q³) The five years of financial information submitted on behalf of Business C conducted by FSub 7 is representative of the present business operations of such business, and, with regard to such business, there have been no substantial operational changes since the date of the last financial statements submitted.

- (q⁴) Except pursuant to Step (xlili) of the proposed transactions, neither Business C conducted by FSub 7 nor control of an entity conducting such business was acquired during the five-year period ending on the date of Distribution 5 in a transaction in which gain or loss was recognized in whole or in part. Throughout the five-year period ending on the date of Distribution 5, FSub 7 has been the principal owner of the goodwill and significant assets of such business and will continue to be such owner following Distribution 5.
- (q⁵) The five years of financial information submitted on behalf of Business C conducted by the Distributing 5 SAG is representative of the present business operations of such business, and, with regard to such business, there have been no substantial operational changes since the date of the last financial statements submitted.
- (q⁶) Neither Business C conducted by the Distributing 5 SAG nor control of an entity conducting such business was acquired during the five-year period ending on the date of Distribution 5 in a transaction in which gain or loss was recognized in whole or in part. Throughout the five-year period ending on the date of Distribution 5, the Distributing 5 SAG has been the principal owner of the goodwill and significant assets of such business. The Controlled 4 SAG or its successor will be the principal owner of the goodwill and significant assets of such business following Distribution 5.
- (q⁷) Following Distribution 5, the Distributing 5 SAG will continue the active conduct of Business C, independently and with its separate employees.
- (q⁸) Following Distribution 5, the Controlled 4 SAG or its successor will continue the active conduct of Business C, independently and with its separate employees.
- (q⁹) Distribution 5 is not being used principally as a device for the distribution of the earnings and profits of Distributing 5 or Controlled 4 or both.
- (q¹⁰) Distribution 5 is being carried out for the Integration Purpose. Distribution 5 is motivated, in whole or substantial part, by the Integration Purpose.
- (q¹¹) Except for the Distributing 4 Debt, no intercorporate debt will exist between Distributing 5 and Controlled 4 at the time of, or subsequent to, Distribution 5.
- (q¹²) Payments made in connection with all continuing transactions, if any, between Distributing 5 and Controlled 4 will be for fair market value based on terms and conditions arrived at by the parties bargaining at arm's length.
- (q¹³) For purposes of § 355(d), immediately after Distribution 5, no person (determined after applying the aggregation rules of § 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes

of Distributing 5 stock entitled to vote or 50 percent or more of the total value of shares of all classes of Distributing 5 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 Distribution 5.

- (q¹⁴) For purposes of § 355(d), immediately after Distribution 5, no person (determined after applying the aggregation rules of § 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of Controlled 4 stock entitled to vote or 50 percent or more of the total value of shares of all classes of Controlled 4 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 Distribution 5 or (ii) attributable to distributions on Distributing 5 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 Distribution 5.
- (q¹⁵) Distribution 5 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 (other than persons described in § 355(e)(2)(C)) will acquire directly or indirectly stock representing a 50-percent or greater interest (within the meaning of § 355(d)(4)) in either Distributing 5 or Controlled 4 (including any predecessor or successor of Distributing 5 or Controlled 4).
- (q¹⁶) Immediately after the transaction (taking into account § 355(g)(4)), either (i) no person will hold a 50-percent or greater interest (within the meaning of § 355(g)) in the stock of Distributing 5 or Controlled 4, who did not hold such an interest immediately before Distribution 5, or (ii) neither Distributing 5 nor Controlled 4 will be a disqualified investment corporation (within the meaning of § 355(g)(2)).
- (q¹⁷) Neither Distributing 5 nor Controlled 4 has been a USRPHC at any time during the five-year period ending on the date of Distribution 5, and neither Distributing 5 nor Controlled 4 will be a USRPHC immediately after Distribution 5.
- (q¹⁸) Distributing 5 will not be a CFC or a PFIC before or after Distribution 5.

The following representations have been made with respect to Distribution 6:

- (r¹) No part of the consideration to be distributed by Distributing 6 will be received by a shareholder as a creditor, employee, or in any capacity other than that of a shareholder of Distributing 6.
- (r²) Except for expenses that are “solely and directly related” (within the meaning of Rev. Rul. 73-54, 1973-1 C.B. 187) to Distribution 6, all of which will be paid initially by LLC 2 and subject to reimbursement by the appropriate Distributing 9

affiliates, each of the parties to Distribution 6 will pay its own expenses, if any, incurred in connection with Distribution 6.

- (r³) The five years of financial information submitted on behalf of Business C conducted by FSub 7 is representative of the present business operations of such business, and, with regard to such business, there have been no substantial operational changes since the date of the last financial statements submitted.
- (r⁴) Except pursuant to Step (xlili) of the proposed transactions, neither Business C conducted by FSub 7 nor control of an entity conducting such business was acquired during the five-year period ending on the date of Distribution 6 in a transaction in which gain or loss was recognized in whole or in part. Throughout the five-year period ending on the date of Distribution 6, FSub 7 has been the principal owner of the goodwill and significant assets of such business and will continue to be such owner following Distribution 6.
- (r⁵) The five years of financial information submitted on behalf of Business C conducted by the Distributing 6 SAG is representative of the present business operations of such business, and, with regard to such business, there have been no substantial operational changes since the date of the last financial statements submitted.
- (r⁶) Neither Business C conducted by the Distributing 6 SAG nor control of an entity conducting such business was acquired during the five-year period ending on the date of Distribution 6 in a transaction in which gain or loss was recognized in whole or in part. Throughout the five-year period ending on the date of Distribution 6, the Distributing 6 SAG has been the principal owner of the goodwill and significant assets of such business. The Controlled 4 SAG or its successor will be the principal owner of the goodwill and significant assets of such business following Distribution 6.
- (r⁷) Following Distribution 6, the Distributing 6 SAG will continue the active conduct of Business C, independently and with its separate employees.
- (r⁸) Following Distribution 6, the Controlled 4 SAG or its successor will continue the active conduct of Business C, independently and with its separate employees.
- (r⁹) Distribution 6 is not being used principally as a device for the distribution of the earnings and profits of Distributing 6 or Controlled 4 or both.
- (r¹⁰) Distribution 6 is being carried out for the Integration Purpose. Distribution 6 is motivated, in whole or substantial part, by the Integration Purpose.

- (r¹¹) No intercorporate debt will exist between Distributing 6 and Controlled 4 at the time of, or subsequent to, Distribution 6.
- (r¹²) Payments made in connection with all continuing transactions, if any, between Distributing 6 and Controlled 4 will be for fair market value based on terms and conditions arrived at by the parties bargaining at arm's length.
- (r¹³) For purposes of § 355(d), immediately after Distribution 6, no person (determined after applying the aggregation rules of § 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of Distributing 6 stock entitled to vote or 50 percent or more of the total value of shares of all classes of Distributing 6 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 Distribution 6.
- (r¹⁴) For purposes of § 355(d), immediately after Distribution 6, no person (determined after applying the aggregation rules of § 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of Controlled 4 stock entitled to vote or 50 percent or more of the total value of shares of all classes of Controlled 4 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 Distribution 6 or (ii) attributable to distributions on Distributing 6 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 Distribution 6.
- (r¹⁵) Distribution 6 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 (other than persons described in § 355(e)(2)(C)) will acquire directly or indirectly stock representing a 50-percent or greater interest (within the meaning of § 355(d)(4)) in either Distributing 6 or Controlled 4 (including any predecessor or successor of Distributing 6 or Controlled 4).
- (r¹⁶) Immediately after the transaction (taking into account § 355(g)(4)), either (i) no person will hold a 50-percent or greater interest (within the meaning of § 355(g)) in the stock of Distributing 6 or Controlled 4, who did not hold such an interest immediately before Distribution 6, or (ii) neither Distributing 6 nor Controlled 4 will be a disqualified investment corporation (within the meaning of § 355(g)(2)).
- (r¹⁷) Neither Distributing 6 nor Controlled 4 has been a USRPHC at any time during the five-year period ending on the date of Distribution 6, and neither Distributing 6 nor Controlled 4 will be a USRPHC immediately after Distribution 6.
- (r¹⁸) Distributing 6 will not be a CFC or a PFIC before or after Distribution 6.

The following representations have been made with respect to Reorganization 4:

- (s¹) Reorganization 4 will be effected pursuant to the laws of State A and State D. As a result of Reorganization 4, all of the assets and liabilities of Controlled 4 will become the assets and liabilities of Sub 1 by operation of law.
- (s²) The fair market value of the Sub 1 stock received by Distributing 2 in Reorganization 4 will be approximately equal to the fair market value of the Controlled 4 stock surrendered in the exchange.
- (s³) At least 40 percent of the proprietary interest in Controlled 4 will be exchanged for Sub 1 stock and will be preserved (within the meaning of § 1.368-1(e)).
- (s⁴) Neither Sub 1 nor any person related (within the meaning of § 1.368-1(e)(4)) to Sub 1 has any plan or intention to redeem or otherwise acquire any shares of the Sub 1 stock issued in Reorganization 4, either directly or through any transaction, agreement, or arrangement with any other person.
- (s⁵) Sub 1 has no plan or intention to sell or otherwise dispose of any of the assets of Controlled 4 acquired in Reorganization 4, except for dispositions made in the ordinary course of business or transfers described in § 368(a)(2)(C) or § 1.368-2(k).
- (s⁶) The liabilities of Controlled 4 assumed (within the meaning of § 357(d)) by Sub 1 will have been incurred by Controlled 4 in the ordinary course of business and will be associated with the assets transferred.
- (s⁷) Following Reorganization 4, Sub 1 will continue the historic business of Controlled 4 or use a significant portion of Controlled 4's historic business assets in a business (within the meaning of § 1.368-1(d)).
- (s⁸) Except for expenses that are "solely and directly related" (within the meaning of Rev. Rul. 73-54, 1973-1 C.B. 187) to Reorganization 4, all of which will be paid initially by LLC 2 and subject to reimbursement by the appropriate Distributing 9 affiliates, each party will pay its respective expenses, if any, incurred in connection with Reorganization 4.
- (s⁹) At the time of Reorganization 4, there will be no intercorporate indebtedness existing between Sub 1 and Controlled 4 that was issued, acquired, or will be settled at a discount.
- (s¹⁰) No two parties to Reorganization 4 are investment companies as defined in § 368(a)(2)(F)(iii) and (iv).
- (s¹¹) Controlled 4 is not under the jurisdiction of a court in a title 11 or similar case within the meaning of § 368(a)(3)(A).

- (s¹²) The total fair market value of the assets transferred to Sub 1 by Controlled 4 will exceed the sum of (i) the amount of liabilities assumed (as determined under § 357(d)) by Sub 1 in connection with Reorganization 4, (ii) the amount of liabilities owed to Sub 1 by Controlled 4 that are discharged or extinguished in connection with Reorganization 4, and (iii) the amount of any money and the fair market value of any other property (other than stock permitted to be received under § 361(a) without the recognition of gain) received by Controlled 4 in connection with Reorganization 4. The fair market value of the assets of Sub 1 will exceed the amount of Sub 1's liabilities immediately after Reorganization 4.

The following representations have been made with respect to Reorganization 5:

- (t¹) Reorganization 5 will be effected pursuant to the laws of State A and State D. As a result of Reorganization 5, all of the assets and liabilities of Controlled 2 will become the assets and liabilities of Sub 1 by operation of law.
- (t²) The fair market value of the Distributing 2 stock received by Distributing 8 in Reorganization 5 will be approximately equal to the fair market value of the Controlled 2 stock surrendered in the exchange.
- (t³) At least 40 percent of the proprietary interest in Controlled 2 will be exchanged for Distributing 2 stock and will be preserved (within the meaning of § 1.368-1(e)).
- (t⁴) Neither Distributing 2 nor any person related (within the meaning of § 1.368-1(e)(4)) to Distributing 2 has any plan or intention to redeem or otherwise acquire any shares of the Distributing 2 stock issued in Reorganization 5, either directly or through any transaction, agreement, or arrangement with any other person.
- (t⁵) Sub 1 has no plan or intention to sell or otherwise dispose of any of the assets of Controlled 2 acquired in Reorganization 5, except for dispositions made in the ordinary course of business or transfers described in § 368(a)(2)(C) or § 1.368-2(k).
- (t⁶) The liabilities of Controlled 2 assumed (within the meaning of § 357(d)) by Sub 1 will have been incurred by Controlled 2 in the ordinary course of business and will be associated with the assets transferred.
- (t⁷) Following Reorganization 5, Sub 1 will continue the historic business of Controlled 2 or use a significant portion of Controlled 2's historic business assets in a business (within the meaning of § 1.368-1(d)).

- (t⁸) Except for expenses that are “solely and directly related” (within the meaning of Rev. Rul. 73-54, 1973-1 C.B. 187) to Reorganization 5, all of which will be paid initially by LLC 2 and subject to reimbursement by the appropriate Distributing 9 affiliates, each party will pay its respective expenses, if any, incurred in connection with Reorganization 5.
- (t⁹) At the time of Reorganization 5, there will be no intercorporate indebtedness existing between Sub 1 and Controlled 2 that was issued, acquired, or will be settled at a discount.
- (t¹⁰) No two parties to Reorganization 5 are investment companies as defined in § 368(a)(2)(F)(iii) and (iv).
- (t¹¹) Controlled 2 is not under the jurisdiction of a court in a title 11 or similar case within the meaning of § 368(a)(3)(A).
- (t¹²) The total fair market value of the assets transferred to Sub 1 by Controlled 2 will exceed the sum of (i) the amount of liabilities assumed (as determined under § 357(d)) by Sub 1 in connection with Reorganization 5, (ii) the amount of liabilities owed to Sub 1 by Controlled 2 that are discharged or extinguished in connection with Reorganization 5, and (iii) the amount of any money and the fair market value of any other property (other than stock permitted to be received under § 361(a) without the recognition of gain) received by Controlled 2 in connection with Reorganization 5. The fair market value of the assets of Sub 1 will exceed the amount of Sub 1’s liabilities immediately after Reorganization 5.
- (t¹³) Sub 1 will acquire at least 90 percent of the fair market value of the net assets and at least 70 percent of the fair market value of the gross assets held by Controlled 2 immediately prior to Reorganization 5. For purposes of this representation, amounts paid by Controlled 2 to dissenters, amounts paid by Controlled 2 to shareholders who receive cash or other property, Controlled 2 assets used to pay its reorganization expenses and all redemptions and distributions (except for regular, normal dividends) made by Controlled 2 immediately preceding the transfer, will be included as assets of Controlled 2 held immediately prior to Reorganization 5.
- (t¹⁴) Prior to Reorganization 5, Distributing 2 will be in control of Sub 1 (within the meaning of § 368(c)).
- (t¹⁵) Following Reorganization 5, Sub 1 will not issue additional shares of its stock that would result in Distributing 2 losing control of Sub 1 within the meaning of § 368(c).

- (t¹⁶) No shares of stock of Sub 1 will be issued in Reorganization 5. All of the stock in Controlled 2 will be exchanged solely for voting shares of Distributing 2 stock.

The following representations have been made with respect to Contribution 5 and Distribution 7:

- (u¹) The total adjusted basis of the assets transferred to Controlled 5 by Distributing 5 in Contribution 5 will equal or exceed the sum of any liabilities assumed (within the meaning of § 357(d)) by Controlled 5.
- (u²) The total fair market value of the assets transferred to Controlled 5 in Contribution 5 will exceed the sum of (i) the amount of any liabilities assumed (within the meaning of § 357(d)) by Controlled 5 in the exchange, (ii) the amount of any liabilities owed to Controlled 5 by Distributing 5 that are discharged or extinguished in connection with the exchange, and (iii) the amount of cash and the fair market value of any other property (other than stock and securities permitted to be received under § 361(a) without recognition of gain) received by Distributing 5 in the exchange. The fair market value of the assets of Controlled 5 will exceed the amount of Controlled 5's liabilities immediately after Contribution 5.
- (u³) The total fair market value of the assets transferred to Controlled 5 by Distributing 5 in Contribution 5 will equal or exceed the aggregate adjusted basis of the transferred assets.
- (u⁴) Any liabilities assumed (within the meaning of § 357(d)) by Controlled 5 in Contribution 5 will have been incurred in the ordinary course of business and will be associated with the assets transferred.
- (u⁵) No part of the consideration to be distributed by Distributing 5 will be received by a shareholder as a creditor, employee, or in any capacity other than that of a shareholder of Distributing 5.
- (u⁶) Except for expenses that are "solely and directly related" (within the meaning of Rev. Rul. 73-54, 1973-1 C.B. 187) to Distribution 7, all of which will be paid initially by LLC 2 and subject to reimbursement by the appropriate Distributing 9 affiliates, each of the parties to Distribution 7 will pay its own expenses, if any, incurred in connection with Distribution 7.
- (u⁷) The five years of financial information submitted on behalf of Business C conducted by FSub 7 is representative of the present business operations of such business, and, with regard to such business, there have been no substantial operational changes since the date of the last financial statements submitted.

- (u⁸) Except pursuant to Step (xlili) of the proposed transactions, neither Business C conducted by FSub 7 nor control of an entity conducting such business was acquired during the five-year period ending on the date of Distribution 7 in a transaction in which gain or loss was recognized in whole or in part. Throughout the five-year period ending on the date of Distribution 7, FSub 7 has been the principal owner of the goodwill and significant assets of such business and will continue to be such owner following Distribution 7.
- (u⁹) The five years of financial information submitted on behalf of Business B conducted by the Distributing 5 SAG is representative of the present business operations of such business, and, with regard to such business, there have been no substantial operational changes since the date of the last financial statements submitted.
- (u¹⁰) Neither Business B conducted by the Distributing 5 SAG nor control of an entity conducting such business was acquired during the five-year period ending on the date of Distribution 7 in a transaction in which gain or loss was recognized in whole or in part. Throughout the five-year period ending on the date of Distribution 7, the Distributing 5 SAG has been the principal owner of the goodwill and significant assets of such business. The Controlled 5 SAG will be the principal owner of the goodwill and significant assets of such business following Distribution 7.
- (u¹¹) Following Distribution 7, the Distributing 5 SAG will continue the active conduct of Business C, independently and with its separate employees.
- (u¹²) Following Distribution 7, the Controlled 5 SAG will continue the active conduct of Business B, independently and with its separate employees.
- (u¹³) Distribution 7 is not being used principally as a device for the distribution of the earnings and profits of Distributing 5 or Controlled 5 or both.
- (u¹⁴) Distribution 7 is being carried out for the Separation Purposes. Distribution 7 is motivated, in whole or substantial part, by one or more of the Separation Purposes.
- (u¹⁵) No intercorporate debt will exist between Distributing 5 and Controlled 5 at the time of, or subsequent to, Distribution 7.
- (u¹⁶) Payments made in connection with all continuing transactions, if any, between Distributing 5 and Controlled 5 will be for fair market value based on terms and conditions arrived at by the parties bargaining at arm's length.
- (u¹⁷) No two parties to the transaction are investment companies as defined in § 368(a)(2)(F)(iii) and (iv).

- (u¹⁸) For purposes of § 355(d), immediately after Distribution 7, no person (determined after applying the aggregation rules of § 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of Distributing 5 stock entitled to vote or 50 percent or more of the total value of shares of all classes of Distributing 5 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 Distribution 7.
- (u¹⁹) For purposes of § 355(d), immediately after Distribution 7, no person (determined after applying the aggregation rules of § 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of Controlled 5 stock entitled to vote or 50 percent or more of the total value of shares of all classes of Controlled 5 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 Distribution 7 or (ii) attributable to distributions on Distributing 5 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 Distribution 7.
- (u²⁰) Distribution 7 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-percent or greater interest (within the meaning of § 355(d)(4)) in either Distributing 5 or Controlled 5 (including any predecessor or successor of Distributing 5 or Controlled 5).
- (u²¹) Immediately after the transaction (taking into account § 355(g)(4)), either (i) no person will hold a 50-percent or greater interest (within the meaning of § 355(g)) in the stock of Distributing 5 or Controlled 5, who did not hold such an interest immediately before Distribution 7, or (ii) neither Distributing 5 nor Controlled 5 will be a disqualified investment corporation (within the meaning of § 355(g)(2)).
- (u²²) Neither Distributing 5 nor Controlled 5 has been a USRPHC at any time during the five-year period ending on the date of Distribution 7, and neither Distributing 5 nor Controlled 5 will be a USRPHC immediately after Distribution 7.
- (u²³) Neither Distributing 5 nor Controlled 5 will be a CFC or a PFIC before or after Distribution 7.

The following representations have been made with respect to Contribution 6 and Distribution 8:

- (v¹) The total adjusted basis of the assets transferred to Controlled 6 by Distributing 5 in Contribution 6 will equal or exceed the sum of any liabilities assumed (within the meaning of § 357(d)) by Controlled 6.

- (v²) The total fair market value of the assets transferred to Controlled 6 in Contribution 6 will exceed the sum of (i) the amount of any liabilities assumed (within the meaning of § 357(d)) by Controlled 6 in the exchange, (ii) the amount of any liabilities owed to Controlled 6 by Distributing 5 that are discharged or extinguished in connection with the exchange, and (iii) the amount of cash and the fair market value of any other property (other than stock and securities permitted to be received under § 361(a) without recognition of gain) received by Distributing 5 in the exchange. The fair market value of the assets of Controlled 6 will exceed the amount of Controlled 6's liabilities immediately after Contribution 6.
- (v³) The total fair market value of the assets transferred to Controlled 6 by Distributing 5 in Contribution 6 will equal or exceed the aggregate adjusted basis of the transferred assets.
- (v⁴) Any liabilities assumed (within the meaning of § 357(d)) by Controlled 6 in Contribution 6 will have been incurred in the ordinary course of business and will be associated with the assets transferred.
- (v⁵) No part of the consideration to be distributed by Distributing 5 will be received by a shareholder as a creditor, employee, or in any capacity other than that of a shareholder of Distributing 5.
- (v⁶) Except for expenses that are "solely and directly related" (within the meaning of Rev. Rul. 73-54, 1973-1 C.B. 187) to Distribution 8, all of which will be paid initially by LLC 2 and subject to reimbursement by the appropriate Distributing 9 affiliates, each of the parties to Distribution 8 will pay its own expenses, if any, incurred in connection with Distribution 8.
- (v⁷) The five years of financial information submitted on behalf of Business C conducted by FSub 7 is representative of the present business operations of such business, and, with regard to such business, there have been no substantial operational changes since the date of the last financial statements submitted.
- (v⁸) Except pursuant to Step (xlili) of the proposed transactions, neither Business C conducted by FSub 7 nor control of an entity conducting such business was acquired during the five-year period ending on the date of Distribution 8 in a transaction in which gain or loss was recognized in whole or in part. Throughout the five-year period ending on the date of Distribution 8, FSub 7 has been the principal owner of the goodwill and significant assets of such business and will continue to be such owner following Distribution 8.
- (v⁹) The five years of financial information submitted on behalf of Business A conducted by Distributing 1 is representative of the present business

operations of such business conducted by Distributing 1, and, with regard to such business, there have been no substantial operational changes since the date of the last financial statements submitted.

- (v¹⁰) Neither Business A conducted by Distributing 1 nor control of an entity conducting such business was acquired during the five-year period ending on the date of Distribution 8 in a transaction in which gain or loss was recognized in whole or in part. Throughout the five-year period ending on the date of Distribution 8, Distributing 1, Controlled 1, or Controlled 6 has been the principal owner of the goodwill and significant assets of such business. The Controlled 6 SAG will be the principal owner of the goodwill and significant assets of such business following Distribution 8.
- (v¹¹) Following Distribution 8, the Distributing 5 SAG will continue the active conduct of Business C, independently and with its separate employees.
- (v¹²) Following Distribution 8, the Controlled 6 SAG will continue the active conduct of Business A, independently and with its separate employees.
- (v¹³) Distribution 8 is not being used principally as a device for the distribution of the earnings and profits of Distributing 5 or Controlled 6 or both.
- (v¹⁴) Distribution 8 is being carried out for the Separation Purposes. Distribution 8 is motivated, in whole or substantial part, by one or more of the Separation Purposes.
- (v¹⁵) No intercorporate debt will exist between Distributing 5 and Controlled 6 at the time of, or subsequent to, Distribution 8.
- (v¹⁶) Payments made in connection with all continuing transactions, if any, between Distributing 5 and Controlled 6 will be for fair market value based on terms and conditions arrived at by the parties bargaining at arm's length.
- (v¹⁷) No two parties to the transaction are investment companies as defined in § 368(a)(2)(F)(iii) and (iv).
- (v¹⁸) For purposes of § 355(d), immediately after Distribution 8, no person (determined after applying the aggregation rules of § 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of Distributing 5 stock entitled to vote or 50 percent or more of the total value of shares of all classes of Distributing 5 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 Distribution 8.

- (v¹⁹) For purposes of § 355(d), immediately after Distribution 8, no person (determined after applying the aggregation rules of § 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of Controlled 6 stock entitled to vote or 50 percent or more of the total value of shares of all classes of Controlled 6 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 Distribution 8 or (ii) attributable to distributions on Distributing 5 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 Distribution 8.
- (v²⁰) Distribution 8 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-percent or greater interest (within the meaning of § 355(d)(4)) in either Distributing 5 or Controlled 6 (including any predecessor or successor of Distributing 5 or Controlled 6).
- (v²¹) Immediately after the transaction (taking into account § 355(g)(4)), either (i) no person will hold a 50-percent or greater interest (within the meaning of § 355(g)) in the stock of Distributing 5 or Controlled 6, who did not hold such an interest immediately before Distribution 8, or (ii) neither Distributing 5 nor Controlled 6 will be a disqualified investment corporation (within the meaning of § 355(g)(2)).
- (v²²) Neither Distributing 5 nor Controlled 6 has been a USRPHC at any time during the five-year period ending on the date of Distribution 8, and neither Distributing 5 nor Controlled 6 will be a USRPHC immediately after Distribution 8.
- (v²³) Distributing 5 will not be a CFC or a PFIC before or after Distribution 8.

The following representations have been made with respect to Contribution 7 and Distribution 9:

- (w¹) The total adjusted basis of the assets transferred to Controlled 7 by Distributing 6 in Contribution 7 will equal or exceed the sum of any liabilities assumed (within the meaning of § 357(d)) by Controlled 7.
- (w²) The total fair market value of the assets transferred to Controlled 7 in Contribution 7 will exceed the sum of (i) the amount of any liabilities assumed (within the meaning of § 357(d)) by Controlled 7 in the exchange, (ii) the amount of any liabilities owed to Controlled 7 by Distributing 6 that are discharged or extinguished in connection with the exchange, and (iii) the amount of cash and the fair market value of any other property (other than stock and securities permitted to be received under § 361(a) without recognition of gain) received by Distributing 6 in the exchange. The fair market

value of the assets of Controlled 7 will exceed the amount of Controlled 7's liabilities immediately after Contribution 7.

- (w³) The total fair market value of the assets transferred to Controlled 7 by Distributing 6 in Contribution 7 will equal or exceed the aggregate adjusted basis of the transferred assets.
- (w⁴) Any liabilities assumed (within the meaning of § 357(d)) by Controlled 7 in Contribution 7 will have been incurred in the ordinary course of business and will be associated with the assets transferred.
- (w⁵) No part of the consideration to be distributed by Distributing 6 will be received by a shareholder as a creditor, employee, or in any capacity other than that of a shareholder of Distributing 6.
- (w⁶) Except for expenses that are "solely and directly related" (within the meaning of Rev. Rul. 73-54, 1973-1 C.B. 187) to Distribution 9, all of which will be paid initially by LLC 2 and subject to reimbursement by the appropriate Distributing 9 affiliates, each of the parties to Distribution 9 will pay its own expenses, if any, incurred in connection with Distribution 9.
- (w⁷) The five years of financial information submitted on behalf of Business C conducted by FSub 7 is representative of the present business operations of such business, and, with regard to such business, there have been no substantial operational changes since the date of the last financial statements submitted.
- (w⁸) Except pursuant to Step (xlili) of the proposed transactions, neither Business C conducted by FSub 7 nor control of an entity conducting such business was acquired during the five-year period ending on the date of Distribution 9 in a transaction in which gain or loss was recognized in whole or in part. Throughout the five-year period ending on the date of Distribution 9, FSub 7 has been the principal owner of the goodwill and significant assets of such business and will continue to be such owner following Distribution 9.
- (w⁹) The five years of financial information submitted on behalf of Business B conducted by the Distributing 6 SAG is representative of the present business operations of such business, and, with regard to such business, there have been no substantial operational changes since the date of the last financial statements submitted.
- (w¹⁰) Neither Business B conducted by the Distributing 6 SAG nor control of an entity conducting such business was acquired during the five-year period ending on the date of Distribution 9 in a transaction in which gain or loss was recognized in whole or in part. Throughout the five-year period ending on the date of

Distribution 9, the Distributing 6 SAG has been the principal owner of the goodwill and significant assets of such business. The Controlled 7 SAG will be the principal owner of the goodwill and significant assets of such business following Distribution 9.

- (w¹¹) Following Distribution 9, the Distributing 6 SAG will continue the active conduct of Business C, independently and with its separate employees.
- (w¹²) Following Distribution 9, the Controlled 7 SAG will continue the active conduct of Business B, independently and with its separate employees.
- (w¹³) Distribution 9 is not being used principally as a device for the distribution of the earnings and profits of Distributing 6 or Controlled 7 or both.
- (w¹⁴) Distribution 9 is being carried out for the Separation Purposes. Distribution 9 is motivated, in whole or substantial part, by one or more of the Separation Purposes.
- (w¹⁵) No intercorporate debt will exist between Distributing 6 and Controlled 7 at the time of, or subsequent to, Distribution 9.
- (w¹⁶) Payments made in connection with all continuing transactions, if any, between Distributing 6 and Controlled 7 will be for fair market value based on terms and conditions arrived at by the parties bargaining at arm's length.
- (w¹⁷) No two parties to the transaction are investment companies as defined in § 368(a)(2)(F)(iii) and (iv).
- (w¹⁸) For purposes of § 355(d), immediately after Distribution 9, no person (determined after applying the aggregation rules of § 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of Distributing 6 stock entitled to vote or 50 percent or more of the total value of shares of all classes of Distributing 6 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 Distribution 9.
- (w¹⁹) For purposes of § 355(d), immediately after Distribution 9, no person (determined after applying the aggregation rules of § 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of Controlled 7 stock entitled to vote or 50 percent or more of the total value of shares of all classes of Controlled 7 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 Distribution 9 or (ii) attributable to distributions on Distributing 6 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 Distribution 9.

- (w²⁰) Distribution 9 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-percent or greater interest (within the meaning of § 355(d)(4)) in either Distributing 6 or Controlled 7 (including any predecessor or successor of Distributing 6 or Controlled 7).
- (w²¹) Immediately after the transaction (taking into account § 355(g)(4)), either (i) no person will hold a 50-percent or greater interest (within the meaning of § 355(g)) in the stock of Distributing 6 or Controlled 7, who did not hold such an interest immediately before Distribution 9, or (ii) neither Distributing 6 nor Controlled 7 will be a disqualified investment corporation (within the meaning of § 355(g)(2)).
- (w²²) Neither Distributing 6 nor Controlled 7 has been a USRPHC at any time during the five-year period ending on the date of Distribution 9, and neither Distributing 6 nor Controlled 7 will be a USRPHC immediately after Distribution 9.
- (w²³) Neither Distributing 6 nor Controlled 7 will be a CFC or a PFIC before or after Distribution 9.

The following representations have been made with respect to Distribution 10:

- (x¹) No part of the consideration to be distributed by Distributing 6 will be received by a shareholder as a creditor, employee, or in any capacity other than that of a shareholder of Distributing 6.
- (x²) Except for expenses that are “solely and directly related” (within the meaning of Rev. Rul. 73-54, 1973-1 C.B. 187) to Distribution 10, all of which will be paid initially by LLC 2 and subject to reimbursement by the appropriate Distributing 9 affiliates, each of the parties to Distribution 10 will pay its own expenses, if any, incurred in connection with Distribution 10.
- (x³) The five years of financial information submitted on behalf of Business C conducted by FSub 7 is representative of the present business operations of such business, and, with regard to such business, there have been no substantial operational changes since the date of the last financial statements submitted.
- (x⁴) Except pursuant to Step (xlili) of the proposed transactions, neither Business C conducted by FSub 7 nor control of an entity conducting such business was acquired during the five-year period ending on the date of Distribution 10 in a transaction in which gain or loss was recognized in whole or in part.

Throughout the five-year period ending on the date of Distribution 10, FSub 7 has been the principal owner of the goodwill and significant assets of such business and will continue to be such owner following Distribution 10.

- (x⁵) The five years of financial information submitted on behalf of Business A conducted by Distributing 1 is representative of the present business operations of such business, and, with regard to such business, there have been no substantial operational changes since the date of the last financial statements submitted.
- (x⁶) Neither Business A conducted by Distributing 1 nor control of an entity conducting such business was acquired during the five-year period ending on the date of Distribution 10 in a transaction in which gain or loss was recognized in whole or in part. Throughout the five-year period ending on the date of Distribution 10, Distributing 1, Controlled 1, or Controlled 6 has been the principal owner of the goodwill and significant assets of such business. The Controlled 6 SAG will be the principal owner of the goodwill and significant assets of such business following Distribution 10.
- (x⁷) Following Distribution 10, the Distributing 6 SAG will continue the active conduct of Business C, independently and with its separate employees.
- (x⁸) Following Distribution 10, the Controlled 6 SAG will continue the active conduct of Business A, independently and with its separate employees.
- (x⁹) Distribution 10 is not being used principally as a device for the distribution of the earnings and profits of Distributing 6 or Controlled 6 or both.
- (x¹⁰) Distribution 10 is being carried out for the Separation Purposes. Distribution 10 is motivated, in whole or substantial part, by one or more of the Separation Purposes.
- (x¹¹) No intercorporate debt will exist between Distributing 6 and Controlled 6 at the time of, or subsequent to, Distribution 10.
- (x¹²) Payments made in connection with all continuing transactions, if any, between Distributing 6 and Controlled 6 will be for fair market value based on terms and conditions arrived at by the parties bargaining at arm's length.
- (x¹³) For purposes of § 355(d), immediately after Distribution 10, no person (determined after applying the aggregation rules of § 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of Distributing 6 stock entitled to vote or 50 percent or more of the total value of shares of all classes of Distributing 6 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 Distribution 10.

- (x¹⁴) For purposes of § 355(d), immediately after Distribution 10, no person (determined after applying the aggregation rules of § 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of Controlled 6 stock entitled to vote or 50 percent or more of the total value of shares of all classes of Controlled 6 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 Distribution 10 or (ii) attributable to distributions on Distributing 6 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 Distribution 10.
- (x¹⁵) Distribution 10 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-percent or greater interest (within the meaning of § 355(d)(4)) in either Distributing 6 or Controlled 6 (including any predecessor or successor of Distributing 6 or Controlled 6).
- (x¹⁶) Immediately after the transaction (taking into account § 355(g)(4)), either (i) no person will hold a 50-percent or greater interest (within the meaning of § 355(g)) in the stock of Distributing 6 or Controlled 6, who did not hold such an interest immediately before Distribution 10, or (ii) neither Distributing 6 nor Controlled 6 will be a disqualified investment corporation (within the meaning of § 355(g)(2)).
- (x¹⁷) Neither Distributing 6 nor Controlled 6 has been a USRPHC at any time during the five-year period ending on the date of Distribution 10, and neither Distributing 6 nor Controlled 6 will be a USRPHC immediately after Distribution 10.
- (x¹⁸) Distributing 6 will not be a CFC or a PFIC before or after Distribution 10.

The following representations have been made with respect to Contribution 8 and Distribution 11:

- (y¹) The total adjusted basis of the assets transferred to Controlled 8 by Distributing 2 in Contribution 8 will equal or exceed the sum of any liabilities assumed (within the meaning of § 357(d)) by Controlled 8.
- (y²) The total fair market value of the assets transferred to Controlled 8 in Contribution 8 will exceed the sum of (i) the amount of any liabilities assumed (within the meaning of § 357(d)) by Controlled 8 in the exchange, (ii) the amount of any liabilities owed to Controlled 8 by Distributing 2 that are

discharged or extinguished in connection with the exchange, and (iii) the amount of cash and the fair market value of any other property (other than stock and securities permitted to be received under § 361(a) without recognition of gain) received by Distributing 2 in the exchange. The fair market value of the assets of Controlled 8 will exceed the amount of Controlled 8's liabilities immediately after Contribution 8.

- (y³) The total fair market value of the assets transferred to Controlled 8 by Distributing 2 in Contribution 8 will equal or exceed the aggregate adjusted basis of the transferred assets.
- (y⁴) Any liabilities assumed (within the meaning of § 357(d)) by Controlled 8 in Contribution 8 will have been incurred in the ordinary course of business and will be associated with the assets transferred.
- (y⁵) No part of the consideration to be distributed by Distributing 2 will be received by a shareholder as a creditor, employee, or in any capacity other than that of a shareholder of Distributing 2.
- (y⁶) Except for expenses that are "solely and directly related" (within the meaning of Rev. Rul. 73-54, 1973-1 C.B. 187) to Distribution 11, all of which will be paid initially by LLC 2 and subject to reimbursement by the appropriate Distributing 9 affiliates, each of the parties to Distribution 11 will pay its own expenses, if any, incurred in connection with Distribution 11.
- (y⁷) The five years of financial information submitted on behalf of Business C conducted by the Distributing 2 SAG is representative of the present business operations of such business, and, with regard to such business, there have been no substantial operational changes since the date of the last financial statements submitted.
- (y⁸) Neither Business C conducted by the Distributing 2 SAG nor control of an entity conducting such business was acquired by the Distributing 2 SAG during the five-year period ending on the date of Distribution 11 in a transaction in which gain or loss was recognized in whole or in part. Throughout the five-year period ending on the date of Distribution 11, the Distributing 2 SAG has been the principal owner of the goodwill and significant assets of such business and will continue to be such owner following Distribution 11.
- (y⁹) The five years of financial information submitted on behalf of Business B conducted by the Distributing 2 SAG is representative of the present business operations of such business, and, with regard to such business, there have been no substantial operational changes since the date of the last financial statements submitted.

- (y¹⁰) Neither Business B conducted by the Distributing 2 SAG nor control of an entity conducting such business was acquired during the five-year period ending on the date of Distribution 11 in a transaction in which gain or loss was recognized in whole or in part. Throughout the five-year period ending on the date of Distribution 11, the Distributing 2 SAG has been the principal owner of the goodwill and significant assets of such business. The Controlled 8 SAG will be the principal owner of the goodwill and significant assets of such business following Distribution 11.
- (y¹¹) Following Distribution 11, the Distributing 2 SAG will continue the active conduct of Business C, independently and with its separate employees.
- (y¹²) Following Distribution 11, the Controlled 8 SAG will continue the active conduct of Business B, independently and with its separate employees.
- (y¹³) Distribution 11 is not being used principally as a device for the distribution of the earnings and profits of Distributing 2 or Controlled 8 or both.
- (y¹⁴) Distribution 11 is being carried out for the Separation Purposes. Distribution 11 is motivated, in whole or substantial part, by one or more of the Separation Purposes.
- (y¹⁵) No intercorporate debt will exist between Distributing 2 and Controlled 8 at the time of, or subsequent to, Distribution 11.
- (y¹⁶) Payments made in connection with all continuing transactions, if any, between Distributing 2 and Controlled 8 will be for fair market value based on terms and conditions arrived at by the parties bargaining at arm's length.
- (y¹⁷) No two parties to the transaction are investment companies as defined in § 368(a)(2)(F)(iii) and (iv).
- (y¹⁸) For purposes of § 355(d), immediately after Distribution 11, no person (determined after applying the aggregation rules of § 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of Distributing 2 stock entitled to vote or 50 percent 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 Distribution 11.
- (y¹⁹) For purposes of § 355(d), immediately after Distribution 11, no person (determined after applying the aggregation rules of § 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of Controlled 8 stock entitled to vote or 50 percent or more of the total value of shares of all classes of Controlled 8 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 Distribution 11 or (ii) attributable to distributions on 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 Distribution 11.

- (y²⁰) Distribution 11 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-percent or greater interest (within the meaning of § 355(d)(4)) in either Distributing 2 or Controlled 8 (including any predecessor or successor of Distributing 2 or Controlled 8).
- (y²¹) Immediately after the transaction (taking into account § 355(g)(4)), either (i) no person will hold a 50-percent or greater interest (within the meaning of § 355(g)) in the stock of Distributing 2 or Controlled 8, who did not hold such an interest immediately before Distribution 11, or (ii) neither Distributing 2 nor Controlled 8 will be a disqualified investment corporation (within the meaning of § 355(g)(2)).
- (y²²) Neither Distributing 2 nor Controlled 8 has been a USRPHC at any time during the five-year period ending on the date of Distribution 11, and neither Distributing 2 nor Controlled 8 will be a USRPHC immediately after Distribution 11.
- (y²³) Neither Distributing 2 nor Controlled 8 will be a CFC or a PFIC before or after Distribution 11.

The following representations have been made with respect to Distribution 12:

- (z¹) No part of the consideration to be distributed by Distributing 2 will be received by a shareholder as a creditor, employee, or in any capacity other than that of a shareholder of Distributing 2.
- (z²) Except for expenses that are “solely and directly related” (within the meaning of Rev. Rul. 73-54, 1973-1 C.B. 187) to Distribution 12, all of which will be paid initially by LLC 2 and subject to reimbursement by the appropriate Distributing 9 affiliates, each of the parties to Distribution 12 will pay its own expenses, if any, incurred in connection with Distribution 12.
- (z³) The five years of financial information submitted on behalf of Business C conducted by the Distributing 2 SAG is representative of the present business operations of such business, and, with regard to such business, there have been no substantial operational changes since the date of the last financial statements submitted.

- (z⁴) Neither Business C conducted by the Distributing 2 SAG nor control of an entity conducting such business was acquired by the Distributing 2 SAG during the five-year period ending on the date of Distribution 12 in a transaction in which gain or loss was recognized in whole or in part. Throughout the five-year period ending on the date of Distribution 12, the Distributing 2 SAG has been the principal owner of the goodwill and significant assets of such business and will continue to be such owner following Distribution 12.
- (z⁵) 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 such business, and, with regard to such business, there have been no substantial operational changes since the date of the last financial statements submitted.
- (z⁶) Neither Business A conducted by the Distributing 1 SAG nor control of an entity conducting such business was acquired during the five-year period ending on the date of Distribution 12 in a transaction in which gain or loss was recognized in whole or in part. Throughout the five-year period ending on the date of Distribution 12, Distributing 1, Controlled 1, or Controlled 6 has been the principal owner of the goodwill and significant assets of such business. The Controlled 6 SAG will be the principal owner of the goodwill and significant assets of such business following Distribution 12.
- (z⁷) Following Distribution 12, the Distributing 2 SAG will continue the active conduct of Business C, independently and with its separate employees.
- (z⁸) Following Distribution 12, the Controlled 6 SAG will continue the active conduct of Business A, independently and with its separate employees.
- (z⁹) Distribution 12 is not being used principally as a device for the distribution of the earnings and profits of Distributing 2 or Controlled 6 or both.
- (z¹⁰) Distribution 12 is being carried out for the Separation Purposes. Distribution 12 is motivated, in whole or substantial part, by one or more of the Separation Purposes.
- (z¹¹) No intercorporate debt will exist between Distributing 2 and Controlled 6 at the time of, or subsequent to, Distribution 12.
- (z¹²) Payments made in connection with all continuing transactions, if any, between Distributing 2 and Controlled 6 will be for fair market value based on terms and conditions arrived at by the parties bargaining at arm's length.
- (z¹³) For purposes of § 355(d), immediately after Distribution 12, no person (determined after applying the aggregation rules of § 355(d)(7)) will hold stock

possessing 50 percent or more of the total combined voting power of all classes of Distributing 2 stock entitled to vote or 50 percent 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 Distribution 12.

- (z¹⁴) For purposes of § 355(d), immediately after Distribution 12, no person (determined after applying the aggregation rules of § 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of Controlled 6 stock entitled to vote or 50 percent or more of the total value of shares of all classes of Controlled 6 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 Distribution 12 or (ii) attributable to distributions on 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 Distribution 12.
- (z¹⁵) Distribution 12 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-percent or greater interest (within the meaning of § 355(d)(4)) in either Distributing 2 or Controlled 6 (including any predecessor or successor of Distributing 2 or Controlled 6).
- (z¹⁶) Immediately after the transaction (taking into account § 355(g)(4)), either (i) no person will hold a 50-percent or greater interest (within the meaning of § 355(g)) in the stock of Distributing 2 or Controlled 6, who did not hold such an interest immediately before Distribution 12, or (ii) neither Distributing 2 nor Controlled 6 will be a disqualified investment corporation (within the meaning of § 355(g)(2)).
- (z¹⁷) Neither Distributing 2 nor Controlled 6 has been a USRPHC at any time during the five-year period ending on the date of Distribution 12, and neither Distributing 2 nor Controlled 6 will be a USRPHC immediately after Distribution 12.
- (z¹⁸) Distributing 2 will not be a CFC or a PFIC before or after Distribution 12.

The following representations have been made with respect to Distribution 13:

- (aa¹) No part of the consideration to be distributed by Distributing 2 will be received by a shareholder as a creditor, employee, or in any capacity other than that of a shareholder of Distributing 2.
- (aa²) Except for expenses that are “solely and directly related” (within the meaning of Rev. Rul. 73-54, 1973-1 C.B. 187) to Distribution 13, all of which will be paid

initially by LLC 2 and subject to reimbursement by the appropriate Distributing 9 affiliates, each of the parties to Distribution 13 will pay its own expenses, if any, incurred in connection with Distribution 13.

- (aa³) The five years of financial information submitted on behalf of Business C conducted by the Distributing 2 SAG is representative of the present business operations of such business, and, with regard to such business, there have been no substantial operational changes since the date of the last financial statements submitted.
- (aa⁴) Neither Business C conducted by the Distributing 2 SAG nor control of an entity conducting such business was acquired by the Distributing 2 SAG during the five-year period ending on the date of Distribution 13 in a transaction in which gain or loss was recognized in whole or in part. Throughout the five-year period ending on the date of Distribution 13, the Distributing 2 SAG has been the principal owner of the goodwill and significant assets of such business and will continue to be such owner following Distribution 13.
- (aa⁵) The five years of financial information submitted on behalf of Business A conducted by the Distributing 7 SAG is representative of the present business operations of such business, and, with regard to such business, there have been no substantial operational changes since the date of the last financial statements submitted.
- (aa⁶) Neither Business A conducted by the Distributing 7 SAG nor control of an entity conducting such business was acquired during the five-year period ending on the date of Distribution 13 in a transaction in which gain or loss was recognized in whole or in part. Throughout the five-year period ending on the date of Distribution 13, the Distributing 7 SAG has been the principal owner of the goodwill and significant assets of such business and will continue to be such owner following Distribution 13.
- (aa⁷) Following Distribution 13, the Distributing 2 SAG will continue the active conduct of Business C, independently and with its separate employees.
- (aa⁸) Following Distribution 13, the Distributing 7 SAG will continue the active conduct of Business A, independently and with its separate employees.
- (aa⁹) Distribution 13 is not being used principally as a device for the distribution of the earnings and profits of Distributing 2 or Distributing 7 or both.
- (aa¹⁰) Distribution 13 is being carried out for the Separation Purposes. Distribution 13 is motivated, in whole or substantial part, by one or more of the Separation Purposes.

- (aa¹¹) No intercorporate debt will exist between Distributing 2 and Distributing 7 at the time of, or subsequent to, Distribution 13.
- (aa¹²) Payments made in connection with all continuing transactions, if any, between Distributing 2 and Distributing 7 will be for fair market value based on terms and conditions arrived at by the parties bargaining at arm's length.
- (aa¹³) For purposes of § 355(d), immediately after Distribution 13, no person (determined after applying the aggregation rules of § 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of Distributing 2 stock entitled to vote or 50 percent 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 Distribution 13.
- (aa¹⁴) For purposes of § 355(d), immediately after Distribution 13, no person (determined after applying the aggregation rules of § 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of Distributing 7 stock entitled to vote or 50 percent or more of the total value of shares of all classes of Distributing 7 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 Distribution 13 or (ii) attributable to distributions on 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 Distribution 13.
- (aa¹⁵) Distribution 13 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-percent or greater interest (within the meaning of § 355(d)(4)) in either Distributing 2 or Distributing 7 (including any predecessor or successor of Distributing 2 or Distributing 7).
- (aa¹⁶) Immediately after the transaction (taking into account § 355(g)(4)), either (i) no person will hold a 50-percent or greater interest (within the meaning of § 355(g)) in the stock of Distributing 2 or Distributing 7, who did not hold such an interest immediately before Distribution 13, or (ii) neither Distributing 2 nor Distributing 7 will be a disqualified investment corporation (within the meaning of § 355(g)(2)).
- (aa¹⁷) Neither Distributing 2 nor Distributing 7 has been a USRPHC at any time during the five-year period ending on the date of Distribution 13, and neither Distributing 2 nor Distributing 7 will be a USRPHC immediately after Distribution 13.

- (aa¹⁸) Neither Distributing 2 nor Distributing 7 will be a CFC or a PFIC before, and Distributing 2 will not be a CFC or PFIC after, Distribution 13. Distributing 7 will become a CFC as a result of Contribution 10.

The following representations have been made with respect to Contribution 11 and Distribution 14:

- (bb¹) The total adjusted basis of the assets transferred to Controlled 9 by Distributing 7 in Contribution 11 will equal or exceed the sum of any liabilities assumed (within the meaning of § 357(d)) by Controlled 9.
- (bb²) The total fair market value of the assets transferred to Controlled 9 in Contribution 11 will exceed the sum of (i) the amount of any liabilities assumed (within the meaning of § 357(d)) by Controlled 9 in the exchange, (ii) the amount of any liabilities owed to Controlled 9 by Distributing 7 that are discharged or extinguished in connection with the exchange, and (iii) the amount of cash and the fair market value of any other property (other than stock and securities permitted to be received under § 361(a) without recognition of gain) received by Distributing 7 in the exchange. The fair market value of the assets of Controlled 9 will exceed the amount of Controlled 9's liabilities immediately after Contribution 11.
- (bb³) The total fair market value of the assets transferred to Controlled 9 by Distributing 7 in Contribution 11 will equal or exceed the aggregate adjusted basis of the transferred assets.
- (bb⁴) Any liabilities assumed (within the meaning of § 357(d)) by Controlled 9 in Contribution 11 will have been incurred in the ordinary course of business and will be associated with the assets transferred.
- (bb⁵) No part of the consideration to be distributed by Distributing 7 will be received by a shareholder as a creditor, employee, or in any capacity other than that of a shareholder of Distributing 7.
- (bb⁶) Except for expenses that are "solely and directly related" (within the meaning of Rev. Rul. 73-54, 1973-1 C.B. 187) to Distribution 14, all of which will be paid initially by LLC 2 and subject to reimbursement by the appropriate Distributing 9 affiliates, each of the parties to Distribution 14 will pay its own expenses, if any, incurred in connection with Distribution 14.
- (bb⁷) The five years of financial information submitted on behalf of Business A conducted by the Distributing 7 SAG is representative of the present business operations of such business, and, with regard to such business, there have been no substantial operational changes since the date of the last financial statements submitted.

- (bb⁸) Neither Business A conducted by the Distributing 7 SAG nor control of an entity conducting such business was acquired during the five-year period ending on the date of Distribution 14 in a transaction in which gain or loss was recognized in whole or in part. Throughout the five-year period ending on the date of Distribution 14, the Distributing 7 SAG has been the principal owner of the goodwill and significant assets of such business and will continue to be such owner following Distribution 14.
- (bb⁹) The five years of financial information submitted on behalf of Business C conducted by the Distributing 7 SAG is representative of the present business operations of such business, and, with regard to such business, there have been no substantial operational changes since the date of the last financial statements submitted.
- (bb¹⁰) Neither Business C conducted by the Distributing 7 SAG nor control of an entity conducting such business was acquired during the five-year period ending on the date of Distribution 14 in a transaction in which gain or loss was recognized in whole or in part. Throughout the five-year period ending on the date of Distribution 14, the Distributing 7 SAG has been the principal owner of the goodwill and significant assets of such business. The Controlled 9 SAG will be the principal owner of the goodwill and significant assets of such business following Distribution 14.
- (bb¹¹) Following Distribution 14, the Controlled 9 SAG will continue the active conduct of Business C, independently and with its separate employees.
- (bb¹²) Following Distribution 14, the Distributing 7 SAG will continue the active conduct of Business A, independently and with its separate employees.
- (bb¹³) Distribution 14 is not being used principally as a device for the distribution of the earnings and profits of Distributing 7 or Controlled 9 or both.
- (bb¹⁴) Distribution 14 is being carried out for the Separation Purposes. Distribution 14 is motivated, in whole or substantial part, by one or more of the Separation Purposes.
- (bb¹⁵) No intercorporate debt will exist between Distributing 7 and Controlled 9 at the time of, or subsequent to, Distribution 14.
- (bb¹⁶) Payments made in connection with all continuing transactions, if any, between Distributing 7 and Controlled 9 will be for fair market value based on terms and conditions arrived at by the parties bargaining at arm's length.
- (bb¹⁷) No two parties to the transaction are investment companies as defined in § 368(a)(2)(F)(iii) and (iv).

- (bb¹⁸) For purposes of § 355(d), immediately after Distribution 14, no person (determined after applying the aggregation rules of § 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of Distributing 7 stock entitled to vote or 50 percent or more of the total value of shares of all classes of Distributing 7 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 Distribution 14.
- (bb¹⁹) For purposes of § 355(d), immediately after Distribution 14, no person (determined after applying the aggregation rules of § 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of Controlled 9 stock entitled to vote or 50 percent or more of the total value of shares of all classes of Controlled 9 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 Distribution 14 or (ii) attributable to distributions on Distributing 7 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 Distribution 14.
- (bb²⁰) Distribution 14 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-percent or greater interest (within the meaning of § 355(d)(4)) in either Distributing 7 or Controlled 9 (including any predecessor or successor of Distributing 7 or Controlled 9).
- (bb²¹) Immediately after the transaction (taking into account § 355(g)(4)), either (i) no person will hold a 50-percent or greater interest (within the meaning of § 355(g)) in the stock of Distributing 7 or Controlled 9, who did not hold such an interest immediately before Distribution 14, or (ii) neither Distributing 7 nor Controlled 9 will be a disqualified investment corporation (within the meaning of § 355(g)(2)).
- (bb²²) Neither Distributing 7 nor Controlled 9 has been a USRPHC at any time during the five-year period ending on the date of Distribution 14, and neither Distributing 7 nor Controlled 9 will be a USRPHC immediately after Distribution 14.
- (bb²³) Neither Distributing 7 nor Controlled 9 will be a CFC or a PFIC before, and Controlled 9 will not be a CFC or PFIC after, Distribution 14. Distributing 7 will become a CFC as a result of Contribution 10.

The following representations have been made with respect to Contribution 9 and Distribution 15:

- (cc¹) The total adjusted basis of the assets transferred to Controlled 10 by Distributing 8 in Contribution 9 will equal or exceed the sum of any liabilities assumed (within the meaning of § 357(d)) by Controlled 10.
- (cc²) The total fair market value of the assets transferred to Controlled 10 in Contribution 9 will exceed the sum of (i) the amount of any liabilities assumed (within the meaning of § 357(d)) by Controlled 10 in the exchange, (ii) the amount of any liabilities owed to Controlled 10 by Distributing 8 that are discharged or extinguished in connection with the exchange, and (iii) the amount of cash and the fair market value of any other property (other than stock and securities permitted to be received under § 361(a) without recognition of gain) received by Distributing 8 in the exchange. The fair market value of the assets of Controlled 10 will exceed the amount of Controlled 10's liabilities immediately after Contribution 9.
- (cc³) The total fair market value of the assets transferred to Controlled 10 by Distributing 8 in Contribution 9 will equal or exceed the aggregate adjusted basis of the transferred assets.
- (cc⁴) Any liabilities assumed (within the meaning of § 357(d)) by Controlled 10 in Contribution 9 will have been incurred in the ordinary course of business and will be associated with the assets transferred.
- (cc⁵) No part of the consideration to be distributed by Distributing 8 will be received by a shareholder as a creditor, employee, or in any capacity other than that of a shareholder of Distributing 8.
- (cc⁶) Except for expenses that are "solely and directly related" (within the meaning of Rev. Rul. 73-54, 1973-1 C.B. 187) to Distribution 15, all of which will be paid initially by LLC 2 and subject to reimbursement by the appropriate Distributing 9 affiliates, each of the parties to Distribution 15 will pay its own expenses, if any, incurred in connection with Distribution 15.
- (cc⁷) The five years of financial information submitted on behalf of Business C conducted by the Distributing 8 SAG is representative of the present business operations of such business, and, with regard to such business, there have been no substantial operational changes since the date of the last financial statements submitted.
- (cc⁸) Neither Business C conducted by the Distributing 8 SAG nor control of an entity conducting such business was acquired by the Distributing 8 SAG during the five-year period ending on the date of Distribution 15 in a transaction in which gain or loss was recognized in whole or in part. Throughout the five-year period ending on the date of Distribution 15, the Distributing 8 SAG has been

the principal owner of the goodwill and significant assets of such business and will continue to be such owner following Distribution 15.

- (cc⁹) The five years of financial information submitted on behalf of Business B conducted by the Distributing 8 SAG is representative of the present business operations of such business, and, with regard to such business, there have been no substantial operational changes since the date of the last financial statements submitted.
- (cc¹⁰) Neither Business B conducted by the Distributing 8 SAG nor control of an entity conducting such business was acquired during the five-year period ending on the date of Distribution 15 in a transaction in which gain or loss was recognized in whole or in part. Throughout the five-year period ending on the date of Distribution 15, the Distributing 8 SAG has been the principal owner of the goodwill and significant assets of such business. The Controlled 10 SAG will be the principal owner of the goodwill and significant assets of such business following Distribution 15.
- (cc¹¹) Following Distribution 15, the Distributing 8 SAG will continue the active conduct of Business C, independently and with its separate employees.
- (cc¹²) Following Distribution 15, the Controlled 10 SAG will continue the active conduct of Business B, independently and with its separate employees.
- (cc¹³) Distribution 15 is not being used principally as a device for the distribution of the earnings and profits of Distributing 8 or Controlled 10 or both.
- (cc¹⁴) Distribution 15 is being carried out for the Separation Purposes. Distribution 15 is motivated, in whole or substantial part, by one or more of the Separation Purposes.
- (cc¹⁵) No intercorporate debt will exist between Distributing 8 and Controlled 10 at the time of, or subsequent to, Distribution 15.
- (cc¹⁶) Payments made in connection with all continuing transactions, if any, between Distributing 8 and Controlled 10 will be for fair market value based on terms and conditions arrived at by the parties bargaining at arm's length.
- (cc¹⁷) No two parties to the transaction are investment companies as defined in § 368(a)(2)(F)(iii) and (iv).
- (cc¹⁸) For purposes of § 355(d), immediately after Distribution 15, no person (determined after applying the aggregation rules of § 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of Distributing 8 stock entitled to vote or 50 percent or more of the total

value of shares of all classes of Distributing 8 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 Distribution 15.

- (cc¹⁹) For purposes of § 355(d), immediately after Distribution 15, no person (determined after applying the aggregation rules of § 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of Controlled 10 stock entitled to vote or 50 percent or more of the total value of shares of all classes of Controlled 10 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 Distribution 15 or (ii) attributable to distributions on Distributing 8 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 Distribution 15.
- (cc²⁰) Distribution 15 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-percent or greater interest (within the meaning of § 355(d)(4)) in either Distributing 8 or Controlled 10 (including any predecessor or successor of Distributing 8 or Controlled 10).
- (cc²¹) Immediately after the transaction (taking into account § 355(g)(4)), either (i) no person will hold a 50-percent or greater interest (within the meaning of § 355(g)) in the stock of Distributing 8 or Controlled 10, who did not hold such an interest immediately before Distribution 15, or (ii) neither Distributing 8 nor Controlled 10 will be a disqualified investment corporation (within the meaning of § 355(g)(2)).
- (cc²²) Neither Distributing 8 nor Controlled 10 has been a USRPHC at any time during the five-year period ending on the date of Distribution 15, and neither Distributing 8 nor Controlled 10 will be a USRPHC immediately after Distribution 15.
- (cc²³) Neither Distributing 8 nor Controlled 10 will be a CFC or a PFIC before or after Distribution 15.

The following representations have been made with respect to Contribution 10 and Distribution 16:

- (dd¹) The total adjusted basis of the assets transferred to Controlled 6 by Distributing 8 in Contribution 10 will equal or exceed the sum of any liabilities assumed (within the meaning of § 357(d)) by Controlled 6.
- (dd²) The total fair market value of the assets transferred to Controlled 6 in Contribution 10 will exceed the sum of (i) the amount of any liabilities assumed

(within the meaning of § 357(d)) by Controlled 6 in the exchange, (ii) the amount of any liabilities owed to Controlled 6 by Distributing 8 that are discharged or extinguished in connection with the exchange, and (iii) the amount of cash and the fair market value of any other property (other than stock and securities permitted to be received under § 361(a) without recognition of gain) received by Distributing 8 in the exchange. The fair market value of the assets of Controlled 6 will exceed the amount of Controlled 6's liabilities immediately after Contribution 10.

- (dd³) The total fair market value of the assets transferred to Controlled 6 by Distributing 8 in Contribution 10 will equal or exceed the aggregate adjusted basis of the transferred assets.
- (dd⁴) Any liabilities assumed (within the meaning of § 357(d)) by Controlled 6 in Contribution 10 will have been incurred in the ordinary course of business and will be associated with the assets transferred.
- (dd⁵) No part of the consideration to be distributed by Distributing 8 will be received by a shareholder as a creditor, employee, or in any capacity other than that of a shareholder of Distributing 8.
- (dd⁶) Except for expenses that are "solely and directly related" (within the meaning of Rev. Rul. 73-54, 1973-1 C.B. 187) to Distribution 16, all of which will be paid initially by LLC 2 and subject to reimbursement by the appropriate Distributing 9 affiliates, each of the parties to Distribution 16 will pay its own expenses, if any, incurred in connection with Distribution 16.
- (dd⁷) The five years of financial information submitted on behalf of Business C conducted by the Distributing 8 SAG is representative of the present business operations of such business, and, with regard to such business, there have been no substantial operational changes since the date of the last financial statements submitted.
- (dd⁸) Neither Business C conducted by the Distributing 8 SAG nor control of an entity conducting such business was acquired by the Distributing 8 SAG during the five-year period ending on the date of Distribution 16 in a transaction in which gain or loss was recognized in whole or in part. Throughout the five-year period ending on the date of Distribution 16, the Distributing 8 SAG has been the principal owner of the goodwill and significant assets of such business and will continue to be such owner following Distribution 16.
- (dd⁹) The five years of financial information submitted on behalf of Business A conducted by the Distributing 8 SAG is representative of the present business operations of such business, and, with regard to such business, there have

been no substantial operational changes since the date of the last financial statements submitted.

- (dd¹⁰) Neither Business A conducted by the Distributing 8 SAG nor control of an entity conducting such business was acquired during the five-year period ending on the date of Distribution 16 in a transaction in which gain or loss was recognized in whole or in part. Throughout the five-year period ending on the date of Distribution 16, the Distributing 8 SAG has been the principal owner of the goodwill and significant assets of such business. The Controlled 6 SAG will be the principal owner of the goodwill and significant assets of such business following Distribution 16.
- (dd¹¹) Following Distribution 16, the Distributing 8 SAG will continue the active conduct of Business C, independently and with its separate employees.
- (dd¹²) Following Distribution 16, the Controlled 6 SAG will continue the active conduct of Business A, independently and with its separate employees.
- (dd¹³) Distribution 16 is not being used principally as a device for the distribution of the earnings and profits of Distributing 8 or Controlled 6 or both.
- (dd¹⁴) Distribution 16 is being carried out for the Separation Purposes. Distribution 16 is motivated, in whole or substantial part, by one or more of the Separation Purposes.
- (dd¹⁵) No intercorporate debt will exist between Distributing 8 and Controlled 6 at the time of, or subsequent to, Distribution 16.
- (dd¹⁶) Payments made in connection with all continuing transactions, if any, between Distributing 8 and Controlled 6 will be for fair market value based on terms and conditions arrived at by the parties bargaining at arm's length.
- (dd¹⁷) No two parties to the transaction are investment companies as defined in § 368(a)(2)(F)(iii) and (iv).
- (dd¹⁸) For purposes of § 355(d), immediately after Distribution 16, no person (determined after applying the aggregation rules of § 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of Distributing 8 stock entitled to vote or 50 percent or more of the total value of shares of all classes of Distributing 8 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 Distribution 16.
- (dd¹⁹) For purposes of § 355(d), immediately after Distribution 16, no person (determined after applying the aggregation rules of § 355(d)(7)) will hold stock

possessing 50 percent or more of the total combined voting power of all classes of Controlled 6 stock entitled to vote or 50 percent or more of the total value of shares of all classes of Controlled 6 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 Distribution 16 or (ii) attributable to distributions on Distributing 8 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 Distribution 16.

- (dd²⁰) Distribution 16 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-percent or greater interest (within the meaning of § 355(d)(4)) in either Distributing 8 or Controlled 6 (including any predecessor or successor of Distributing 8 or Controlled 6).
- (dd²¹) Immediately after the transaction (taking into account § 355(g)(4)), either (i) no person will hold a 50-percent or greater interest (within the meaning of § 355(g)) in the stock of Distributing 8 or Controlled 6, who did not hold such an interest immediately before Distribution 16, or (ii) neither Distributing 8 nor Controlled 6 will be a disqualified investment corporation (within the meaning of § 355(g)(2)).
- (dd²²) Neither Distributing 8 nor Controlled 6 has been a USRPHC at any time during the five-year period ending on the date of Distribution 16, and neither Distributing 8 nor Controlled 6 will be a USRPHC immediately after Distribution 16.
- (dd²³) Distributing 8 will not be a CFC or a PFIC before or after Distribution 16.

The following representations have been made with respect to Contribution 12 and Distribution 17:

- (ee¹) The total adjusted basis of the assets transferred to Controlled 11 by Distributing 9 in Contribution 11 will equal or exceed the sum of any liabilities assumed (within the meaning of § 357(d)) by Controlled 11.
- (ee²) The total fair market value of the assets transferred to Controlled 11 in Contribution 11 will exceed the sum of (i) the amount of any liabilities assumed (within the meaning of § 357(d)) by Controlled 11 in the exchange, (ii) the amount of any liabilities owed to Controlled 11 by Distributing 9 that are discharged or extinguished in connection with the exchange, and (iii) the amount of cash and the fair market value of any other property (other than stock and securities permitted to be received under § 361(a) without recognition of gain) received by Distributing 9 in the exchange. The fair market

value of the assets of Controlled 11 will exceed the amount of Controlled 11's liabilities immediately after Contribution 11.

- (ee³) The total fair market value of the assets transferred to Controlled 11 by Distributing 9 in Contribution 11 will equal or exceed the aggregate adjusted basis of the transferred assets.
- (ee⁴) Any liabilities assumed (within the meaning of § 357(d)) by Controlled 11 in Contribution 11 will have been incurred in the ordinary course of business and will be associated with the assets transferred.
- (ee⁵) No part of the consideration to be distributed by Distributing 9 will be received by a shareholder as a creditor, employee, or in any capacity other than that of a shareholder of Distributing 9.
- (ee⁶) Except for expenses that are "solely and directly related" (within the meaning of Rev. Rul. 73-54, 1973-1 C.B. 187) to Distribution 17, all of which will be paid initially by LLC 2 and subject to reimbursement by the appropriate Distributing 9 affiliates, each of the parties to Distribution 17 will pay its own expenses, if any, incurred in connection with Distribution 17.
- (ee⁷) The five years of financial information submitted on behalf of Business C conducted by the Distributing 9 SAG is representative of the present business operations of such business, and, with regard to such business, there have been no substantial operational changes since the date of the last financial statements submitted.
- (ee⁸) Neither Business C conducted by the Distributing 9 SAG nor control of an entity conducting such business was acquired by the Distributing 9 SAG during the five-year period ending on the date of Distribution 17 in a transaction in which gain or loss was recognized in whole or in part. Throughout the five-year period ending on the date of Distribution 17, the Distributing 9 SAG has been the principal owner of the goodwill and significant assets of such business and will continue to be such owner following Distribution 17.
- (ee⁹) The five years of financial information submitted on behalf of Business B conducted by the Distributing 9 SAG is representative of the present business operations of such business, and, with regard to such business, there have been no substantial operational changes since the date of the last financial statements submitted.
- (ee¹⁰) Neither Business B conducted by the Distributing 9 SAG nor control of an entity conducting such business was acquired during the five-year period ending on the date of Distribution 17 in a transaction in which gain or loss was recognized in whole or in part. Throughout the five-year period ending on the date of

Distribution 17, the Distributing 9 SAG has been the principal owner of the goodwill and significant assets of such business. The Controlled 11 SAG will be the principal owner of the goodwill and significant assets of such business following Distribution 17.

- (ee¹¹) Following Distribution 17, the Distributing 9 SAG will continue the active conduct of Business C, independently and with its separate employees.
- (ee¹²) Following Distribution 17, the Controlled 11 SAG will continue the active conduct of Business B, independently and with its separate employees.
- (ee¹³) Distribution 17 is not being used principally as a device for the distribution of the earnings and profits of Distributing 9 or Controlled 11 or both.
- (ee¹⁴) Distribution 17 is being carried out for the Separation Purposes. Distribution 17 is motivated, in whole or substantial part, by one or more of the Separation Purposes.
- (ee¹⁵) No intercorporate debt will exist between Distributing 9 and Controlled 11 at the time of, or subsequent to, Distribution 17.
- (ee¹⁶) Payments made in connection with all continuing transactions, if any, between Distributing 9 and Controlled 11 will be for fair market value based on terms and conditions arrived at by the parties bargaining at arm's length.
- (ee¹⁷) No two parties to the transaction are investment companies as defined in § 368(a)(2)(F)(iii) and (iv).
- (ee¹⁸) For purposes of § 355(d), immediately after Distribution 17, no person (determined after applying the aggregation rules of § 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of Distributing 9 stock entitled to vote or 50 percent or more of the total value of shares of all classes of Distributing 9 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 Distribution 17.
- (ee¹⁹) For purposes of § 355(d), immediately after Distribution 17, no person (determined after applying the aggregation rules of § 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of Controlled 11 stock entitled to vote or 50 percent or more of the total value of shares of all classes of Controlled 11 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 Distribution 17 or (ii) attributable to distributions on Distributing 9 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 Distribution 17.

- (ee²⁰) Distribution 17 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-percent or greater interest (within the meaning of § 355(d)(4)) in either Distributing 9 or Controlled 11 (including any predecessor or successor of Distributing 9 or Controlled 11).
- (ee²¹) All repurchases of stock by Distributing 9 prior to Date (the “Pre-Distribution Share Repurchases”) were made in the open market, and the amount and timing of such repurchases would have been the same regardless of the proposed transactions.
- (ee²²) Immediately after the transaction (taking into account § 355(g)(4)), either (i) no person will hold a 50-percent or greater interest (within the meaning of § 355(g)) in the stock of Distributing 9 or Controlled 11, who did not hold such an interest immediately before Distribution 17, or (ii) neither Distributing 9 nor Controlled 11 will be a disqualified investment corporation (within the meaning of § 355(g)(2)).
- (ee²³) Neither Distributing 9 nor Controlled 11 has been a USRPHC at any time during the five-year period ending on the date of Distribution 17, and neither Distributing 9 nor Controlled 11 will be a USRPHC immediately after Distribution 17.
- (ee²⁴) Neither Distributing 9 nor Controlled 11 will be a CFC or a PFIC before or after Distribution 17.
- (ee²⁵) The receipt by Distributing 9 shareholders of cash in lieu of fractional shares of Controlled 11 stock resulting from the open market sale of the fractional shares has been arranged solely for the purpose of avoiding the expense and inconvenience to Distributing 9 and Controlled 11 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 9 from the open market sale of their fractional shares will not exceed one percent of the total consideration that will be distributed in Distribution 17. It is also intended that no Distributing 9 shareholder will receive cash in an amount equal to or greater than the value of one full share of Controlled 11 common stock.

The following representations have been made with respect to Distribution 18:

- (ff¹) No part of the consideration to be distributed by Distributing 9 will be received by a shareholder as a creditor, employee, or in any capacity other than that of a shareholder of Distributing 9.

- (ff²) Except for expenses that are “solely and directly related” (within the meaning of Rev. Rul. 73-54, 1973-1 C.B. 187) to Distribution 18, all of which will be paid initially by LLC 2 and subject to reimbursement by the appropriate Distributing 9 affiliates, each of the parties to Distribution 18 will pay its own expenses, if any, incurred in connection with Distribution 18.
- (ff³) The five years of financial information submitted on behalf of Business C conducted by the Distributing 9 SAG is representative of the present business operations of such business, and, with regard to such business, there have been no substantial operational changes since the date of the last financial statements submitted.
- (ff⁴) Neither Business C conducted by the Distributing 9 SAG nor control of an entity conducting such business was acquired by the Distributing 9 SAG during the five-year period ending on the date of Distribution 18 in a transaction in which gain or loss was recognized in whole or in part. Throughout the five-year period ending on the date of Distribution 18, the Distributing 9 SAG has been the principal owner of the goodwill and significant assets of such business and will continue to be such owner following Distribution 18.
- (ff⁵) The five years of financial information submitted on behalf of Business A conducted by the Distributing 9 SAG is representative of the present business operations of such business, and, with regard to such business, there have been no substantial operational changes since the date of the last financial statements submitted.
- (ff⁶) Neither Business A conducted by the Distributing 9 SAG nor control of an entity conducting such business was acquired during the five-year period ending on the date of Distribution 18 in a transaction in which gain or loss was recognized in whole or in part. Throughout the five-year period ending on the date of Distribution 18, the Distributing 9 SAG has been the principal owner of the goodwill and significant assets of such business. The Controlled 6 SAG will be the principal owner of the goodwill and significant assets of such business following Distribution 18.
- (ff⁷) Following Distribution 18, the Distributing 9 SAG will continue the active conduct of Business C, independently and with its separate employees.
- (ff⁸) Following Distribution 18, the Controlled 6 SAG will continue the active conduct of Business A, independently and with its separate employees.
- (ff⁹) Distribution 18 is not being used principally as a device for the distribution of the earnings and profits of Distributing 9 or Controlled 6 or both.

- (ff¹⁰) Distribution 18 is being carried out for the Separation Purposes. Distribution 18 is motivated, in whole or substantial part, by one or more of the Separation Purposes.
- (ff¹¹) No intercorporate debt will exist between Distributing 9 and Controlled 6 at the time of, or subsequent to, Distribution 18.
- (ff¹²) Payments made in connection with all continuing transactions, if any, between Distributing 9 and Controlled 6 will be for fair market value based on terms and conditions arrived at by the parties bargaining at arm's length.
- (ff¹³) For purposes of § 355(d), immediately after Distribution 18, no person (determined after applying the aggregation rules of § 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of Distributing 9 stock entitled to vote or 50 percent or more of the total value of shares of all classes of Distributing 9 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 Distribution 18.
- (ff¹⁴) For purposes of § 355(d), immediately after Distribution 18, no person (determined after applying the aggregation rules of § 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of Controlled 6 stock entitled to vote or 50 percent or more of the total value of shares of all classes of Controlled 6 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 Distribution 18 or (ii) attributable to distributions on Distributing 9 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 Distribution 18.
- (ff¹⁵) Distribution 18 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-percent or greater interest (within the meaning of § 355(d)(4)) in either Distributing 9 or Controlled 6 (including any predecessor or successor of Distributing 9 or Controlled 6).
- (ff¹⁶) Immediately after the transaction (taking into account § 355(g)(4)), either (i) no person will hold a 50-percent or greater interest (within the meaning of § 355(g)) in the stock of Distributing 9 or Controlled 6, who did not hold such an interest immediately before Distribution 18, or (ii) neither Distributing 9 nor Controlled 6 will be a disqualified investment corporation (within the meaning of § 355(g)(2)).
- (ff¹⁷) Neither Distributing 9 nor Controlled 6 has been a USRPHC at any time during the five-year period ending on the date of Distribution 18, and neither

Distributing 9 nor Controlled 6 will be a USRPHC immediately after Distribution 18.

(ff¹⁸) Distributing 9 will not be a CFC or a PFIC before or after Distribution 18.

(ff¹⁹) The receipt by Distributing 9 shareholders of cash in lieu of fractional shares of Controlled 6 stock resulting from the open market sale of the fractional shares has been arranged solely for the purpose of avoiding the expense and inconvenience to Distributing 9 and Controlled 6 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 9 from the open market sale of their fractional shares will not exceed one percent of the total consideration that will be distributed in Distribution 18. It is also intended that no Distributing 9 shareholder will receive cash in an amount equal to or greater than the value of one full share of Controlled 6 common stock.

RULINGS

Based solely on the information submitted and the representations set forth above, we rule as follows on Contribution 1 and Distribution 1:

- (1) Contribution 1, followed by Distribution 1, will qualify as a reorganization under § 368(a)(1)(D). Distributing 1 and Controlled 1 each will be a “party to a reorganization” within the meaning of § 368(b).
- (2) No gain or loss will be recognized by Distributing 1 on Contribution 1 (§§ 357(a) and 361(a)).
- (3) No gain or loss will be recognized by Controlled 1 on Contribution 1 (§ 1032(a)).
- (4) The basis of each asset received by Controlled 1 in Contribution 1 will equal the basis of that asset in the hands of Distributing 1 immediately before Contribution 1 (§ 362(b)).
- (5) The holding period of each asset received by Controlled 1 in Contribution 1 will include the period during which Distributing 1 held the asset (§ 1223(2)).
- (6) No gain or loss will be recognized by (and no amount will be included in the income of) Distributing 2 as a result of Distribution 1 (§ 355(a)(1)).
- (7) No gain or loss will be recognized by Distributing 1 as a result of Distribution 1 (§ 361(c)(1)).
- (8) The basis of the stock of Distributing 1 and Controlled 1 in the hands of Distributing 2 after Distribution 1 will be the same as the basis of the

Distributing 1 stock held immediately before Distribution 1 (§ 358(a) and § 1.358-1(a)), allocated in proportion to the fair market value of each of Distributing 1 and Controlled 1 in accordance with § 1.358-2(a)(2) (§§ 358(b)(2) and 358(c)).

- (9) The holding period of the Controlled 1 shares received by Distributing 2 in Distribution 1 will include the holding period of the Distributing 1 shares with respect to which Distribution 1 will be made, provided that such Distributing 1 shares are held as capital assets on the date of Distribution 1 (§ 1223(1)).
- (10) As provided in § 312(h), proper allocation of earnings and profits between Distributing 1 and Controlled 1 will be made under § 1.312-10(a).

Based solely on the information submitted and the representations set forth above, we rule as follows on Reorganization 1:

- (11) For U.S. federal income tax purposes, the transfer by Distributing 2 of all of the stock of Controlled 1 to Controlled 6, a new corporation, in exchange for Controlled 6 stock followed by Controlled 1's election to be disregarded as an entity separate from its owner (i.e., Reorganization 1) will be treated as the transfer by Controlled 1 of all of its assets to Controlled 6 in exchange for Controlled 6 stock and the assumption of liabilities, followed by Controlled 1's deemed distribution of Controlled 6 stock to Distributing 2 in complete liquidation of Controlled 1.
- (12) Reorganization 1 will qualify as a reorganization under § 368(a)(1)(F). Controlled 1 and Controlled 6 each will be "a party to a reorganization" within the meaning of § 368(b).
- (13) No gain or loss will be recognized by Controlled 1 on the deemed transfer of all of its assets to Controlled 6 in exchange for Controlled 6 stock and the assumption of liabilities (§§ 357(a) and 361(a)).
- (14) No gain or loss will be recognized by Controlled 6 on the receipt of the Controlled 1 assets in exchange for Controlled 6 stock (§ 1032(a)).
- (15) Controlled 6's basis in each asset acquired from Controlled 1 will be the same as Controlled 1's basis in such asset immediately before Reorganization 1 (§ 362(b)).
- (16) Controlled 6's holding period for each asset acquired from Controlled 1 will include the period during which Controlled 1 held such asset (§ 1223(2)).
- (17) No gain or loss will be recognized by Controlled 1 on the distribution to Distributing 2 of the Controlled 6 stock (§ 361(c)(1)).

- (18) No gain or loss will be recognized by Distributing 2 on the exchange of its Controlled 1 stock for Controlled 6 stock in Reorganization 1 (§ 354(a)(1)).
- (19) Distributing 2's basis in the Controlled 6 stock received in exchange for Controlled 1 stock will be equal to the basis of the Controlled 1 stock treated as exchanged therefor (§ 358(a)(1)).
- (20) The holding period for the Controlled 6 stock in the hands of Distributing 2 will include the period during which Distributing 2 held the Controlled 1 stock exchanged therefor, provided that the Controlled 1 stock is held as a capital asset in the hands of Distributing 2 on the date of the exchange (§ 1223(1)).
- (21) Controlled 6 will succeed to and take into account all the items of Controlled 1 described in § 381(a), except for foreign taxes described in § 1.367(b)-3(d), net operating loss and capital loss carryovers as described in § 1.367(b)-3(e), and Controlled 1's earnings and profits as described in § 1.367(b)-3(f).

Based solely on the information submitted and the representations set forth above, we rule as follows on Liquidation 1:

- (22) Liquidation 1 will qualify as a complete liquidation of Sub 3 under § 332.
- (23) No gain or loss will be recognized by Distributing 3 on the receipt of all of the assets and assumption of the liabilities of Sub 3 in Liquidation 1 (§ 332(a)).
- (24) No gain or loss will be recognized by Sub 3 on the distribution of its assets and liabilities to Distributing 3 in Liquidation 1 (§ 337(a)).
- (25) Distributing 3's basis in each asset received from Sub 3 in Liquidation 1 will equal the basis of such asset in the hands of Sub 3 immediately before Liquidation 1 (§ 334(b)(1)).
- (26) Distributing 3's holding period in each asset received from Sub 3 in Liquidation 1 will include the period during which such asset was held by Sub 3 (§ 1223(2)).
- (27) Distributing 3 will succeed to and take into account the items of Sub 3 described in § 381(c), subject to the conditions and limitations specified in §§ 381, 382, 383, and 384 and the regulations thereunder (§ 381(a) and § 1.381(a)-1).
- (28) Except to the extent Sub 3's earnings and profits are reflected in Distributing 3's earnings and profits, Distributing 3 will succeed to and take into account the earnings and profits, or deficit in earnings and profits, of Sub 3 as of the date of Liquidation 1 (§ 381(c)(2)(A), §§ 1.381(c)(2)-1 and 1.1502-33(a)(2)). Any deficit

in the earnings and profits of Sub 3 can be used only to offset earnings and profits accumulated after the date of Liquidation 1 (§ 381(c)(2)(B)).

Based solely on the information submitted and the representations set forth above, we rule as follows on Distribution 2:

- (29) No gain or loss will be recognized by (and no amount will be included in the income of) Distributing 8 as a result of Distribution 2 (§ 355(a)(1)).
- (30) No gain or loss will be recognized by Distributing 2 as a result of Distribution 2 (§ 355(c)).
- (31) The basis of the stock of Distributing 2 and Distributing 3 in the hands of Distributing 8 after Distribution 2 will be the same as the basis of the Distributing 2 stock held immediately before Distribution 2 (§ 358(a) and § 1.358-1(a)), allocated in proportion to the fair market value of each of Distributing 2 and Distributing 3 in accordance with § 1.358-2(a)(2) (§§ 358(b)(2) and 358(c)).
- (32) The holding period of the Distributing 3 shares received by Distributing 8 in Distribution 2 will include the holding period of the Distributing 2 shares with respect to which Distribution 2 will be made, provided that such Distributing 2 shares are held as capital assets on the date of Distribution 2 (§ 1223(1)).

Based solely on the information submitted and the representations set forth above, we rule as follows on Reorganization 2:

- (33) For U.S. federal income tax purposes, the transfer by Distributing 3 of all of the stock of Sub 4 to Sub 17, a new corporation, in exchange for Sub 17 stock followed by Sub 4's conversion to a limited liability company (i.e., Reorganization 2) will be treated as the transfer by Sub 4 of all of its assets to Sub 17 in exchange for Sub 17 stock and the assumption of liabilities, followed by Sub 4's deemed distribution of Sub 17 stock to Distributing 3 in complete liquidation of Sub 4.
- (34) Reorganization 2 will qualify as a reorganization under § 368(a)(1)(F). Sub 4 and Sub 17 each will be a "party to a reorganization" within the meaning of § 368(b).
- (35) No gain or loss will be recognized by Sub 4 on the deemed transfer of all of its assets to Sub 17 in exchange for Sub 17 stock and the assumption of liabilities (§§ 357(a) and 361(a)).
- (36) No gain or loss will be recognized by Sub 17 on the receipt of the Sub 4 assets in exchange for Sub 17 stock (§ 1032(a)).

- (37) Sub 17's basis in each asset acquired from Sub 4 will be the same as Sub 4's basis in such asset immediately before Reorganization 2 (§ 362(b)).
- (38) Sub 17's holding period for each asset acquired from Sub 4 will include the period during which such asset was held by Sub 4 (§ 1223(2)).
- (39) No gain or loss will be recognized by Sub 4 on the distribution to Distributing 3 of the Sub 17 stock (§ 361(c)(1)).
- (40) No gain or loss will be recognized by Distributing 3 on the exchange of its Sub 4 stock for Sub 17 stock in Reorganization 2 (§ 354(a)(1)).
- (41) Distributing 3's basis in the Sub 17 stock received in exchange for Sub 4 stock will be equal to the basis of the Sub 4 stock treated as exchanged therefor (§ 358(a)(1)).
- (42) The holding period for the Sub 17 stock in the hands of Distributing 3 will include the period during which Distributing 3 held the Sub 4 stock exchanged therefor, provided that the Sub 4 stock is held as a capital asset in the hands of Distributing 3 on the date of the exchange (§ 1223(1)).
- (43) As provided by § 381(a), Sub 17 will succeed to the tax attributes of Sub 4 enumerated in § 381(c).

Based solely on the information submitted and the representations set forth above, we rule as follows on Contribution 2:

- (44) Sub 17 will not recognize any gain or loss on Contribution 2 (§§ 351(a) and 357(a)).
- (45) Distributing 3 will not recognize any gain or loss on Contribution 2 (§ 1032(a)).
- (46) The basis of each asset received by Distributing 3 will be the same as the basis of such asset in the hands of Sub 17 immediately prior to Contribution 2 (§ 362(a)).
- (47) The basis of the Distributing 3 stock received by Sub 17 in Contribution 2 will be the same as the basis of the assets transferred by Sub 17 to Distributing 3, decreased by the sum of liabilities assumed by Distributing 3 (§§ 358(a) and (d)).
- (48) Sub 17's holding period in the Distributing 3 stock received in Contribution 2 will include the holding period of the Distributing 3 assets transferred in exchange therefor, provided that such assets are held by Sub 17 as capital assets on the date of the transfer (§ 1223(1)).

- (49) Distributing 3's holding period in each asset received in Contribution 2 will include the period during which Sub 17 held such asset (§ 1223(2)).
- (50) The consolidated group of which Distributing 3 is the common parent will not terminate as a result of Contribution 2 (§ 1.1502-75(d)(1)).

Based solely on the information submitted and the representations set forth above, we rule as follows on Contribution 3 and Distribution 3:

- (51) Contribution 3, followed by Distribution 3, will qualify as a reorganization under § 368(a)(1)(D). Distributing 3 and Controlled 2 each will be a "party to a reorganization" within the meaning of § 368(b).
- (52) No gain or loss will be recognized by Distributing 3 on Contribution 3 (§§ 357(a) and 361(a)).
- (53) No gain or loss will be recognized by Controlled 2 on Contribution 3 (§ 1032(a)).
- (54) The basis of each asset received by Controlled 2 in Contribution 3 will equal the basis of such asset in the hands of Distributing 3 immediately before Contribution 3 (§ 362(b)).
- (55) The holding period of each asset received by Controlled 2 in Contribution 3 will include the period during which Distributing 3 held such asset (§ 1223(2)).
- (56) No gain or loss will be recognized by (and no amount will be included in the income of) Distributing 8 on its receipt of Controlled 2 shares in Distribution 3 (§ 355(a)(1)).
- (57) No gain or loss will be recognized by Distributing 3 as a result of Distribution 3 (§ 361(c)(1)).
- (58) The basis of the Controlled 2 shares in the hands of Distributing 8 after Distribution 3 will equal the basis of the Distributing 3 stock surrendered by Distributing 8 in exchange therefor (§ 358(a)(1)).
- (59) The holding period of the Controlled 2 shares received by Distributing 8 in Distribution 3 will include the holding period of the Distributing 3 shares exchanged therefor, provided that such Distributing 3 shares are held as capital assets on the date of Distribution 3 (§ 1223(1)).
- (60) As provided in § 312(h), proper allocation of earnings and profits between Distributing 3 and Controlled 2 will be made under §§ 1.312-10(a) and 1.1502-33(e)(3).

- (61) Except to the extent required under § 1.1502-9T(b)(6)(i), as in effect prior to December 20, 2010, no recapture will arise under § 904(f)(3) to reduce Distributing 3's consolidated overall foreign loss account to be apportioned as a result of any of the transaction steps described in Contribution 3 and Distribution 3.

Based solely on the information submitted and the representations set forth above, we rule as follows on Liquidation 2:

- (62) Liquidation 2 will be treated as a distribution by Sub 16 to Sub 10 in complete liquidation under § 332(a).
- (63) No gain or loss will be recognized by Sub 10 on the receipt of all of the assets and assumption of the liabilities of Sub 16 in Liquidation 2 (§ 332(a)).
- (64) No gain or loss will be recognized by Sub 16 on the distribution of its assets and liabilities to Sub 10 in Liquidation 2 (§ 337(a)).
- (65) Sub 10's basis in each asset received from Sub 16 in Liquidation 2 will equal the basis of such asset in the hands of Sub 16 immediately before Liquidation 2 (§ 334(b)(1)).
- (66) Sub 10's holding period in each asset received from Sub 16 in Liquidation 2 will include the period during which such asset was held by Sub 16 (§ 1223(2)).
- (67) Sub 10 will succeed to and take into account the items of Sub 16 described in § 381(c), subject to the conditions and limitations specified in §§ 381, 382, 383, and 384 and the regulations thereunder (§ 381(a) and § 1.381(a)-1).
- (68) Except to the extent Sub 16's earnings and profits are reflected in Sub 10's earnings and profits, Sub 10 will succeed to and take into account the earnings and profits, or deficit in earnings and profits, of Sub 16 as of the date of Liquidation 2 (§ 381(c)(2)(A), §§ 1.381(c)(2)-1 and 1.1502-33(a)(2)). Any deficit in the earnings and profits of Sub 16 can be used only to offset earnings and profits accumulated after the date of Liquidation 2 (§ 381(c)(2)(B)).

Based solely on the information submitted and the representations set forth above, we rule as follows on Liquidation 3:

- (69) Liquidation 3 will be treated as a distribution by Sub 10 to Distributing 4 in complete liquidation under § 332(a).
- (70) No gain or loss will be recognized by Distributing 4 on the receipt of assets and assumption of liabilities of Sub 10 in Liquidation 3 (§ 332(a)).

- (71) No gain or loss will be recognized by Sub 10 on the distribution of its assets and liabilities to Distributing 4 in Liquidation 3 (§ 337(a)).
- (72) Distributing 4's basis in each asset received from Sub 10 in Liquidation 3 will equal the basis of such asset in the hands of Sub 10 immediately before Liquidation 3 (§ 334(b)(1)).
- (73) Distributing 4's holding period in each asset received from Sub 10 in Liquidation 3 will include the period during which such asset was held by Sub 10 (§ 1223(2)).
- (74) Distributing 4 will succeed to and take into account the items of Sub 10 described in § 381(c), subject to the conditions and limitations specified in §§ 381, 382, 383, and 384 and the regulations thereunder (§ 381(a) and § 1.381(a)-1).
- (75) Except to the extent Sub 10's earnings and profits are reflected in Distributing 4's earnings and profits, Distributing 4 will succeed to and take into account the earnings and profits, or deficit in earnings and profits, of Sub 10 as of the date of Liquidation 3 (§ 381(c)(2)(A), §§ 1.381(c)(2)-1 and 1.1502-33(a)(2)). Any deficit in the earnings and profits of Sub 10 can be used only to offset earnings and profits accumulated after the date of Liquidation 3 (§ 381(c)(2)(B)).

Based solely on the information submitted and the representations set forth above, we rule as follows on Liquidation 4:

- (76) Liquidation 4 will be treated as a distribution by Sub 15 to Sub 14 in complete liquidation under § 332(a).
- (77) No gain or loss will be recognized by Sub 14 on the receipt of all of the assets and assumption of the liabilities of Sub 15 in Liquidation 4 (§ 332(a)).
- (78) No gain or loss will be recognized by Sub 15 on the distribution of its assets and liabilities to Sub 14 in Liquidation 4 (§ 337(a)).
- (79) Sub 14's basis in each asset received from Sub 15 in Liquidation 4 will equal the basis of such asset in the hands of Sub 15 immediately before Liquidation 4 (§ 334(b)(1)).
- (80) Sub 14's holding period in each asset received from Sub 15 in Liquidation 4 will include the period during which such asset was held by Sub 15 (§ 1223(2)).
- (81) Sub 14 will succeed to and take into account the items of Sub 15 described in § 381(c), subject to the conditions and limitations specified in §§ 381, 382, 383, and 384 and the regulations thereunder (§ 381(a) and § 1.381(a)-1).

- (82) Except to the extent Sub 15's earnings and profits are reflected in Sub 14's earnings and profits, Sub 14 will succeed to and take into account the earnings and profits, or deficit in earnings and profits, of Sub 15 as of the date of Liquidation 4 (§ 381(c)(2)(A), §§ 1.381(c)(2)-1 and 1.1502-33(a)(2)). Any deficit in the earnings and profits of Sub 15 can be used only to offset earnings and profits accumulated after the date of Liquidation 4 (§ 381(c)(2)(B)).

Based solely on the information submitted and the representations set forth above, we rule as follows on Liquidation 5:

- (83) Liquidation 5 will be treated as a distribution by Sub 14 to Sub 7 in complete liquidation under § 332(a).
- (84) No gain or loss will be recognized by Sub 7 on the receipt of all of the assets and assumption of the liabilities of Sub 14 in Liquidation 5 (§ 332(a)).
- (85) No gain or loss will be recognized by Sub 14 on the distribution of its assets and liabilities to Sub 7 in Liquidation 5 (§ 337(a)).
- (86) Sub 7's basis in each asset received from Sub 14 in Liquidation 5 will equal the basis of such asset in the hands of Sub 14 immediately before Liquidation 5 (§ 334(b)(1)).
- (87) Sub 7's holding period in each asset received from Sub 14 in Liquidation 5 will include the period during which such asset was held by Sub 14 (§ 1223(2)).
- (88) Sub 7 will succeed to and take into account the items of Sub 14 described in § 381(c), subject to the conditions and limitations specified in §§ 381, 382, 383, and 384 and the regulations thereunder (§ 381(a) and § 1.381(a)-1).
- (89) Except to the extent Sub 14's earnings and profits are reflected in Sub 7's earnings and profits, Sub 7 will succeed to and take into account the earnings and profits, or deficit in earnings and profits, of Sub 14 as of the date of Liquidation 5 (§ 381(c)(2)(A), §§ 1.381(c)(2)-1 and 1.1502-33(a)(2)). Any deficit in the earnings and profits of Sub 14 can be used only to offset earnings and profits accumulated after the date of Liquidation 5 (§ 381(c)(2)(B)).

Based solely on the information submitted and the representations set forth above, we rule as follows on Liquidation 6:

- (90) Liquidation 6 will be treated as a distribution by Sub 7 to Sub 9 in complete liquidation under § 332(a).
- (91) No gain or loss will be recognized by Sub 9 on the receipt of all of the assets and assumption of the liabilities of Sub 7 in Liquidation 6 (§ 332(a)).

- (92) No gain or loss will be recognized by Sub 7 on the distribution of its assets and liabilities to Sub 9 in Liquidation 6 (§ 337(a)).
- (93) Sub 9's basis in each asset received from Sub 7 in Liquidation 6 will equal the basis of such asset in the hands of Sub 7 immediately before Liquidation 6 (§ 334(b)(1)).
- (94) Sub 9's holding period in each asset received from Sub 7 in Liquidation 6 will include the period during which such asset was held by Sub 7 (§ 1223(2)).
- (95) Sub 9 will succeed to and take into account the items of Sub 7 described in § 381(c), subject to the conditions and limitations specified in §§ 381, 382, 383, and 384 and the regulations thereunder (§ 381(a) and § 1.381(a)-1).
- (96) Except to the extent Sub 7's earnings and profits are reflected in Sub 9's earnings and profits, Sub 9 will succeed to and take into account the earnings and profits, or deficit in earnings and profits, of Sub 7 as of the date of Liquidation 6 (§ 381(c)(2)(A), §§ 1.381(c)(2)-1 and 1.1502-33(a)(2)). Any deficit in the earnings and profits of Sub 7 can be used only to offset earnings and profits accumulated after the date of Liquidation 6 (§ 381(c)(2)(B)).

Based solely on the information submitted and the representations set forth above, we rule as follows on Liquidation 7:

- (97) Liquidation 7 will be treated as a distribution by Sub 11 to Sub 9 in complete liquidation under § 332(a).
- (98) No gain or loss will be recognized by Sub 9 on the receipt of all of the assets and assumption of the liabilities of Sub 11 in Liquidation 7 (§ 332(a)).
- (99) No gain or loss will be recognized by Sub 11 on the distribution of its assets and liabilities to Sub 9 in Liquidation 7 (§ 337(a)).
- (100) Sub 9's basis in each asset received from Sub 11 in Liquidation 7 will equal the basis of such asset in the hands of Sub 11 immediately before Liquidation 7 (§ 334(b)(1)).
- (101) Sub 9's holding period in each asset received from Sub 11 in Liquidation 7 will include the period during which that asset was held by Sub 11 (§ 1223(2)).
- (102) Sub 9 will succeed to and take into account the items of Sub 11 described in § 381(c), subject to the conditions and limitations specified in §§ 381, 382, 383, and 384 and the regulations thereunder (§ 381(a) and § 1.381(a)-1).
- (103) Except to the extent Sub 11's earnings and profits are reflected in Sub 9's earnings and profits, Sub 9 will succeed to and take into account the earnings

and profits, or deficit in earnings and profits, of Sub 11 as of the date of Liquidation 7 (§ 381(c)(2)(A), §§ 1.381(c)(2)-1 and 1.1502-33(a)(2)). Any deficit in the earnings and profits of Sub 11 can be used only to offset earnings and profits accumulated after the date of Liquidation 7 (§ 381(c)(2)(B)).

Based solely on the information submitted and the representations set forth above, we rule as follows on Liquidation 8:

- (104) Liquidation 8 will qualify as a complete liquidation of Sub 9 under § 332.
- (105) No gain or loss will be recognized by Distributing 4 on the receipt of assets and assumption of liabilities of Sub 9 in Liquidation 8 (§ 332(a)).
- (106) No gain or loss will be recognized by Sub 9 on the distribution of its assets and liabilities to Distributing 4 in Liquidation 8 (§ 337(a)).
- (107) Distributing 4's basis in each asset received from Sub 9 in Liquidation 8 will equal the basis of such asset in the hands of Sub 9 immediately before Liquidation 8 (§ 334(b)(1)).
- (108) Distributing 4's holding period in each asset received from Sub 9 in Liquidation 8 will include the period during which such asset was held by Sub 9 (§ 1223(2)).
- (109) Distributing 4 will succeed to and take into account the items of Sub 9 described in § 381(c), subject to the conditions and limitations specified in §§ 381, 382, 383, and 384 and the regulations thereunder (§ 381(a) and § 1.381(a)-1).
- (110) Except to the extent Sub 9's earnings and profits are reflected in Distributing 4's earnings and profits, Distributing 4 will succeed to and take into account the earnings and profits, or deficit in earnings and profits, of Sub 9 as of the date of Liquidation 8 (§ 381(c)(2)(A), §§ 1.381(c)(2)-1 and 1.1502-33(a)(2)). Any deficit in the earnings and profits of Sub 9 can be used only to offset earnings and profits accumulated after the date of Liquidation 8 (§ 381(c)(2)(B)).

Based solely on the information submitted and the representations set forth above, we rule as follows on Contribution 4 and Distribution 4:

- (111) Contribution 4, followed by Distribution 4, will qualify as a reorganization under § 368(a)(1)(D). Distributing 4 and Controlled 3 each will be a "party to a reorganization" within the meaning of § 368(b).
- (112) No gain or loss will be recognized by Distributing 4 on Contribution 4 (§§ 357(a) and 361(a)).

- (113) No gain or loss will be recognized by Controlled 3 on Contribution 4 (§ 1032(a)).
- (114) The basis of each asset received by Controlled 3 in Contribution 4 will equal the basis of such asset in the hands of Distributing 4 immediately before Contribution 4 (§ 362(b)).
- (115) The holding period of each asset received by Controlled 3 in Contribution 4 will include the period during which Distributing 4 held such asset (§ 1223(2)).
- (116) No gain or loss will be recognized by (and no amount will be included in the income of) Distributing 5 on its receipt of Controlled 3 shares in Distribution 4 (§ 355(a)(1)).
- (117) No gain or loss will be recognized by Distributing 4 as a result of Distribution 4 (§ 361(c)(1)).
- (118) The basis of the stock of Distributing 4 and Controlled 3 in the hands of Distributing 5 after Distribution 4 will be the same as the basis of the Distributing 4 stock held immediately before Distribution 4 (§ 358(a) and § 1.358-1(a)), allocated in proportion to the fair market value of each of Distributing 4 and Controlled 3 in accordance with § 1.358-2(a)(2) (§§ 358(b)(2) and 358(c)).
- (119) The holding period of the Controlled 3 shares received by Distributing 5 in Distribution 4 will include the holding period of the Distributing 4 shares with respect to which Distribution 4 will be made, provided that such Distributing 4 shares are held as capital assets on the date of Distribution 4 (§ 1223(1)).
- (120) As provided in § 312(h), proper allocation of earnings and profits between Distributing 4 and Controlled 3 will be made under §§ 1.312-10(a) and 1.1502-33(e)(3).
- (121) Except to the extent required under § 1.1502-9T(b)(6)(i), as in effect prior to December 20, 2010, no recapture will arise under § 904(f)(3) to reduce Distributing 4's consolidated overall foreign loss account to be apportioned as a result of any of the transaction steps described in Contribution 4 and Distribution 4.
- (122) The earnings and profits of FSub 17 and FSub 21, to the extent attributable to Distributing 4 under §§ 1.1248-2 or 1.1248-3 (whichever is applicable), that were accumulated in tax years of such foreign corporations beginning after December 31, 1962, and during the period in which each such corporation was a CFC, will be attributable to such stock held by Controlled 3 (§ 1.1248-1(a)(1)).

Based solely on the information submitted and the representations set forth above, we rule as follows on Reorganization 3:

- (123) For U.S. federal income tax purposes, the transfer by Distributing 5 of all of the stock of Distributing 4 to Controlled 4, a new corporation, in exchange for Controlled 4 stock followed by Distributing 4's conversion to a limited liability company (i.e., Reorganization 3) will be treated as the transfer by Distributing 4 of all of its assets to Controlled 4 in exchange for Controlled 4 stock and the assumption of liabilities, followed by Distributing 4's deemed distribution of Controlled 4 stock to Distributing 5 in complete liquidation of Distributing 4.
- (124) Reorganization 3 will qualify as a reorganization under § 368(a)(1)(F). Distributing 4 and Controlled 4 each will be a "party to a reorganization" within the meaning of § 368(b).
- (125) No gain or loss will be recognized by Distributing 4 on the deemed transfer of all of its assets to Controlled 4 in exchange for Controlled 4 stock and the assumption of liabilities (§§ 357(a) and 361(a)).
- (126) No gain or loss will be recognized by Controlled 4 on the receipt of the Distributing 4 assets in exchange for Controlled 4 stock (§ 1032(a)).
- (127) Controlled 4's basis in each asset acquired from Distributing 4 will be the same as Distributing 4's basis in such asset immediately before Reorganization 3 (§ 362(b)).
- (128) Controlled 4's holding period for each asset acquired from Distributing 4 will include the period during which such asset was held by Distributing 4 (§ 1223(2)).
- (129) No gain or loss will be recognized by Distributing 4 on the distribution to Distributing 5 of the Controlled 4 stock (§ 361(c)(1)).
- (130) No gain or loss will be recognized by Distributing 5 on the exchange of its Distributing 4 stock for Controlled 4 stock in Reorganization 3 (§ 354(a)(1)).
- (131) Distributing 5's basis in the Controlled 4 stock received in exchange for Distributing 4 stock will be equal to the basis of the Distributing 4 stock treated as exchanged therefor (§ 358(a)(1)).
- (132) The holding period for the Controlled 4 stock in the hands of Distributing 5 will include the period during which Distributing 5 held the Distributing 4 stock exchanged therefor, provided that the Distributing 4 stock is held as a capital asset in the hands of Distributing 5 on the date of the exchange (§ 1223(1)).

- (133) As provided by § 381(a), Controlled 4 will succeed to the tax attributes of Distributing 4 enumerated in § 381(c).

Based solely on the information submitted and the representations set forth above, we rule as follows on Distribution 5:

- (134) No gain or loss will be recognized by (and no amount will be included in the income of) Distributing 6 as a result of Distribution 5 (§ 355(a)(1)).
- (135) No gain or loss will be recognized by Distributing 5 as a result of Distribution 5 (§ 355(c)).
- (136) The basis of the stock of Distributing 5 and Controlled 4 in the hands of Distributing 6 after Distribution 5 will be the same as the basis of the Distributing 5 stock held immediately before Distribution 5 (§ 358(a) and § 1.358-1(a)), allocated in proportion to the fair market value of each of Distributing 5 and Controlled 4 in accordance with § 1.358-2(a)(2) (§§ 358(b)(2) and 358(c)).
- (137) The holding period of the Controlled 4 shares received by Distributing 6 in Distribution 5 will include the holding period of the Distributing 5 shares with respect to which Distribution 5 will be made, provided that such Distributing 5 shares are held as capital assets on the date of Distribution 5 (§ 1223(1)).

Based solely on the information submitted and the representations set forth above, we rule as follows on Distribution 6:

- (138) No gain or loss will be recognized by (and no amount will be included in the income of) Distributing 2 as a result of Distribution 6 (§ 355(a)(1)).
- (139) No gain or loss will be recognized by Distributing 6 as a result of Distribution 6 (§ 355(c)).
- (140) The basis of the stock of Distributing 6 and Controlled 4 in the hands of Distributing 2 after Distribution 6 will be the same as the basis of the Distributing 6 stock held immediately before Distribution 6 (§ 358(a) and § 1.358-1(a)), allocated in proportion to the fair market value of each of Distributing 6 and Controlled 4 in accordance with § 1.358-2(a)(2) (§§ 358(b)(2) and 358(c)).
- (141) The holding period of the Controlled 4 shares received by Distributing 2 in Distribution 6 will include the holding period of the Distributing 6 shares with respect to which Distribution 6 will be made, provided that such Distributing 6 shares are held as capital assets on the date of Distribution 6 (§ 1223(1)).

Based solely on the information submitted and the representations set forth above, we rule as follows on Reorganization 4:

- (142) Provided that Reorganization 4 qualifies as a statutory merger in accordance with State A law, Reorganization 4 will qualify as a reorganization under § 368(a)(1)(A). Controlled 4 and Sub 1 each will be a “party to a reorganization” within the meaning of § 368(b).
- (143) No gain or loss will be recognized by Controlled 4 on the transfer of all of its assets to Sub 1 in exchange for Sub 1 stock and Sub 1’s assumption of Controlled 4’s liabilities in Reorganization 4 (§§ 357(a) and 361(a)).
- (144) Sub 1 will not recognize gain or loss on the receipt of Controlled 4’s assets in exchange for Sub 1 stock and the assumption of Controlled 4’s liabilities in Reorganization 4 (§ 1032(a)).
- (145) No gain or loss will be recognized by Controlled 4 on its distribution of the Sub 1 stock received in Reorganization 4 (§ 361(c)).
- (146) The basis of each asset received by Sub 1 in Reorganization 4 will equal the basis of such asset in the hands of Controlled 4 immediately before Reorganization 4 (§ 362(b)).
- (147) The holding period of each asset received by Sub 1 in Reorganization 4 will include the period during which Controlled 4 held such asset (§ 1223(2)).
- (148) No gain or loss will be recognized by Distributing 2 on the exchange of its Controlled 4 stock for Sub 1 stock in Reorganization 4 (§ 354(a)(1)).
- (149) The basis of the Sub 1 stock received by Distributing 2 will be the same as the basis of the Controlled 4 stock surrendered in exchange therefor (§ 358(a)(1)).
- (150) The holding period of the Sub 1 stock received by Distributing 2 in Reorganization 4 will include the holding period of the Controlled 4 stock surrendered in exchange therefor (§ 1223(1)).

Based solely on the information submitted and the representations set forth above, we rule as follows on Reorganization 5:

- (151) Provided that Reorganization 5 qualifies as a statutory merger in accordance with State A law, Reorganization 5 will qualify as a reorganization under § 368(a)(1)(A) by reason of § 368(a)(2)(D). Distributing 2, Controlled 2, and Sub 1 each will be a “party to a reorganization” within the meaning of § 368(b).

- (152) No gain or loss will be recognized by Controlled 2 on the transfer of all of its assets to Sub 1 in exchange for Distributing 2 stock and Sub 1's assumption of Controlled 2's liabilities in Reorganization 4 (§§ 357(a) and 361(a)).
- (153) No gain or loss will be recognized by either Distributing 2 or Sub 1 on the receipt by Sub 1 of Controlled 2's assets in exchange for Distributing 2 stock and Sub 1's assumption of Controlled 2's liabilities in Reorganization 5 (§ 1.1032-2).
- (154) No gain or loss will be recognized by Controlled 2 on its distribution of the Distributing 2 stock received in Reorganization 5 (§ 361(c)).
- (155) The basis of each asset received by Sub 1 in Reorganization 5 will equal the basis of such asset in the hands of Controlled 2 immediately before Reorganization 5 (§ 362(b)).
- (156) The holding period of each asset received by Sub 1 in Reorganization 5 will include the period during which Controlled 2 held such asset (§ 1223(2)).
- (157) No gain or loss will be recognized by Distributing 8 on the exchange of its Controlled 2 stock for Distributing 2 stock in Reorganization 5 (§ 354(a)(1)).
- (158) The basis of the Distributing 2 stock received by Distributing 8 will be the same as the basis of the Controlled 2 stock surrendered in exchange therefor (§ 358(a)(1)).
- (159) The holding period of the Distributing 2 stock received by Distributing 8 in Reorganization 5 will include the holding period of the Controlled 2 stock surrendered in exchange therefor (§ 1223(1)).
- (160) The basis of the Sub 1 stock in the hands of Distributing 2 will be determined under § 1.358-6(c)(1).

Based solely on the information submitted and the representations set forth above, we rule as follows on Contribution 5 and Distribution 7:

- (161) Contribution 5, followed by Distribution 7, will qualify as a reorganization under § 368(a)(1)(D). Distributing 5 and Controlled 5 each will be a "party to a reorganization" within the meaning of § 368(b).
- (162) No gain or loss will be recognized by Distributing 5 on Contribution 5 (§§ 357(a) and 361(a)).
- (163) No gain or loss will be recognized by Controlled 5 on Contribution 5 (§ 1032(a)).

- (164) The basis of each asset received by Controlled 5 in Contribution 5 will equal the basis of such asset in the hands of Distributing 5 immediately before Contribution 5 (§ 362(b)).
- (165) The holding period of each asset received by Controlled 5 in Contribution 5 will include the period during which Distributing 5 held such asset (§ 1223(2)).
- (166) No gain or loss will be recognized by (and no amount will be included in the income of) Distributing 6 on its receipt of Controlled 5 shares in Distribution 7 (§ 355(a)(1)).
- (167) No gain or loss will be recognized by Distributing 5 as a result of Distribution 7 (§ 361(c)(1)).
- (168) The basis of the stock of Distributing 5 and Controlled 5 in the hands of Distributing 6 after Distribution 7 will be the same as the basis of the Distributing 5 stock held immediately before Distribution 7 (§ 358(a) and § 1.358-1(a)), allocated in proportion to the fair market value of each of Distributing 5 and Controlled 5 in accordance with § 1.358-2(a)(2) (§§ 358(b)(2) and 358(c)).
- (169) The holding period of the Controlled 5 shares received by Distributing 6 in Distribution 7 will include the holding period of the Distributing 5 shares with respect to which Distribution 7 will be made, provided that such Distributing 5 shares are held as capital assets on the date of Distribution 7 (§ 1223(1)).
- (170) As provided in § 312(h), proper allocation of earnings and profits between Distributing 5 and Controlled 5 will be made under § 1.312-10(a).

Based solely on the information submitted and the representations set forth above, we rule as follows on Contribution 6 and Distribution 8:

- (171) For U.S. federal income tax purposes, the portion of the Distributing 3 Debt transferred by Distributing 5 to Distributing 6 in Step (Ivi) and transferred by Distributing 6 to Controlled 6 in Step (Ivii) will be treated as having been transferred by Distributing 5 to Controlled 6 as part of Contribution 6.
- (172) Contribution 6, followed by Distribution 8, will qualify as a reorganization under § 368(a)(1)(D). Distributing 5 and Controlled 6 each will be a “party to a reorganization” within the meaning of § 368(b).
- (173) No gain or loss will be recognized by Distributing 5 on Contribution 6 (§§ 357(a) and 361(a)).
- (174) No gain or loss will be recognized by Controlled 6 on Contribution 6 (§ 1032(a)).

- (175) The basis of each asset received by Controlled 6 in Contribution 6 will equal the basis of such asset in the hands of Distributing 5 immediately before Contribution 6 (§ 362(b)).
- (176) The holding period of each asset received by Controlled 6 in Contribution 6 will include the period during which Distributing 5 held such asset (§ 1223(2)).
- (177) No gain or loss will be recognized by (and no amount will be included in the income of) Distributing 6 on its receipt of Controlled 6 shares in Distribution 8 (§ 355(a)(1)).
- (178) No gain or loss will be recognized by Distributing 5 as a result of Distribution 8 (§ 361(c)(1)).
- (179) The basis of the stock of Distributing 5 and Controlled 6 in the hands of Distributing 6 after Distribution 8 will be the same as the basis of the Distributing 5 stock held by Distributing 6 immediately before Distribution 8 (§ 358(a) and § 1.358-1(a)), allocated in proportion to the fair market value of the Distributing 5 shares and the Controlled 6 shares held by Distributing 6 in accordance with § 1.358-2(a)(2) (§§ 358(b)(2) and 358(c)).
- (180) The holding period of the Controlled 6 shares received by Distributing 6 in Distribution 8 will include the holding period of the Distributing 5 shares with respect to which Distribution 8 will be made, provided that such Distributing 5 shares are held as capital assets on the date of Distribution 8 (§ 1223(1)).

Based solely on the information submitted and the representations set forth above, we rule as follows on Contribution 7 and Distribution 9:

- (181) Contribution 7, followed by Distribution 9, will qualify as a reorganization under § 368(a)(1)(D). Distributing 6 and Controlled 7 each will be a “party to a reorganization” within the meaning of § 368(b).
- (182) No gain or loss will be recognized by Distributing 6 on Contribution 7 (§§ 357(a) and 361(a)).
- (183) No gain or loss will be recognized by Controlled 7 on Contribution 7 (§ 1032(a)).
- (184) The basis of each asset received by Controlled 7 in Contribution 7 will equal the basis of such asset in the hands of Distributing 6 immediately before Contribution 7 (§ 362(b)).
- (185) The holding period of each asset received by Controlled 7 in Contribution 7 will include the period during which Distributing 6 held such asset (§ 1223(2)).

- (186) No gain or loss will be recognized by (and no amount will be included in the income of) Distributing 2 on its receipt of Controlled 7 shares in Distribution 9 (§ 355(a)(1)).
- (187) No gain or loss will be recognized by Distributing 6 as a result of Distribution 9 (§ 361(c)(1)).
- (188) The basis of the stock of Distributing 6 and Controlled 7 in the hands of Distributing 2 after Distribution 9 will be the same as the basis of the Distributing 6 stock held immediately before Distribution 9 (§ 358(a) and § 1.358-1(a)), allocated in proportion to the fair market value of each of Distributing 6 and Controlled 7 in accordance with § 1.358-2(a)(2) (§§ 358(b)(2) and 358(c)).
- (189) The holding period of the Controlled 7 shares received by Distributing 2 in Distribution 9 will include the holding period of the Distributing 6 shares with respect to which Distribution 9 will be made, provided that such Distributing 6 shares are held as capital assets on the date of Distribution 9 (§ 1223(1)).
- (190) As provided in § 312(h), proper allocation of earnings and profits between Distributing 6 and Controlled 7 will be made under § 1.312-10(a).

Based solely on the information submitted and the representations set forth above, we rule as follows on Distribution 10:

- (191) No gain or loss will be recognized by (and no amount will be included in the income of) Distributing 2 as a result of Distribution 10 (§ 355(a)(1)).
- (192) No gain or loss will be recognized by Distributing 6 as a result of Distribution 10 (§ 355(c)).
- (193) The basis of the stock of Distributing 6 and Controlled 6 in the hands of Distributing 2 after Distribution 10 will be the same as the basis of the Distributing 6 stock held by Distributing 2 immediately before Distribution 10 (§ 358(a) and § 1.358-1(a)), allocated in proportion to the fair market value of the Distributing 6 shares and the Controlled 6 shares held by Distributing 2 in accordance with § 1.358-2(a)(2) (§§ 358(b)(2) and 358(c)).
- (194) The holding period of the Controlled 6 shares received by Distributing 2 in Distribution 10 will include the holding period of the Distributing 6 shares with respect to which Distribution 10 will be made, provided that such Distributing 6 shares are held as capital assets on the date of Distribution 10 (§ 1223(1)).

Based solely on the information submitted and the representations set forth above, we rule as follows on Contribution 8 and Distribution 11:

- (195) Contribution 8, followed by Distribution 11, will qualify as a reorganization under § 368(a)(1)(D). Distributing 2 and Controlled 8 each will be a “party to a reorganization” within the meaning of § 368(b).
- (196) No gain or loss will be recognized by Distributing 2 on Contribution 8 (§§ 357(a) and 361(a)).
- (197) No gain or loss will be recognized by Controlled 8 on Contribution 8 (§ 1032(a)).
- (198) The basis of each asset received by Controlled 8 in Contribution 8 will equal the basis of such asset in the hands of Distributing 2 immediately before Contribution 8 (§ 362(b)).
- (199) The holding period of each asset received by Controlled 8 in Contribution 8 will include the period during which Distributing 2 held such asset (§ 1223(2)).
- (200) No gain or loss will be recognized by (and no amount will be included in the income of) Distributing 8 on its receipt of Controlled 8 shares in Distribution 11 (§ 355(a)(1)).
- (201) No gain or loss will be recognized by Distributing 2 as a result of Distribution 11 (§ 361(c)(1)).
- (202) The basis of the stock of Distributing 2 and Controlled 8 in the hands of Distributing 8 after Distribution 11 will be the same as the basis of the Distributing 2 stock held immediately before Distribution 11 (§ 358(a) and § 1.358-1(a)), allocated in proportion to the fair market value of each of Distributing 2 and Controlled 8 in accordance with § 1.358-2(a)(2) (§§ 358(b)(2) and 358(c)).
- (203) The holding period of the Controlled 8 shares received by Distributing 8 in Distribution 11 will include the holding period of the Distributing 2 shares with respect to which Distribution 11 will be made, provided that such Distributing 2 shares are held as capital assets on the date of Distribution 11 (§ 1223(1)).
- (204) As provided in § 312(h), proper allocation of earnings and profits between Distributing 2 and Controlled 8 will be made under § 1.312-10(a).

Based solely on the information submitted and the representations set forth above, we rule as follows on Distribution 12:

- (205) No gain or loss will be recognized by (and no amount will be included in the income of) Distributing 8 as a result of Distribution 12 (§ 355(a)(1)).

- (206) No gain or loss will be recognized by Distributing 2 as a result of Distribution 12 (§ 355(c)).
- (207) The basis of the stock of Distributing 2 and Controlled 6 in the hands of Distributing 8 after Distribution 12 will be the same as the basis of the Distributing 2 stock held immediately before Distribution 12 (§ 358(a) and § 1.358-1(a)), allocated in proportion to the fair market value of each of Distributing 2 and Controlled 6 in accordance with § 1.358-2(a)(2) (§§ 358(b)(2) and 358(c)).
- (208) The holding period of the Controlled 6 shares received by Distributing 8 in Distribution 12 will include the holding period of the Distributing 2 shares with respect to which Distribution 12 will be made, provided that such Distributing 2 shares are held as capital assets on the date of Distribution 12 (§ 1223(1)).

Based solely on the information submitted and the representations set forth above, we rule as follows on Distribution 13:

- (209) No gain or loss will be recognized by (and no amount will be included in the income of) Distributing 8 as a result of Distribution 13 (§ 355(a)(1)).
- (210) No gain or loss will be recognized by Distributing 2 as a result of Distribution 13 (§ 355(c)).
- (211) The basis of the stock of Distributing 2 and Distributing 7 in the hands of Distributing 8 after Distribution 13 will be the same as the basis of the Distributing 2 stock held immediately before Distribution 13 (§ 358(a) and § 1.358-1(a)), allocated in proportion to the fair market value of each of Distributing 2 and Distributing 7 in accordance with § 1.358-2(a)(2) (§§ 358(b)(2) and 358(c)).
- (212) The holding period of the Distributing 7 shares received by Distributing 8 in Distribution 13 will include the holding period of the Distributing 2 shares with respect to which Distribution 13 will be made, provided that such Distributing 2 shares are held as capital assets on the date of Distribution 13 (§ 1223(1)).
- (213) As provided in § 312(h), proper allocation of earnings and profits between Distributing 2 and Distributing 7 will be made under § 1.312-10(b).

Based solely on the information submitted and the representations set forth above, we rule as follows on Contribution 11 and Distribution 14:

- (214) For U.S. federal income tax purposes, the Controlled 9 Formation, the Controlled 9 Preferred Issuance, the Country D Preferred Redemptions, and the Country D Note Setoff will be treated as if, immediately prior to Contribution

10, (i) Distributing 7 formed Controlled 9 and transferred thereto all of its assets related to Business C in exchange for all of the shares of Controlled 9 and the assumption by Controlled 9 of all of the liabilities of Distributing 7 related to Business C (Contribution 11) and (ii) Distributing 7 distributed all of the shares of Controlled 9 to Distributing 8 (Distribution 14). Rev. Rul. 77-191, 1977-1 C.B. 94.

- (215) Contribution 11, followed by Distribution 14, will qualify as a reorganization under § 368(a)(1)(D). Distributing 7 and Controlled 9 each will be a “party to a reorganization” within the meaning of § 368(b).
- (216) No gain or loss will be recognized by Distributing 7 on Contribution 11 (§§ 357(a) and 361(a)).
- (217) No gain or loss will be recognized by Controlled 9 on Contribution 11 (§ 1032(a)).
- (218) The basis of each asset received by Controlled 9 in Contribution 11 will equal the basis of such asset in the hands of Distributing 7 immediately before Contribution 11 (§ 362(b)).
- (219) The holding period of each asset received by Controlled 9 in Contribution 11 will include the period during which Distributing 7 held such asset (§ 1223(2)).
- (220) No gain or loss will be recognized by (and no amount will be included in the income of) Distributing 8 on its receipt of Controlled 9 shares in Distribution 14 (§ 355(a)(1)).
- (221) No gain or loss will be recognized by Distributing 7 as a result of Distribution 14 (§ 361(c)(1)).
- (222) The basis of the stock of Distributing 7 and Controlled 9 in the hands of Distributing 8 after Distribution 14 will be the same as the basis of the Distributing 7 stock held immediately before Distribution 14 (§ 358(a) and § 1.358-1(a)), allocated in proportion to the fair market value of each of Distributing 7 and Controlled 9 in accordance with § 1.358-2(a)(2) (§§ 358(b)(2) and 358(c)).
- (223) The holding period of the Controlled 9 shares received by Distributing 8 in Distribution 14 will include the holding period of the Distributing 7 shares with respect to which Distribution 14 will be made, provided that such Distributing 7 shares are held as capital assets on the date of Distribution 14 (§ 1223(1)).
- (224) As provided in § 312(h), proper allocation of earnings and profits between Distributing 7 and Controlled 9 will be made under § 1.312-10(a).

Based solely on the information submitted and the representations set forth above, we rule as follows on Contribution 9 and Distribution 15:

- (225) Contribution 9, followed by Distribution 15, will qualify as a reorganization under § 368(a)(1)(D). Distributing 8 and Controlled 10 each will be a “party to a reorganization” within the meaning of § 368(b).
- (226) No gain or loss will be recognized by Distributing 8 on Contribution 9 (§§ 357(a) and 361(a)).
- (227) No gain or loss will be recognized by Controlled 10 on Contribution 9 (§ 1032(a)).
- (228) The basis of each asset received by Controlled 10 in Contribution 9 will equal the basis of such asset in the hands of Distributing 8 immediately before Contribution 9 (§ 362(b)).
- (229) The holding period of each asset received by Controlled 10 in Contribution 9 will include the period during which Distributing 8 held such asset (§ 1223(2)).
- (230) No gain or loss will be recognized by (and no amount will be included in the income of) Distributing 9 on its receipt of Controlled 10 shares in Distribution 15 (§ 355(a)(1)).
- (231) No gain or loss will be recognized by Distributing 8 as a result of Distribution 15, except to the extent of gain, if any, realized with respect to the Distributing 9 Debt (§§ 361(c)(1) and 361(c)(2)).
- (232) The basis of the stock of Distributing 8 and Controlled 10 in the hands of Distributing 9 after Distribution 15 will be the same as the basis of the Distributing 8 stock held immediately before Distribution 15 (§ 358(a) and § 1.358-1(a)), allocated in proportion to the fair market value of each of Distributing 8 and Controlled 10 in accordance with § 1.358-2(a)(2) (§§ 358(b)(2) and 358(c)).
- (233) The holding period of the Controlled 10 shares received by Distributing 9 in Distribution 15 will include the holding period of the Distributing 8 shares with respect to which Distribution 15 will be made, provided that such Distributing 8 shares are held as capital assets on the date of Distribution 15 (§ 1223(1)).
- (234) As provided in § 312(h), proper allocation of earnings and profits between Distributing 8 and Controlled 10 will be made under § 1.312-10(a).

Based solely on the information submitted and the representations set forth above, we rule as follows on Contribution 10 and Distribution 16:

- (235) Contribution 10, followed by Distribution 16, will qualify as a reorganization under § 368(a)(1)(D). Distributing 8 and Controlled 6 each will be a “party to a reorganization” within the meaning of § 368(b).
- (236) No gain or loss will be recognized by Distributing 8 on Contribution 10 (§§ 357(a) and 361(a)).
- (237) No gain or loss will be recognized by Controlled 6 on Contribution 10 (§ 1032(a)).
- (238) The basis of each asset received by Controlled 6 in Contribution 10 will equal the basis of such asset in the hands of Distributing 8 immediately before Contribution 10 (§ 362(b)).
- (239) The holding period of each asset received by Controlled 6 in Contribution 10 will include the period during which Distributing 8 held such asset (§ 1223(2)).
- (240) No gain or loss will be recognized by (and no amount will be included in the income of) Distributing 9 on its receipt of Controlled 6 shares in Distribution 16 (§ 355(a)(1)).
- (241) No gain or loss will be recognized by Distributing 8 as a result of Distribution 16, except to the extent of gain, if any, realized with respect to the Distributing 9 Debt (§§ 361(c)(1) and 361(c)(2)).
- (242) The basis of the stock of Distributing 8 and Controlled 6 in the hands of Distributing 9 after Distribution 16 will be the same as the basis of the Distributing 8 stock held immediately before Distribution 16 (§ 358(a) and § 1.358-1(a)), allocated in proportion to the fair market value of each of Distributing 8 and Controlled 6 in accordance with § 1.358-2(a)(2) (§§ 358(b)(2) and 358(c)).
- (243) The holding period of the Controlled 6 shares received by Distributing 9 in Distribution 16 will include the holding period of the Distributing 8 shares with respect to which Distribution 16 will be made, provided that such Distributing 8 shares are held as capital assets on the date of Distribution 16 (§ 1223(1)).
- (244) Distributing 3 will become a member of the Controlled 6 affiliated group, as defined in § 1504(a)(1), as of the end of the day on which Contribution 10 occurs (§ 1.1502-76(b)(1)(ii)).

Based solely on the information submitted and the representations set forth above, we rule as follows on Contribution 12 and Distribution 17:

- (245) Contribution 12, followed by Distribution 17, will qualify as a reorganization under § 368(a)(1)(D). Distributing 9 and Controlled 11 each will be a “party to a reorganization” within the meaning of § 368(b).
- (246) No gain or loss will be recognized by Distributing 9 on Contribution 12 (§§ 357(a) and 361(a)).
- (247) No gain or loss will be recognized by Controlled 11 on Contribution 12 (§ 1032(a)).
- (248) The basis of each asset received by Controlled 11 in Contribution 12 will equal the basis of such asset in the hands of Distributing 9 immediately before Contribution 12 (§ 362(b)).
- (249) The holding period of each asset received by Controlled 11 in Contribution 12 will include the period during which Distributing 9 held such asset (§ 1223(2)).
- (250) No gain or loss will be recognized by (and no amount will be included in the income of) the shareholders of Distributing 9 on their receipt of Controlled 11 shares in Distribution 17 (§ 355(a)(1)).
- (251) No gain or loss will be recognized by Distributing 9 as a result of Distribution 17 (§ 361(c)(1)).
- (252) The basis of the stock of Distributing 9 and Controlled 11 in the hands of each shareholder of Distributing 9 after Distribution 17 will be the same as the basis of the Distributing 9 stock held by such shareholder immediately before Distribution 17 (§ 358(a) and § 1.358-1(a)), allocated in proportion to the fair market value of the Distributing 9 shares and the Controlled 11 shares held by such shareholder in accordance with § 1.358-2(a)(2) (§§ 358(b)(2) and 358(c)).
- (253) The holding period of the Controlled 11 shares received by the shareholders of Distributing 9 in Distribution 17 will include the holding period of the Distributing 9 shares with respect to which Distribution 17 will be made, provided that such Distributing 9 shares are held as capital assets on the date of Distribution 17 (§ 1223(1)).
- (254) As provided in § 312(h), proper allocation of earnings and profits between Distributing 9 and Controlled 11 will be made under § 1.312-10(a).
- (255) Distributing 9 shareholders who receive cash in lieu of fractional shares of Controlled 11 stock will recognize gain or loss measured by the difference between the amount of the cash received and the basis allocated to the fractional share (§ 1001). Any gain or loss will be treated as capital gain or

loss, provided such fractional share will be held as a capital asset on the date of Distribution 17 (§§ 1221 and 1222).

- (256) The Pre-Distribution Share Repurchases will not be treated as direct or indirect acquisitions of stock in applying § 355(e)(2)(A)(ii) and will not have any effect on the determination of whether there has been an acquisition of a 50-percent or greater interest in Distributing 9, Controlled 11, Distributing 8, Controlled 10, Distributing 2, Controlled 8, Distributing 6, Controlled 7, Distributing 5, Controlled 5, Distributing 4, or Controlled 3, i.e., the Pre-Distribution Share Repurchases will not affect the determination of the percentage of the total combined voting power or value of the stock of Distributing 9, Controlled 11, Distributing 8, Controlled 10, Distributing 2, Controlled 8, Distributing 6, Controlled 7, Distributing 5, Controlled 5, Distributing 4, or Controlled 3 acquired within the meaning of § 355(e).

Based solely on the information submitted and the representations set forth above, we rule as follows on Distribution 18:

- (257) No gain or loss will be recognized by (and no amount will be included in the income of) the shareholders of Distributing 9 on their receipt of Controlled 6 shares in Distribution 18 (§ 355(a)(1)).
- (258) No gain or loss will be recognized by Distributing 9 as a result of Distribution 18 (§ 355(c)).
- (259) The basis of the stock of Distributing 9 and Controlled 6 in the hands of each shareholder of Distributing 9 after Distribution 18 will be the same as the basis of the Distributing 9 stock held by such shareholder immediately before Distribution 18 (§ 358(a) and § 1.358-1(a)), allocated in proportion to the fair market value of the Distributing 9 shares and the Controlled 6 shares held by such shareholder in accordance with § 1.358-2(a)(2) (§§ 358(b)(2) and 358(c)).
- (260) The holding period of the Controlled 6 shares received by the shareholders of Distributing 9 in Distribution 18 will include the holding period of the Distributing 9 shares with respect to which Distribution 18 will be made, provided that such Distributing 9 shares are held as capital assets on the date of Distribution 18 (§ 1223(1)).
- (261) Distributing 9 shareholders who receive cash in lieu of fractional shares of Controlled 6 stock will recognize gain or loss measured by the difference between the amount of the cash received and the basis allocated to the fractional share (§ 1001). Any gain or loss will be treated as capital gain or loss, provided such fractional share will be held as a capital asset on the date of Distribution 18 (§§ 1221 and 1222).

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

- (262) For U.S. federal income tax purposes, the sale of the Distributing 6 Interest by Distributing 2 in exchange for the FSub 11 Note and the repurchase of the Distributing 6 Interest by Distributing 2 in satisfaction of the FSub 11 Note, described in Step (iv), will be disregarded. FSub 11 will be treated for U.S. federal income tax purposes as selling, in an exchange under § 1001, its s% interest in Distributing 6 to Distributing 2 in exchange for the cash transferred by Distributing 2 to FSub 11 in Step (iv). See Rev. Rul. 83-142, 1983-2 C.B. 68; Rev. Rul. 80-154, 1980-1 C.B. 68; Rev. Rul. 74-564, 1974-2 C.B. 124. Section 304 will not apply to the transfer by FSub 11 of its s% interest in Distributing 6 in exchange for cash. Any gain or loss realized by FSub 11 on such exchange will be recognized by FSub 11 under § 1001 (Rev. Rul. 74-605, 1974-2 C.B. 97).
- (263) Payments made between any two of the Distributing 9, Controlled 6, and Controlled 11 groups under the Distribution Agreements that (i) have arisen or will arise for a taxable period ending on or before Distributions 17 and 18 or for a taxable period beginning before and ending after Distributions 17 and 18 and (ii) will not have become fixed and ascertainable until after Distributions 17 and 18, will be treated as if occurring immediately before Distributions 17 and 18 (see *Arrowsmith v. Commissioner*, 344 U.S. 6 (1952); Rev. Rul. 83-73, 1983-1 C.B. 84).

CAVEATS

No opinion is requested, and therefore no opinion is expressed, as to the U.S. federal income tax treatment of the Prior Transactions; of Steps (i)-(iii), (v)-(xiii), (xviii)-(xx), (xxii), (xxiv), (xxx), (xxxi), (xxxvi), (xxxviii), (xxxix), (xlili)-(xli), (li)-(liii), (lix)-(lxi), (lxviii), and (lxxvi); of the deemed transfer of Distributing 7 by Controlled 6 to Sub 18; or of the allocation of earnings and profits between the distributing corporation and the controlled corporation in connection with each of Distributions 2, 5, 6, 8, 10, 12, 16, and 18. In addition, no opinion is expressed about the tax treatment of the proposed transactions under other provisions of the Code or regulations or the tax treatment of any conditions existing at the time of, or effects resulting from, the proposed transactions that are not specifically covered by the above rulings. In particular, no opinion is expressed regarding whether any of Distributions 1 through 18: (i) satisfies the business purpose requirement of § 1.355-2(b); (ii) is used principally as a device for the distribution of the earnings and profits of any distributing corporation or controlled corporation or both (see § 355(a)(1)(B) and § 1.355-2(d)); or (iii) 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 the distributing corporation or the controlled corporation (see § 355(e) and § 1.355-7).

PROCEDURAL STATEMENTS

This 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 ruling letter should be attached to the federal income tax return of each taxpayer involved for the taxable year in which the transaction covered by this ruling letter is consummated. Alternatively, taxpayers filing their returns electronically may satisfy this requirement by attaching a statement to their return that provides the date and control number of the letter ruling.

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

Sincerely,

Isaac W. Zimbalist
Senior Technician Reviewer, Branch 5
Office of Associate Chief Counsel (Corporate)

cc: